

**NORTHVALE BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Northvale, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
Northvale Board of Education  
Northvale, New Jersey  
For The Fiscal Year Ended June 30, 2010**

**Prepared by  
Business Office**

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## **INTRODUCTORY SECTION**

**NORTHVALE PUBLIC SCHOOLS**  
**441 Tappan Road, Northvale, New Jersey, 07647**

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**Tel: 201-768-8484**  
**Fax: 201-768-4948**

August 31, 2010

Honorable President and  
Members of the Board of Education  
Northvale School District  
Northvale, New Jersey 07647

Dear Board Members:

The comprehensive annual financial report of the Northvale School District (the "District") for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rest with the management of the Northvale School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations," and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this Single Audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Northvale School District is an independent reporting entity within the criteria adopted by the GASB. 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 District provides a full range of educational services appropriate to grade levels K through 8. These services include regular, as well as special education for handicapped youngsters. The District completed the 2009-2010 fiscal year with an average daily enrollment of 617 students, which is a 12 student decrease from the 2008-09 fiscal year.

The following details the changes in the average daily enrollment of the District over the last ten years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2009-2010	617	(1.9%)
2008-2009	629	4.1%
2007-2008	604	2.9%
2006-2007	587	(2.0%)
2005-2006	599	3.5%
2004-2005	579	0.2%
2003-2004	578	4.5%
2002-2003	553	1.7%
2001-2002	544	7.9%
2000-2001	504	2.9%

2. ECONOMIC CONDITION AND OUTLOOK: The recession has affected Northvale, however, Northvale's economic condition continues to outpace regional and national trends. Real property values have declined due to the recession and despite that homes remain attractive to new homeowners. There is also a trend of gentrification, whereby senior citizens are being replaced by younger families with children. All trends have resulted in a minor decrease in student enrollment between 2008/2009 and 2009/2010. Current student population is at a level recently predicted by demographers for the year 2010.

3. MAJOR INITIATIVES: The Northvale Public Schools enjoy an excellent reputation and work collaboratively with the other six communities that make up the Northern Valley Region. This work includes updating all curriculum areas on a five-year cycle, pooling resources for special education, and providing competitions and programs for the enrichment/gifted programs. Our middle school also participates in the Northern Valley Athletic League where we provide the following inter-scholastic sports: soccer, cross country, volleyball, basketball and track and field.

Our comprehensive instructional program includes literature, language arts, mathematics, science, social studies, art, vocal and instrumental music, physical education, health and family life, world language (Italian and Spanish), drama, technology, career awareness, and study skills. Special education, resource centers, and basic skills instruction are available to students who require this support. A fully staffed child study team develops Individualized Educational Plans to meet the needs of our classified students. In addition, English-as-a-Second Language is available to students needing this support service.

As a supplement to our drama and music department, annual middle school musical productions occur each spring and a variety of musical ensembles are offered to the students who wish to challenge and enhance their talents in these co-curricular activities.

Our elementary grades (kindergarten through grade five) have an average class size of twenty-one, while our middle school classrooms (grades six through eight) have an average of twenty-three students per class. Our second grade enrollment has elevated over past years, so we have created four classes to accommodate the numbers. Our other grades, kindergarten through five, will each have three classes.

There exist more than twenty club offerings for our students including student council, international club, and art club. We also have a chapter of the National Junior Honor Society. Eighth grade students who meet the rigorous academic requirement of this prestigious society are invited to join on an annual basis.

The success of the Northvale Public Schools has been well documented by consistent high student scores in both state and nationally-normed tests. Our students also experience success while participating in county and regional festivals and competitions in areas such as mathematics, geography, writing and enrichment.

Curriculum initiatives include a K-6 thematic approach to US History, writing and science benchmarks at grades three and seven; a balance literacy program for grades kindergarten through four; and collaborative instruction between regular education teachers and special education teachers at specific grade levels. Northvale also participates in the New Jersey ASK assessment at grades three through eight, as well as Criteria Referenced tests at each grade level that are standard through the Northern Valley Curriculum Center.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statement in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure 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 assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's Single Audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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

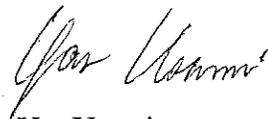
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund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

6. ACCOUNTING SYSTEM 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 Basic Financial Statements".
7. DEBT ADMINISTRATION: On December 11, 2001, the voters of the Borough of Northvale authorized a bond issue in the amount of \$4,882,000 to construct an addition and renovation to the Thomas Jefferson Elementary School and Nathan Hale Middle School. On May 14, 2010 the Board of Education refunded a portion of the bond issue in the amount of \$ 3,140,000. On September 27, 2005, the voters of the Borough authorized a bond issuance of \$1,534,500 to undertake roof replacements, install an intercom system, and drainage/site improvements at the Thomas Jefferson Elementary and Nathan Hale Middle Schools. At June 30, 2010, the District had \$4,644,000 of outstanding obligation bonds.
8. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The District has adopted a cash management plan, which requires it to deposit 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.
9. 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.
10. OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's audit committee selected the accounting firm of Lerch, Vinci & Higgins, LLP, CPAs. In addition to meeting the requirements set forth in state statutes the audit also was designed to meet the requirements of the Single Audit Act as amended and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the Single Audit are included in the single audit section of this report.
11. ACKNOWLEDGEMENTS: 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 financial and accounting staff.

Respectfully submitted,



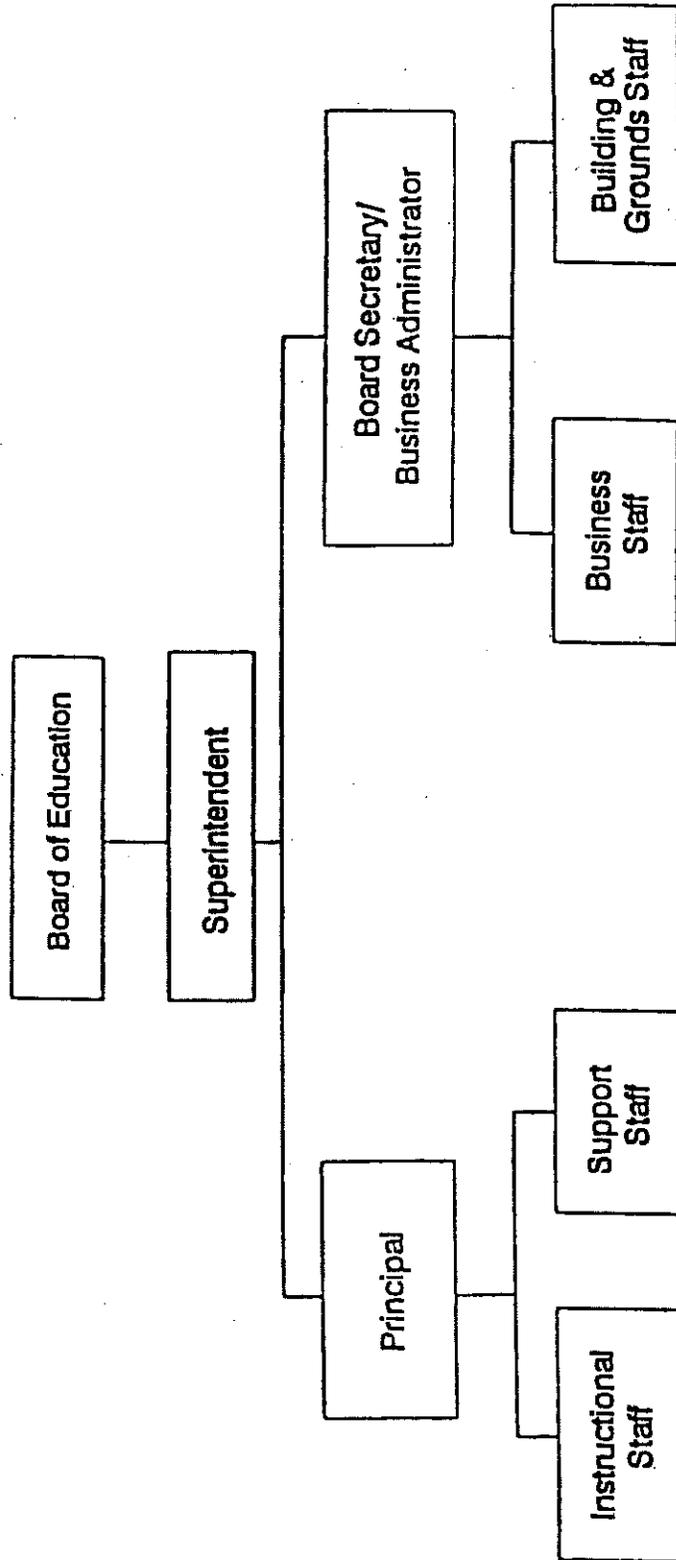
Bert Ammerman  
Interim Superintendent of Schools



Yas Usami  
Business Administrator/  
Board Secretary

# NORTHVALE BOARD OF EDUCATION

## Organizational Chart (Unit Control)



**NORTHVALE BOARD OF EDUCATION**

**ROSTER OF OFFICIALS  
JUNE 30, 2010**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Johanna Bargisen, President	2012
Frances Brogan, Vice President	2013
Jennifer England	2013
Gina Corrado	2011
Paul Bazela	2011

Other Officials

Bert Ammerman, Interim Superintendent of Schools

Yas Usami, School Business Administrator/Board Secretary

Suzanne Burroughs, Treasurer of School Monies

**NORTHVALE BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

Lerch, Vinci & Higgins, LLP  
17-17 Route 208N  
Fair Lawn, New Jersey 07410

**Attorney**

Fogarty & Hara  
16-00 Route 208 South  
Fair Lawn, New Jersey 07410

**Official Depository**

TD Bank  
1100 Lake Street  
Ramsey, New Jersey 07446

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

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JULIUS B. CONSONI, CPA, PSA

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

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northvale Board of Education as of and for the fiscal year ended June 30, 2010, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Northvale Board of Education's internal control over financial reporting. Accordingly, we express no such opinion.

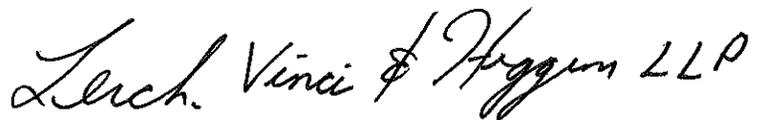
An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

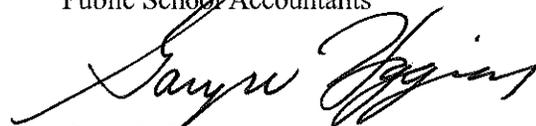
In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2010 on our consideration of the Northvale Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 accompanying introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
August 31, 2010

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010. The intent of this discussion and analysis is to look at the school district's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the school district's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2009-2010) and the prior year (2008-2009) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2010 are as follows:

- ◆ General revenues accounted for \$8,050,929 in revenue or 83% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,696,600 or 17% of total revenues of \$9,747,509.
- ◆ The school district had \$9,015,146 in expenses; only \$1,696,600 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$8,050,909 were adequate to provide for these programs.
- ◆ The General Fund had \$8,850,727 in revenues and \$8,300,607 in expenditures. The General Fund's fund balance increased \$557,120 or 42% over the fiscal year ended June 30, 2009.

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

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

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

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

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

While this document contains the large number of funds used by the school district to provide programs and activities, the view of the school district as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year ending June 30, 2010?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

### **Fund Financial Statements**

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

### **Governmental Funds**

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

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

### **Enterprise Fund**

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

### The School District as a Whole

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

Table 1 provides a summary of the school district's net assets as of June 30, 2010 and 2009.

**Table 1**  
**Net Assets**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Types</b>		<b>Activities</b>			
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Assets</b>						
Current and other assets	\$ 1,995,304	\$ 1,418,944	\$ 4,115	\$ 4,897	\$ 1,999,419	\$ 1,423,841
Capital assets, net	<u>7,909,082</u>	<u>8,043,024</u>	<u>2,975</u>	<u>-</u>	<u>7,912,057</u>	<u>8,043,024</u>
Total assets	<u>9,904,386</u>	<u>9,461,968</u>	<u>7,090</u>	<u>4,897</u>	<u>9,911,476</u>	<u>9,466,865</u>
<b>Liabilities</b>						
Long-term liabilities	4,894,566	5,135,143			4,894,566	5,135,143
Other liabilities	<u>63,504</u>	<u>111,466</u>	<u>787</u>	<u>-</u>	<u>64,291</u>	<u>111,466</u>
Total liabilities	<u>4,958,070</u>	<u>5,246,609</u>	<u>787</u>	<u>-</u>	<u>4,958,857</u>	<u>5,246,609</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	3,263,927	3,100,521	2,975		3,266,902	3,100,521
Restricted	1,022,760	667,421			1,022,760	667,421
Unrestricted	<u>659,629</u>	<u>447,417</u>	<u>3,328</u>	<u>4,897</u>	<u>662,957</u>	<u>452,314</u>
Total net assets	<u>\$ 4,946,316</u>	<u>\$ 4,215,359</u>	<u>\$ 6,303</u>	<u>\$ 4,897</u>	<u>\$ 4,952,619</u>	<u>\$ 4,220,256</u>

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

Table 2 shows the changes in net assets for fiscal years ended June 30, 2010 and 2009.

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

	<b>Governmental Types</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Revenues and Transfers</b>						
Program revenues						
Charges for services	\$ 364,079	\$ 308,232	\$ 11,666	\$ 12,165	\$ 375,745	\$ 320,397
Operating grants and contributions	1,313,501	1,087,748	7,354	9,430	1,320,855	1,097,178
Capital Grants and Contributions					-	-
General revenues						
Property Taxes	7,952,892	7,619,669			7,952,892	7,619,669
Grants and entitlements	59,215	65,117			59,215	65,117
Other revenues	38,709	24,631	93	120	38,802	24,751
Transfers	7,000	10,000	(7,000)	(10,000)	-	-
Total revenues	<u>9,735,396</u>	<u>9,115,397</u>	<u>12,113</u>	<u>11,715</u>	<u>9,747,509</u>	<u>9,127,112</u>
<b>Program Expenses</b>						
Instruction	5,709,844	5,369,374			5,709,844	5,369,374
Support services						
Student and Instruction Related Svcs.	1,266,470	1,166,308			1,266,470	1,166,308
General administration, school administration, business/central services	1,034,088	1,036,759			1,034,088	1,036,759
Plant operation and Maintenance	695,407	619,657			695,407	619,657
Pupil Transportation	75,245	44,430			75,245	44,430
Interest and Other charges	223,385	239,752			223,385	239,752
Food service	-	-	10,707	10,816	10,707	10,816
Total expenses	<u>9,004,439</u>	<u>8,476,280</u>	<u>10,707</u>	<u>10,816</u>	<u>9,015,146</u>	<u>8,487,096</u>
Change in net assets	<u>\$ 730,957</u>	<u>\$ 639,117</u>	<u>\$ 1,406</u>	<u>\$ 899</u>	<u>\$ 732,363</u>	<u>\$ 640,016</u>

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the school district operations. The district's total revenues were \$9,735,396 and \$9,115,397 for the fiscal years ended June 30, 2010 and 2009, respectively. Property taxes made up 82% and 84% of revenues for governmental activities for the Northvale School District for fiscal years ended June 30, 2010 and 2009, respectively. Federal, state and local grants and aid accounted for another 14% and 13% for fiscal years ended June 30, 2010 and 2009, respectively.

The total cost of all program and services were \$9,004,439 and \$8,476,280, respectively. Instruction comprised 63% and 63% of total district expenses for the fiscal years ended June 30, 2010 and 2009, respectively.

## The School District as a Whole (Continued)

### **Business-Type Activities**

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

- ◆ Food service revenues exceeded expenses by \$1,406.
- ◆ Charges for services represent \$11,666 of revenue, which are amounts paid by patrons for daily food services.
- ◆ Federal reimbursements for milk were \$7,354.

### **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, 2010 and 2009. 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Instruction	\$ 5,709,844	\$ 5,369,374	\$ 4,182,747	\$ 4,058,052
Support services				
Student and Instruction Related Svcs.	1,266,470	1,166,308	1,169,319	1,138,633
General administration, school administration, business/central services	1,034,088	1,036,759	992,209	1,004,875
Plant operation and Maintenance	695,407	619,657	683,954	608,543
Pupil Transportation	75,245	44,430	75,245	30,445
Interest and Other charges	223,385	239,752	223,385	239,752
Total Expenses	<u>\$ 9,004,439</u>	<u>\$ 8,476,280</u>	<u>\$ 7,326,859</u>	<u>\$ 7,080,300</u>

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

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

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

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

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

**Governmental Activities (Continued)**

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

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

**The School District's Funds**

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general, special revenue, capital projects and debt service funds presented in the fund-based statements) had total revenues of \$9,728,396 and \$9,097,397 and expenditures of \$9,383,533 and \$8,660,933 for the fiscal years ended June 30, 2010 and 2009, respectively. The net change in all fund balances for the year was an increase of \$557,120. The revenue increase of \$630,999 is the result of an increase in state and federal aid and an increase in taxes to fund current year operating costs. Expenditures increased \$722,600 due to increased instruction, support services and undistributed costs.

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, 2010 and 2009.

	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Year Ended</u> <u>June 30, 2009</u>	<u>Amount of</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
Local Sources	\$ 8,429,796	\$ 8,005,543	\$ 424,253	5.30%
State Sources	1,019,179	960,475	58,704	6.11%
Federal Sources	<u>279,421</u>	<u>131,379</u>	<u>148,042</u>	112.68%
Total Revenues	<u>\$ 9,728,396</u>	<u>\$ 9,097,397</u>	<u>\$ 630,999</u>	6.94%

The following schedule presents a summary of the governmental funds expenditures for the fiscal years ended June 30, 2010 and 2009.

	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Year Ended</u> <u>June 30, 2009</u>	<u>Amount of</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
Current:				
Instruction	\$ 5,554,074	\$ 5,185,194	\$ 368,880	7.11%
Support Services and Undistributed Costs	2,987,512	2,769,778	217,734	7.86%
Capital Outlay	112,558	140,862	(28,304)	-20.09%
Debt Service:				
Principal	300,000	324,695	(24,695)	-7.61%
Interest and Other Charges	224,132	240,404	(16,272)	-6.77%
Payment to Refunded Bond Escrow Agent	138,803	-	138,803	
Costs of Issuance a Refunding Bonds	<u>66,454</u>	<u>-</u>	<u>66,454</u>	
Total Expenditures	<u>\$ 9,383,533</u>	<u>\$ 8,660,933</u>	<u>\$ 722,600</u>	8.34%

## 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, 2010, 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, 2010 and 2009, the governmental activities of the school district had \$11,997,398 and \$11,884,840, respectively; invested in land, construction in progress, land improvements, building and building improvements, and machinery and equipment. Table 4 shows fiscal 2010 balances compared to 2009 net of depreciation.

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

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Land	\$ 474,330	\$ 474,330
Construction In Progress	34,218	-
Land Improvements	179,484	179,484
Buildings and Building Improvement	10,424,508	10,424,508
Machinery and Equipment	<u>884,858</u>	<u>806,518</u>
	11,997,398	11,884,840
Less Accumulated Depreciation	<u>(4,088,316)</u>	<u>(3,841,817)</u>
Total	<u>\$ 7,909,082</u>	<u>\$ 8,043,023</u>

Overall capital assets, net of depreciation decreased \$133,941 from fiscal year 2009 to fiscal year 2010 as a result of current year depreciation exceeding capital acquisitions.

## Debt Administration

At June 30, 2010 and 2009, the school district had \$4,798,112 and \$5,135,143 as outstanding liabilities, respectively. Of this amount \$154,112 and \$161,143 is for compensated absences and \$4,644,000 and \$4,974,000 for bonds for school construction.

At June 30, 2010, the school district's overall legal debt margin was \$30,436,121 and the unutilized debt margin was \$25,792,121. 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, 2010</u>
Renovations & Additions to Nathan Hale and Thomas Jefferson Schools	03-01-02	\$ 4,882,000	\$ 225,000
Renovations & Additions to Nathan Hale and Thomas Jefferson Schools	4-15-06	1,534,000	1,279,000
Refunding School Bonds	5-14-10	3,140,000	<u>3,140,000</u>
			<u>\$ 4,644,000</u>

## For the Future

It is the opinion of the Superintendent and Business Administrator that the Northvale School District is presently in sound financial condition. A major concern is the serious consequences to the school's finances from the loss of state aid. In FY '10, the Northvale School District lost \$133,049 in state aid and in FY '11; the district will lose all \$380,142 of its funding. Another concern to the school's finances is the law known as S1701 along with the accountability regulations known as A-5. By reducing flexibility in financial operations these laws and the lack of state funding will make it increasingly difficult for Northvale to contend with sharp increases in fixed costs such as health coverage, insurance and utilities over which there is little control.

Northvale is primarily a residential community, with limited ratables; thus the burden is focused on homeowners to fund any increase in future budgets.

Being sensitive to the need to contain real estate taxes, the school's administrative team and the Board of education continue to work collaboratively with the Mayor and Council on projects that can be completed jointly between the Department of Public Works and the School's Buildings and Grounds Department. The willingness to continue the philosophy of "shared services" has hopefully not gone unnoticed by the parents and citizens of Northvale. We will also continue to keep open lines of communications by placing on our school website a calendar of events, important updates, school procedures and policies, employment opportunities, and easy access to each of our staff members via e-mail

In conclusion, the Northvale Board of Education has committed itself to financial excellence for many years. In addition, the school district's system for financial planning, budgeting and internal financial controls are well regarded. The school district plans to continue its sound fiscal management to meet the challenges of the future.

## Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the school district's finances and to show the school district's accountability for the money it receives. If you have questions about this report or need additional information, contact the Interim School Business Administrator/Board Secretary at Northvale Board of Education, 441 Tappan Road, Northvale, NJ 07647.

**BASIC FINANCIAL STATEMENTS**

**NORTHVALE BOARD OF EDUCATION**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2010**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,842,203	\$ 3,506	\$ 1,845,709
Receivables, net			
Receivables from Other Governments	20,539	609	21,148
Other Accounts Receivable	37,263		37,263
Deferred Charges	95,299		95,299
Capital Assets, net			
Not Being Depreciated	508,548		508,548
Being Depreciated	<u>7,400,534</u>	<u>2,975</u>	<u>7,403,509</u>
Total Assets	<u>9,904,386</u>	<u>7,090</u>	<u>9,911,476</u>
<b>LIABILITIES</b>			
Accounts Payable	135	787	922
Other Accounts Payable	53		53
Accrued Interest Payable	59,644		59,644
Unearned Revenue	3,672		3,672
Noncurrent Liabilities			
Due Within One Year	375,000		375,000
Due Beyond One Year	<u>4,519,566</u>	<u>-</u>	<u>4,519,566</u>
Total Liabilities	<u>4,958,070</u>	<u>787</u>	<u>4,958,857</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	3,263,927	2,975	3,266,902
Restricted for			
Capital Projects	1,022,759		1,022,759
Debt Service	1		1
Unrestricted	<u>659,629</u>	<u>3,328</u>	<u>662,957</u>
Total Net Assets	<u>\$ 4,946,316</u>	<u>\$ 6,303</u>	<u>\$ 4,952,619</u>

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

**NORTHVALE BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Instruction							
Regular	\$ 4,244,043	\$ 364,079	\$ 614,644		\$ (3,265,320)		\$ (3,265,320)
Special Education	1,144,611		500,788		(643,823)		(643,823)
Other Instruction	228,267		38,121		(190,146)		(190,146)
School Sponsored Activities and Athletics	92,923		9,465		(83,458)		(83,458)
Support Services							
Student and Instruction Related Services	1,266,470		97,151		(1,169,319)		(1,169,319)
General Administration Services	363,430		15,986		(347,444)		(347,444)
School Administration Services	235,396		-		(235,396)		(235,396)
Business/Central Services	415,262		25,893		(389,369)		(389,369)
Plant Operations and Maintenance	695,407		11,453		(683,954)		(683,954)
Pupil Transportation	75,245		-		(75,245)		(75,245)
Interest and Other Charges	223,385	-	-	-	(223,385)	-	(223,385)
<b>Total Governmental Activities</b>	<b>9,004,439</b>	<b>364,079</b>	<b>1,313,501</b>	<b>-</b>	<b>(7,326,859)</b>	<b>-</b>	<b>(7,326,859)</b>
<b>Business-Type Activities</b>							
Food Service	10,707	11,666	7,354	-	-	8,313	8,313
<b>Total Business-Type Activities</b>	<b>10,707</b>	<b>11,666</b>	<b>7,354</b>	<b>-</b>	<b>-</b>	<b>8,313</b>	<b>8,313</b>
<b>Total Primary Government</b>	<b>\$ 9,015,146</b>	<b>\$ 375,745</b>	<b>\$ 1,320,855</b>	<b>\$ -</b>	<b>(7,326,859)</b>	<b>8,313</b>	<b>(7,318,546)</b>
<b>General Revenues</b>							
Property Taxes					7,952,892		7,952,892
Investment Earnings					10,677	93	10,770
Debt Service Aid					59,215		59,215
Miscellaneous Income					28,032		28,032
Transfers					7,000	(7,000)	-
<b>Total General Revenues and Transfers</b>					<b>8,057,816</b>	<b>(6,907)</b>	<b>8,050,909</b>
<b>Change in Net Assets</b>					<b>730,957</b>	<b>1,406</b>	<b>732,363</b>
<b>Net Assets, Beginning of Year</b>					<b>4,215,359</b>	<b>4,897</b>	<b>4,220,256</b>
<b>Net Assets, End of Year</b>					<b>\$ 4,946,316</b>	<b>\$ 6,303</b>	<b>\$ 4,952,619</b>

**FUND FINANCIAL STATEMENTS**

**NORTHVALE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2010**

	<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	\$ 1,842,202		\$ 1	\$ 1,842,203
Due from Other Funds	36,259			36,259
Receivables				
Intergovernmental	15,608	\$ 4,931		20,539
Other	2,263	35,000	-	37,263
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,896,332</u>	<u>\$ 39,931</u>	<u>\$ 1</u>	<u>\$ 1,936,264</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 135			\$ 135
Due to Other Funds	53	36,259		36,312
Deferred Revenue	-	3,672	-	3,672
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>188</u>	<u>39,931</u>	<u>-</u>	<u>40,119</u>
<b>Fund Balances</b>				
<b>Reserved for</b>				
Encumbrances	2,801			2,801
Excess Surplus	251,891			251,891
Emergency Reserve	250,000			250,000
Capital Reserve	1,022,759			1,022,759
Maintenance Reserve	30,240			30,240
Excess Surplus - Designated for Subsequent Years Expenditures Undesignated, Reported in	212,536			212,536
General Fund	125,917			125,917
Debt Service Fund	-	-	\$ 1	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>1,896,144</u>	<u>-</u>	<u>1</u>	<u>1,896,145</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 1,896,332</u>	<u>\$ 39,931</u>	<u>\$ 1</u>	

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,997,398 and the accumulated depreciation is \$4,088,316. 7,909,082

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (59,644)

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

Bonds Payable	\$ 4,740,454	
Deferred Charges for Issuance Costs	(95,299)	
Compensated Absences	154,112	
	<hr/>	<hr/>
		(4,799,267)

Net Assets of Governmental Activities \$ 4,946,316

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

**NORTHVALE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<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	\$ 7,487,975		\$ 464,917	\$ 7,952,892
Tuition	364,079			364,079
Interest	10,677			10,677
Miscellaneous	28,032	\$ 74,116	-	102,148
Total - Local Sources	<u>7,890,763</u>	<u>74,116</u>	<u>464,917</u>	<u>8,429,796</u>
State Sources	959,964		59,215	1,019,179
Federal Sources	-	279,421	-	279,421
Total Revenues	<u>8,850,727</u>	<u>353,537</u>	<u>524,132</u>	<u>9,728,396</u>
<b>EXPENDITURES</b>				
Current				
Regular Instruction	4,012,695	112,779		4,125,474
Special Education Instruction	1,037,868	83,384		1,121,252
Other Instruction	204,270	12,885		217,155
School-Sponsored Activities and Athletics	90,193			90,193
Support Services				
Student and Instruction Related Services	1,128,095	97,151		1,225,246
General Administration Services	355,026			355,026
School Administration Services	246,630			246,630
Business/Central Services	400,759			400,759
Plant Operations and Maintenance	684,759			684,759
Pupil Transportation	75,092			75,092
Debt Service				
Principal			300,000	300,000
Interest and Other Charges			224,132	224,132
Payment to Refunding Bond Escrow Agent			138,803	138,803
Costs of Issuance of Refunding Bonds			66,454	66,454
Capital Outlay	65,220	47,338	-	112,558
Total Expenditures	<u>8,300,607</u>	<u>353,537</u>	<u>729,389</u>	<u>9,383,533</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>550,120</u>	<u>-</u>	<u>(205,257)</u>	<u>344,863</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Payment to Refunding Bond Escrow Agent			(3,170,000)	(3,170,000)
Refunding Bond Proceeds			3,140,000	3,140,000
Premium on Issuance of Refunding Bonds			235,257	235,257
Transfers In	7,000	-	-	7,000
Total Other Financing Sources and Uses	<u>7,000</u>	<u>-</u>	<u>205,257</u>	<u>212,257</u>
Net Change in Fund Balances	557,120	-	-	557,120
Fund Balance, Beginning of Year	<u>1,339,024</u>	<u>-</u>	<u>1</u>	<u>1,339,025</u>
Fund Balance, End of Year	<u>\$ 1,896,144</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1,896,145</u>

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

**NORTHVALE BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ 557,120

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	\$	112,558	
Depreciation Expense		<u>(246,499)</u>	
			(133,941)

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

Decrease in Compensated Absences	7,030
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The Issuance of Long Term Debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:

Repayment of Bond Principal		300,000	
Debt Issued			
Refunding Bonds		(3,140,000)	
Original Issue Premium		(235,257)	
Debt Issuance Costs		<u>66,454</u>	
			(3,308,803)
Payment to Escrow Agent for Refunding			3,308,803

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

Amortization of Issuance Costs	(2,652)
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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>3,400</u>
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**Change in net assets of governmental activities (Exhibit A-2)** \$ 730,957

**NORTHVALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 ENTERPRISE FUND  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2010**

		<b>Non-Major Enterprise Fund <u>Totals</u></b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$	3,506
Intergovernmental Receivable		
Federal		<u>609</u>
Total Current Assets		<u>4,115</u>
Capital Assets		
Equipment		3,078
Less: Accumulated Depreciation		<u>(103)</u>
Total Capital Assets		<u>2,975</u>
Total Assets		<u>7,090</u>
<b>LIABILITIES</b>		
Accounts Payable		<u>787</u>
Total Liabilities		<u>787</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt		2,975
Unrestricted		<u>3,328</u>
Total Net Assets	\$	<u><u>6,303</u></u>

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

**NORTHVALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>Non-Major Enterprise Fund Totals</b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 11,666
	11,666
Total Operating Revenues	11,666
<b>OPERATING EXPENSES</b>	
Cost of Sales	9,817
Supplies and Materials	787
Depreciation	103
	10,707
Total Operating Expenses	10,707
Operating Income	959
<b>NONOPERATING REVENUES</b>	
Interest Income	93
Federal Sources	
Special Milk Program	7,354
	7,447
Total Nonoperating Revenues	7,447
Excess of Revenues Over Expenditures	8,406
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfer to Other Funds	(7,000)
Total Other Financing Sources and (Uses)	(7,000)
Change in Net Assets	1,406
Net Assets, Beginning of Year	4,897
Net Assets, End of Year	\$ 6,303

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

**NORTHVALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>Non-Major Enterprise Fund <u>Totals</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 11,666
Cash Payments to Suppliers for Goods and Services	<u>(9,817)</u>
Net Cash Provided by Operating Activities	<u>1,849</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Paid to Other Funds	(7,000)
Cash Received from State and Federal Subsidy Reimbursements	<u>7,591</u>
Net Cash Provided by Noncapital Financing Activities	<u>591</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Deposits	<u>93</u>
Net Cash Provided by Investing Activities	<u>93</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of Capital Assets	<u>(3,078)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(3,078)</u>
Net decrease in Cash and Cash Equivalents	(545)
Cash and Cash Equivalents, Beginning of Year	<u>4,051</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,506</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ <u>959</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Changes in Assets and Liabilities	
Depreciation	103
Increase in Accounts Payable	<u>787</u>
Total Adjustments	<u>890</u>
Net Cash Provided by Operating Activities	<u>\$ 1,849</u>

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

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2010**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 91,312
Due from Other Funds	<u>53</u>
 Total Assets	 \$ <u>91,365</u>
 <b>LIABILITIES</b>	
Accrued Salaries	48,274
Payroll Deductions and Withholdings	1,709
Due to Student Groups	<u>41,382</u>
 Total Liabilities	 \$ <u>91,365</u>

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

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOT APPLICABLE**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. District-wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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.

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

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

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

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

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

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

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

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

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

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

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

**1. *Deposits and Investments***

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

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

**2. *Receivables and Payables***

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

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

**2. *Receivables and Payables (Continued)***

*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 2008-2009 and 2009-2010 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

**3. *Inventories***

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

**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. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

**4. *Capital Assets(Continued)***

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

Property, plant, and equipment of the primary government, as well as the component units is depreciated using the straight line method over the following estimated useful lives:

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

**5. *Compensated Absences***

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

**6. *Long-term obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

**7. *Fund Equity***

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures.

**Reserved for Encumbrances** - This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

**Reserved for Excess Surplus – Designated for Subsequent Year’s Expenditures** - This reserve was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2009 audited excess surplus that was appropriated in the 2010/2011 original budget certified for taxes.

**Reserved for Excess Surplus** – This reserve was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that is required to be appropriated in the 2011/2012 original budget certified for taxes.

**Reserved for Capital Reserve Account** – This reserve was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3.)

**Reserved for Maintenance Reserve** – This reserve 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.

**Reserved for Emergency Reserve** – This reserve 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.

**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 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.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**A. Budgetary Information (Continued)**

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2009/2010. During 2009/2010 the Board increased the original budget by \$301,088. The increase was funded by additional appropriated grant awards and aid and the reappropriation of prior year general fund encumbrances.

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

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of 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. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2010 is \$464,427. Of this amount, \$212,536 was designated and appropriated in the 2010/2011 original budget certified for taxes and the remaining amount of \$251,891 will be appropriated in the 2011/2012 original budget certified for taxes.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank for a temporary period ending December 31, 2013. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2010, the book value of the Board's deposits was \$1,937,021 and bank balances of the Board's cash and deposits amounted to \$2,109,875. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	\$ <u>2,109,875</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, 2010 the Board had no bank balances exposed to custodial credit risk.

**Investments**

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

As of June 30, 2010, 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.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**B. Receivables**

Receivables as of year-end for the district's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Non-Major Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 15,608	\$ 4,931	\$ 609	\$ 21,148
Other	<u>2,263</u>	<u>35,000</u>	<u>-</u>	<u>37,263</u>
Gross Receivables	17,871	39,931	609	58,411
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 17,871</u>	<u>\$ 39,931</u>	<u>\$ 609</u>	<u>\$ 58,411</u>

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant draw downs	<u>\$3,672</u>

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2010</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 474,330			\$ 474,330
Construction In Progress	-	\$ 34,218	-	34,218
Total capital assets, not being depreciated	<u>474,330</u>	<u>34,218</u>	<u>-</u>	<u>508,548</u>
Capital assets, being depreciated:				
Land improvements	179,484			179,484
Buildings and building improvements	10,424,508			10,424,508
Machinery and equipment	806,518	78,340	-	884,858
Total capital assets being depreciated	<u>11,410,510</u>	<u>78,340</u>	<u>-</u>	<u>11,488,850</u>
Less accumulated depreciation for:				
Land improvements	(169,409)	(4,702)		(174,111)
Buildings and building improvements	(3,127,390)	(210,587)		(3,337,977)
Machinery and equipment	(545,018)	(31,210)	-	(576,228)
Total accumulated depreciation	<u>(3,841,817)</u>	<u>(246,499)</u>	<u>-</u>	<u>(4,088,316)</u>
Total capital assets, being depreciated, net	<u>7,568,693</u>	<u>(168,159)</u>	<u>-</u>	<u>7,400,534</u>
Business-type activities capital assets, net	<u>\$ 8,043,023</u>	<u>\$ (133,941)</u>	<u>\$ -</u>	<u>\$ 7,909,082</u>
<b>Business-Type Activities:</b>				
Capital assets being depreciated:				
Machinery and equipment	-	\$ 3,078	-	\$ 3,078
Total capital assets being depreciated	<u>-</u>	<u>3,078</u>	<u>-</u>	<u>3,078</u>
Less accumulated depreciation for:				
Machinery and equipment	-	(103)	-	(103)
Total accumulated depreciation	<u>-</u>	<u>(103)</u>	<u>-</u>	<u>(103)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>2,975</u>	<u>-</u>	<u>2,975</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ 2,975</u>	<u>\$ -</u>	<u>\$ 2,975</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**C. Capital Assets (Continued)**

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

**Governmental activities:**

Instruction

Regular	\$ 132,579
Special Education	22,218
Other	7,280
School Sponsored Activities and Athletics	<u>2,730</u>

Total Instruction	<u>164,807</u>
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Support Services

Student and Instruction Related Services	39,218
General Administration	8,404
School Administration	8,766
Business / Central Services	14,503
Plant Operation and Maintenance	10,648
Student Transportation	<u>153</u>

Total Support Services	<u>81,692</u>
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Total Governmental Funds	<u>246,499</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 246,499</u>
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**Business-Type Activities:**

Food Service Fund	<u>\$ 103</u>
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Total Depreciation Expense-Business-Type Activities	<u>\$ 103</u>
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**D. Capital Reserve Account**

A capital reserve account was established by the District on January 28, 2008. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account 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-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**D. Capital Reserve Account (Continued)**

The activity of the capital reserve account for the fiscal year ended June 30, 2010 is as follows:

Beginning balance		\$	667,420
Increases:			
Interest Income	\$	5,339	
Deposits Approved by Board Resolution		<u>350,000</u>	
			<u>355,339</u>
Ending balance		\$	<u>1,022,759</u>

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

The composition of interfund balances as of June 30, 2010, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Agency	General Fund	\$ 53
General Fund	Special Revenue	<u>36,259</u>
		<u>\$ 36,312</u>

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

The District expects all interfunds to be liquidated within one year.

**Interfund transfers**

	Transfer In:
	<u>General</u>
Transfer Out:	
Food Service Fund	<u>7,000</u>
Total Transfers Out	<u>\$ 7,000</u>

The above transfer is the result of excess revenues earned in one fund transferred to another fund.

**NORTHALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**F. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2010 are comprised of the following issues:

\$4,882,000, 2002 Bonds, due in annual installments of \$225,000 through March 1, 2011, interest at 4.375%	\$225,000
\$1,534,000, 2006 Bonds, due in annual installments of \$95,000 to \$139,000 through April 15, 2021, interest at 4.00% to 4.50%	1,279,000
\$3,140,000, 2010 Refunding Bonds, due in Annual installments of \$35,000 to \$310,000 through March 1, 2022, interest at 2.50% to 5.00%	<u>3,140,000</u>
	<u>\$4,644,000</u>

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

**Governmental Activities:**

Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 355,000	\$ 163,713	\$ 518,713
2012	350,000	174,485	524,485
2013	355,000	164,710	519,710
2014	365,000	154,622	519,622
2015	380,000	141,710	521,710
2016-2020	2,085,000	477,651	2,562,651
2021-2022	<u>754,000</u>	<u>52,505</u>	<u>806,505</u>
	<u>\$ 4,644,000</u>	<u>\$ 1,329,396</u>	<u>\$ 5,973,396</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2010 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 30,436,121
Less: Net Debt	<u>4,644,000</u>
Remaining Borrowing Power	<u>\$ 25,792,121</u>

**Current Refunding of Debt**

On May 14, 2010 the District issued \$3,140,000 in School District Refunding Bonds having an interest rate of 2.00% to 5.00%. These bonds were issued in order to currently refund certain principal maturities of various school district bonds. The total principal currently refunded was \$3,170,000. The reacquisition price exceeded the net carrying amount of the old debt by \$138,803. This amount is being netted against the premium on the new debt and amortized over the new debt's life, which is shorter than the refunded debt. This current refunding was undertaken to reduce total debt service payments over the next 12 years by \$149,466 resulted in an economic gain of \$124,483.

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 4,974,000	\$ 3,140,000	\$ 3,470,000	\$ 4,644,000	\$ 355,000
Add: Unamortized Premium (Net)	-	235,257	138,803	96,454	-
	<u>4,974,000</u>	<u>3,375,257</u>	<u>3,608,803</u>	<u>4,740,454</u>	<u>355,000</u>
Compensated absences	161,143	6,979	14,010	154,112	20,000
Governmental activity Long-term liabilities	<u>\$ 5,135,143</u>	<u>\$ 3,382,236</u>	<u>\$ 3,622,813</u>	<u>\$ 4,894,566</u>	<u>\$ 375,000</u>

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**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.

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

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

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

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

**B. Contingent Liabilities**

**Federal and State Awards** - The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2010, 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, 2010, the District has not estimated its arbitrage earnings due to the IRS, if any.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Investment Valuation**

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

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

**Significant Legislation**

P.L. 2009, c. 19, effective March 17, 2009 provided an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100 percent of the required contribution. Such an employer was credited with the full payment and any such amounts were not to be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of TPAF, PERS, and Defined Contribution Retirement Program (DCRP) to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress**

As of June 30, 2007, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 72.6 percent with an unfunded actuarial accrued liability of \$34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and \$23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and \$11.4 billion.

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

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

**Actuarial Methods and Assumptions**

In the June 30, 2007 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS and 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2010 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2010, 2009 and 2008 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2010	\$ 67,013	\$ 14,098
2009	71,333	11,965
2008	54,995	264,134

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$290,547 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans (OPEB)*, effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 484 state and local participating employers and contributing entities for Fiscal Year 2009.

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funded Status and Funding Progress**

As of June 30, 2008, the most recent actuarial valuation date, the State had a \$55.9 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) which is made up to \$19.8 billion for state active and retired members and \$36.1 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the June 30, 2008, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2009, there were 84,590 retirees receiving post-retirement medical benefits and the State contributed \$837.7 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2010, 2009 and 2008 were \$264,785, \$228,256 and \$291,658, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**BUDGETARY COMPARISON SCHEDULES**

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 7,487,975		\$ 7,487,975	\$ 7,487,975	
Tuition	234,728		234,728	364,079	\$ 129,351
Interest	12,000		12,000	4,138	(7,862)
Interest on Capital Reserve	750		750	5,339	4,589
Interest on Emergency Reserve	350		350	960	610
Interest on Maintenance Reserve	150		150	240	90
Miscellaneous	-	-	-	28,032	28,032
<b>Total Local Sources</b>	<u>7,735,953</u>	<u>-</u>	<u>7,735,953</u>	<u>7,890,763</u>	<u>154,810</u>
State Sources					
Special Education Aid	318,275		318,275	206,879	(111,396)
Transportation Aid	16,758		16,758	10,893	(5,865)
Security Aid	45,109		45,109	29,321	(15,788)
Extraordinary Aid	87,195		87,195	156,474	69,279
Additional Nonpublic Transportation Aid				1,128	1,128
On-behalf TPAF Pension System Payments - NCGI (Non-Budget)				14,098	14,098
On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution(Non-Budget)				264,785	264,785
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	290,547	290,547
<b>Total State Sources</b>	<u>467,337</u>	<u>-</u>	<u>467,337</u>	<u>974,125</u>	<u>506,788</u>
<b>Total Revenues</b>	<u>8,203,290</u>	<u>-</u>	<u>8,203,290</u>	<u>8,864,888</u>	<u>661,598</u>
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	289,007	\$ (3,410)	285,597	280,476	5,121
Grades 1-5	1,495,295	(116,394)	1,378,901	1,371,010	7,891
Grades 6-8	987,567	31,227	1,018,794	1,014,578	4,216
Regular Program - Home Instruction					
Salaries of Teachers	2,000	8,000	10,000	7,525	2,475
Regular Programs - Undistributed Instruction					
Purchased Professional/Educational Services	6,100	(3,201)	2,899	2,845	54
Purchased Technical Services		65	65	17	48
Other Purchased Services	46,000	(23,914)	22,086	17,996	4,090
General Supplies	150,191	11,835	162,026	158,787	3,239
Textbooks	55,000	100,357	155,357	141,387	13,970
Other Objects	400	2,450	2,850	2,850	-
<b>Total Regular Programs</b>	<u>3,031,560</u>	<u>7,015</u>	<u>3,038,575</u>	<u>2,997,471</u>	<u>41,104</u>

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 238,726	\$ (63,000)	\$ 175,726	\$ 139,326	\$ 36,400
Other Salaries for Instruction	69,152	-	69,152	69,152	-
General Supplies	3,000	(2,000)	1,000	985	15
Textbooks	1,200	(25)	1,175	55	1,120
<b>Total Learning and/or Language Disabilities</b>	<u>312,078</u>	<u>(65,025)</u>	<u>247,053</u>	<u>209,518</u>	<u>37,535</u>
Multiple Disabilities					
Salaries of Teachers	74,310	2,468	76,778	76,777	1
Other Salaries for Instruction	34,676	-	34,676	34,676	-
General Supplies	2,600	(1,000)	1,600	582	1,018
Textbooks	350	-	350	264	86
<b>Total Multiple Disabilities</b>	<u>111,936</u>	<u>1,468</u>	<u>113,404</u>	<u>112,299</u>	<u>1,105</u>
Resource Room/Resource Center					
Salaries of Teachers	200,908	(16,373)	184,535	128,125	56,410
Other Purchased Services	100	-	100	19	81
General Supplies	2,200	2,901	5,101	4,309	792
Textbooks	600	(233)	367	-	367
<b>Total Resource Room/Resource Center</b>	<u>203,808</u>	<u>(13,705)</u>	<u>190,103</u>	<u>132,453</u>	<u>57,650</u>
<b>Total Special Education</b>	<u>627,822</u>	<u>(77,262)</u>	<u>550,560</u>	<u>454,270</u>	<u>96,290</u>
Basic Skills/Remedial					
Salaries of Teachers	73,100	14,906	88,006	88,006	-
Other Purchased Services	200	-	200	-	200
General Supplies	900	(136)	764	113	651
<b>Total Basic Skills/Remedial</b>	<u>74,200</u>	<u>14,770</u>	<u>88,970</u>	<u>88,119</u>	<u>851</u>
Bilingual Education					
Salaries of Teachers	58,805	-	58,805	58,805	-
General Supplies	1,500	301	1,801	1,795	6
Textbooks	500	(148)	352	352	-
<b>Total Bilingual Education</b>	<u>60,805</u>	<u>153</u>	<u>60,958</u>	<u>60,952</u>	<u>6</u>
School Sponsored Cocurricular Activities					
Salaries	35,171	1,485	36,656	36,656	-
Other Purchased Services	1,500	(765)	735	-	735
Supplies and Materials	1,500	-	1,500	1,379	121
Other Objects	8,000	510	8,510	8,376	134
<b>Total School Sponsored Cocurricular Activities</b>	<u>46,171</u>	<u>1,230</u>	<u>47,401</u>	<u>46,411</u>	<u>990</u>

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures					
School Sponsored Cocurricular Act.-Athletics					
Salaries	\$ 19,098	\$ (691)	\$ 18,407	\$ 18,407	
Purchased Services	2,550	255	2,805	2,775	\$ 30
Supplies and Materials	1,000	1,700	2,700	1,897	803
<b>Total School Sponsored Cocurricular Activities</b>	<u>22,648</u>	<u>1,264</u>	<u>23,912</u>	<u>23,079</u>	<u>833</u>
<b>Total Instruction</b>	<u>3,863,206</u>	<u>(52,830)</u>	<u>3,810,376</u>	<u>3,670,302</u>	<u>140,074</u>
Instruction					
Tuition to Other LEAs Within the State-Special	418,710	(42,275)	376,435	330,032	46,403
Tuition to Priv. Sch. for the Disabled					
Within the State	105,916	37,275	143,191	96,220	46,971
Tuition - Other	-	-	-	-	-
<b>Total Instruction</b>	<u>524,626</u>	<u>(5,000)</u>	<u>519,626</u>	<u>426,252</u>	<u>93,374</u>
Attendance and Social Work Services					
Salaries	20,665	-	20,665	20,665	-
<b>Total Attendance and Social Work Services</b>	<u>20,665</u>	<u>-</u>	<u>20,665</u>	<u>20,665</u>	<u>-</u>
Health Services					
Salaries	91,882	1,076	92,958	92,958	-
Purchased Professional and Technical Services	5,060	(313)	4,747	4,747	-
Other Purchased Services		329	329	310	19
Supplies and Materials	2,400	(1,092)	1,308	1,084	224
<b>Total Health Services</b>	<u>99,342</u>	<u>-</u>	<u>99,342</u>	<u>99,099</u>	<u>243</u>
Other Support Serv. Students - Related Serv.					
Salaries	83,049	-	83,049	74,876	8,173
Purchased Professional -Educational Services		16,300	16,300	11,345	4,955
Other Purchased Services	150	(150)			-
Supplies and Materials	2,000	175	2,175	2,029	146
<b>Total Other Support Serv. Students - Related Serv.</b>	<u>85,199</u>	<u>16,325</u>	<u>101,524</u>	<u>88,250</u>	<u>13,274</u>
Other Support Serv. Students - Extra Serv.					
Salaries	92,070	(10,000)	82,070	28,797	53,273
Purchased Professional -Educational Services		42,482	42,482	20,821	21,661
Other Objects	400	-	400	-	400
<b>Total Other Support Serv. Students - Extra Serv.</b>	<u>92,470</u>	<u>32,482</u>	<u>124,952</u>	<u>49,618</u>	<u>75,334</u>
Other Support Services-Students-Regular					
Salaries of Other Professional Staff	83,049	-	83,049	83,049	-
Other Purchased Services	250	-	250		250
Supplies and Materials	17,900	-	17,900	12,345	5,555
<b>Total Other Support Services - Students - Regular</b>	<u>101,199</u>	<u>-</u>	<u>101,199</u>	<u>95,394</u>	<u>5,805</u>

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Other Support Services-Students-Special Services					
Salaries of Other Professional Staff	\$ 202,847	-	\$ 202,847	\$ 201,506	\$ 1,341
Salaries of Secretarial and Clerical Assistants	59,568	-	59,568	59,568	-
Purchased Professional -Educational Services	190,102	\$ (108,654)	81,448	15,523	65,925
Miscellaneous Purchased Services	1,200	-	1,200	913	287
Supplies and Materials	2,500	3,300	5,800	4,636	1,164
	<u>456,217</u>	<u>(105,354)</u>	<u>350,863</u>	<u>282,146</u>	<u>68,717</u>
Improvement of Instructional Services					
Salaries of Instructional Staff		101,783	101,783	101,783	
Purchased Professional - Educational Services	31,500	-	31,500	26,989	4,511
	<u>31,500</u>	<u>101,783</u>	<u>133,283</u>	<u>128,772</u>	<u>4,511</u>
Educational Media Services/School Library					
Salaries	121,458	-	121,458	121,458	-
Other Purchased Services	500	(500)	-	-	-
Supplies and Materials	9,000	500	9,500	9,271	229
	<u>130,958</u>	<u>-</u>	<u>130,958</u>	<u>130,729</u>	<u>229</u>
Staff Training Services					
Salaries of Other Professional Staff	6,217	-	6,217	6,217	
Purchased Professional/Educational Services	28,000	-	28,000	13,855	14,145
Other Purchased Services	2,000	-	2,000	663	1,337
Supplies and Materials	500	-	500	-	500
	<u>36,717</u>	<u>-</u>	<u>36,717</u>	<u>20,735</u>	<u>15,982</u>
Support Services General Administration					
Salaries	210,578	(38,000)	172,578	169,472	3,106
Legal Services	52,000	-	52,000	16,992	35,008
Audit Fees	20,000	(3,160)	16,840	16,400	440
Architectural Engineering Services		3,000	3,000	1,928	1,072
Other Purchased Professional Services	33,600	3,160	36,760	34,275	2,485
Communications/Telephone	46,200	-	46,200	38,155	8,045
Other Purchased Services	28,540	-	28,540	20,022	8,518
General Supplies	2,100	-	2,100	1,742	358
Miscellaneous Expenditures	3,925	-	3,925	661	3,264
BOE Membership Dues and Fees	5,700	-	5,700	4,805	895
	<u>402,643</u>	<u>(35,000)</u>	<u>367,643</u>	<u>304,452</u>	<u>63,191</u>

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principal/Asst. Principals	\$ 107,241	\$ 3,759	\$ 111,000	\$ 111,000	-
Salaries of Secretarial and Clerical Assistants	64,138	2,100	66,238	65,774	\$ 464
Other Purchased Services	12,750	(1,100)	11,650	8,408	3,242
Supplies and Materials	9,320	990	10,310	9,355	955
Other Objects	4,325	310	4,635	4,554	81
<b>Total Support Services School Administration</b>	<b>197,774</b>	<b>6,059</b>	<b>203,833</b>	<b>199,091</b>	<b>4,742</b>
Central Services					
Salaries	203,208	1,217	204,425	204,425	-
Purchased Professional Services	600	11,400	12,000	7,860	4,140
Purchased Technical Services	500	-	500	500	500
Other Purchased Services	2,400	(455)	1,945	1,240	705
Supplies and Materials	3,500	455	3,955	3,952	3
Other Objects	1,535	-	1,535	1,350	185
<b>Total Central Services</b>	<b>211,743</b>	<b>12,617</b>	<b>224,360</b>	<b>218,827</b>	<b>5,533</b>
Admin. Info. Tech.					
Salaries	89,429	(617)	88,812	88,043	769
Purchased Professional Services	3,925	1,025	4,950	3,796	1,154
Purchased Technical Services	12,450	-	12,450	11,439	1,011
Other Purchased Services	500	-	500	500	500
Supplies and Materials	500	-	500	-	500
<b>Total Admin. Info. Tech.</b>	<b>106,804</b>	<b>408</b>	<b>107,212</b>	<b>103,278</b>	<b>3,934</b>
Required Maintenance for School Facilities					
Salaries	66,202	-	66,202	65,650	552
Cleaning, Repair and Maintenance Services	26,000	25,497	51,497	49,650	1,847
Supplies and Materials	-	6,200	6,200	5,477	723
<b>Total Required Maintenance for School Fac.</b>	<b>92,202</b>	<b>31,697</b>	<b>123,899</b>	<b>120,777</b>	<b>3,122</b>
Other Operation & Maint. Of Plant					
Salaries	136,306	20,000	156,306	149,072	7,234
Purchased Prof. And Technical Serv.	6,850	(5,000)	1,850	85	1,765
Cleaning, Repair and Maint. Serv.	126,125	(8,500)	117,625	111,371	6,254
Other Purchased Property Services	5,800	-	5,800	3,862	1,938
Insurance	59,129	(500)	58,629	54,541	4,088
Miscellaneous Purchased Services	1,100	(424)	676	655	21
General Supplies	21,900	31,077	52,977	50,162	2,815
Energy	214,000	(38,100)	175,900	115,810	60,090
Other Objects	200	150	350	350	-
<b>Total Other Operation &amp; Maint. Of Plant</b>	<b>571,410</b>	<b>(1,297)</b>	<b>570,113</b>	<b>485,908</b>	<b>84,205</b>

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

EXPENDITURES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	\$ 6,200	\$ (1,000)	\$ 5,200	\$ 4,098	\$ 1,102
Supplies and Materials	2,200	-	2,200	304	1,896
Total Care and Upkeep of Grounds	8,400	(1,000)	7,400	4,402	2,998
Security					
Cleaning, Repair and Maintenance Services	15,400	1,000	16,400	15,840	560
Supplies and Materials	-	100	100	87	13
Total Care and Upkeep of Grounds	15,400	1,100	16,500	15,927	573
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) - Special	8,000		8,000	3,093	4,907
Cleaning, Repair and Maintenance Services	2,000	(169)	1,831	1,236	595
Lease Purchase Payments - School Buses	9,750	(300)	9,450		9,450
Contracted Services (Other Than HM/SC) - Vendors	4,000	2,119	6,119	6,119	-
Contracted Services (Home/School) -Joint Agreements	14,000	-	14,000	8,683	5,317
Contracted Services (Special Ed) -Joint Agreements	65,000	(5,650)	59,350	42,882	16,468
Misc. Purchased Serv. - Transportation	500	-	500	100	400
Supplies and Materials	6,500	-	6,500	2,587	3,913
Total Student Transportation Services	109,750	(4,000)	105,750	64,700	41,050
Unallocated Benefits - Employee Benefits					
Group Insurance	750	(565)	185	185	-
Social Security Contributions	99,000	4,000	103,000	102,558	442
Other Retirement Contributions - Regular	98,000	(10,099)	87,901	67,013	20,888
Unemployment Compensation	13,000	539	13,539	13,539	-
Workmen's Compensation	66,000	(3,434)	62,566	44,413	18,153
Health Benefits	900,000	(66,209)	833,791	804,356	29,435
Tuition Reimbursement	10,000	-	10,000	10,000	-
Other Employee Benefits	43,500	41,509	85,009	85,009	-
Total Unallocated Benefits - Employee Benefits	1,230,250	(34,259)	1,195,991	1,127,073	68,918
On-behalf TPAF Pension System Payments -					
NCGI (Non-Budget)				14,098	(14,098)
On-behalf TPAF Pension System Payments -					
Post Retirement Medical Contribution(Non-Budget)				264,785	(264,785)
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	290,547	(290,547)
Total Undistributed Expenditures	4,525,269	16,561	4,541,830	4,555,525	(13,695)
Total Current Expenditures	8,388,475	(36,269)	8,352,206	8,225,827	126,379

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Expenditures:					
Admin. Info. Tech.		\$ 9,402	\$ 9,402	\$ 9,402	
Custodial Services		8,500	8,500	8,500	
Care and Upkeep of Grounds	-	13,100	13,100	13,100	-
Total Equipment	-	31,002	31,002	31,002	-
Assets Acquired for Construction					
Building and Improvements	-	47,000	47,000	34,218	\$ 12,782
Total Capital Outlay	-	78,002	78,002	65,220	12,782
Transfer of Funds to Charter Schools	-	9,560	9,560	9,560	-
Total Expenditures	\$ 8,388,475	51,293	8,439,768	8,300,607	139,161
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(185,185)	(51,293)	(236,478)	564,281	800,759
Other Financing Sources (Uses)					
Transfers In - Food Service	-	-	-	7,000	7,000
Total Other Financing Sources (Uses)	-	-	-	7,000	7,000
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(185,185)	(51,293)	(236,478)	571,281	807,759
Fund Balance, Beginning of Year	1,519,353	-	1,519,353	1,519,353	-
Fund Balance, End of Year	\$ 1,334,168	\$ (51,293)	\$ 1,282,875	\$ 2,090,634	\$ 807,759

**Recapitulation of Fund Balance**

Reserved for Encumbrances	\$ 2,801
Reserved for Capital Reserve Account	1,022,759
Reserve for Maintenance	30,240
Reserved for Emergency	250,000
Reserved for Excess Surplus	251,891
Excess Surplus - Designated for Subsequent Years Expenditures	212,536
Unreserved, Undesignated	320,407
Reconciliation to Governmental Funds Statements (GAAP):	2,090,634
Less: Certain State Aid Payments Not Recognized on GAAP Basis	(194,490)
Fund Balance Per Governmental Funds (GAAP)	\$ 1,896,144

NORTHVALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Revisions</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 96,000	\$ 172,007	\$ 268,007	\$ 279,421	\$ 11,414
Local Sources					
Other	-	77,788	77,788	74,116	(3,672)
Total Revenues	<u>96,000</u>	<u>249,795</u>	<u>345,795</u>	<u>353,537</u>	<u>7,742</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers		5,000	5,000	5,000	-
Tuition		83,384	83,384	83,384	-
General Supplies	84,000	(6,164)	77,836	54,801	23,035
Textbooks	12,000	(3,210)	8,790	65,863	(57,073)
Total Instruction	<u>96,000</u>	<u>79,010</u>	<u>175,010</u>	<u>209,048</u>	<u>(34,038)</u>
Support Services					
Salaries of Teachers		9,613	9,613	9,613	-
Personal Services - Employee Benefits		1,923	1,923	1,923	-
Purchased Professional/Educational Services	-	85,615	85,615	85,615	-
Total Support Services	<u>-</u>	<u>97,151</u>	<u>97,151</u>	<u>97,151</u>	<u>-</u>
<b>CAPITAL OUTLAY</b>					
Facilities Acquisition and Construction Services					
Equipment	-	73,634	73,634	47,338	26,296
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>73,634</u>	<u>73,634</u>	<u>47,338</u>	<u>26,296</u>
Total Expenditures	<u>96,000</u>	<u>249,795</u>	<u>345,795</u>	<u>353,537</u>	<u>(7,742)</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>

**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, 2010**

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

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

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 8,864,888	\$ 353,537
Difference - Budget to GAAP		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)	(194,490)	
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes (prior year)	<u>180,329</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 8,850,727</u>	<u>\$ 353,537</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (Exhibits C-1 and C-2)	<u>\$ 8,300,607</u>	<u>\$ 353,537</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 8,300,607</u>	<u>\$ 353,537</u>

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

NORTHVALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	IDEA Part B Basic	IDEA Part B Preschool	IDEA ARRA Basic	IDEA ARRA Preschool	IDEA Title II.A	NCLB Title III	NCLB Title III Immigrant	NCLB Title IV	Local Grants	Total
<b>REVENUES</b>										
Intergovernmental	\$ 111,008	\$ 6,414	\$ 122,062	\$ 4,559	\$ 14,904	\$ 6,704	\$ 12,885	\$ 885	\$ 74,116	\$ 279,421
Federal	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 111,008</b>	<b>\$ 6,414</b>	<b>\$ 122,062</b>	<b>\$ 4,559</b>	<b>\$ 14,904</b>	<b>\$ 6,704</b>	<b>\$ 12,885</b>	<b>\$ 885</b>	<b>\$ 74,116</b>	<b>\$ 353,537</b>
<b>EXPENDITURES</b>										
Instruction										
Salaries of Teachers	\$ 72,411	\$ 6,414	\$ 49,673	\$ 4,559	\$ 14,904	\$ 6,704	\$ 12,885	\$ 885	\$ 5,000	\$ 5,000
Tuition	-	-	8,790	-	-	-	-	-	5,128	83,384
General Supplies	-	-	-	-	-	-	-	-	21,695	54,801
Textbooks	-	-	-	-	-	-	-	-	-	65,863
<b>Total Instruction</b>	<b>72,411</b>	<b>6,414</b>	<b>58,463</b>	<b>4,559</b>	<b>14,904</b>	<b>6,704</b>	<b>12,885</b>	<b>885</b>	<b>31,823</b>	<b>209,048</b>
Support Services										
Salaries of Teachers	9,613	-	-	-	-	-	-	-	-	9,613
Personal Services - Employee Benefits	1,923	-	-	-	-	-	-	-	-	1,923
Purchased Professional/Educational Services	27,061	-	58,554	-	-	-	-	-	-	85,615
<b>Total Support Services</b>	<b>38,597</b>	<b>-</b>	<b>58,554</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97,151</b>
<b>CAPITAL OUTLAY</b>										
Facilities Acquisition	-	-	-	-	-	-	-	-	42,293	42,293
and Construction Services	-	-	5,045	-	-	-	-	-	-	5,045
Equipment	-	-	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>5,045</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,293</b>	<b>47,338</b>
<b>Total Expenditures</b>	<b>\$ 111,008</b>	<b>\$ 6,414</b>	<b>\$ 122,062</b>	<b>\$ 4,559</b>	<b>\$ 14,904</b>	<b>\$ 6,704</b>	<b>\$ 12,885</b>	<b>\$ 885</b>	<b>\$ 74,116</b>	<b>\$ 353,537</b>

**NORTHVALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**NOT APPLICABLE**

**ENTERPRISE FUND**

**EXHIBIT G-1**

**NORTHVALE BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2010**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 41,382	\$ 49,930	\$ 91,312
Due from Other Funds	<u>-</u>	<u>53</u>	<u>53</u>
Total Assets	<u>\$ 41,382</u>	<u>\$ 49,983</u>	<u>\$ 91,365</u>
<b>LIABILITIES</b>			
Accrued Salaries and Wages		\$ 48,274	\$ 48,274
Payroll Deductions and Withholdings		1,709	1,709
Due to Student Groups	<u>\$ 41,382</u>	<u>-</u>	<u>41,382</u>
Total Liabilities	<u>\$ 41,382</u>	<u>\$ 49,983</u>	<u>\$ 91,365</u>

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Balance,</u> <u>July 1, 2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2010</u>
Nathan Hale School	\$ 26,335	\$ 127,663	\$ 126,248	\$ 27,750
Donated Class Funds	8,047	2,162	1,407	8,802
Linda Maloof Fund	4,413	510	600	4,323
Athletic Account	453	2,559	2,505	507
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Schools	\$ 39,248	\$ 132,894	\$ 130,760	\$ 41,382

**NORTHVALE BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>Balance, July 1, <u>2009</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2010</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 1,678	\$ 2,435,544	\$ 2,435,513	\$ 1,709
Accrued Salaries and Wages	37,841	3,211,422	3,200,989	48,274
Due from Other Funds	<u>8</u>	<u>1,226</u>	<u>1,287</u>	<u>(53)</u>
 Total	 <u>\$ 39,527</u>	 <u>\$ 5,648,192</u>	 <u>\$ 5,637,789</u>	 <u>\$ 49,930</u>

**LONG-TERM DEBT**

**NORTHVALE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2009</u>	<u>Retired</u>	<u>Balance, June 30, 2010</u>
Renovate, Construct, Furnish and Equip Additions to Thomas Jefferson and Nathan Hale Schools	3/1/2002	\$ 4,882,000	3/1/2011	225,000	4.375%	\$ 3,605,000	\$ 3,380,000	\$ 225,000
Undertake Roof Replacements, Installations of Intercom System, and Drainage/Site Improvements at Thomas Jefferson and Nathan Hale Schools	4/15/2006	1,534,000	4/15/2011	95,000	4.000%			
			4/15/2012	100,000	4.150%			
			4/15/2013	105,000	4.250%			
			4/15/2014	105,000	4.250%			
			4/15/2015	110,000	4.250%			
			4/15/2016	115,000	4.250%			
			4/15/2017	120,000	4.250%			
			4/15/2018	125,000	4.250%			
			4/15/2019	130,000	4.250%			
			4/15/2020	135,000	4.300%			
			4/15/2021	139,000	4.500%	1,369,000	90,000	1,279,000
Refunding School Bonds	5/14/2010	3,140,000	3/1/2011	35,000	2.500%			
			3/1/2012	250,000	2.250%			
			3/1/2013	250,000	2.250%			
			3/1/2014	260,000	3.250%			
			3/1/2015	270,000	2.750%			
			3/1/2016	275,000	4.000%			
			3/1/2017	280,000	4.000%			
			3/1/2018	295,000	4.500%			
			3/1/2019	305,000	5.000%			
			3/1/2020	305,000	5.000%			
			3/1/2021	305,000	5.000%			
			3/1/2022	310,000	5.000%			
						3,140,000	-	3,140,000
						\$ 8,114,000	\$ 3,470,000	\$ 4,644,000

NORTHVALE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, June 30, 2009</u>	<u>Matured</u>	<u>Balance, June 30, 2010</u>
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NOT APPLICABLE

NORTHVALE BOARD OF EDUCATION  
 LONG-TERM DEBT  
 DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

REVENUES	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Local Sources					
Local Tax Levy	\$ 464,917		\$ 464,917	\$ 464,917	
Intergovernmental					
Debt Service Aid Type II	<u>59,215</u>	-	<u>59,215</u>	<u>59,215</u>	-
Total Revenues	<u>524,132</u>	-	<u>524,132</u>	<u>524,132</u>	-
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	300,000		300,000	300,000	
Interest	<u>224,132</u>	-	<u>224,132</u>	<u>224,132</u>	-
Total Expenditures	<u>524,132</u>	-	<u>524,132</u>	<u>524,132</u>	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>1</u>	-	<u>1</u>	<u>1</u>	-
Fund Balance, End of Year	<u>1</u>	-	<u>1</u>	<u>1</u>	-

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

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

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

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

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

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

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

	Fiscal Year Ended June 30:						
	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>							
<b>Governmental Activities</b>							
<b>Instruction</b>							
Regular	\$ 3,066,412	\$ 3,217,321	\$ 3,484,544	\$ 3,814,051	\$ 3,997,331	\$ 3,829,852	\$ 4,244,043
Special Education	1,096,685	1,217,705	1,242,879	1,422,131	1,278,175	1,269,841	1,144,611
Other Instruction	202,726	154,037	167,061	219,298	195,952	182,149	228,267
School Sponsored Activities And Athletics	64,097	72,696	64,782	82,329	83,881	87,532	92,923
<b>Support Services:</b>							
Student & Instruction Related Services	688,627	855,006	895,310	983,425	1,051,586	1,166,308	1,266,470
General Administration Services	330,480	280,240	302,685	341,787	356,166	393,963	363,430
School Administration Services	215,978	301,531	300,932	261,730	293,883	231,414	255,396
Business/ Central Services	315,775	325,539	343,168	360,697	371,035	411,382	415,262
Plant Operations And Maintenance	628,072	802,618	937,951	676,474	647,103	619,657	695,407
Pupil Transportation	85,904	115,825	81,504	55,810	65,930	44,430	75,245
Interest and Other Charges	211,075	217,423	204,682	255,766	247,622	239,752	223,385
<b>Total Governmental Activities Expenses</b>	<b>6,905,831</b>	<b>7,559,941</b>	<b>8,025,498</b>	<b>8,473,498</b>	<b>8,588,664</b>	<b>8,476,280</b>	<b>9,004,439</b>
<b>Business-Type Activities:</b>							
Food Service	15,173	17,200	14,607	11,805	16,933	10,816	10,707
<b>Total Business-Type Activities Expense</b>	<b>15,173</b>	<b>17,200</b>	<b>14,607</b>	<b>11,805</b>	<b>16,933</b>	<b>10,816</b>	<b>10,707</b>
<b>Total District Expenses</b>	<b>\$ 6,921,004</b>	<b>\$ 7,577,141</b>	<b>\$ 8,040,105</b>	<b>\$ 8,485,303</b>	<b>\$ 8,605,597</b>	<b>\$ 8,487,096</b>	<b>\$ 9,015,146</b>
<b>Program Revenues</b>							
<b>Governmental Activities:</b>							
<b>Charges For Services:</b>							
Regular Instruction	\$ 148,083	\$ 87,733	\$ 151,141	\$ 171,274	\$ 232,615	\$ 308,232	\$ 364,079
Special Education Instruction	284,370	180,604	7,071	15,014	-	-	-
Operating Grants And Contributions	857,872	919,884	1,055,577	1,316,115	1,298,830	1,087,748	1,313,501
Capital Grants And Contributions	1,090,602	117,102	8,100	2,030	831	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>2,380,927</b>	<b>1,305,323</b>	<b>1,221,889</b>	<b>1,504,433</b>	<b>1,532,276</b>	<b>1,395,980</b>	<b>1,677,580</b>
<b>Business-Type Activities:</b>							
<b>Charges For Services</b>							
Food Service	6,546	6,962	7,117	7,007	13,585	12,165	11,666
Operating Grants And Contributions	6,873	9,281	8,581	7,896	9,299	9,430	7,354
<b>Total Business Type Activities Program Revenues</b>	<b>13,419</b>	<b>16,243</b>	<b>15,698</b>	<b>14,903</b>	<b>22,884</b>	<b>21,595</b>	<b>19,020</b>
<b>Total District Program Revenues</b>	<b>\$ 2,394,346</b>	<b>\$ 1,321,566</b>	<b>\$ 1,237,587</b>	<b>\$ 1,519,336</b>	<b>\$ 1,555,160</b>	<b>\$ 1,417,575</b>	<b>\$ 1,696,600</b>
<b>Net (Expense)/Revenue</b>							
Governmental Activities	\$ (4,524,904)	\$ (6,254,618)	\$ (6,803,609)	\$ (6,969,065)	\$ (7,056,388)	\$ (7,080,300)	\$ (7,326,859)
Business-Type Activities	(1,754)	(957)	1,091	3,098	5,951	10,779	8,313
<b>Total District-Wide Net Expense</b>	<b>\$ (4,526,658)</b>	<b>\$ (6,255,575)</b>	<b>\$ (6,802,518)</b>	<b>\$ (6,965,967)</b>	<b>\$ (7,050,437)</b>	<b>\$ (7,069,521)</b>	<b>\$ (7,318,546)</b>
<b>General Revenues</b>							
<b>Governmental Activities:</b>							
Property Taxes Levied For General Purposes, Net	\$ 5,707,983	\$ 6,089,586	\$ 6,277,937	\$ 6,807,807	\$ 7,344,731	\$ 7,619,669	\$ 7,952,892
Unrestricted State Aid	102,864	140,434	134,665	145,547	240,063	65,117	59,215
Investment Earnings	25,026	9,507	22,673	27,540	29,822	6,874	10,677
Miscellaneous Income	56,307	4,675	8,937	17,081	8,106	9,757	28,032
Donation of Capital Assets	-	-	-	-	-	8,000	-
Transfers	-	-	-	135	10,032	10,000	7,000
<b>Total Governmental Activities</b>	<b>5,892,180</b>	<b>6,244,202</b>	<b>6,444,212</b>	<b>6,998,110</b>	<b>7,632,754</b>	<b>7,719,417</b>	<b>8,057,816</b>
<b>Total Business-Type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,666)</b>	<b>(9,880)</b>	<b>(6,907)</b>
<b>Total District-Wide</b>	<b>\$ 5,892,180</b>	<b>\$ 6,244,202</b>	<b>\$ 6,444,212</b>	<b>\$ 6,998,110</b>	<b>\$ 7,623,088</b>	<b>\$ 7,709,537</b>	<b>\$ 8,050,909</b>
<b>Change in Net Assets</b>							
Governmental Activities	\$ 1,367,276	\$ (10,416)	\$ (359,397)	\$ 29,045	\$ 576,366	\$ 639,117	\$ 730,957
Business-Type Activities	(1,754)	(957)	1,091	3,098	(3,715)	899	1,406
<b>Total District</b>	<b>\$ 1,365,522</b>	<b>\$ (11,373)</b>	<b>\$ (358,306)</b>	<b>\$ 32,143</b>	<b>\$ 572,651</b>	<b>\$ 640,016</b>	<b>\$ 732,363</b>

## Note:

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

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

(Unaudited)  
(modified accrual basis of accounting)

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

Note:

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

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

Fiscal Year Ended June 30,

	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>							
Tax Levy	\$ 5,707,983	\$ 6,089,586	\$ 6,277,937	\$ 6,807,807	\$ 7,344,731	\$ 7,619,669	\$ 7,952,892
Tuition Charges	432,453	268,337	158,212	186,288	232,615	308,232	364,079
Interest Earnings	25,026	9,507	22,673	27,540	29,822	6,874	10,677
Miscellaneous	56,307	5,813	26,545	54,456	43,112	70,768	102,148
State Sources	1,930,847	1,027,102	1,038,776	1,283,089	1,365,663	960,475	1,019,179
Federal Sources	120,491	149,180	141,163	143,228	139,055	131,379	279,421
<b>Total Revenue</b>	<b>8,273,107</b>	<b>7,549,525</b>	<b>7,665,306</b>	<b>8,502,408</b>	<b>9,154,998</b>	<b>9,097,397</b>	<b>9,728,396</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction	3,050,743	3,197,217	3,467,777	3,614,017	3,868,014	3,691,118	4,125,474
Special Education Instruction	1,095,611	1,217,148	1,242,395	1,368,155	1,259,174	1,234,877	1,121,252
Other Instruction	200,936	153,867	173,262	210,097	189,929	174,822	217,155
School Sponsored Activities and Athletics	64,097	72,696	64,782	79,184	81,531	84,377	90,193
<b>Support Services:</b>							
Student and Inst. Related Services	686,980	847,129	895,797	929,287	1,024,691	1,117,454	1,225,246
General Administration Services	327,911	277,900	293,999	335,449	348,396	381,868	355,026
School Administration Services	215,978	301,531	290,302	258,209	282,965	221,772	246,630
Business/ Central Services	315,775	325,539	343,168	342,356	357,159	394,828	400,759
Plant Operations And Maintenance	524,217	546,824	640,505	655,683	638,908	609,675	684,759
Pupil Transportation	79,466	109,387	75,066	49,114	65,597	44,181	75,092
<b>Capital Outlay</b>	<b>4,228,166</b>	<b>454,154</b>	<b>601,782</b>	<b>920,138</b>	<b>46,471</b>	<b>140,862</b>	<b>112,558</b>
<b>Debt Service:</b>							
Principal	170,000	175,000	180,000	190,000	284,714	324,695	300,000
Interest and Other Charges	213,484	219,901	238,607	255,806	247,732	240,404	224,132
Payment to Refunding Bond Escrow Agent	-	-	-	-	-	-	138,803
Costs of Issuance of Refunding Bonds	-	-	-	-	-	-	66,454
<b>Total Expenditures</b>	<b>11,173,364</b>	<b>7,898,293</b>	<b>8,507,442</b>	<b>9,207,495</b>	<b>8,695,281</b>	<b>8,660,933</b>	<b>9,383,533</b>
<b>Excess (Deficiency) of Revenues</b>							
Over (Under) Expenditures	(2,900,257)	(348,768)	(842,136)	(705,087)	459,717	436,464	344,863
<b>Other Financing Sources (Uses)</b>							
Bond Proceeds	-	-	1,534,000	-	-	-	-
Capital Lease Proceeds	-	-	-	-	\$ 44,409	-	-
Premium on Bond Sale	-	-	795	-	-	-	-
Payment to Refunding Bond Escrow Agent	-	-	-	-	-	-	(3,170,000)
Refunding Bond Proceeds	-	-	-	-	-	-	3,140,000
Premium on Issuance of Refunding Bonds	-	-	-	-	-	-	235,257
Transfers In	25,026	7,016	16,531	14,278	10,032	32,420	7,000
Transfers Out	(25,026)	(7,016)	(16,531)	(14,143)	-	(22,420)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>1,534,795</b>	<b>135</b>	<b>54,441</b>	<b>10,000</b>	<b>212,257</b>
<b>Net Change in Fund Balances</b>	<b>\$ (2,900,257)</b>	<b>\$ (348,768)</b>	<b>\$ 692,659</b>	<b>\$ (704,952)</b>	<b>\$ 514,158</b>	<b>\$ 446,464</b>	<b>\$ 557,120</b>
<b>Debt Service as a Percentage of</b>							
Noncapital Expenditures	5.52%	5.30%	5.30%	5.38%	6.16%	6.63%	7.87%

\* Noncapital expenditures are total expenditures less capital outlay.

**Note:**

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

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

<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>
2001	\$ 322,549	\$ 16,955	\$ 13,328	\$ 352,832
2002	375,807	5,423	2,114	383,344
2003	317,272	2,708	3,671	323,651
2004	432,453		52,638	485,091
2005	268,337	2,491	4,675	275,503
2006	158,212	6,937	8,142	173,291
2007	186,288	13,397	17,081	216,766
2008	232,615	29,822	8,106	270,543
2009	308,232	6,874	9,757	324,863
2010	364,079	10,677	28,032	402,788

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>
2001	\$ 7,416,100	\$ 302,433,000			\$ 41,486,100	\$ 114,164,100		\$ 465,499,300	\$ 607,111	\$ 466,106,411	\$ 514,235,439	\$ 0.916
2002	6,702,400	307,654,400			40,905,700	111,865,700		467,128,200	607,264	467,735,464	576,253,095	1.014
2003	5,630,600	312,312,500			41,954,600	111,001,500		470,899,200	711,403	471,610,603	601,606,082	1.163
2004	5,974,200	313,629,800			42,371,100	110,899,300		472,874,400	594,390	473,468,790	706,387,048	1.247
2005	5,809,500	316,692,200			42,365,600	110,541,300		475,408,600	453,087	475,861,687	803,165,469	1.299
2006	7,147,200	318,371,600			42,382,700	107,078,640		474,980,140	606,929	475,587,069	868,881,672	1.375
2007	14,898,400	692,867,700			75,938,300	179,635,500		963,359,900	566,929	963,926,829	952,930,025	0.744
2008	15,525,157	698,971,683			76,040,600	208,074,700		998,612,140	1,187,908	999,800,048	1,025,770,221	0.748
2009	13,857,186	702,140,418			76,958,900	202,138,500		995,095,004	1,412,505	996,507,509	1,066,218,181	0.781
2010	14,271,786	708,040,500			77,577,000	203,705,700		1,003,594,986	1,505,596	1,005,100,582	1,050,676,901	0.802

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 which became effective in the calendar year 2007

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

<u>Calendar Year</u>	<u>Total Direct Tax Rate</u>	<u>Overlapping Rates</u>				<u>Total</u>
		<u>Regional High School District</u>	<u>Municipality</u>	<u>County</u>		
2001	\$ 0.916	\$ 0.610	\$ 0.778	\$ 0.241	\$ 2.545	
2002	1.014	0.640	0.794	0.267	2.715	
2003	1.163	0.700	0.817	0.265	2.945	
2004	1.247	0.726	0.839	0.308	3.120	
2005	1.299	0.787	0.863	0.321	3.270	
2006	1.375	0.812	0.900	0.333	3.420	
2007 (A)	0.744	0.408	0.462	0.176	1.790	
2008	0.748	0.402	0.460	0.191	1.801	
2009	0.781	0.425	0.491	0.205	1.902	
2010	0.802	0.454	0.513	0.201	1.970	

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

Source: Tax Duplicate, Borough of Northvale

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

Taxpayer	2010		2001	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Salvatore & Roselle Costa and SC Construction	\$ 13,826,500	1.39%		
MEM Union Street Assoc.	13,380,200	1.34%		
Northvale 1197 & 2005 Assoc	11,536,000	1.16%		
Northvale Shopping Center Assoc.	10,521,600	1.06%		
273 Livingston Street Assoc.	33,889,600	3.40%		
Centrico	7,651,300	0.77%		
RIO Vista homes @ Northvale LLC.	8,100,840	0.81%		
Northvale Holding CO. LLC	6,875,600	0.69%		
Matthew Realty LLC	6,442,300	0.65%		
Northvale Tire Tech Ctr. LP	6,469,800	0.65%		
	118,693,740	11.91%	<b>NOT AVAILABLE</b>	<b>NOT AVAILABLE</b>

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	
2001	\$ 4,172,157	\$ 4,172,157	100.00%	
2002	4,369,840	4,369,840	100.00%	
2003	5,280,108	5,280,108	100.00%	
2004	5,707,983	5,707,983	100.00%	
2005	6,089,586	6,089,586	100.00%	
2006	6,277,937	6,277,937	100.00%	
2007	6,807,807	6,807,807	100.00%	
2008	7,344,731	7,344,731	100.00%	
2009	7,619,669	7,619,669	100.00%	
2010	7,952,892	7,952,892	100.00%	

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			
	<u>General Obligation Bonds</u>	<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
2005	\$ 4,375,000	\$ 4,375,000	4,490	\$ 974
2006	5,729,000	5,729,000	4,467	1,283
2007	5,539,000	5,539,000	4,501	1,231
2008	5,264,000	5,264,000	4,693	1,122
2009	4,974,000	4,974,000	4,807	1,035
2010	4,644,000	4,644,000	4,807 (1)	966

(1) - Estimated

Source: District records

Note:

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2005	\$ 4,375,000		\$ 4,375,000	0.92%	\$ 974
2006	5,729,000		5,729,000	1.20%	1,283
2007	5,539,000		5,539,000	0.57%	1,231
2008	5,264,000		5,264,000	0.53%	1,122
2009	4,974,000		4,974,000	0.50%	1,035
2010	4,644,000		4,644,000	0.46%	966

Source: District records

Notes:

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

Note:

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

**NORTHVALE BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR YEAR ENDED DECEMBER 31, 2009  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Regional High School Tax	\$ 2,047,368	\$ 2,047,368	
Borough of Northvale School District	4,974,000	4,974,000	
Borough of Northvale	<u>5,034,679</u>	<u>-</u>	\$ 5,034,679
	<u>\$ 12,056,047</u>	<u>\$ 7,021,368</u>	<u>5,034,679</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County (3)			3,875,827
Bergen County Utilities Authority (2)			<u>2,123,213</u>
			<u>5,999,040</u>
Total Direct and Overlapping Debt			<u>\$ 11,033,719</u>

## Sources:

- (1) Borough of Northvale Annual Debt Statement - December 31, 2009
- (2) BCUA 2009 audit.
- (3) Bergen County Annual Debt Statement - December 31, 2009

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

**Legal Debt Margin Calculation for Fiscal Year 2009**

Equalized valuation basis	\$ 1,009,121,797
2009	1,056,956,118
2008	977,534,145
2007	<u>\$ 3,043,612,060</u>
Average equalized valuation of taxable property	\$ 1,014,537,353
Debt limit (3% of average equalization value)	30,436,121
Total Net Debt Applicable to Limit	<u>4,644,000</u>
Legal debt margin	<u>\$ 25,792,121</u>

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

Source: Annual Debt Statements

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>Population</u>
2001	2.1%	\$ 52,189	4,486
2002	2.9%	51,620	4,502
2003	2.8%	50,820	4,498
2004	2.3%	54,288	4,509
2005	2.3%	56,877	4,490
2006	2.5%	62,007	4,467
2007	2.5%	67,125	4,501
2008	2.9%	N/A	4,693
2009	5.2%	N/A	4,807
2010	N/A	N/A	4,807 (1)

(1) Estimated Amount

N/A - Not Available

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

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

<u>Employer</u>	<u>2010</u>		<u>2001</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 FIVE FISCAL YEARS**  
(Unaudited)

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

Source: District Personnel Records

Note:

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

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2001	504.0	\$ 5,294,803	\$ 10,506	4.85%				503.7	483.2	2.65%	95.83%
2002	544.0	5,406,615	9,939	-5.40%				544.1	522.4	8.02%	96.01%
2003	533.0	5,987,614	10,828	8.94%				553.0	530.0	1.64%	95.84%
2004	578.0	6,564,529	11,357	4.89%	56	14:00	16:70	578.0	550.0	4.52%	95.16%
2005	579.0	7,062,880	12,198	7.41%	59	13:50	15:90	579.0	562.5	0.17%	97.15%
2006	599.0	7,487,053	12,499	2.47%	61	13:00	14:00	599.0	581.0	3.45%	96.99%
2007	587.0	7,850,269	13,374	6.99%	57	11:00	13:00	587.0	560.0	-2.00%	95.40%
2008	604.0	8,116,364	13,438	0.48%	54	11:00	14:00	604.0	587.0	2.90%	97.19%
2009	614.0	7,954,972	12,956	-3.58%	54	11:00	14:00	629.0	587.0	4.14%	93.32%
2010	610.0	8,541,586	14,003	8.08%	56	11:00	14:00	617.0	595.3	-1.91%	96.48%

Sources: District records

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

N/A - Not Applicable

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b><u>District Building</u></b>					
<b><u>Elementary</u></b>					
Thomas Jefferson					
Square Feet	25,931	25,931	25,931	25,931	25,931
Capacity (students)	316	316	316	316	316
Enrollment	235	239	252	250	251
<b><u>Middle School</u></b>					
Nathan Hale					
Square Feet	45,162	45,162	45,162	45,162	45,162
Capacity (students)	532	532	532	532	532
Enrollment	364	348	352	364	366

Number of Schools at June 30, 2010

    Elementary = 1

    Middle School = 1

Source: District Records

Note:

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

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

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
School Facilities										
District Totals										
Nathan Hale	\$ 32,239	\$ 26,735	\$ 15,815	\$ 34,497	\$ 29,537	\$ 32,163	\$ 43,742	\$ 69,962	\$ 49,424	\$ 76,699
Thomas Jefferson	<u>6,501</u>	<u>5,391</u>	<u>22,758</u>	<u>6,956</u>	<u>6,050</u>	<u>6,588</u>	<u>8,959</u>	<u>44,524</u>	<u>50,702</u>	<u>44,078</u>
Grand Total	<u>\$ 38,740</u>	<u>\$ 32,126</u>	<u>\$ 38,573</u>	<u>\$ 41,453</u>	<u>\$ 35,587</u>	<u>\$ 38,751</u>	<u>\$ 52,701</u>	<u>\$ 114,486</u>	<u>\$ 100,126</u>	<u>\$ 120,777</u>

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

**NORTHVALE BOARD OF EDUCATION**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2010**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Selective Way Insurance Company		
Property - Blanket Buildings and Contents	\$ 17,934,512	\$ 5,000
Comprehensive General Liability (General Aggregate)	2,000,000	
Blanket Employee Dishonesty (Per Employee/Loss)	100,000/400,000	5,000
Automobile Liability	1,000,000	
Educator's Legal Liability	1,000,000	
Computers and Scheduled Equipment -		
Miscellaneous Equipment	250,000	
Valuable Papers and Records	5,000,000	
Computer Equipment	2,500,000	
Accounts Receivable	100,000	
Boiler and Machinery - Selective Insurance Company		
Property Damage	100,000,000	1,000
Commercial Umbrella Excess (per occurrence and aggregate limit) -		
American Alternatives Insurance Co.	9,000,000	10,000

Source: School District's Records

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208

FAIR LAWN, NJ 07410

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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northvale Board of Education as of and for the fiscal year ended June 30, 2010, which collectively comprise the Northvale Board of Education's basic financial statements and have issued our report thereon dated August 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Northvale Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

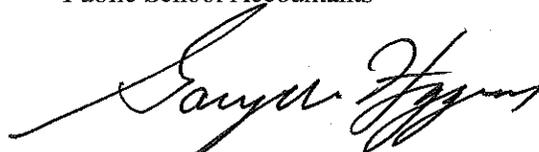
### Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Trustees, management, the New Jersey State Department of Education and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
August 31, 2010

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208

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RALPH M. PICONE, CPA, RMA, PSA

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

### Compliance

We have audited the Northvale Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Northvale Board of Education's major state programs for the fiscal year ended June 30, 2010. 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. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Northvale Board of Education's management. Our responsibility is to express an opinion on Northvale Board of Education's compliance based on our audit.

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 Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination on Northvale Board of Education's compliance with those requirements.

In our opinion, Northvale Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2010.

### Internal Control Over Compliance

Management of Northvale Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Northvale Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

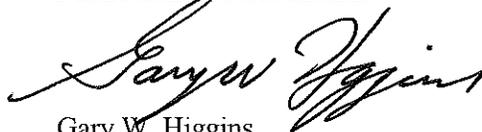
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state program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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, the New Jersey State Department of Education and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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



Gary W. Higgins  
 Public School Accountant  
 PSA Number CS00814

Fair Lawn, New Jersey  
 August 31, 2010

NORTHVALE BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant of State Project Number	Grant Period	Award Amount	Balance, June 30, 2009		Carryover	Cash Received	Budgetary Expenditures	Balance Cancelled	Deferred Revenue	June 30, 2010	
					Deferred Revenue (Accts. Receivable)	Due to Grantor						Accounts Receivable	Due to Grantor
U.S. Department of Agriculture Passed-through State Department of Education													
Special Milk Program	10.556	N/A	7/1/09-6/30/10	\$ 7,354			\$ 6,745	\$ 7,354				\$ (609)	
Special Milk Program	10.556	N/A	7/1/08-6/30/09	9,430	(846)		846						
<b>Total U.S. Dept. of Agriculture</b>					<b>(846)</b>		<b>7,591</b>	<b>7,354</b>				<b>(609)</b>	
U.S. Department of Education Passed-Through State Department of Education													
I.D.E.A. Part B, Basic	84.027	IDEA373010	9/1/09-8/31/10	111,008			111,008	111,008					
I.D.E.A. Part B, Preschool	84.173	IDEA373010	9/1/09-8/31/10	6,414			6,414	6,414					
I.D.E.A. ARRA, Basic	84.391	ARRA2010	9/1/09-8/31/10	125,976			117,131	122,062				(4,931)	
I.D.E.A. ARRA, Preschool	84.392	ARRA2010	9/1/09-8/31/10	4,559			4,559	4,559					
NCLB Title II-A	84.367A	NCLB373010	9/1/09-8/31/10	14,904			14,904	14,904					
NCLB Title III	84.365A	NCLB373010	9/1/09-8/31/10	6,704			6,704	6,704					
NCLB Title III - Immigrant	84.365A	NCLB373010	9/1/09-8/31/10	12,885			12,885	12,885					
NCLB Title IV	84.184	NCLB373010	9/1/09-8/31/10	885			885	885					
<b>Total U.S. Department of Education</b>							<b>274,490</b>	<b>279,421</b>				<b>(4,931)</b>	
<b>Total</b>					<b>(846)</b>		<b>\$ 282,081</b>	<b>\$ 286,775</b>				<b>\$ (5,540)</b>	

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

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

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

State Grantor/Program Title	Balance, June 30, 2009				Award Amount	Grant Period	Grant or State Project Number	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	Balance, June 30, 2010		MEMO	
	Deferred Revenue (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures									(Accounts Receivable)	Deferred Revenue		GAAP Receivable
<b>State Department of Education</b>																
<b>General Fund</b>																
Special Education Aid	09-495-034-5120-089	7/1/09-6/30/10	\$ 206,879	\$ 206,879				\$ 175,050	\$ 206,879				\$ (31,829)		\$ 206,879	
Special Education Aid	09-495-034-5120-089	7/1/08-6/30/09	307,526	307,526				27,936					(1,676)		10,893	
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	10,893	10,893				9,217	10,893						29,321	
Transportation Aid	09-495-034-5120-014	7/1/08-6/30/09	11,924	11,924				1,108					(4,511)		156,474	
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	29,321	29,321				24,810	29,321						1,128	
Security Aid	09-495-034-5120-084	7/1/08-6/30/09	12,197	12,197				1,083					(156,474)		14,098	
Extraordinary Aid	10-495-034-5120-473	7/1/09-6/30/10	156,474	156,474				150,202	156,474						264,785	
Extraordinary Aid	09-495-034-5120-473	7/1/08-6/30/09	150,202	150,202									(1,128)		290,547	
Additional Nonpublic Transportation Aid	N/A	7/1/09-6/30/10	1,128	1,128											-	
Additional Nonpublic Transportation Aid	N/A	7/1/08-6/30/09	1,670	1,670											(15,608)	
TPAF Pension - NCGI	10-495-034-5095-007	7/1/09-6/30/10	14,098	14,098				14,098	14,098						974,125	
TPAF Pension - NCGI	09-495-034-5095-007	7/1/08-6/30/09	14,098	14,098											59,215	
TPAF Social Security Contrib.	10-495-034-5095-001	7/1/09-6/30/10	264,785	264,785				264,785	264,785						59,215	
TPAF Social Security Contrib.	09-495-034-5095-001	7/1/08-6/30/09	290,547	290,547				276,067	290,547				(14,480)		1,033,340	
TPAF Social Security Contrib.	09-495-034-5095-002	7/1/08-6/30/09	289,284	289,284				14,572							(15,608)	
<b>Total General Fund</b>								960,598	974,125				(210,098)		59,215	
<b>Debt Service Fund</b>																
Debt Service Aid	10-495-034-5120-125	7/1/09-6/30/10	59,215	59,215				59,215	59,215						1,033,340	
<b>Total State Financial Assistance</b>								1,019,813	1,033,340				(210,098)		1,033,340	
<b>State Financial Assistance Not Subject to Single Audit Determination</b>																
<b>General Fund</b>																
On-Behalf TPAF NCGI	10-495-034-5095-007	7/1/09-6/30/10	14,098	14,098				(14,098)	(14,098)						(14,098)	
On-Behalf TPAF Post-Retirement Medical Contribution	10-495-034-5095-001	7/1/09-6/30/10	264,785	264,785				(264,785)	(264,785)						(264,785)	
<b>Total State Financial Assistance Subject to Single Audit</b>								740,930	754,457				(210,098)		754,457	

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the deferred 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 deferred state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment 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 \$(14,161) for the general fund and \$-0- for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 959,964	\$ 959,964
Special Revenue Fund	\$ 279,421		279,421
Debt Service Fund		59,215	59,215
Food Service Fund	<u>7,354</u>	<u>-</u>	<u>7,354</u>
Total Financial Assistance	<u>\$ 286,775</u>	<u>\$ 1,019,179</u>	<u>\$ 1,305,954</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, 2010**

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

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

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$290,547 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010. The amount reported as TPAF Pension System Contributions in the amount of \$14,098 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$264,785 represents the amount paid by the State on behalf of the District for the year ended June 30, 2010.

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

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

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**Financial Statement Section**

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

**Federal Awards Section**

**Not Applicable**



**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

*Part 2 – Schedule of Financial Statement Findings*

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

THERE ARE NONE.

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

**CURRENT YEAR FEDERAL AWARDS**

Not applicable.

**CURRENT YEAR STATE AWARDS**

None

**NORTHVALE BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.