

**NORTHVALE BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Northvale, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Northvale Board of Education**

**Northvale, New Jersey**

**For The Fiscal Year Ended June 30, 2020**

**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

Mr. Louis B. Turco  
Business Administrator/  
Board Secretary

January 5, 2021

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, 2020. 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 material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis and the Basic Financial Statements, including the Notes to the Financial Statements, 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 required to undergo an annual state single audit in conformity with the provisions of the State Treasury Circular Letter NJ OMB 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, 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 2019-2020 fiscal year with a total enrollment of 519 students, which represents an increase of 1.00% 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.

Year End Enrollment

Fiscal Year	YearEnd Enrollment	Percent Change
2019-2020	519	0.1%
2018-2019	514	(0.8%)
2017-2018	518	(0.9%)
2016-2017	523	0.00%
2015-2016	523	1.75%
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%)

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 held monthly, open to the public and begin at 6:30P.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. The Big Ideas math program allows students to use online components 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. The Big Ideas program is used to teach 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, Library, 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 fourth through eighth grade levels students travel to different classrooms for each subject area.

In Math, at the middle school level, the students continue to work with decimals, fractions and percentages, as well as expanding on traditional mathematic operations. 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 are also offered the opportunity to attend a STEAM (Science, Technology, Engineering, Art and Math) program. Classes consist of hand-on leaning activities to prepare them for 21<sup>st</sup> century skills.

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

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

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

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

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

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

*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, 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 includes the Director, Administrative Secretary, Associate Secretary, the Supervisor of Professional Learning, 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 2019-20 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
- ./ Spring Fling
- ./ 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 district has implemented an employee portal where staff can access their paychecks and attendance information. All employees are paid via direct deposit and traditional paystubs are no longer issued. The Board of Education employs an approach called "*The Paperless Board Meeting*", whereby all trustees are issued a district laptop, and the traditional mailings are 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 Supervisor of Special Education, a school psychologist, a learning disabilities teacher-consultant, a speech & language specialist and through shared services an occupational therapist and school social worker.

- 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.
- The Occupational Therapist conducts weekly sessions with students who have been identified as needing an improvement in their fine motor skills and handwriting, as they relate to school-based functioning.
- 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.

*Source: District Records*

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

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

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

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

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

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

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

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

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

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

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

While the nation continues to see strong economic growth, New Jersey is closing the gap but still underperforming, according to the Wells Fargo September 2018 *New Jersey Economic Outlook* report. New Jersey's slower pace in the economic recovery is due to the many challenges it continues to face including the continued loss of residents through out-migration, a shaky fiscal situation, and a housing market with a considerable number of delinquencies and foreclosures. However, the rate of real GDP growth is at the fastest since 2012 and unemployment rate is at the lowest since 2007, at 3.7%. Transportation and logistics have been propelling the progress in New Jersey with strong payroll growth, as well as the resurgence of manufacturing and life sciences. Meanwhile, the education and healthcare services sector accounted for 34% of all new jobs added over the past year.

New Jersey's budget and fiscal position continue to be an obstacle. The state was again ranked last amongst the 50 states for its long-run fiscal solvency by George Mason University's Marcatus Center. The rating is due to unfunded pension liabilities and budgets created under the new Governor, Phil Murphy. The budget increased corporate taxes to the second highest in the country and added a marginal tax on the state's most wealthy. In addition, the Tax Cuts and Jobs Act created under the Trump administration reduced the deductibility of state and local taxes (SALT deduction) to a maximum of \$10,000. This severely impacts many New Jersey homeowners, further contributing to the significant out-migration. Yet, the housing market

improves with a decrease in the average number of days on the market and an increase to the average selling price.

Overall, economic growth is expected to continue to improve in New Jersey over the next couple years. The states real GDP is expected to increase 3.1 percent this year which is up from the 1% pace in each of the prior three years and overall employment growth is now rising roughly in line with the nation. The continued growth will come from transportation, logistics, mixed use development in urban areas and healthcare and education. With Governor Phil Murphy making big changes in New Jersey, the economic future may be slightly unpredictable but remains hopeful.

*Source: Wells Fargo New Jersey Economic Outlook: September 2018*

### 3) **MAJOR INITIATIVES**

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

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 training 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 state single audit described earlier, tests are made to determine the adequacy of the internal control including that portion related to major 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. 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 the "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

The 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 report related specifically to the single audit is included in the single audit section of this report.

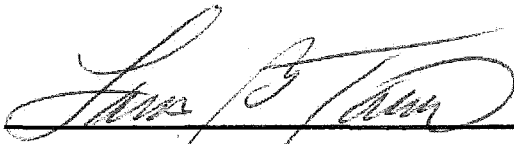
## 10) ACKNOWLEDGMENTS

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,



Mr. Michael Pinajian  
Superintendent

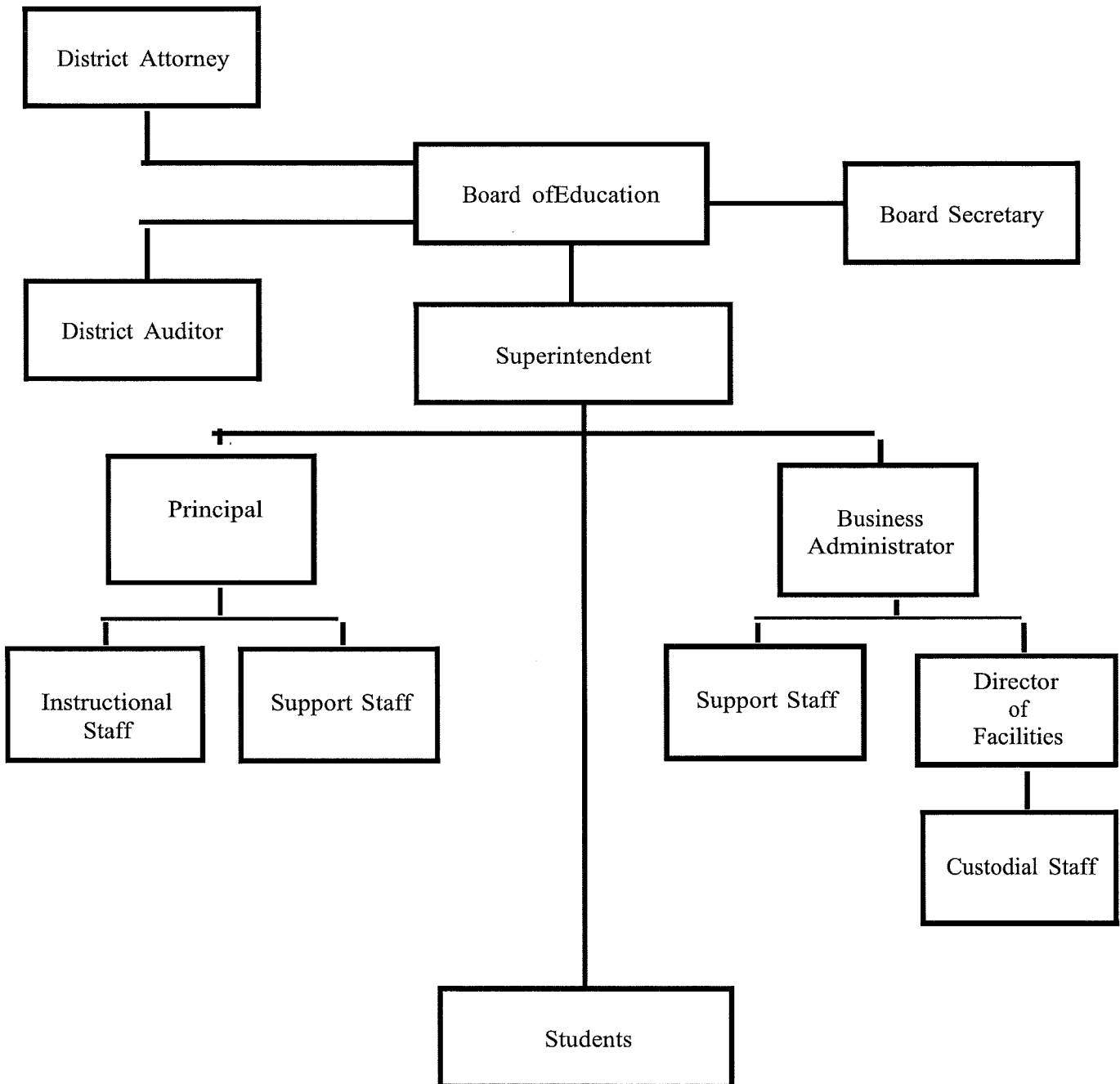


Mr. Louis B. Turco  
Business Administrator/Board Secretary

NORTHVALE BOARD OF EDUCATION

ORGANIZATIONAL CHART

(UNIT CONTROL)



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

**ROSTER OF OFFICIALS  
JUNE 30, 2020**

	<b>Term Expires January</b>
<b><u>Members of the Board of Education</u></b>	
Mrs. Jennifer Venditti, President	2021
Mrs. Jamie Corday, Vice President	2021
Mr. John Brigulio	2023
Mrs. Michele Marinuzzi	2022
Mrs. Nicole Cowley	2022

**Other Officials**

Mr. Michael Pinajian, Superintendent

Mr. Louis B. Turco, Business Administrator/Board Secretary

Mrs. Michelle Martino, Principal

Ms. Suzanne Burroughs, Treasurer of School Monies

**NORTHVALE BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

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

**Attorney**

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

**Official Depository**

Valley Bank  
1400 Valley Road  
Wayne NJ 07470

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

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

## 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, 2020 and the related notes to the financial statements, which collectively comprise the Board of Education’s basic financial statements as listed in the table of contents.

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

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

### *Auditor’s Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northvale Board of Education as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits 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 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.

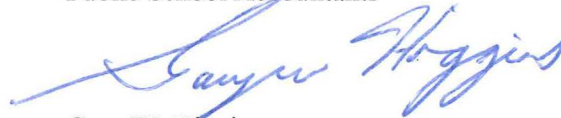


**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated January 5, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northvale Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the 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  
January 5, 2021

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020. 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 (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2020 are as follows:

- ◆ General revenues accounted for \$10,071,797 or 77% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,121,925 or 23% of total revenues of \$13,193,722.
- ◆ The school district had \$13,096,732 in expenses; only \$3,121,925 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$10,071,797 were adequate to provide for these programs.
- ◆ The General Fund had \$12,065,215 in revenues and other financial sources and \$12,029,691 in expenditures. The General Fund's fund balance increased \$35,524 or 1% over the fiscal year ended June 30, 2019.

**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, 2020?” 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 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, 2020 and 2019.

**Table 1  
Net Position**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Types</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>						
Current and other assets	\$ 3,183,971	\$ 3,588,988	\$ 4,765	\$ 2,232	\$ 3,188,736	\$ 3,591,220
Capital assets, net	8,790,912	9,202,799	-	308	8,790,912	9,203,107
Total Assets	<u>11,974,883</u>	<u>12,791,787</u>	<u>4,765</u>	<u>2,540</u>	<u>11,979,648</u>	<u>12,794,327</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amount on Refunding of Debt	4,141	8,260			4,141	8,260
Deferred Amount on Net Pension Liability	341,158	316,631	-	-	341,158	316,631
Total Deferred Outflows of Resources	<u>345,299</u>	<u>324,891</u>	<u>-</u>	<u>-</u>	<u>345,299</u>	<u>324,891</u>
Total Assets and Deferred Outflows of Resources	<u>12,320,182</u>	<u>13,116,678</u>	<u>4,765</u>	<u>2,540</u>	<u>12,324,947</u>	<u>13,119,218</u>
<b>Liabilities</b>						
Long-term liabilities	2,704,632	3,106,473			2,704,632	3,106,473
Other liabilities	35,744	482,578	-	-	35,744	482,578
Total Liabilities	<u>2,740,376</u>	<u>3,589,051</u>	<u>-</u>	<u>-</u>	<u>2,740,376</u>	<u>3,589,051</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amount on Net Pension Liability	856,496	899,082	-	-	856,496	899,082
Total Deferred Inflows of Resources	<u>856,496</u>	<u>899,082</u>	<u>-</u>	<u>-</u>	<u>856,496</u>	<u>899,082</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,596,872</u>	<u>4,488,133</u>	<u>-</u>	<u>-</u>	<u>3,596,872</u>	<u>4,488,133</u>
<b>Net Position</b>						
Net Investment in Capital Assets	7,972,009	7,973,950		308	7,972,009	7,974,258
Restricted	1,264,421	1,377,213			1,264,421	1,377,213
Unrestricted	(513,120)	(722,618)	4,765	2,232	(508,355)	(720,386)
Total Net Position	<u>\$ 8,723,310</u>	<u>\$ 8,628,545</u>	<u>\$ 4,765</u>	<u>\$ 2,540</u>	<u>\$ 8,728,075</u>	<u>\$ 8,631,085</u>

## The School District as a Whole (Continued)

Table 2 shows the changes in net position for fiscal years ended June 30, 2020 and 2019.

	<b>Governmental Types</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 225,556	\$ 274,094	\$ 8,301	\$ 9,235	\$ 233,857	\$ 283,329
Operating grants and contributions	2,888,068	3,199,107			2,888,068	3,199,107
General revenues						
Property Taxes	9,946,008	9,622,307			9,946,008	9,622,307
Grants and entitlements	50,000	50,416			50,000	50,416
Other revenues	75,789	38,591	-	56	75,789	38,647
Total revenues	<u>13,185,421</u>	<u>13,184,515</u>	<u>8,301</u>	<u>9,291</u>	<u>13,193,722</u>	<u>13,193,806</u>
<b>Program Expenses</b>						
Instruction	8,841,372	9,041,573			8,841,372	9,041,573
Support services						
Student and Instruction Related Svcs.	1,941,793	1,781,998			1,941,793	1,781,998
General administration, school administration, business/central services	1,364,969	1,375,886			1,364,969	1,375,886
Plant operation and Maintenance	828,907	814,645			828,907	814,645
Pupil Transportation	63,926	61,842			63,926	61,842
Interest and Other charges	49,689	71,524			49,689	71,524
Food service	-	-	6,076	9,027	6,076	9,027
Total expenses	<u>13,090,656</u>	<u>13,147,468</u>	<u>6,076</u>	<u>9,027</u>	<u>13,096,732</u>	<u>13,156,495</u>
Change in net position before transfers	<u>94,765</u>	<u>37,047</u>	<u>2,225</u>	<u>264</u>	<u>96,990</u>	<u>37,311</u>
Change in net position	94,765	37,047	2,225	264	96,990	37,311
<b>Net Position, Beginning of Year</b>	<u>8,628,545</u>	<u>8,591,498</u>	<u>2,540</u>	<u>2,276</u>	<u>8,631,085</u>	<u>8,593,774</u>
<b>Net Position, End of Year</b>	<u>\$ 8,723,310</u>	<u>\$ 8,628,545</u>	<u>\$ 4,765</u>	<u>\$ 2,540</u>	<u>\$ 8,728,075</u>	<u>\$ 8,631,085</u>

### **Governmental Activities**

The district's total revenues were \$13,185,421 and \$13,184,515 for the fiscal years ended June 30, 2020 and 2019, respectively. Property taxes made up 75% and 73 of revenues for governmental activities for the Northvale School District for fiscal years ended June 30, 2020 and 2019, respectively. Federal, state and local grants and aid accounted for another 23% and 25% for fiscal years ended June 30, 2020 and 2019, respectively. Charges for services and other revenues accounted for 2% and 2% of revenues for the years ended June 30, 2020 and 2019, respectively.

The total cost of all program and services were \$13,090,656 and \$13,147,468, respectively. Instruction comprised 68% and 69% of total district expenses for the fiscal years ended June 30, 2020 and 2019, respectively.

### **Business-Type Activities**

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

- ◆ Food service revenues exceeded expenses by \$2,225 for the year ended June 30, 2020.
- ◆ Charges for services were \$8,301, which are amounts paid by patrons for milk.

**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, 2020 and 2019. 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction	\$ 8,841,372	\$ 9,041,573	\$ 6,018,084	\$ 5,965,269
Support services				
Student and Instruction Related Svcs.	1,941,793	1,781,998	1,933,206	1,716,663
General administration, school administration, business/central services	1,364,969	1,375,886	1,149,315	1,122,555
Plant operation and Maintenance	828,907	814,645	787,750	760,395
Pupil Transportation	63,926	61,842	38,988	37,861
Interest and Other charges	49,689	71,524	49,689	71,524
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenses	<u>\$ 13,090,656</u>	<u>\$ 13,147,468</u>	<u>\$ 9,977,032</u>	<u>\$ 9,674,267</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 and debt service funds presented in the fund-based statements) had total revenues of \$12,624,888 and \$12,073,729 and expenditures of \$12,646,630 and \$12,391,789 for the fiscal years ended June 30, 2020 and 2019, respectively. The net change in all fund balances for the year was a decrease of \$21,742. The revenue increase of \$551,159 is mainly the result of an increase in property taxes and state aid. Expenditures increased \$254,841 mainly as of the net result of increases in instruction, support services, undistributed costs and principal on debt and a decrease in capital outlay and interest on debt.

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, 2020 and 2019.

	Year Ended June 30, 2020	Year Ended June 30, 2019	Increase/ (Decrease)	Percent Increase (Decrease)
Local Sources	\$ 10,241,198	\$ 9,937,416	\$ 303,782	3.06%
State Sources	2,265,353	2,021,484	243,869	12.06%
Federal Sources	<u>118,337</u>	<u>114,829</u>	<u>3,508</u>	3.05%
Total Revenues	<u>\$ 12,624,888</u>	<u>\$ 12,073,729</u>	<u>\$ 551,159</u>	4.56%

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

	Year Ended June 30, 2020	Year Ended June 30, 2019	Increase/ (Decrease)	Percent Increase (Decrease)
Current:				
Instruction	\$ 8,062,294	\$ 7,781,323	\$ 280,971	3.61%
Support Services and Undistributed Costs	4,013,233	3,768,805	244,428	6.49%
Capital Outlay	60,335	315,118	(254,783)	-80.85%
Debt Service:				
Principal	451,923	446,439	5,484	1.23%
Interest and Other Charges	<u>58,845</u>	<u>80,104</u>	<u>(21,259)</u>	-26.54%
Total Expenditures	<u>\$ 12,646,630</u>	<u>\$ 12,391,789</u>	<u>\$ 254,841</u>	2.06%



## 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, 2020, 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, 2020 and 2019, the governmental activities of the school district had \$16,595,800 and \$16,592,757, respectively; invested in land, construction in progress, land improvements, building and building improvements, and machinery and equipment. Table 4 shows fiscal 2020 balances compared to 2019 net of depreciation.

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Land	\$ 474,330	\$ 474,330
Construction In Progress		
Land Improvements	936,599	936,599
Buildings and Building Improvements	13,864,199	13,864,199
Machinery and Equipment	<u>1,320,672</u>	<u>1,317,629</u>
	16,595,800	16,592,757
Less Accumulated Depreciation	<u>(7,804,888)</u>	<u>(7,389,958)</u>
Total	<u>\$ 8,790,912</u>	<u>\$ 9,202,799</u>

Overall capital assets, net of depreciation decreased \$411,887 from fiscal year 2019 to fiscal year 2020 as a result of current year depreciation exceeding capital outlay additions.

## Debt Administration

At June 30, 2020 and 2019, the school district had \$2,704,632 and \$3,106,473 in outstanding liabilities, respectively. Of this amount \$168,388 and \$147,171 is for compensated absences and \$765,778 and \$1,212,760 for bonds including unamortized original issue premiums for school construction and \$57,266 and \$24,349 is for capital leases and \$1,713,200 and \$1,722,193 is for net pension liability, as of June 30, 2020 and 2019, respectively.

At June 30, 2020, the school district's overall legal debt margin was \$29,645,518 and the unutilized debt margin was \$28,890,518. 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, 2020</u>	<u>Balance, June 30, 2019</u>
Renovations & Additions to Nathan Hale and Thomas Jefferson Schools	4-15-06	\$ 1,534,000	\$ 139,000	\$ 274,000
Refunding School Bonds	5-14-10	3,140,000	<u>615,000</u>	<u>920,000</u>
			<u>\$ 754,000</u>	<u>\$ 1,194,000</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, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,333,768	\$ 4,765	\$ 2,338,533
Receivables, net			
Receivables from Other Governments	850,203		850,203
Capital Assets, net			
Not Being Depreciated	474,330		474,330
Being Depreciated	<u>8,316,582</u>	<u>-</u>	<u>8,316,582</u>
Total Assets	<u>11,974,883</u>	<u>4,765</u>	<u>11,979,648</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding of Debt	4,141		4,141
Deferred Amount on Net Pension Liability	<u>341,158</u>	<u>-</u>	<u>341,158</u>
Total Deferred Outflows of Resources	<u>345,299</u>	<u>-</u>	<u>345,299</u>
Total Assets and Deferred Outflows of Resources	<u>12,320,182</u>	<u>4,765</u>	<u>12,324,947</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Liabilities	20,000		20,000
Accrued Interest Payable	11,553		11,553
Unearned Revenue	4,191		4,191
Noncurrent Liabilities			
Due Within One Year	453,580		453,580
Due Beyond One Year	<u>2,251,052</u>	<u>-</u>	<u>2,251,052</u>
Total Liabilities	<u>2,740,376</u>	<u>-</u>	<u>2,740,376</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>856,496</u>	<u>-</u>	<u>856,496</u>
Total Deferred Inflows of Resources	<u>856,496</u>	<u>-</u>	<u>856,496</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,596,872</u>	<u>-</u>	<u>3,596,872</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,972,009		7,972,009
Restricted for:			
Capital Projects	1,250,849		1,250,849
Other Purposes	13,572		13,572
Unrestricted	<u>(513,120)</u>	<u>4,765</u>	<u>(508,355)</u>
Total Net Position	<u>\$ 8,723,310</u>	<u>\$ 4,765</u>	<u>\$ 8,728,075</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, 2020**

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	\$ 5,235,949	\$ 225,556	\$ 1,396,871		\$ (3,613,522)		\$ (3,613,522)
Special Education	3,195,071		1,076,441		(2,118,630)		(2,118,630)
Other Instruction	307,450		83,975		(223,475)		(223,475)
School Sponsored Activities and Athletics	102,902		40,445		(62,457)		(62,457)
Support Services							
Student and Instruction Related Services	1,941,793		8,587		(1,933,206)		(1,933,206)
General Administration Services	579,740		90,553		(489,187)		(489,187)
School Administration Services	302,820		65,364		(237,456)		(237,456)
Business/Central Services	482,409		59,737		(422,672)		(422,672)
Plant Operations and Maintenance	828,907		41,157		(787,750)		(787,750)
Pupil Transportation	63,926		24,938		(38,988)		(38,988)
Interest and Other Charges	49,689	-	-	-	(49,689)	-	(49,689)
<b>Total Governmental Activities</b>	<b>13,090,656</b>	<b>225,556</b>	<b>2,888,068</b>	<b>-</b>	<b>(9,977,032)</b>	<b>-</b>	<b>(9,977,032)</b>
<b>Business-Type Activities</b>							
Food Service	6,076	8,301	-	-	-	\$ 2,225	2,225
<b>Total Business-Type Activities</b>	<b>6,076</b>	<b>8,301</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,225</b>	<b>2,225</b>
<b>Total Primary Government</b>	<b>\$ 13,096,732</b>	<b>\$ 233,857</b>	<b>\$ 2,888,068</b>	<b>\$ -</b>	<b>(9,977,032)</b>	<b>2,225</b>	<b>(9,974,807)</b>
<b>General Revenues</b>							
Property Taxes:							
Levied for General Purposes					9,497,948		9,497,948
Levied for Debt Service					448,060		448,060
Investment Earnings					24,084		24,084
State Aid - Restricted					50,000		50,000
Gain on Disposal of Capital Assets (Net)					6,697		6,697
Miscellaneous Income					45,008	-	45,008
<b>Total General Revenues and Transfers</b>					<b>10,071,797</b>	<b>-</b>	<b>10,071,797</b>
Change in Net Position					94,765	2,225	96,990
Net Position, Beginning of Year					8,628,545	2,540	8,631,085
Net Position, End of Year					<b>\$ 8,723,310</b>	<b>\$ 4,765</b>	<b>\$ 8,728,075</b>

**FUND FINANCIAL STATEMENTS**

**NORTHVALE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,333,587	\$ 180	\$ 1	\$ 2,333,768
Receivables				
Intergovernmental	<u>846,192</u>	<u>4,011</u>	<u>-</u>	<u>850,203</u>
Total Assets	<u>\$ 3,179,779</u>	<u>\$ 4,191</u>	<u>\$ 1</u>	<u>\$ 3,183,971</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable and Other Liabilities	\$ 20,000			\$ 20,000
Unearned Revenue	<u>-</u>	<u>\$ 4,191</u>	<u>-</u>	<u>4,191</u>
Total Liabilities	<u>20,000</u>	<u>4,191</u>	<u>-</u>	<u>24,191</u>
Fund Balances				
Restricted Fund Balance				
Capital Reserve	1,250,849			1,250,849
Maintenance Reserve	13,571			13,571
Emergency Reserve	219,441			219,441
Excess Surplus	495,284			495,284
Excess Surplus - Designated for Subsequent Years Expenditures	641,074			641,074
Debt Service			\$ 1	1
Assigned				
Year-End Encumbrances	315,205			315,205
Unassigned				
General Fund	<u>224,355</u>	<u>-</u>	<u>-</u>	<u>224,355</u>
Total Fund Balances	<u>3,159,779</u>	<u>-</u>	<u>1</u>	<u>3,159,780</u>
Total Liabilities and Fund Balances	<u>\$ 3,179,779</u>	<u>\$ 4,191</u>	<u>\$ 1</u>	<u>\$ 3,183,971</u>

**NORTHVALE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2020**

<b>Total Fund Balances (Exhibit B-1)</b>	<b>\$</b>	<b>3,159,780</b>
 Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,595,800 and the accumulated depreciation is \$7,804,888.		8,790,912
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.		4,141
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.		
Deferred Outflows of Resources	\$ 341,158	
Deferred Inflows of Resources	<u>(856,496)</u>	(515,338)
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(11,553)
Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Bonds Payable, Including Original Issue Premium	(765,778)	
Capital Leases Payable	(57,266)	
Compensated Absences Payable	(168,388)	
Net Pension Liability	<u>(1,713,200)</u>	<u>(2,704,632)</u>
Net position of governmental activities	<u>\$</u>	<u>8,723,310</u>



**NORTHVALE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources				
Property Tax Levy	\$ 9,497,948		\$ 448,060	\$ 9,946,008
Tuition	225,556			225,556
Interest	24,084			24,084
Miscellaneous	45,008	\$ 542	-	45,550
Total - Local Sources	<u>9,792,596</u>	<u>542</u>	<u>448,060</u>	<u>10,241,198</u>
State Sources	2,215,353		50,000	2,265,353
Federal Sources	-	118,337	-	118,337
Total Revenues	<u>12,007,949</u>	<u>118,879</u>	<u>498,060</u>	<u>12,624,888</u>
<b>EXPENDITURES</b>				
Current				
Regular Instruction	4,630,618	542		4,631,160
Special Education Instruction	2,901,201	116,483		3,017,684
Other Instruction	271,902			271,902
School-Sponsored Activities and Athletics	141,548			141,548
Support Services				
Student and Instruction Related Services	1,856,601	1,854		1,858,455
General Administration Services	530,833			530,833
School Administration Services	277,698			277,698
Business/Central Services	453,752			453,752
Plant Operations and Maintenance	828,929			828,929
Pupil Transportation	63,566			63,566
Debt Service				
Principal	11,923		440,000	451,923
Interest and Other Charges	785		58,060	58,845
Capital Outlay	60,335	-	-	60,335
Total Expenditures	<u>12,029,691</u>	<u>118,879</u>	<u>498,060</u>	<u>12,646,630</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(21,742)</u>	<u>-</u>	<u>-</u>	<u>(21,742)</u>
Other Financial Use Capital Lease Proceeds	57,266	-	-	57,266
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Lease Proceeds (Non-Budget)	57,266	-	-	57,266
Total Other Financing Sources and (Uses)	<u>57,266</u>	<u>-</u>	<u>-</u>	<u>57,266</u>
Net Change in Fund Balances	35,524	-	-	35,524
Fund Balance, Beginning of Year	<u>3,124,255</u>	<u>-</u>	<u>1</u>	<u>3,124,256</u>
Fund Balance, End of Year	<u>\$ 3,159,779</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 3,159,780</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, 2020**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ 35,524

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

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

Capital Outlay	\$ 60,335	
Depreciation Expense	<u>(466,493)</u>	(406,158)

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	(21,217)	
Decrease in Pension Expense	<u>76,106</u>	54,889

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		(57,266)
Principal Repayments		
Bonds Payable	440,000	
Capital Leases Paid	<u>11,923</u>	451,923

The net effect of various miscellaneous transactions involving capital assets, (i.e., sales, disposal, donations) is to increase/(decrease) net position. These transactions are not reported in the governmental fund financial statements.

Gain on Disposal of Capital Assets (Net of Lease Cancellation)		6,697
--	--	-------

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	(4,119)	
Original Issuance Premium	<u>6,982</u>	2,863

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>6,293</u>
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**Change in net position of governmental activities (Exhibit A-2)**

**\$ 94,765**

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

**NORTHVALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 ENTERPRISE FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2020**

	<b>Non-Major Enterprise Fund <u>Totals</u></b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ <u>4,765</u>
Total Current Assets	<u>4,765</u>
Capital Assets	
Equipment	3,078
Less: Accumulated Depreciation	<u>(3,078)</u>
Total Capital Assets	<u>-</u>
Total Assets	<u>4,765</u>
<b>NET POSITION</b>	
Unrestricted	<u>4,765</u>
Total Net Position	<u>\$ <u>4,765</u></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, 2020**

	<b>Non-Major Enterprise Fund <u>Totals</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales - Non-Reimbursable Programs	\$ <u>8,301</u>
Total Operating Revenues	<u>8,301</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales - Non-Reimbursable Programs	5,768
Depreciation	<u>308</u>
Total Operating Expenses	<u>6,076</u>
Operating Income	<u>2,225</u>
Excess of Revenues Over Expenditures	<u>2,225</u>
Change in Net Position	2,225
Net Position, Beginning of Year	<u>2,540</u>
Net Position, End of Year	<u><u>\$ 4,765</u></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 CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Non-Major Enterprise Fund <u>Totals</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 8,301
Cash Payments to Suppliers for Goods and Services	<u>(5,768)</u>
Net Cash Provided by Operating Activities	<u>2,533</u>
Net Increase in Cash and Cash Equivalents	2,533
Cash and Cash Equivalents, Beginning of Year	<u>2,232</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 4,765</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	<u>\$ 2,225</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Changes in Assets and Liabilities	
Depreciation	<u>308</u>
Total Adjustments	<u>308</u>
Net Cash Provided by Operating Activities	<u><u>\$ 2,533</u></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, 2020**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ <u>148,907</u>
Total Assets	\$ <u><u>148,907</u></u>
<b>LIABILITIES</b>	
Accrued Salaries and Wages	\$ 111,730
Payroll Deductions and Withholdings	16,401
Due to Student Groups	<u>20,776</u>
Total Liabilities	\$ <u><u>148,907</u></u>

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOT APPLICABLE**

**NOTES TO THE FINANCIAL STATEMENTS**



**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The 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. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade eight (8) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the 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**

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

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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.

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

**Fund Financial Statements (Continued)**

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

The District reports the following 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 agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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.

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. Inventories***

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

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

**4. Capital Assets**

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

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

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

**5. Deferred Outflows/Inflows of Resources**

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

**6. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused personal, and sick leave benefits. A long-term liability of accumulated personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds for future employee resignations and retirements.

**7. *Pensions***

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

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

**8. *Long-Term Obligations***

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

**9. *Net Position/Fund Balance***

**District-Wide Statements**

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

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

**Governmental Fund Statements**

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 2C).

*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. (See Note 2D).

*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. (See Note 2E).

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

*Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that was appropriated in the 2020/2021 original budget certified for taxes.

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

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

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

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.



**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

**10. *Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**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 and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**2. *Property Taxes***

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

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

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

Tuition Expenditures - Tuition charges for the fiscal years 2018-2019 and 2019-2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$428,399. The increase was funded by the additional appropriation of unassigned fund balance, maintenance reserve, 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.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**A. Budgetary Information (Continued)**

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

**B. Excess Expenditures Over Appropriations**

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Unallocated Benefits			
Other Employee Benefits	\$9,860	\$32,207	\$22,347

The above variance was the result of an audit adjustment and was offset with other available resources.

**C. Capital Reserve**

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019	\$ 1,250,699
Increased by	
Interest Earned	<u>150</u>
Balance, June 30, 2020	<u>\$ 1,250,849</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**D. 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, 2020 is as follows:

Balance, July 1, 2019		\$ 126,513
Increased by		
Interest Earned		<u>150</u>
		126,663
Decreased by		
2019-2020 Budgeted Withdrawal	\$ 26,000	
2019-2020 Budgeted Withdrawal by Resolution	<u>87,092</u>	
		<u>113,092</u>
Balance, June 30, 2020		<u><u>\$ 13,571</u></u>

The June 30, 2020 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$406,652. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**E. 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 or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. 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, 2020 is as follows:

Balance, July 1, 2019		<u>\$ 219,441</u>
Balance, June 30, 2020		<u><u>\$ 219,441</u></u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**E. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2020 is \$1,136,358. Of this amount, \$641,074 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$495,284 will be appropriated in the 2021/2022 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2020, the book value of the Board's deposits were \$2,487,440 and bank and brokerage firm balances of the Board's deposits amounted to \$2,665,435. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	\$ <u>2,665,435</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2020 none of the Board's bank balances were exposed to custodial credit risk.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law,” (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2020, the Board had no outstanding investments.

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

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

**B. Receivables**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Property Taxes	\$ 828,835		\$ 828,835
Intergovernmental-			-
Federal		\$ 4,011	4,011
State	<u>17,357</u>	<u>-</u>	<u>17,357</u>
	846,192	4,011	850,203
Gross Receivables			-
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 846,192</u>	<u>\$ 4,011</u>	<u>\$ 850,203</u>

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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:

	<b><u>Unearned</u></b>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 2,034
Grant Draw Downs Reserved for Encumbrances	<u>2,157</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$ 4,191</u>

**D. Capital Assets**

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2020</u>
<b>Governmental activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 474,330	-	-	\$ 474,330
Total Capital Assets, Not Being Depreciated	<u>474,330</u>	<u>-</u>	<u>-</u>	<u>474,330</u>
 Capital Assets, Being Depreciated:				
Land Improvements	936,599			936,599
Buildings and Building Improvements	13,864,199			13,864,199
Machinery and Equipment	<u>1,317,629</u>	<u>\$ 60,335</u>	<u>\$ (57,292)</u>	<u>1,320,672</u>
Total Capital Assets Being Depreciated	<u>16,118,427</u>	<u>60,335</u>	<u>(57,292)</u>	<u>16,121,470</u>
 Less Accumulated Depreciation for:				
Land Improvements	(339,514)	(38,286)		(377,800)
Buildings and Building Improvements	(5,956,586)	(382,376)		(6,338,962)
Machinery and Equipment	<u>(1,093,858)</u>	<u>(45,831)</u>	<u>51,563</u>	<u>(1,088,126)</u>
Total Accumulated Depreciation	<u>(7,389,958)</u>	<u>(466,493)</u>	<u>51,563</u>	<u>(7,804,888)</u>
 Total Capital Assets, Being Depreciated, Net	<u>8,728,469</u>	<u>(406,158)</u>	<u>(5,729)</u>	<u>8,316,582</u>
 Governmental Activities Capital Assets, Net	<u>\$ 9,202,799</u>	<u>\$ (406,158)</u>	<u>\$ (5,729)</u>	<u>\$ 8,790,912</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**D. Capital Assets (Continued)**

	Balance July 1, 2019	Increases	Decreases	Balance, June 30, 2020
<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	(2,770)	\$ (308)	-	(3,078)
Total Accumulated Depreciation	<u>(2,770)</u>	<u>(308)</u>	<u>-</u>	<u>(3,078)</u>
Total Capital Assets, Being Depreciated, Net	<u>308</u>	<u>(308)</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ 308</u>	<u>\$ (308)</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Governmental activities:**

Instruction		
Regular		\$ 234,024
Special Education		73,403
Other		14,074
School Sponsored Activities and Athletics		<u>2,456</u>
Total Instruction		<u>323,957</u>

Support Services

Student and Instruction Related Services		77,305
General Administration		20,844
School Administration		14,190
Business / Central Services		19,248
Plant Operation and Maintenance		10,097
Student Transportation		<u>852</u>
Total Support Services		<u>142,536</u>

Total Governmental Funds 466,493

Total Depreciation Expense - Governmental Activities \$ 466,493

**Business-Type Activities:**

Food Service Fund \$ 308

Total Depreciation Expense-Business-Type Activities \$ 308



**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**D. Capital Assets (Continued)**

**Other Significant Commitments**

The District has other significant commitments at June 30, 2020 as follows:

<u>Purposes</u>	<u>Remaining Commitment</u>
Acquisition of Smart Boards	\$ <u>156,341</u>

**E. Leases**

**Capital Leases**

The District is leasing copiers totaling \$57,266 under capital leases. The lease is for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ 57,266
Less: Accumulated Depreciation	<u>-</u>
Total	<u>\$ 57,266</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2021	\$ 11,715
2022	12,780
2023	12,780
2024	12,780
2025	12,780
2026	<u>1,065</u>
Total Minimum Lease Payments	63,900
Less: Amount Representing Interest	<u>6,634</u>
Present Value of Minimum Lease Payments	<u>\$ 57,266</u>

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**F. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2020 are comprised of the following issues:

\$1,534,000, 2006 Bonds, due in an annual installment of \$139,000 through April 15, 2021, interest at 4.50%	\$139,000
\$3,140,000, 2010 Bonds, due in annual installments of \$305,000 to \$310,000 through March 1, 2022, interest at 5.00%	<u>615,000</u>
Total	<u>\$754,000</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>	
2021	\$ 444,000	\$ 37,005	\$ 481,005
2022	<u>310,000</u>	<u>15,500</u>	<u>325,500</u>
Totals	<u>\$ 754,000</u>	<u>\$ 52,505</u>	<u>\$ 806,505</u>

**Statutory Borrowing Power**

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

3% of Equalized Valuation Basis (Municipal)	\$ 29,644,518
Less: Net Debt	<u>754,000</u>
Remaining Borrowing Power	<u>\$ 28,890,518</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 1,194,000		\$ 440,000	\$ 754,000	\$ 444,000
Original Issue Premium	18,760	-	6,982	11,778	-
	<u>1,212,760</u>	<u>-</u>	<u>446,982</u>	<u>765,778</u>	<u>444,000</u>
Capital Leases	24,349	\$ 57,266	24,349	57,266	9,580
Compensated Absences	147,171	21,217		168,388	
Net Pension Liability	<u>1,722,193</u>	<u>83,492</u>	<u>92,485</u>	<u>1,713,200</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 3,106,473</u>	<u>\$ 161,975</u>	<u>\$ 563,816</u>	<u>\$ 2,704,632</u>	<u>\$ 453,580</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

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

**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, 2020, 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, 2020, the District had no estimated arbitrage earnings due to the IRS, if any.

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

**Plan Descriptions and Benefits Provided**

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

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

The following represents the membership tiers for PERS:

<b>Tier</b>	<b>Definition</b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

<b>Tier</b>	<b>Definition</b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

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

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

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

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Plan Amendments**

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

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

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Collective Net Pension Liability**

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

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2020.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2020 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than the actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded 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>
2020	\$ 92,485	\$ 920,181	\$ 14,988
2019	87,002	794,894	12,825
2018	91,291	602,174	10,396



**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$680, \$728 and \$1,831, respectively for PERS and the State contributed \$929, \$893 and \$1,022, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$320,507 during the fiscal year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2018 through June 30, 2019. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$1,713,200 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was .00951 percent, which was an increase of .00076 percent from its proportionate share measured as of June 30, 2018 of .00875 percent.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$16,379 for PERS. The pension contribution made by the District during the current 2019/2020 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 30,750	\$ 7,568
Changes of Assumptions	171,069	594,646
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		27,044
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>139,339</u>	<u>227,238</u>
Total	<u>\$ 341,158</u>	<u>\$ 856,496</u>

At June 30, 2020, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension benefit as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2021	\$ (95,950)
2022	(193,003)
2023	(164,387)
2024	(61,442)
2025	(556)
Thereafter	<u>-</u>
	<u>\$ (515,338)</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

*Actuarial Assumptions*

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

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

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

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

**NORTHALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

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

***Discount Rate***

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

\* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 6.28%, 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 (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	<b>1% Decrease <u>5.28%</u></b>	<b>Current Discount Rate <u>6.28%</u></b>	<b>1% Increase <u>7.28%</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 2,164,050</u>	<u>\$ 1,713,200</u>	<u>\$ 1,333,295</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2019. A sensitivity analysis specific to the District's net pension liability at June 30, 2019 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, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2018 through June 30, 2019. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2019, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,433,008 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the net pension liability attributable to the District is \$24,295,412. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was 0.03959 percent, which was a decrease of 0.0033 percent from its proportionate share measured as of June 30, 2018 of 0.03992 percent.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**Actuarial Assumptions**

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

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

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

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

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



**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate***

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

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

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

**Period of Projected Benefit**

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

\* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.60%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	<b>1% Decrease (4.60%)</b>	<b>Current Discount Rate (5.60%)</b>	<b>1% Increase (6.60%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 28,649,668</u>	<u>\$ 24,295,412</u>	<u>\$ 20,682,754</u>

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired Employees Plan** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

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

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Collective Net OPEB Liability**

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

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Actuarial Methods and Assumptions**

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

**Post-Retirement Medical Benefits Contributions**

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

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan.

over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2020, 2019 and 2018 were \$341,370, \$360,560 and \$388,932, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2018 through June 30, 2019. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$382,379. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$14,174,060. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was .03074 percent, which was a decrease of .00240 percent from its proportionate share measured as of June 30, 2018 of .03314 percent.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions**

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

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

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

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions (Continued)**

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

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

**Long-Term Expected Rate of Return**

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2019.

**Discount Rate**

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

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Changes in the Total OPEB Liability**

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2018 Measurement Date	\$ <u>15,924,004</u>
Changes Recognized for the Fiscal Year:	
Service Cost	582,450
Interest on the Total OPEB Liability	630,708
Differences Between Expected and Actual Experience	(2,752,235)
Changes of Assumptions	211,336
Gross Benefit Payments	(435,101)
Contributions from the Member	12,898
<b>Net Changes</b>	<u>\$ (1,749,944)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>14,174,060</u>

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

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.50%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	<b>1% Decrease <u>(2.50%)</u></b>	<b>Current Discount Rate <u>(3.50%)</u></b>	<b>1% Increase <u>(4.50%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 16,756,624	\$ 14,174,060	\$ 12,121,188

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ 11,715,686	\$ 14,174,060	\$ 17,425,354

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



**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**F. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Northvale Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

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

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

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)**

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

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 9,497,948		\$ 9,497,948	\$ 9,497,948	
Tuition From Other LEAs Within the State	244,515		244,515	225,556	\$ (18,959)
Miscellaneous	15,500		15,500	45,008	29,508
Interest on Investments				23,784	23,784
Interest Earned on Maintenance Reserve	150		150	150	
Interest Earned on Capital Reserve	150	-	150	150	-
<b>Total Local Sources</b>	<u>9,758,263</u>	<u>-</u>	<u>9,758,263</u>	<u>9,792,596</u>	<u>34,333</u>
State Sources					
Categorical Special Education Aid	268,105		268,105	268,105	
Transportation Aid	24,930		24,930	24,930	
Security Aid	40,383		40,383	40,383	
Extraordinary Aid	-		-	315,361	315,361
On-behalf TPAF Pension System Payments - Normal Costs (Non-Budget)				903,978	903,978
On-behalf TPAF Pension System Payments - NCGI Premium (Non-Budget)				16,203	16,203
On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution(Non-Budget)				341,370	341,370
On-behalf TPAF Pension System Payments - Long-Term Disability Insurance Contributions(Non-Budget)				929	929
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	320,507	320,507
<b>Total State Sources</b>	<u>333,418</u>	<u>-</u>	<u>333,418</u>	<u>2,231,766</u>	<u>1,898,348</u>
<b>Total Revenues</b>	<u>10,091,681</u>	<u>-</u>	<u>10,091,681</u>	<u>12,024,362</u>	<u>1,932,681</u>
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	390,713	\$ (2,936)	387,777	386,808	969
Grades 1-5	1,526,095	(31,204)	1,494,891	1,492,004	2,887
Grades 6-8	968,966	(48,010)	920,956	917,644	3,312
Regular Program - Home Instruction					
Salaries of Teachers	6,000	(5,376)	624		624
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	3,975	-	3,975	85	3,890
Purchased Professional - Educational Services	5,000	116	5,116	4,289	827
Other Purchased Services	21,500	-	21,500	18,449	3,051
General Supplies	138,844	24,365	163,209	115,731	47,478
Other Objects	950	-	950	680	270
<b>Total Regular Programs</b>	<u>3,062,043</u>	<u>(63,045)</u>	<u>2,998,998</u>	<u>2,935,690</u>	<u>63,308</u>

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 89,796	\$ 87,149	\$ 176,945	\$ 162,536	\$ 14,409
Other Salaries for Instruction	91,503	1,000	92,503	91,959	544
General Supplies	1,295	(475)	820	401	419
<b>Total Learning and/or Language Disabilities</b>	<u>182,594</u>	<u>87,674</u>	<u>270,268</u>	<u>254,896</u>	<u>15,372</u>
Multiple Disabilities					
Salaries of Teachers	96,145	(95,060)	1,085	85	1,000
General Supplies	605	475	1,080	1,025	55
<b>Total Multiple Disabilities</b>	<u>96,750</u>	<u>(94,585)</u>	<u>2,165</u>	<u>1,110</u>	<u>1,055</u>
Resource Room/Resource Center					
Salaries of Teachers	571,133	51,421	622,554	622,554	
General Supplies	3,613	(1,059)	2,554	2,554	-
<b>Total Resource Room/Resource Center</b>	<u>574,746</u>	<u>50,362</u>	<u>625,108</u>	<u>625,108</u>	<u>-</u>
Home Instruction					
Salaries of Teachers	2,500	(2,278)	222	20	202
<b>Total Home Instruction</b>	<u>2,500</u>	<u>(2,278)</u>	<u>222</u>	<u>20</u>	<u>202</u>
<b>Total Special Education</b>	<u>856,590</u>	<u>41,173</u>	<u>897,763</u>	<u>881,134</u>	<u>16,629</u>
Basic Skills/Remedial					
Salaries of Teachers	83,808	1,326	85,134	83,774	1,360
General Supplies	583	33	616	612	4
<b>Total Basic Skills/Remedial</b>	<u>84,391</u>	<u>1,359</u>	<u>85,750</u>	<u>84,386</u>	<u>1,364</u>
Bilingual Education					
Salaries of Teachers	83,942	4,592	88,534	84,404	4,130
General Supplies	1,200	-	1,200	416	784
<b>Total Bilingual Education</b>	<u>85,142</u>	<u>4,592</u>	<u>89,734</u>	<u>84,820</u>	<u>4,914</u>
School Sponsored Cocurricular Activities					
Salaries	48,730	2,920	51,650	51,650	-
Supplies and Materials	4,550	(1,277)	3,273	2,503	770
Other Objects	2,475	(1)	2,474	2,060	414
<b>Total School Sponsored Cocurricular Activities</b>	<u>55,755</u>	<u>1,642</u>	<u>57,397</u>	<u>56,213</u>	<u>1,184</u>

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 31,000	\$ (1,648)	\$ 29,352	\$ 29,352	-
Purchased Services	5,385	-	5,385	4,771	\$ 614
Supplies and Materials	3,600	(1,850)	1,750	1,750	-
Total School Sponsored Athletics	<u>39,985</u>	<u>(3,498)</u>	<u>36,487</u>	<u>35,873</u>	<u>614</u>
Total Instruction	<u>4,183,906</u>	<u>(17,777)</u>	<u>4,166,129</u>	<u>4,078,116</u>	<u>88,013</u>
Instruction					
Tuition to Other LEAs Within the State-Special	<u>1,497,441</u>	<u>16,025</u>	<u>1,513,466</u>	<u>1,504,953</u>	<u>8,513</u>
Total Instruction	<u>1,497,441</u>	<u>16,025</u>	<u>1,513,466</u>	<u>1,504,953</u>	<u>8,513</u>
Attendance and Social Work Services					
Salaries	62,547	-	62,547	62,365	182
Purchased Professional - Technical Services	8,200	95	8,295	8,295	-
Total Attendance and Social Work Services	<u>70,747</u>	<u>95</u>	<u>70,842</u>	<u>70,660</u>	<u>182</u>
Health Services					
Salaries	71,013	227	71,240	71,240	-
Purchased Professional and Technical Services	6,125	(3,531)	2,594	2,547	47
Other Purchased Services	350	(196)	154	56	98
Supplies and Materials	2,760	-	2,760	1,889	871
Total Health Services	<u>80,248</u>	<u>(3,500)</u>	<u>76,748</u>	<u>75,732</u>	<u>1,016</u>
Other Support Serv. Students - OT, PT & Related Serv.					
Salaries	94,478	(2,292)	92,186	92,186	-
Purchased Professional -Educational Services	222,475	10,209	232,684	158,790	73,894
Supplies and Materials	2,901	(399)	2,502	1,504	998
Total Other Support Serv. Students - OT, PT & Related Serv.	<u>319,854</u>	<u>7,518</u>	<u>327,372</u>	<u>252,480</u>	<u>74,892</u>
Other Support Serv. Students - Extra Serv.					
Salaries	150,276	77,323	227,599	227,599	-
Purchased Professional -Educational Services	95,250	84,805	180,055	164,584	15,471
Total Other Support Serv. Students - Extra Serv.	<u>245,526</u>	<u>162,128</u>	<u>407,654</u>	<u>392,183</u>	<u>15,471</u>
Other Support Services-Students-Guidance					
Salaries of Other Professional Staff	141,210	2,317	143,527	138,476	5,051
Purchased Professional -Educational Services	1,000	90	1,090	1,090	-
Other Purchased Services	300	-	300	-	300
Supplies and Materials	2,953	(2,185)	768	355	413
Total Other Support Services - Students - Guidance	<u>145,463</u>	<u>222</u>	<u>145,685</u>	<u>139,921</u>	<u>5,764</u>

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Other Support Services-Students-Child Study Team					
Salaries of Other Professional Staff	\$ 191,662	\$ 20,916	\$ 212,578	\$ 207,015	\$ 5,563
Salaries of Secretarial and Clerical Assistants	44,602	(11,699)	32,903	32,903	
Purchased Professional -Educational Services	109,545	(5,790)	103,755	103,696	59
Misc. Purchased Services	4,000	(153)	3,847	3,355	492
Supplies and Materials	3,700	1,161	4,861	4,802	59
<b>Total Other Support Services - Child Study Team</b>	<b>353,509</b>	<b>4,435</b>	<b>357,944</b>	<b>351,771</b>	<b>6,173</b>
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	92,000	-	92,000	92,000	-
Purchased Professional - Educational Services	12,700	-	12,700	12,649	51
Other Purchased Services	250	360	610	610	-
Supplies and Materials	375	(15)	360	351	9
<b>Total Improvement of Instructional Services</b>	<b>105,325</b>	<b>345</b>	<b>105,670</b>	<b>105,610</b>	<b>60</b>
Educational Media Services/School Library					
Salaries	68,298	612	68,910	68,910	-
Purchased Professional - Educational Services	22,900	-	22,900	22,900	-
Other Purchased Services		126	126	126	-
Supplies and Materials	17,669	(19)	17,650	14,693	2,957
<b>Total Educational Media Serv./School Library</b>	<b>108,867</b>	<b>719</b>	<b>109,586</b>	<b>106,629</b>	<b>2,957</b>
Staff Training Services					
Purchased Professional - Educational Services	7,149	(32)	7,117	2,220	4,897
Other Purchased Services	3,500	(303)	3,197	1,264	1,933
Supplies and Materials	300	-	300	-	300
<b>Total Staff Training Services</b>	<b>10,949</b>	<b>(335)</b>	<b>10,614</b>	<b>3,484</b>	<b>7,130</b>
Support Services General Administration					
Salaries	250,366	-	250,366	249,083	1,283
Legal Services	28,000	13,506	41,506	41,506	-
Audit Fees	23,000	-	23,000	21,214	1,786
Architectural/Engineering Services	8,000	8,500	16,500	9,701	6,799
Other Purchased Professional Services	5,800	-	5,800	3,897	1,903
Communications/Telephone	41,485	62	41,547	34,381	7,166
BOE Other Purchased Services	1,000	(614)	386	-	386
Miscellaneous Purchased Services	7,850	2,148	9,998	9,533	465
General Supplies	2,167	(223)	1,944	1,697	247
Judgments Against the School District	12,500	(690)	11,810	-	11,810
Miscellaneous Expenditures	1,500	(279)	1,221	1,034	187
BOE Membership Dues and Fees	6,960	250	7,210	7,155	55
<b>Total Support Services General Administration</b>	<b>388,628</b>	<b>22,660</b>	<b>411,288</b>	<b>379,201</b>	<b>32,087</b>



**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Salaries of Principal/Asst. Principals	\$ 127,454	\$ 2,879	\$ 130,333	\$ 130,333	-
Salaries of Secretarial and Clerical Assistants	43,212	(3,091)	40,121	39,238	\$ 883
Other Purchased Services	3,200	(224)	2,976	1,971	1,005
Supplies and Materials	8,293	(4,725)	3,568	3,511	57
Other Objects	2,020	6,076	8,096	7,848	248
<b>Total Support Services School Administration</b>	<b>184,179</b>	<b>915</b>	<b>185,094</b>	<b>182,901</b>	<b>2,193</b>
Central Services					
Salaries	232,249	(2,000)	230,249	230,008	241
Purchased Professional Services	10,250	9,620	19,870	19,815	55
Miscellaneous Purchased Services	4,550	(128)	4,422	4,156	266
Supplies and Materials	4,000	(354)	3,646	3,635	11
Miscellaneous Expenditures	2,100	(282)	1,818	1,818	-
<b>Total Central Services</b>	<b>253,149</b>	<b>6,856</b>	<b>260,005</b>	<b>259,432</b>	<b>573</b>
Admin. Info. Tech.					
Purchased Professional Services	1,200	-	1,200	1,200	-
Purchased Technical Services	77,070	-	77,070	76,848	222
Other Purchased Services	10,000	(8,784)	1,216	795	421
<b>Total Admin. Info. Tech.</b>	<b>88,270</b>	<b>(8,784)</b>	<b>79,486</b>	<b>78,843</b>	<b>643</b>
Required Maintenance for School Facilities					
Salaries	101,909	-	101,909	99,113	2,796
Cleaning, Repair and Maintenance Services	41,250	87,092	128,342	37,584	90,758
General Supplies	9,000	(2,000)	7,000	5,728	1,272
<b>Total Required Maintenance for School Fac.</b>	<b>152,159</b>	<b>85,092</b>	<b>237,251</b>	<b>142,425</b>	<b>94,826</b>
Custodial Services					
Salaries	100,068	453	100,521	100,200	321
Salaries of Non-Instructional Aides	23,000	-	23,000	20,457	2,543
Purchased Prof. And Technical Serv.	-	2,263	2,263	2,263	-
Cleaning, Repair and Maint. Serv.	211,295	(8,291)	203,004	192,860	10,144
Other Purchased Property Services	7,500	-	7,500	5,095	2,405
Insurance	114,582	(698)	113,884	112,505	1,379
Miscellaneous Purchased Services	1,500	(550)	950	337	613
General Supplies	35,000	7,745	42,745	34,495	8,250
Energy (Natural Gas)	35,800	(11,460)	24,340	23,936	404
Energy (Electricity)	78,000	3,460	81,460	62,393	19,067
Other Objects	575	196	771	771	-
<b>Total Custodial Services</b>	<b>607,320</b>	<b>(6,882)</b>	<b>600,438</b>	<b>555,312</b>	<b>45,126</b>

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	\$ 3,100	\$ (2,000)	\$ 1,100	\$ 495	\$ 605
Cleaning, Repair and Maintenance Services	47,200	56,464	103,664	58,339	45,325
Supplies and Materials	3,000	3,343	6,343	5,800	543
<b>Total Care and Upkeep of Grounds</b>	<b>53,300</b>	<b>57,807</b>	<b>111,107</b>	<b>64,634</b>	<b>46,473</b>
Security					
Cleaning, Repair and Maintenance Services	20,000	(2,438)	17,562	17,127	435
Purchased Professional and Technical Services		5,244	5,244	5,244	-
General Supplies	2,500	(750)	1,750	480	1,270
<b>Total Security</b>	<b>22,500</b>	<b>2,056</b>	<b>24,556</b>	<b>22,851</b>	<b>1,705</b>
Student Transportation Services					
Salaries of Non-Instructional Aides	8,820	-	8,820	8,657	163
Salaries for Pupil Trans. (Bet. Home & Sch.) - Sp Ed	10,216	-	10,216	10,176	40
Cleaning, Repair and Maintenance Services	3,500	-	3,500	1,920	1,580
Contracted Services (Other Than HM/SC) - Vendors	7,960	(3,000)	4,960	4,254	706
Contracted Services (Home/School) -Joint Agreements	6,000	-	6,000	3,592	2,408
Contracted Services (Special Ed) -Joint Agreements	33,000	11,436	44,436	30,223	14,213
Misc. Purchased Serv. - Transportation	250	-	250		250
Transportation Supplies	2,000	-	2,000	799	1,201
<b>Total Student Transportation Services</b>	<b>71,746</b>	<b>8,436</b>	<b>80,182</b>	<b>59,621</b>	<b>20,561</b>
Unallocated Benefits - Employee Benefits					
Group Insurance	7,350	(3,233)	4,117	962	3,155
Social Security Contributions	110,000	1,967	111,967	111,967	-
Other Retirement Contributions - PERS	100,000	(3,736)	96,264	93,346	2,918
Other Retirement Contributions - Regular	10,000	5,002	15,002	14,988	14
Unemployment Compensation	18,000	1,905	19,905	19,905	-
Workmen's Compensation	28,340	(1,905)	26,435	25,322	1,113
Health Benefits	1,495,886	(62,282)	1,433,604	1,222,523	211,081
Tuition Reimbursement	10,000	-	10,000	6,600	3,400
Other Employee Benefits	9,860	-	9,860	32,207	(22,347)
Unused Sick Payment to Terminated/Retired Staff	20,000	-	20,000	20,000	-
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>1,809,436</b>	<b>(62,282)</b>	<b>1,747,154</b>	<b>1,547,820</b>	<b>199,334</b>
On-behalf TPAF Pension System Payments -					
Normal Costs (Non-Budget)				903,978	(903,978)
On-behalf TPAF Pension System Payments -					
NCGI Premium(Non-Budget)				16,203	(16,203)
On-behalf TPAF Pension System Payments -					
Post Retirement Medical Contribution(Non-Budget)				341,370	(341,370)
On-behalf TPAF Pension System Payments -					
Long-Term Disability Insurance Contributions(Non-Budget)				929	(929)
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	320,507	(320,507)
<b>Total Undistributed Expenditures</b>	<b>6,568,616</b>	<b>293,526</b>	<b>6,862,142</b>	<b>7,879,450</b>	<b>(1,017,308)</b>
Interest Deposit to Maintenance Reserve	150	-	150	-	150
<b>Total Current Expenditures</b>	<b>10,752,672</b>	<b>275,749</b>	<b>11,028,421</b>	<b>11,957,566</b>	<b>(929,145)</b>

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
Equipment					
Admin. Info. Tech.	-	\$ 121,440	\$ 121,440	-	\$ 121,440
Total Equipment	-	121,440	121,440	-	121,440
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	\$ 14,859	-	14,859	\$ 14,859	-
Total Facilities Acquisition and Const. Serv.	14,859	-	14,859	14,859	-
Assets Acquired Under Capital Leases (Non-Budget)					
Undistributed Expenditures					
Copiers	-	-	-	57,266	(57,266)
Total Assets Acquired Under Capital Leases (Non-Budget)	-	-	-	57,266	(57,266)
Interest Deposit to Capital Reserve	150	-	150	-	150
Total Interest	150	-	150	-	150
Total Capital Outlay	15,009	121,440	136,449	72,125	64,324
Total Expenditures	10,767,681	397,189	11,164,870	12,029,691	(864,821)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(676,000)	(397,189)	(1,073,189)	(5,329)	1,067,860
Other Financing Sources (Uses)					
Capital Lease Proceeds (Non-Budget)	-	-	-	57,266	57,266
Total Other Financing Sources (Uses)	-	-	-	57,266	57,266
Excess (Deficiency) of Revenues and Other Financing					
Sources Over/(Under) Expenditures and Other	(676,000)	(397,189)	(1,073,189)	51,937	1,125,126
Financing Uses					
Fund Balance, Beginning of Year	3,448,848	-	3,448,848	3,448,848	-
Fund Balance, End of Year	\$ 2,772,848	\$ (397,189)	\$ 2,375,659	\$ 3,500,785	\$ 1,125,126
<b>Recapitulation of Fund Balance</b>					
Capital Reserve				1,250,849	
Maintenance Reserve				13,571	
Emergency Reserve				219,441	
Excess Surplus - Designated for Subsequent Years Expenditures				641,074	
Excess Surplus				495,284	
Assigned Fund Balance					
Year End Encumbrances				315,205	
Unassigned				565,361	
Reconciliation to Governmental Funds Statements (GAAP):				3,500,785	
Less: Certain State Aid Payments Not Recognized on GAAP Basis				(341,006)	
Fund Balance Per Governmental Funds (GAAP)				\$ 3,159,779	

**NORTHVALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 91,862	\$ 29,710	\$ 121,572	\$ 120,494	\$ (1,078)
Local Sources					
Other	-	1,500	1,500	542	(958)
Total Revenues	<u>91,862</u>	<u>31,210</u>	<u>123,072</u>	<u>121,036</u>	<u>(2,036)</u>
<b>EXPENDITURES</b>					
Instruction					
Other Purchased Services	91,862	24,621	116,483	116,483	
General Supplies	-	1,500	1,500	542	958
Total Instruction	<u>91,862</u>	<u>26,121</u>	<u>117,983</u>	<u>117,025</u>	<u>958</u>
Support Services					
Supplies and Materials	-	5,089	5,089	4,011	1,078
Total Support Services	<u>-</u>	<u>5,089</u>	<u>5,089</u>	<u>4,011</u>	<u>1,078</u>
Total Expenditures	<u>91,862</u>	<u>31,210</u>	<u>123,072</u>	<u>121,036</u>	<u>2,036</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, 2020**

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

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 12,024,362	\$ 121,036
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, 2020		(2,157)
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)	(341,006)	
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes (prior year)	<u>324,593</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 12,007,949</u>	<u>\$ 118,879</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (Exhibits C-1 and C-2)	<u>\$ 12,029,691</u>	<u>\$ 121,036</u>
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, 2020	<u>-</u>	<u>(2,157)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 12,029,691</u>	<u>\$ 118,879</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**  
**PENSION AND OTHER POST-EMPLOYMENT BENEFIT INFORMATION**

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

**PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Seven Fiscal Years \***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00951 %	0.00875 %	0.00985 %	0.01029 %	0.01030 %	0.01110 %	0.01134 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 1,713,200</u>	<u>\$ 1,722,193</u>	<u>\$ 2,293,960</u>	<u>\$ 3,046,273</u>	<u>\$ 2,313,727</u>	<u>\$ 2,079,227</u>	<u>\$ 2,167,437</u>
District's Covered Payroll	<u>\$ 645,141</u>	<u>\$ 670,978</u>	<u>\$ 637,607</u>	<u>\$ 663,617</u>	<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 Payroll	266%	257%	360%	459%	373%	315%	304%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.92%	52.08%	48.72%

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

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



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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 92,485	\$ 87,002	\$ 91,291	\$ 91,375	\$ 88,613	\$ 91,551	\$ 85,450
Contributions in Relation to the Contractually Required Contributions	<u>92,485</u>	<u>87,002</u>	<u>91,291</u>	<u>91,375</u>	<u>88,613</u>	<u>91,551</u>	<u>85,450</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 607,977</u>	<u>\$ 645,141</u>	<u>\$ 670,978</u>	<u>\$ 637,607</u>	<u>\$ 663,617</u>	<u>\$ 620,706</u>	<u>\$ 659,891</u>
Contributions as a Percentage of Covered Payroll	15.21%	13.49%	13.61%	14.33%	13.35%	14.75%	12.95%

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 Seven Fiscal Years \***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %	0 %	0 %	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	0 %	0 %	0 %	0 %	0 %	0 %	0 %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 24,295,412</u>	<u>\$ 25,397,385</u>	<u>\$ 25,966,358</u>	<u>\$ 30,843,703</u>	<u>\$ 24,495,316</u>	<u>\$ 20,636,556</u>	<u>\$ 18,711,144</u>
Total	<u>\$ 24,295,412</u>	<u>\$ 25,397,385</u>	<u>\$ 25,966,358</u>	<u>\$ 30,843,703</u>	<u>\$ 24,495,316</u>	<u>\$ 20,636,556</u>	<u>\$ 18,711,144</u>
District's Covered Payroll	<u>\$ 4,456,536</u>	<u>\$ 4,329,097</u>	<u>\$ 4,142,276</u>	<u>\$ 4,017,478</u>	<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 Payroll	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	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, 2020**

**Change of Benefit Terms:**

None.

**Change of Assumptions:**

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

NORTHVALE BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
 TOTAL OPEB LIABILITY

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Three Fiscal Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 582,450	\$ 654,316	\$ 785,773
Interest on Total OPEB Liability	630,708	652,534	565,311
Differences Between Expected and Actual Experience	(2,752,235)	(921,015)	-
Changes of Assumptions	211,336	(1,827,359)	(2,348,548)
Gross Benefit Payments	(435,101)	(425,802)	(481,111)
Contribution from the Member	<u>12,898</u>	<u>14,716</u>	<u>17,716</u>
<b>Net Change in Total OPEB Liability</b>	(1,749,944)	(1,852,610)	(1,460,859)
<b>Total OPEB Liability - Beginning</b>	<u>15,924,004</u>	<u>17,776,614</u>	<u>19,237,473</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 14,174,060</u>	<u>\$ 15,924,004</u>	<u>\$ 17,776,614</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>14,174,060</u>	<u>15,924,004</u>	<u>17,776,614</u>
Total OPEB Liability - Ending	<u>\$ 14,174,060</u>	<u>\$ 15,924,004</u>	<u>\$ 17,776,614</u>
<b>District's Covered-Employee Payroll</b>	<u>\$ 5,101,677</u>	<u>\$ 5,000,075</u>	<u>\$ 4,779,883</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	0%	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORTHVALE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

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

**SCHOOL LEVEL SCHEDULES**

**(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, 2020**

	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>Local Grants</u>	<u>Cares Act</u>	<u>Total</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 110,387	\$ 6,096		\$ 4,011	\$ 120,494
Other	-	-	\$ 542	-	542
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	<u>\$ 110,387</u>	<u>\$ 6,096</u>	<u>\$ 542</u>	<u>\$ 4,011</u>	<u>\$ 121,036</u>
<b>EXPENDITURES</b>					
Instruction					
Other Purchased Services	\$ 110,387	\$ 6,096			\$ 116,483
General Supplies	-	-	\$ 542	-	542
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Instruction	<u>110,387</u>	<u>6,096</u>	<u>542</u>	<u>-</u>	<u>117,025</u>
Support Services					
Supplies and Materials	-	-	-	\$ 4,011	4,011
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,011</u>	<u>4,011</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	<u>\$ 110,387</u>	<u>\$ 6,096</u>	<u>\$ 542</u>	<u>\$ 4,011</u>	<u>\$ 121,036</u>



**NORTHVALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**EXHIBIT F-1**

**NORTHVALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES**

**NOT APPLICABLE**

**EXHIBIT F-2**

**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOT APPLICABLE**

**ENTERPRISE FUND**

**EXHIBIT G-1**

**NORTHVALE BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY NET POSITION  
AS OF JUNE 30, 2020**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 20,776	\$ 128,131	\$ 148,907
Total Assets	<u>\$ 20,776</u>	<u>\$ 128,131</u>	<u>\$ 148,907</u>
<b>LIABILITIES</b>			
Accrued Salaries and Wages		\$ 111,730	\$ 111,730
Payroll Deductions and Withholdings		16,401	16,401
Due to Student Groups	<u>\$ 20,776</u>	<u>-</u>	<u>20,776</u>
Total Liabilities	<u>\$ 20,776</u>	<u>\$ 128,131</u>	<u>\$ 148,907</u>

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

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

	<u>Balance, July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2020</u>
General Account	\$ 3,134	\$ 121,805	\$ 114,639	\$ 10,300
Donated Class Funds	8,125	35	-	8,160
Athletic Account	<u>492</u>	<u>4,129</u>	<u>2,305</u>	<u>2,316</u>
 Total All Schools	 <u>\$ 11,751</u>	 <u>\$ 125,969</u>	 <u>\$ 116,944</u>	 <u>\$ 20,776</u>



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

	<b>Balance, July 1, <u>2019</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2020</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 16,816	\$ 3,014,537	\$ 3,014,952	\$ 16,401
Accrued Salaries and Wages	122,154	3,689,377	3,699,801	111,730
Due from/(to) Other Funds	<u>789</u>	<u>-</u>	<u>789</u>	<u>-</u>
Total	<u>\$ 139,759</u>	<u>\$ 6,703,914</u>	<u>\$ 6,715,542</u>	<u>\$ 128,131</u>

**LONG-TERM DEBT**

**NORTHVALE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<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, 2019</u>	<u>Retired</u>	<u>Balance, June 30, 2020</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	4/15/2021	\$ 139,000	4.50%	\$ 274,000	\$ 135,000	\$ 139,000
Refunding School Bonds	5/14/2010	3,140,000	3/1/2021	305,000	5.00%			
			3/1/2022	310,000	5.00%	920,000	305,000	615,000
						<u>\$ 1,194,000</u>	<u>\$ 440,000</u>	<u>\$ 754,000</u>

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
Purchase of Copiers - 2020	4.400%	\$ 57,266	-	\$ 57,266		\$ 57,266
Purchase of Copiers	4.150%	57,292	\$ 24,349	-	\$ 24,349	-
			<u>\$ 24,349</u>	<u>\$ 57,266</u>	<u>\$ 24,349</u>	<u>\$ 57,266</u>
				Paid	\$ 11,923	
				Cancelled	<u>12,426</u>	
					<u>\$ 24,349</u>	

**NORTHVALE BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<b>REVENUES</b>	<b>Original <u>Budget</u></b>	<b><u>Adjustments</u></b>	<b>Final <u>Budget</u></b>	<b><u>Actual</u></b>	<b>Variance <u>Final to Actual</u></b>
Local Sources					
Local Tax Levy	\$ 448,060		\$ 448,060	\$ 448,060	
Intergovernmental					
Debt Service Aid Type II	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
 Total Revenues	 <u>498,060</u>	 <u>-</u>	 <u>498,060</u>	 <u>498,060</u>	 <u>-</u>
 <b>EXPENDITURES</b>					
Regular Debt Service					
Principal	440,000		440,000	440,000	
Interest	<u>58,060</u>	<u>-</u>	<u>58,060</u>	<u>58,060</u>	<u>-</u>
 Total Expenditures	 <u>498,060</u>	 <u>-</u>	 <u>498,060</u>	 <u>498,060</u>	 <u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 -	 -	 -	 -	 -
 Fund Balance, Beginning of Year	 <u>1</u>	 <u>\$ -</u>	 <u>1</u>	 <u>1</u>	 <u>-</u>
 Fund Balance, End of Year	 <u>\$ 1</u>	 <u>\$ -</u>	 <u>\$ 1</u>	 <u>\$ 1</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)

	2011 (Restated)	2012	2013	2014 (Restated)	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 3,556,111	\$ 4,336,963	\$ 4,801,419	\$ 5,570,485	\$ 6,053,191	\$ 6,709,347	\$ 7,376,567	\$ 7,684,760	\$ 7,973,950	\$ 7,972,009
Restricted	904,974	542,559	801,923	1,594,000	1,996,497	2,097,412	1,463,187	1,653,161	1,377,213	1,264,421
Unrestricted	<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>	<u>(313,701)</u>	<u>(746,423)</u>	<u>(722,618)</u>	<u>(513,120)</u>
Total Governmental Activities Net Position	<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>	<u>\$ 8,526,053</u>	<u>\$ 8,591,498</u>	<u>\$ 8,628,545</u>	<u>\$ 8,723,310</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 2,770	\$ 2,462	\$ 2,155	\$ 1,847	\$ 1,539	\$ 1,231	\$ 923	\$ 616	\$ 308	
Unrestricted	<u>2,961</u>	<u>6,011</u>	<u>7,679</u>	<u>2,096</u>	<u>1,189</u>	<u>626</u>	<u>1,562</u>	<u>1,660</u>	<u>2,232</u>	\$ 4,765
Total Business-Type Activities Net Position	<u>\$ 5,731</u>	<u>\$ 8,473</u>	<u>\$ 9,834</u>	<u>\$ 3,943</u>	<u>\$ 2,728</u>	<u>\$ 1,857</u>	<u>\$ 2,485</u>	<u>\$ 2,276</u>	<u>\$ 2,540</u>	<u>\$ 4,765</u>
District-Wide										
Net Investment in Capital Assets	\$ 3,558,881	\$ 4,339,425	\$ 4,803,574	\$ 5,572,332	\$ 6,054,730	\$ 6,710,578	\$ 7,377,490	\$ 7,685,376	\$ 7,974,258	\$ 7,972,009
Restricted	904,974	542,559	801,923	1,594,000	1,996,497	2,097,412	1,463,187	1,653,161	1,377,213	1,264,421
Unrestricted	<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>	<u>(312,139)</u>	<u>(744,763)</u>	<u>(720,386)</u>	<u>(508,355)</u>
Total District Net Position	<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>	<u>\$ 8,528,538</u>	<u>\$ 8,593,774</u>	<u>\$ 8,631,085</u>	<u>\$ 8,728,075</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)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 4,128,380	\$ 4,103,236	\$ 4,310,526	\$ 4,139,635	\$ 5,061,730	\$ 5,262,976	\$ 5,892,035	\$ 5,965,400	\$ 5,516,262	\$ 5,235,949
Special Education	1,011,215	1,412,519	1,571,735	1,589,085	1,849,552	2,283,825	2,755,549	2,940,554	3,049,454	3,195,071
Other Instruction	229,863	231,204	237,516	305,141	358,468	312,795	313,976	325,066	309,953	307,450
School Sponsored Activities And Athletics	88,703	87,279	98,980	96,596	132,857	139,630	168,930	161,550	165,904	102,902
Support Services:										
Student & Instruction Related Services	1,313,544	1,279,373	1,207,546	1,217,559	1,290,658	1,548,341	1,591,110	1,833,143	1,781,998	1,941,793
General Administration Services	354,354	414,776	433,586	409,064	391,277	447,925	403,453	519,195	574,128	579,740
School Administration Services	255,669	255,951	216,253	198,796	214,226	128,676	241,524	259,466	298,665	302,820
Business/ Central Services	429,188	392,267	371,786	401,104	355,199	414,875	471,308	462,669	503,093	482,409
Plant Operations And Maintenance	661,802	654,738	714,891	787,089	935,937	894,123	890,974	841,915	814,645	828,907
Pupil Transportation	46,759	64,249	95,510	88,222	67,065	140,074	121,112	75,274	61,842	63,926
Interest and Other Charges	151,333	169,619	151,528	139,563	133,682	115,793	106,903	87,106	71,524	49,689
<b>Total Governmental Activities Expenses</b>	<b>8,670,810</b>	<b>9,065,211</b>	<b>9,409,857</b>	<b>9,371,854</b>	<b>10,790,651</b>	<b>11,689,033</b>	<b>12,956,874</b>	<b>13,471,338</b>	<b>13,147,468</b>	<b>13,090,656</b>
<b>Business-Type Activities:</b>										
Food Service	8,574	7,560	8,095	14,273	8,846	10,320	9,998	7,197	9,027	6,076
<b>Total Business-Type Activities Expense</b>	<b>8,574</b>	<b>7,560</b>	<b>8,095</b>	<b>14,273</b>	<b>8,846</b>	<b>10,320</b>	<b>9,998</b>	<b>7,197</b>	<b>9,027</b>	<b>6,076</b>
<b>Total District Expenses</b>	<b>\$ 8,679,384</b>	<b>\$ 9,072,771</b>	<b>\$ 9,417,952</b>	<b>\$ 9,386,127</b>	<b>\$ 10,799,497</b>	<b>\$ 11,699,353</b>	<b>\$ 12,966,872</b>	<b>\$ 13,478,535</b>	<b>\$ 13,156,495</b>	<b>\$ 13,096,732</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Regular Instruction	\$ 513,555	\$ 428,441	\$ 398,345	\$ 330,991	\$ 283,553	\$ 341,929	\$ 337,854	\$ 261,471	\$ 262,574	\$ 225,556
Special Education Instruction				124,644	189,754	156,168	148,028	74,551	11,520	-
Operating Grants And Contributions	879,433	1,085,393	1,415,300	1,157,235	2,192,543	2,643,671	3,488,518	3,719,329	3,199,107	2,888,068
Capital Grants And Contributions	-	331,662	71,512	4,311	91,751	4,129	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>1,392,988</b>	<b>1,845,496</b>	<b>1,885,157</b>	<b>1,617,181</b>	<b>2,757,601</b>	<b>3,145,897</b>	<b>3,974,400</b>	<b>4,055,351</b>	<b>3,473,201</b>	<b>3,113,624</b>
<b>Business-Type Activities:</b>										
Charges For Services:										
Food Service	6,425	10,258	9,402	8,346	7,607	7,943	10,607	6,968	9,235	8,301
Operating Grants And Contributions	7,113	-	-	-	-	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>13,538</b>	<b>10,258</b>	<b>9,402</b>	<b>8,346</b>	<b>7,607</b>	<b>7,943</b>	<b>10,607</b>	<b>6,968</b>	<b>9,235</b>	<b>8,301</b>
<b>Total District Program Revenues</b>	<b>\$ 1,406,526</b>	<b>\$ 1,855,754</b>	<b>\$ 1,894,559</b>	<b>\$ 1,625,527</b>	<b>\$ 2,765,208</b>	<b>\$ 3,153,840</b>	<b>\$ 3,985,007</b>	<b>\$ 4,062,319</b>	<b>\$ 3,482,436</b>	<b>\$ 3,121,925</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	\$ (7,277,822)	\$ (7,219,715)	\$ (7,524,700)	\$ (7,754,673)	\$ (8,033,050)	\$ (8,543,136)	\$ (8,982,474)	\$ (9,415,987)	\$ (9,674,267)	\$ (9,977,032)
<b>Business-Type Activities</b>	4,964	2,698	1,307	(5,927)	(1,239)	(2,377)	609	(229)	208	2,225
<b>Total District-Wide Net Expense</b>	<b>\$ (7,272,858)</b>	<b>\$ (7,217,017)</b>	<b>\$ (7,523,393)</b>	<b>\$ (7,760,600)</b>	<b>\$ (8,034,289)</b>	<b>\$ (8,545,513)</b>	<b>\$ (8,981,865)</b>	<b>\$ (9,416,216)</b>	<b>\$ (9,674,059)</b>	<b>\$ (9,974,807)</b>



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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied	\$ 8,178,319	\$ 8,301,269	\$ 8,436,310	\$ 8,610,255	\$ 8,813,451	\$ 8,978,077	\$ 9,142,327	\$ 9,402,090	\$ 9,622,307	\$ 9,946,008
Unrestricted State Aid	50,808	51,216	51,505	49,989	9,213	9,833	5,055	4,908	237	-
Restricted State Aid					50,170	50,282	50,320	50,285	50,179	50,000
Investment Earnings	21,451	8,794	11,822	13,125	9,884	10,186	11,668	14,857	30,842	24,084
Miscellaneous Income	4,444	9,105	40,546	5,767	1,298	2,146	15,449	9,292	7,749	45,008
Donation of Capital Assets			146,500							6,697
Transfers	5,600	-	-	-	-	(1,500)	-	-	-	-
<b>Total Governmental Activities</b>	<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>	<u>9,224,819</u>	<u>9,481,432</u>	<u>9,711,314</u>	<u>10,071,797</u>
<b>Total Business-Type Activities</b>	<u>(5,536)</u>	<u>44</u>	<u>54</u>	<u>36</u>	<u>17</u>	<u>1,513</u>	<u>19</u>	<u>20</u>	<u>56</u>	<u>-</u>
<b>Total District-Wide</b>	<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>	<u>\$ 9,224,838</u>	<u>\$ 9,481,452</u>	<u>\$ 9,711,370</u>	<u>\$ 10,071,797</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 982,800	\$ 1,150,669	\$ 1,161,983	\$ 924,463	\$ 850,966	\$ 505,888	\$ 242,345	\$ 65,445	\$ 37,047	\$ 94,765
Business-Type Activities	(572)	2,742	1,361	(5,891)	(1,222)	(864)	628	(209)	264	2,225
<b>Total District</b>	<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>	<u>\$ 242,973</u>	<u>\$ 65,236</u>	<u>\$ 37,311</u>	<u>\$ 96,990</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved										
Unreserved										
Restricted	\$ 1,534,243	\$ 2,064,186	\$ 2,158,518	\$ 3,052,455	\$ 3,582,110	\$ 3,621,313	\$ 3,015,716	\$ 3,172,601	\$ 2,887,727	\$ 2,620,219
Committed			692,293	21,600	-		318,982			
Assigned	7,000	204,290	90,548	1,469	45,808	64,395	70,659	30,646	7,599	315,205
Unassigned	<u>250,696</u>	<u>236,390</u>	<u>231,084</u>	<u>231,213</u>	<u>237,606</u>	<u>235,726</u>	<u>240,191</u>	<u>239,068</u>	<u>228,929</u>	<u>224,355</u>
Total General Fund	<u>\$ 1,791,939</u>	<u>\$ 2,504,866</u>	<u>\$ 3,172,443</u>	<u>\$ 3,306,737</u>	<u>\$ 3,865,524</u>	<u>\$ 3,921,434</u>	<u>\$ 3,645,548</u>	<u>\$ 3,442,315</u>	<u>\$ 3,124,255</u>	<u>\$ 3,159,779</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Committed		\$ 170,619								
Restricted	<u>\$ 827,817</u>	<u>294,783</u>	<u>\$ 345,239</u>	<u>\$ 345,239</u>	<u>\$ 169,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>
Total All Other Governmental Funds	<u>\$ 827,817</u>	<u>\$ 465,402</u>	<u>\$ 345,239</u>	<u>\$ 345,239</u>	<u>\$ 169,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Tax Levy	\$ 8,178,319	\$ 8,301,269	\$ 8,436,310	\$ 8,610,255	\$ 8,813,451	\$ 8,978,077	\$ 9,142,327	\$ 9,402,090	\$ 9,622,307	\$ 9,946,008
Tuition Charges	513,555	428,441	398,345	455,635	473,307	498,097	485,882	336,022	274,094	225,556
Interest Earnings	21,451	8,794	11,822	13,125	9,884	10,186	11,668	14,857	30,842	24,084
Miscellaneous	18,916	12,685	40,883	5,767	2,297	7,409	16,596	10,976	10,173	45,550
State Sources	779,727	1,325,798	1,400,582	1,099,781	1,325,577	1,396,527	1,543,096	1,749,687	2,021,484	2,265,353
Federal Sources	136,042	138,893	137,398	111,754	116,189	124,381	115,362	110,534	114,829	118,337
<b>Total Revenue</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>11,314,931</b>	<b>11,624,166</b>	<b>12,073,729</b>	<b>12,624,888</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	4,050,979	3,977,829	4,134,430	3,955,871	4,144,605	4,175,030	4,262,810	4,488,372	4,585,375	4,631,160
Special Education Instruction	994,943	1,385,224	1,532,139	1,544,691	1,667,342	1,991,675	2,307,664	2,505,997	2,797,648	3,017,684
Other Instruction	226,192	223,704	228,063	291,138	292,351	246,627	225,360	243,471	257,447	271,902
School Sponsored Activities and Athletics	86,121	84,595	95,386	92,526	110,482	111,949	125,094	124,479	140,853	141,548
<b>Support Services:</b>										
Student and Inst. Related Services	1,283,457	1,234,502	1,179,757	1,180,461	1,246,120	1,466,007	1,449,917	1,647,418	1,687,904	1,858,455
General Administration Services	346,176	405,393	420,242	394,135	373,334	424,130	367,004	460,795	510,301	530,833
School Administration Services	243,222	247,658	206,858	192,809	202,279	116,621	212,552	218,828	262,159	277,698
Business/ Central Services	415,616	380,499	355,385	385,701	338,006	388,973	425,001	397,770	458,154	453,752
Plant Operations And Maintenance	652,987	643,595	700,234	771,814	916,187	872,347	866,799	795,022	788,879	828,929
Pupil Transportation	46,532	64,006	94,061	86,550	65,198	137,503	118,604	71,831	61,408	63,566
Capital Outlay	151,271	800,170	333,018	706,201	439,696	693,146	703,581	343,285	315,118	60,335
<b>Debt Service:</b>										
Principal	398,105	422,105	433,643	401,719	417,939	429,200	410,529	430,975	446,439	451,923
Interest and Other Charges	163,712	174,485	164,710	158,407	144,165	130,804	115,902	99,155	80,104	58,845
Payment to Refunding Bond Escrow Agent	-	-	-	-	-	-	-	-	-	-
Costs of Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</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>11,590,817</b>	<b>11,827,398</b>	<b>12,391,789</b>	<b>12,646,630</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	588,697	172,115	547,414	134,294	383,001	(169,335)	(275,886)	(203,232)	(318,060)	(21,742)
<b>Other Financing Sources (Uses)</b>										
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Capital Lease Proceeds	129,314	178,397	-	-	-	57,292	-	-	-	57,266
Premium on Bond Sale	-	-	-	-	-	-	-	-	-	-
Payment to Refunding Bond Escrow Agent	-	-	-	-	-	-	-	-	-	-
Refunding Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Premium on Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	-	-
Transfers In	958,877	1,939	283	-	641,082	169,716	-	-	-	-
Transfers Out	(953,277)	(1,939)	(283)	-	(641,082)	(171,216)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>134,914</b>	<b>178,397</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,792</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,266</b>
<b>Net Change in Fund Balances</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>\$ (275,886)</b>	<b>\$ (203,232)</b>	<b>\$ (318,060)</b>	<b>\$ 35,524</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	6.31%	6.45%	6.27%	5.92%	5.67%	5.34%	4.84%	4.62%	4.36%	4.06%

\* 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>
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
2017	485,882	11,668	15,449	512,999
2018	336,022	14,857	9,292	360,171
2019	274,094	30,842	7,749	312,685
2020	225,556	24,084	45,008	294,648

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>
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
2017	9,122,000	579,726,300			81,214,600	185,541,400		855,604,300	908,803	856,513,103	937,826,702	1.083
2018	9,122,000	581,350,700			81,256,200	185,541,400		857,270,300	908,803	858,179,103	981,568,465	1.108
2019	11,071,200	590,031,600			81,313,300	183,330,100		865,746,200	908,803	866,655,003	1,007,436,738	1.129
2020	9,479,800	595,688,700			81,272,000	175,972,000		862,412,500	908,803	863,321,303	1,010,414,027	1.173

N/A - not available

Source: County Abstract of Ratables

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

Note: The Borough undertook a revaluation of real property and reassessment which became effective in the calendar 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>	
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
2017	1.083	0.657	0.722	0.274	2.736
2018	1.108	0.687	0.765	0.280	2.840
2019	1.129	0.702	0.811	0.283	2.925
2020	1.173	0.706	0.865	0.288	3.032

## 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	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Maxim Enterprises	\$ 22,229,500	2.57%	\$ 27,500,000	3.23%
Vale 251 LLC	11,800,000	1.37%		
Northvale Shopping Center Assoc.	9,504,700	1.10%	9,995,600	1.17%
GEA Mechanical Equipment	7,268,700	0.84%		
S & R Costa Realty LP	6,000,000	0.69%		
Northvale Holding CO. LLC	6,094,000	0.71%	6,531,800	0.77%
Trasco Realty LLC	5,492,300	0.64%		
Klaus Rexroth Incorporated	5,466,900	0.63%		
Northvale Technical Center	5,289,200	0.61%		
140 Northvale Partners LLC/ Gnutti Carlo	5,189,900	0.60%		
273 Livingston St. Assoc.				
Salvatore & Roselle Costa and SC Construction			13,135,000	1.54%
MEM Company			12,711,200	1.49%
Northvale 1197 & 2005 Assoc			10,959,200	1.29%
RIO Vista Homes @ Northvale LLC			11,936,100	1.40%
Centrico			7,268,700	0.85%
Northvale Tire Tech			7,405,600	0.87%
Matthew Realty LLC			6,442,300	0.76%
	<u>84,335,200</u>	<u>9.77%</u>	<u>113,885,500</u>	<u>13.37%</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	
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%	
2017	9,142,327	9,142,327	100.00%	
2018	9,402,090	9,402,090	100.00%	
2019	9,622,307	9,622,307	100.00%	
2020	9,946,008	9,946,008	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>	
2011	\$ 4,289,000	\$ 86,209	\$ 4,375,209	4,667	\$ 937	
2012	3,939,000	192,501	4,131,501	4,683	882	
2013	3,584,000	113,858	3,697,858	4,730	782	
2014	3,219,000	77,139	3,296,139	4,731	697	
2015	2,839,000	39,200	2,878,200	4,779	602	
2016	2,449,000	57,292	2,506,292	4,866	515	
2017	2,049,000	46,763	2,095,763	4,893	428	
2018	1,629,000	35,788	1,664,788	4,902	340	
2019	1,194,000	24,349	1,218,349	4,927	247	
2020	754,000	57,266	811,266	4,927 (1)	165	

(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			
2011	\$ 4,289,000		\$ 4,289,000	0.50%	\$ 919
2012	3,939,000		3,939,000	0.46%	841
2013	3,584,000		3,584,000	0.42%	758
2014	3,219,000		3,219,000	0.38%	680
2015	2,839,000		2,839,000	0.33%	594
2016	2,449,000		2,449,000	0.29%	503
2017	2,049,000		2,049,000	0.24%	419
2018	1,629,000	\$ 1	1,628,999	0.19%	332
2019	1,194,000	1	1,193,999	0.14%	242
2020	754,000	1	753,999	0.09%	153

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, 2019  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Regional High School Tax	\$ 1,667,959	\$ 1,667,959	
Borough of Northvale School District	1,194,000	1,194,000	
Borough of Northvale	<u>6,453,189</u>	<u>-</u>	<u>\$ 6,453,189</u>
	<u>\$ 9,315,148</u>	<u>\$ 2,861,959</u>	<u>6,453,189</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County (3)			\$ 7,870,398
Bergen County Utilities Authority (2)			<u>1,057,099</u>
			<u>8,927,497</u>
Total Direct and Overlapping Debt			<u>\$ 15,380,686</u>

## Sources:

- (1) Borough of Northvale Annual Debt Statement - December 31, 2019
- (2) BCUA 2019 audit.
- (3) Bergen County Annual Debt Statement - December 31, 2019

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

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized valuation basis	
2019	\$ 1,005,278,913
2018	988,549,700
2017	970,623,142
	<u>\$ 2,964,451,755</u>
Average equalized valuation of taxable property	<u>\$ 988,150,585</u>
Debt limit (3% of average equalization)	29,644,518
Total Net Debt Applicable to Limit	(754,000)
Legal debt margin	<u>\$ 28,890,518</u>

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 30,712,812	\$ 29,763,299	\$ 28,874,232	\$ 27,963,693	\$ 27,355,878	\$ 28,868,951	\$ 27,659,801	\$ 28,353,800	\$ 28,867,593	\$ 29,644,518
Total net debt applicable to limit	(4,289,000)	(3,939,000)	(3,584,000)	(3,219,000)	(2,839,000)	(2,449,000)	(2,049,000)	(1,629,000)	(1,194,000)	(754,000)
Legal debt margin	<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>\$ 26,819,951</u>	<u>\$ 25,610,801</u>	<u>\$ 26,724,800</u>	<u>\$ 27,673,593</u>	<u>\$ 28,890,518</u>
Total net debt applicable to the limit as a percentage of debt limit	13.96%	13.23%	12.41%	11.51%	10.38%	8.48%	7.41%	5.75%	4.14%	2.54%

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>
2011	5.3%	\$ 69,053	4,667
2012	5.4%	72,152	4,683
2013	7.1%	71,679	4,730
2014	4.3%	74,452	4,731
2015	4.2%	77,666	4,779
2016	3.6%	79,145	4,866
2017	3.2%	81,483	4,893
2018	2.8%	85,951	4,902
2019	2.6%	85,951	4,927
2020	2.6%	85,951	4,927 (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>2020</u>		<u>2011</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	43.0	46.0	46.0	46.0	46.0	36.0	36.0	36.0	36.0	35.0
Special education	10.0	10.0	10.0	10.0	10.0	13.0	13.5	14.0	14.0	17.0
Support Services:										
Student and instruction related services	6.0	6.0	6.0	6.0	6.0	12.0	13.0	16.0	8.5	6.5
General administration Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
School administration Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	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	3.0	3.0	3.0	3.0	3.0	3.0	2.5	3.5	3.0	3.0
<b>Total</b>	<u>71.0</u>	<u>73.0</u>	<u>73.0</u>	<u>73.0</u>	<u>73.0</u>	<u>73.0</u>	<u>74.0</u>	<u>78.5</u>	<u>72.5</u>	<u>71.5</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				
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	-2.12%	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%	96.14%
2017	517.0	10,360,805	20,040	5.54%	49	19.11	19.89	520.0	500.6	-0.70%	96.27%
2018	516.0	10,953,983	21,229	5.93%	50	19.39	18.78	516.2	497.1	-0.74%	96.30%
2019	509.0	11,550,128	22,692	6.89%	50	18.89	19.22	511.0	491.4	-1.01%	96.16%
2020	527.0	12,075,527	22,914	0.98%	52	19.00	20.70	538.2	525.9	5.32%	97.71%

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)**

	2011	2012	2013	2014	2015	#	2016	2017	2018	2019	2020
<b><u>District Building</u></b>											
<b><u>Elementary</u></b>											
Thomas Jefferson											
Square Feet	25,931	25,931									
Capacity (students)	316	316									
Enrollment	247	209									
<b><u>Middle School</u></b>											
Nathan Hale											
Square Feet	45,162	45,162									
Capacity (students)	532	532									
Enrollment	337	359									
<b><u>Northvale School District</u></b>											
Square Feet			71,093	71,093	71,093		71,093	71,093	71,093	71,093	71,093
Capacity (students)			848	848	848		848	848	848	848	848
Enrollment			508	512	511		523	517	516	509	527

Number of Schools at June 30, 2020  
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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
School Facilities										
District Totals										
Nathan Hale	\$ 70,062	\$ 51,156								
Thomas Jefferson	31,846	58,884								
Northvale School District	<u>-</u>	<u>-</u>	<u>112,611</u>	<u>\$ 114,133</u>	<u>\$ 177,642</u>	<u>\$ 152,877</u>	<u>\$ 208,004</u>	<u>\$ 134,933</u>	<u>\$ 124,269</u>	<u>\$ 142,425</u>
Grand Total	<u>\$ 101,908</u>	<u>\$ 110,040</u>	<u>\$ 112,611</u>	<u>\$ 114,133</u>	<u>\$ 177,642</u>	<u>\$ 152,877</u>	<u>\$ 208,004</u>	<u>\$ 134,933</u>	<u>\$ 124,269</u>	<u>\$ 142,425</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, 2020  
(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	
Automobile Liability	1,000,000	
Educator's Legal Liability - Greenwich Ins. Co.	1,000,000	
Public Employee Dishonesty (Per Employee/Loss) - Selective Insurance Company of America	100,000/500,000	5,000/100,000
Computers and Scheduled Equipment - Great American Insurance Company		
Miscellaneous Equipment	250,000	
Valuable Papers and Records	5,425,000	
EDP 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 Company	50,000,000	
Cyber Liability (Combined Policy Aggregate Limit) Indian Harbor	6,000,000	

Source: School District's Records

**GOVERNMENT AUDITING STANDARDS  
AND  
SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

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

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

### INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
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, 2020 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 January 5, 2021.

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

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

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

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

### **Compliance and Other Matters**

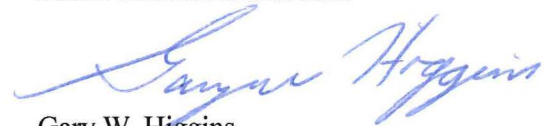
As part of obtaining reasonable assurance about whether the Northvale Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

### **Purpose of this Report**

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



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
January 5, 2021



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

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

**INDEPENDENT AUDITOR’S REPORT**

Honorable President and Members  
of the Board of Trustees  
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, 2020. 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 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, 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 program for the fiscal year ended June 30, 2020.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major state program is not modified with respect to this matter.

The Northvale Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Northvale Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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 federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

The Northvale Board of Education's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Northvale Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

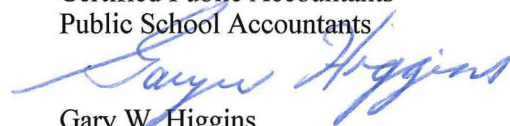


**Report on Schedule of Expenditures of Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

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, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated January 5, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of 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  
January 5, 2021

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019	Cash Received	Budgetary Expenditures	Balance at June 30, 2020		Due to Grantor	GAAP Receivable
									Accounts Receivable	Deferred Revenue		
<b>U.S. Department of Education Passed-Through State Department of Education</b>												
<b>Special Revenue Fund</b>												
I.D.E.A. Part B, Basic	84.027	H027A190100	IDEA3730	7/1/19-6/30/20	\$ 110,387		\$ 110,387	\$ 110,387				
I.D.E.A. Part B, Preschool	84.173	H173A190114	IDEA3730	7/1/19-6/30/20	6,096		6,096	6,096				
Cares Act	84.425D	S425D200027	IDEA3730	7/1/19-6/30/20	34,179	-	-	4,011	\$ (34,179)	\$ 30,168	-	\$ 4,011
Total Individuals with Disabilities Cluster						-	116,483	120,494	(34,179)	30,168	-	4,011
Total Special Revenue Fund						-	116,483	120,494	(34,179)	30,168	-	4,011
Total Federal Financial Assistance						\$ -	\$ 116,483	\$ 120,494	\$ (34,179)	\$ 30,168	\$ -	\$ 4,011

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, 2020**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2019			Cash Received	Budgetary Expenditures	Balance, June 30, 2020			MEMO		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor			(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	19-495-034-5120-089	7/1/18-6/30/19	\$ 232,065	\$ (17,242)			\$ 17,242							
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	268,105				247,484	\$ 268,105	\$ (20,621)				\$ 268,105	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	40,383	(3,001)			3,001							
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	40,383				37,277	40,383	(3,106)				40,383	
<b>Total State Aid Public Cluster</b>								<b>308,488</b>					<b>308,488</b>	
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	24,930	(1,852)			1,852							
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	24,930				23,012	24,930	(1,918)				24,930	
Additional Nonpublic Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	161	(161)			161	-						
<b>Total Transportation Aid Cluster</b>								<b>24,930</b>					<b>24,930</b>	
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	302,498	(302,498)			302,498	-					-	
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	315,361					315,361	(315,361)				315,361	
<b>Total Extraordinary Aid Cluster</b>								<b>315,361</b>					<b>315,361</b>	
TPAF Pension - NCGI Premium	20-495-034-5094-004	7/1/19-6/30/20	16,203				16,203	16,203					16,203	
TPAF Pension - Normal Costs	20-495-034-5094-002	7/1/19-6/30/20	903,978				903,978	903,978					903,978	
TPAF Pension PRM Contr.	20-495-034-5094-001	7/1/19-6/30/20	341,370				341,370	341,370					341,370	
TPAF Pension - Long-Term Disability Contr.	20-495-034-5094-004	7/1/19-6/30/20	929				929	929					929	
TPAF Social Security Contrib.	19-495-034-5094-003	7/1/18-6/30/19	304,775	(14,729)			14,729							
TPAF Social Security Contrib.	20-495-034-5094-003	7/1/19-6/30/20	320,507	-	-	-	303,150	320,507	(17,357)	-	-		\$ (17,357)	320,507
<b>Total General Fund</b>				<b>(339,483)</b>	<b>-</b>	<b>-</b>	<b>2,212,886</b>	<b>2,231,766</b>	<b>(358,363)</b>	<b>-</b>	<b>-</b>		<b>(17,357)</b>	<b>2,231,766</b>
<b>Debt Service Fund</b>														
Debt Service Aid	20-495-034-5120-075	7/1/19-6/30/20	50,000	-	-	-	50,000	50,000	-	-	-		-	50,000
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>(339,483)</b>	<b>-</b>	<b>-</b>	<b>2,262,886</b>	<b>2,281,766</b>	<b>(358,363)</b>	<b>-</b>	<b>-</b>		<b>(17,357)</b>	<b>2,281,766</b>
<b>State Financial Assistance Not Subject to Single Audit Determination</b>														
<b>General Fund</b>														
TPAF Pension - NCGI Premium	20-495-034-5094-004	7/1/19-6/30/20	16,203				(16,203)	(16,203)						(16,203)
TPAF Pension - Normal Costs	20-495-034-5094-002	7/1/19-6/30/20	903,978				(903,978)	(903,978)						(903,978)
TPAF Pension PRM Contr.	20-495-034-5094-001	7/1/19-6/30/20	341,370				(341,370)	(341,370)						(341,370)
TPAF Pension - Long-Term Disability Contr.	20-495-034-5094-004	7/1/19-6/30/20	929				(929)	(929)						(929)
<b>Total State Financial Assistance Subject to Major Program Determination</b>				<b>\$ (339,483)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,000,406</b>	<b>\$ 1,019,286</b>	<b>\$ (358,363)</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ (17,357)</b>	<b>\$ 1,019,286</b>

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$16,413 for the general fund and a decrease of \$2,157 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		\$ 2,215,353	\$ 2,215,353
Special Revenue Fund	\$ 118,337		118,337
Debt Service Fund	-	50,000	50,000
Total Financial Assistance	<u>\$ 118,337</u>	<u>\$ 2,265,353</u>	<u>\$ 2,383,690</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, 2020**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$320,507 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$920,181, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$341,370 and TPAF Long-Term Disability Insurance in the amount of \$929 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions 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, 2020**

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

**Financial Statement Section**

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

**State Awards Section**

- Internal Control over major programs:
- (1) Material weakness(es) identified?      \_\_\_\_\_ yes        X   no
- 2) Significant deficiencies identified that  
        are not considered to be material weakness(es)?        X   yes      \_\_\_\_\_ none reported
- Type of auditor's report issued on compliance for  
major programs      Unmodified
- Any audit findings disclosed that are required to be reported  
in accordance with NJ OMB Circular Letter 15-08?        X   yes      \_\_\_\_\_ no

Identification of major state programs:

<u>CFDA Number(s)</u>	<u>Name of State Program or Cluster</u>
<u>20-495-034-5120-044</u>	<u>Extraordinary Aid</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

- Dollar threshold used to distinguish between  
Type A and Type B programs:        \$750,000
- Auditee qualified as low-risk auditee?        X   yes      \_\_\_\_\_ no

**Federal Awards Section**

NOT APPLICABLE

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

***Part 2 – Schedule of Financial Statement Findings***

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

There are none.

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

**CURRENT YEAR FEDERAL AWARDS**

Not applicable.



**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

**CURRENT YEAR STATE AWARDS**

**Finding 2020-001:**

Our audit of the District's Extraordinary Aid application revealed that student enrollment forms were not in agreement with the student Individualized Education Plans (IEP).

**State Program Information:**

Extraordinary Aid                      495-034-5120-044

**Criteria or Specific Requirement**

State Grant Compliance Supplement

**Condition:**

- The student IEP did not include an intensive service as required for Extraordinary Aid in three (3) of the eight (8) Extraordinary Aid student enrollment forms tested.
- The student IEP did not include the related service reflected on three (3) of the eight (8) Extraordinary Aid student enrollment forms tested.

**Questioned Costs:**

Unknown.

**Context:**

See Condition.

**Effect:**

Certain intensive and related services reported on the application could not be verified to student's IEP.

**Cause:**

Unknown.

**Recommendation:**

The Extraordinary Aid application be reviewed to ensure that services reported on the student enrollment form are in agreement with the student's Individualized Education Plan (IEP).

**View of Responsible Official and Planned Corrective Action**

Management agrees with this finding and had indicated that procedures will be implemented to take corrective action.

**NORTHVALE BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

No prior year findings were reported.