SCHOOL DISTRICT OF THE
BOROUGH OF PALISADES PARK
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

School District
of the

Borough of Palisades Park

BOROUGH OF PALISADES PARK BOARD OF EDUCATION
Palisades Park, New Jersey

Comprehensive Annual Financial Report
Year Ended June 30, 2012

Comprehensive Annual Financial Report

of the

BOROUGH OF PALISADES PARK
BOARD OF EDUCATION
Palisades Park, New Jersey

Year Ended June 30, 2012

Prepared by

Borough of Palisades Park Board of Education
Finance Department

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INTRODUCTORY SECTION

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mhayes@palpkschools.org

Dr. Mark Hayes
Interim Superintendent

TEL: 201-947-3550
FAX: 201-585-9214

December 1, 2012

Honorable President and
Members of the Board of Education
Palisades Park School District
Palisades Park, New Jersey 07650

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Palisades Park School District for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four (4) sections: Introductory, Financial, Statistical and Single Audit.

The Introductory Section includes this transmittal letter, the District's Organizational Chart and a list of Principal Officers.

The Financial Section includes the general purpose financial statements and schedules, as well as the auditor's 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 U.S. Office of Management and Budget Circular A-144, "Audits of State and Local Governments". And the State of 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 auditor's report on the internal control structure and compliance with appliance laws and the single audit section of this report.

1.) ***Reporting Entity and its Services:*** *The Palisades Park School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Palisades Park Board of Education and all its schools constitute the District's reporting entity.*

The District provides a full range of educational services appropriate to grade levels Kindergarten through 12. These include regular, vocational, as well as special education for students with special needs. The District completed the school year with an enrollment of 1,601 students, which is 7.16% more than the previous year's enrollment. The following chart details the changes in student enrollment over the last five (5) years:

AVERAGE DAILY ENROLLMENT

FISCAL YEAR	*STUDENT ENROLLMENT*	*PERCENTAGE CHANGE*
2007-2008	*1,459*	*3.5%*
2008-2009	*1,440*	*(2.0%)*
2009-2010	*1,494*	*4.0%*
2010-2011	*1,601*	*7.16%*
2011-2012	*1,599*	*(00.12)*

2.) ***Economic Conditions and Outlook:*** *Within the last five (5) years the population of the District has shifted from predominately English speaking students to a student population comprised of 45% Asian students, 32% Hispanic, 19% English-speaking, and 4% Others. The local population continues to grow mostly from overseas arrivals adding a strain to the school system's Bilingual, ESL, and Special Education programs.*

3.) Major Initiative: *While standardized test scores continue to improve and students are excelling, these are not the only measure of a successful school district. The family atmosphere found in the District creates a nurturing environment for our diverse population, enabling students to flourish emotionally and socially. The entire educational program is also enhanced by the quality relationships that exist between the students, staff and parents.*

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 statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonably, 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 aid, the District also is responsible for ensuring that an adequate internal control structure is in place to guarantee 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 fund, the special revenue fund, and the debt service fund. Project-length budgets are accounted for in the capital projects fund. The final budget amount amended for the fiscal year is reflected in the financial section.*

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of a fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reserves of a fund balance as of June 30, 2012.

6.) Accounting System and Reports: *The School District has prepared financial statements following GASB Statement 34, 'Basic Financial Statements and Management Discussion and Analysis for State and Local Governments". GASB 34 creates new basic financial statements for reporting on the School District's financial activities as follows:*

District-Wide Financial Statements: *These statements are prepared on a accrual basis of accounting, which is similar to the basis of accounting followed by many businesses. The district –wide statements distinguish between those activities of the school district that are governmental and those that are considered business type activities.*

Fund Financial Statements: *These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.*

Statements of Budgetary Comparison: *These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.*

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis for the School District. This discussion is located in the financial section of this report following the audit opinion and provides an assessment of the school district's finances for 2011 and a discussion of current issues that affect the outlook for the future.

7.) Cash Management: *The investment policy of the District is guided in large part State statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.*

8.) Risk Management: *The Board carries various forms of insurances, including but not limited to General Liability, Auto Coverage, Property & Building, Theft, Boiler & Machinery, Excess Liability and Fidelity Bonds.*

9.) Other Information: *State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva, P.A. was selected by the Board.*

In addition to meeting the requirements as set forth in State statutes, the audit also was designed to meet the requirements of OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB.

The auditor's report on the general purpose financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

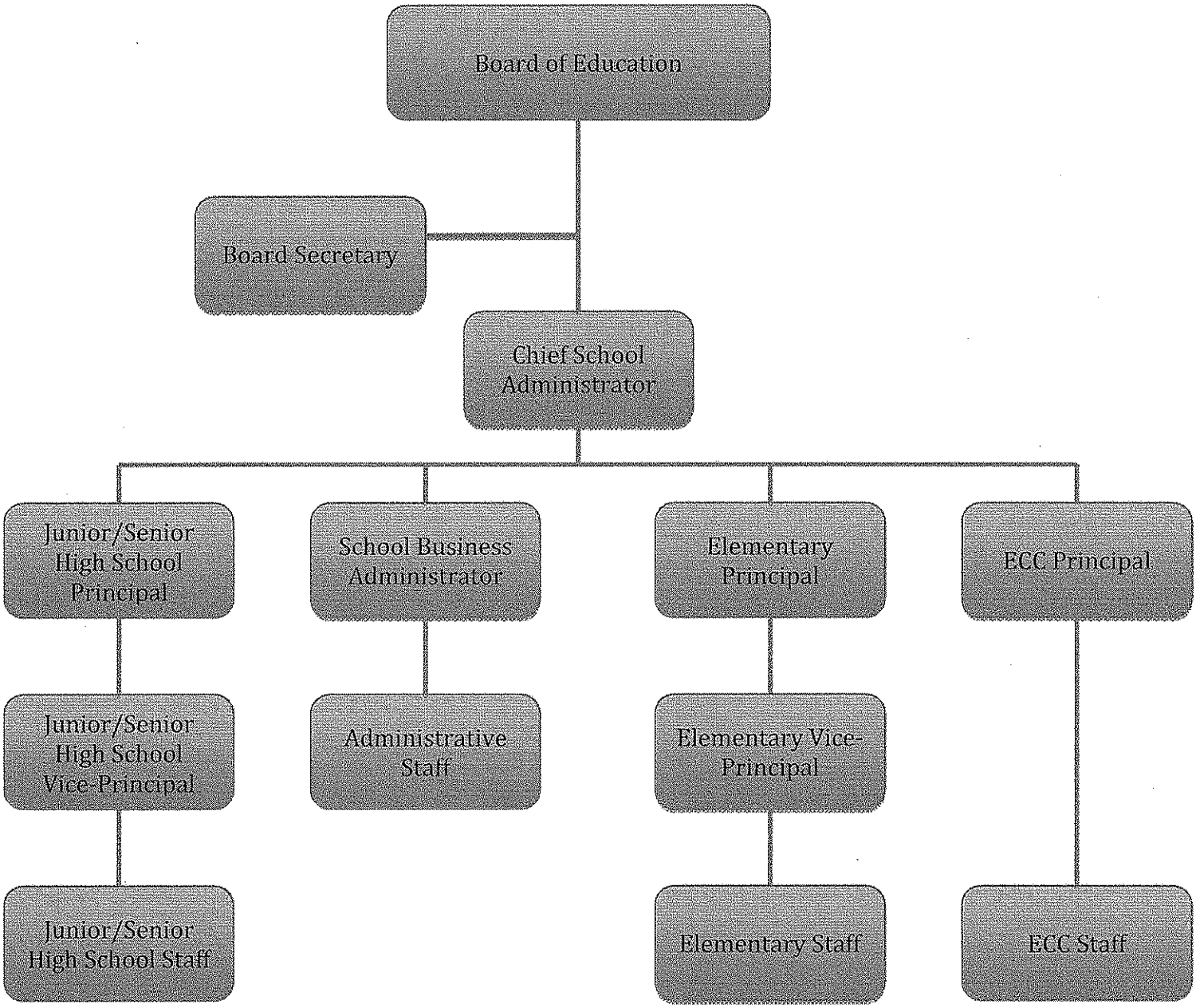
10.) Acknowledgements: *We would like to express our appreciation to the members of the Palisades park Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance 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,

Mark Hayes
Superintendent of Schools

Eulalia Gillis
Business Administrator


Board of Education
Board Secretary
Chief School Administrator
Junior/Senior High School Principal
School Business Administrator
Elementary Principal
ECC Principal
Junior/Senior High School Vice-Principal
Administrative Staff
Elementary Vice-Principal
Junior/Senior High School Staff
Elementary Staff
ECC Staff

PALISADES PARK BOARD OF EDUCATION

ROSTER OF OFFICIALS – JUNE 30, 2012

MEMBERS OF THE BOARD OF EDUCATION	*TERM EXPIRES*
Christopher Chung, President	*2015*
Ken Bruno, Vice-President	*2015*
Maria Alvarez	*2014*
George Beck, Jr.	*2013*
Howard Donovan	*2014*
Thomas Matarazzo	*2013*
John Mattessich	*2013*
James Ring	*2015*
Jeffrey Woo	*2014*

OTHER OFFICIALS

Dr. Mark Hayes, Superintendent of Schools

Eulalia Gillis, Business Administrator

Diane Montemurro, Board Secretary

Richard A. Brovarone, Board Attorney

PALISADES PARK BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

ARCHITECTS/ENGINEERS
Harsen and Johns, P.A.
230 West Passaic Street
Maywood, NJ 07607

Mount Vernon Group Architects
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LEGAL COUNSEL
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River Edge, NJ 07661

BOND COUNSEL
Rogut McCarthy PC
37 Alden Street
Cranford, NJ 07016

OFFICIAL DEPOSITORIES
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264 Broad Avenue
Palisades Park, NJ 07650

Bank of New Jersey
204 Main Street
Fort Lee, NJ 07024

Mariner's Bank
935 River Road
Edgewater, NJ 07020

Sovereign Bank
300 Broad Avenue
Palisades Park, NJ 07650

FINANCIAL SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

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INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Palisades Park School District
County of Bergen, New Jersey
Palisades Park, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Palisades Park School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Palisades Park School District 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund, and the aggregate remaining fund information of the Borough of Palisades Park Board of Education, in the County of Bergen, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

FWCC

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2012 on our consideration of the Borough of Palisades Park Board of Education's internal control over financial reporting and 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. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 22 and 56 through 62 are not a required part of the basic financial statements but are supplementary information required by the 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 performed for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Palisades Park Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules 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 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.

The accompanying schedules 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*, respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Steven D. Wielkotz
Licensed Public School Accountant
No. CS00816

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

FWCC

December 5, 2012

REQUIRED SUPPLEMENTARY INFORMATION - PART I

PALISADES PARK BOARD OF EDUCATION
PALISADES PARK , NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2012 UNAUDITED

The discussion and analysis of the Palisades Park Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net assets increased by $1,557,211. Net assets of governmental activities increased by $1,510,435 and net assets of business-type activity increased by $46,776.

- General revenues accounted for $23,362,369 in revenue or 93 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $1,723,511 or 7 percent of total revenues of $25,085,880.

- The School District had $22,769,435 in expenses related to governmental activities; only $917,517 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of $23,362,353 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (district-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

USING THIS ANNUAL REPORT, (continued)

District-Wide Financial Statements

The *statement of net assets and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Palisades Park Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

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

- Governmental Activities – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- Business-type Activity – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service Enterprise and After School Child Care funds are reported as business activities.

The two statements report the District's net assets and changes in them. The change in net assets can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

USING THIS ANNUAL REPORT, (continued)

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Palisades Park Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the district's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities).

The Palisades Park Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue, capital projects and debt service funds, which are considered to be major funds.

The Palisades Park Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

USING THIS ANNUAL REPORT, (continued)

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Palisades Park Board of Education uses proprietary funds to account for its food service program and after school child care program.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

USING THIS ANNUAL REPORT, (continued)

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Assets provides the perspective of the District as a whole. Net assets may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The School District's net assets were $16,031,260 at June 30, 2012 and $14,474,049 at June 30, 2011. Restricted net assets are reported separately to show legal constraints that limit the School District's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets for 2012 compared to 2011 (Table 1) and change in net assets (Table 2) of the School District.

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 1

Net Assets
June 30,

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other Assets	2,584,212	1,751,541	184,557	143,705	2,768,769	1,895,246
Capital Assets	17,251,777	17,180,947	52,276	55,457	17,304,053	17,236,404
Total Assets	19,835,989	18,932,488	236,833	199,162	20,072,822	19,131,650
Liabilities						
Other Liabilities	167,418	153,445	14,036	23,141	181,454	176,586
Noncurrent Liabilities	3,860,108	4,481,015			3,860,108	4,481,015
Total Liabilities	4,027,526	4,634,460	14,036	23,141	4,041,562	4,657,601
Net Assets						
Invested in Capital Assets- Net of Related Debt	15,429,884	14,998,336	52,276	55,457	15,482,160	15,053,793
Restricted	2,091,983	1,158,282			2,091,983	1,158,282
Unrestricted	(1,713,404)	(1,858,590)	170,521	120,564	(1,542,883)	(1,738,026)
Total Net Assets	15,808,463	14,298,028	222,797	176,021	16,031,260	14,474,049

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net assets for fiscal year 2012 compared to 2011.

Table 2
Changes in Net Assets
Year Ended June 30,

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services and Sales			475,312	453,405	475,312	453,405
Operating Grants and Contributions	917,517	1,269,808	330,682	300,134	1,248,199	1,569,942
General Revenues:						
Taxes:						
Property taxes, levied for general purposes	19,330,621	19,330,621			19,330,621	19,330,621
Property taxes levied for debt service	557,377	451,048			557,377	451,048
Federal and State Aid not Restricted	3,521,810	3,226,076			3,521,810	3,226,076
Miscellaneous Income	102,082	136,258			102,082	136,258
Investment Earnings	1,093	1,885	16	19	1,109	1,904
Additional Debt Issued - Refinancing	(59,000)				(59,000)	
Prior Year Tax Levy Receivable Cancelled	(91,630)				(91,630)	
Total Revenues and Transfers	24,279,870	24,415,696	806,010	753,558	25,085,880	25,169,254

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Functions/Program Expenses						
Instruction:						
Regular	10,341,592	10,662,311			10,341,592	10,662,311
Special Instruction	2,054,862	1,868,859			2,054,862	1,868,859
Other Special Instruction	1,057,891	1,151,586			1,057,891	1,151,586
Other Instruction	373,956	428,209			373,956	428,209
Support Services:						
Tuition	1,005,019	1,115,096			1,005,019	1,115,096
Student & Instruction Related Services	1,687,292	1,981,549			1,687,292	1,981,549
School Administrative Services	1,190,789	1,150,570			1,190,789	1,150,570
General Administrative Services	544,426	600,628			544,426	600,628
Central Administration	421,032	459,071			421,032	459,071
Plant Operations and Maintenance	1,776,438	1,742,288			1,776,438	1,742,288
Pupil Transportation	352,095	394,176			352,095	394,176
Unallocated Benefits	1,566,083	2,033,987			1,566,083	2,033,987
Charter Schools						0
Capital Outlay - Non-Depreciable	19,507	50,237			19,507	50,237
Debt Service:						
Interest and Other Charges	147,657	147,782			147,657	147,782
Unallocated Depreciation	230,796	269,209			230,796	269,209
Food Service			676,450	643,513	676,450	643,513
After School Child Care			82,784	91,453	82,784	91,453
Total Expenses and Transfers	22,769,435	24,055,558	759,234	734,966	23,528,669	24,790,524
Increase or (Decrease) in Net Assets	1,510,435	360,138	46,776	18,592	1,557,211	378,730

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was $23,528,669. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only $19,887,998 because some of the cost was paid by those who benefitted from the programs $475,312, by other governments and organizations who subsidized certain programs with grants and contributions $1,248,199, and by miscellaneous sources $3,474,371.

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food service revenues exceeded expenses by $21,990.
- ✓ After school child care revenues exceeded expenses by $24,770.
- ✓ Charges for services provided totaled $475,312. This represents amounts paid by consumers for daily food services and after school child care.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches, and donated commodities was $330,682.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2012, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditures item to the district but is required to be reflected in the financial statements.

General Fund

The general fund actual revenue was $22,998,148. That amount is $1,943,901 above the final amended budget of $21,054,247. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of $1,801,051 for TPAF social security reimbursements and on-behalf pension payments, $82,433 of unanticipated extraordinary aid and $60,417 of various unanticipated revenues.

The actual expenditures of the general fund were $22,027,280, including transfers which is $410,138 above the final amended budget of $21,617,142. The variance between the actual expenditures and final budget was due to non-budgeted on-behalf TPAF social security and pension payments of $1,801,051 and $1,390,913 of unexpended budgeted funds.

The General fund had total revenues of $22,998,148 and total expenditures including transfers of $22,027,280 with an ending fund balance of $2,651,405 on the budgetary basis.

Special Revenue Fund

The special revenue fund actual revenue was $1,063,294. That amount is above the original budget estimate of $794,633 and below the final amended budget of $1,097,957. The $303,324 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved. The $34,663 variance between the final amended budget and the June 30, 2012 actual results was due to the deferral of Federal and State grants received in the current fiscal year to be spent in the next fiscal year and non-public aid due back to the State of New Jersey.

Special Revenue Fund, (continued)

The actual expenditures of the special revenue fund were $1,063,294, which is above the original budget of $794,633 and below the final amended budget of $1,097,957. The $303,324 variance between the original and final budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved. The $34,663 variance between the final amended budget and the June 30, 2012 actual results was due to the anticipation of fully expending federal and state grant programs and non-public aid due back to the State of New Jersey.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2012 the School District had $24,343,374 invested in land, buildings and building improvements, machinery and equipment and construction in progress. Of this amount, $7,039,321 in depreciation has been taken over the years. We currently have a net book value of $17,304,053. Total depreciable additions for the year were $147,125 which consisted mainly of various building and land improvements and instructional equipment purchases. Table 3 shows fiscal year 2012 balances compared to 2011.

Table 3
Capital Assets at June 30,
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	9,613,650	9,613,650			9,613,650	9,613,650
Land Improvements	114,000	118,030			114,000	118,030
Construction in Progress	210,776				210,776	
Buildings and Improvements	7,135,312	7,362,078	50,194	53,145	7,185,506	7,415,223
Furniture, Equipment and Vehicles	178,039	87,189	2,082	2,312	180,121	89,501
	17,251,777	17,180,947	52,276	55,457	17,304,053	17,236,404

CAPITAL ASSETS AND DEBT ADMINISTRATION, (continued)

Debt Administration

At June 30, 2012, the District had $3,860,108 in long term debt. Of this amount, $1,139,215 is for compensated absences, $112,246 is for economic development authority loans, $1,709,647 is for certificates of participation used to finance the construction of additions and renovations of the existing school buildings, and $899,000 is for refunding serial bonds to fund the District's unfunded pension liability with the State of New Jersey. For more detailed information, please refer to the Notes to the Financial Statements

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The economy in the State of New Jersey is slowly improving. The current State of New Jersey revenue estimates have increased to the point that the legislature and governor have approved a State Aid funding bill for the 2012-2013 school year that is slightly higher than the level of the 2011-2012 school year.

The following factors were considered in preparing the 2012-2013 fiscal year budget:

- Estimated Student Enrollment
- Sources of revenue
- Cost of negotiated salaries and benefits
- Cost of fixed charges
- Mandated Programs
- Requirements for health and safety issues

Prior to the end of fiscal 2004, S1701 was enacted. The law is meant to control public school district budgets by revising the calculation of budget caps and reducing surplus. Starting in 2005-06 the CAP will be set at 2.5% or the cost of living, whichever is greater. A number of other changes will affect the calculation of SGLA's and per pupil administrative costs. Any undesignated general fund balance in excess of 2% or $250,000, whichever is greater must be appropriated for tax relief.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Palisades Park Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Eulalia Gillis
School Business Administrator
Palisades Park Board of Education
270 First Street
Palisades Park, New Jersey 07407

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

PALISADES PARK BOARD OF EDUCATION
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	1,351,943	154,634	1,506,577
Receivables, net	156,058	17,645	173,703
Inventory		12,278	12,278
Restricted assets:			
Capital reserve account - cash	1,076,211		1,076,211
Capital assets:			
Land and construction in progress	9,824,426		9,824,426
Other Capital assets, net	7,427,351	52,276	7,479,627
Total Assets	19,835,989	236,833	20,072,822
LIABILITIES			
Accounts payable and accrued liabilities	87,067	14,036	101,103
Payable to federal government	24,763		24,763
Payable to state government	41,011		41,011
Interfund Payable	870		
Deferred revenue	13,707		13,707
Noncurrent liabilities:			
Due within one year	784,601		784,601
Due beyond one year	3,075,507		3,075,507
Total liabilities	4,027,526	14,036	4,040,692
NET ASSETS			
Invested in capital assets, net of related debt	15,429,884	52,276	15,482,160
Restricted for:			
Debt service	(113,219)		(113,219)
Capital projects	1,117,006		1,117,006
Other purposes	1,088,196		1,088,196
Unrestricted (Deficit)	(1,713,404)	170,521	(1,542,883)
Total net assets	15,808,463	222,797	16,031,260

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

Exhibit A-2

PALISADES PARK BOARD OF EDUCATION
Statement of Activities
Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:								
Instruction:								
Regular	8,528,314	1,813,278		666,618		(9,674,974)		(9,674,974)
Special education	1,595,952	458,910				(2,054,862)		(2,054,862)
Other special instruction	841,743	216,148				(1,057,891)		(1,057,891)
Other instruction	319,126	54,830				(373,956)		(373,956)
Support services:								
Tuition	1,005,019					(1,005,019)		(1,005,019)
Attendance & Social Work	1,450	374				(1,824)		(1,824)
Health Services	218,320	53,592				(271,912)		(271,912)
Student & instruction related services	1,189,007	224,549		250,899		(1,162,657)		(1,162,657)
School administrative services	953,341	237,448				(1,190,789)		(1,190,789)
General administrative services	508,287	36,139				(544,426)		(544,426)
Central Services	351,369	69,663				(421,032)		(421,032)
Plant operations and maintenance	1,558,471	217,967				(1,776,438)		(1,776,438)
Pupil transportation	352,095					(352,095)		(352,095)
Unallocated benefits	1,566,083					(1,566,083)		(1,566,083)
Capital outlay - non-depreciable	19,507					(19,507)		(19,507)
Interest on long term debt	147,657					(147,657)		(147,657)
Unallocated depreciation	230,796					(230,796)		(230,796)
Total governmental activities	19,386,537	3,382,898	-	917,517	-	(21,851,918)	-	(21,851,918)
Business-type activities:								
Food Service	676,450		367,758	330,682	-		21,990	21,990
After School Child Care	82,784		107,554				24,770	24,770
Total business-type activities	759,234		475,312	330,682	-		46,760	46,760
Total primary government	20,145,771		475,312	1,248,199	-	(21,851,918)	46,760	(21,805,158)
General revenues:								
Taxes:								
Property taxes, levied for general purposes						19,330,621		19,330,621
Taxes levied for debt service						557,377		557,377
Federal and State aid not restricted						3,521,810		3,521,810
Investment Earnings						1,093		1,093
Miscellaneous Income						102,082	16	102,098
Other Financing Sources (Uses)								
Proceeds from Refunding Bonds Issued						(59,000)		(59,000)
Cancellation of Prior Year Tax Levy Receivable						(91,630)		(91,630)
Total general revenues, special items, extraordinary items and transfers						23,362,353	16	23,362,369
Change in Net Assets						1,510,435	46,776	1,557,211
Net Assets---beginning						14,298,028	176,021	14,474,049
Net Assets---ending						15,808,463	222,797	16,031,260

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

PALISADES PARK BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	1,361,347	62,443	41,372		1,465,162
Accounts Receivable -					
Intergovernmental - State	129,913				129,913
Intergovernmental - Federal	9,684	16,461			26,145
Restricted cash and cash equivalents	1,076,211				1,076,211
Total assets	2,577,155	78,904	41,372	-	2,697,431
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft				113,219	113,219
Accounts payable	52,204				52,204
Intergovernmental accounts payable:					
State		40,434	577		41,011
Federal		24,763			24,763
Interfund payables	870				870
Deferred revenue		13,707			13,707
Total liabilities	53,074	78,904	577	113,219	245,774
Fund Balances:					
Restricted for:					
Excess Surplus - current year	130,537				130,537
Excess Surplus - prior year - designated for subsequent year's expenditures	17,694				17,694
Capital reserve	1,076,211				1,076,211
Committed to:					
Year End Encumbrances	757,659				757,659
Assigned to:					
Debt service				(113,219)	(113,219)
Designated by the Board of Education for Subsequent year's expenditures	182,306				182,306
Capital projects			40,795		40,795
Unassigned:					
General fund	359,674				359,674
Total Fund balances	2,524,081	-	40,795	(113,219)	2,451,657
Total liabilities and fund balances	2,577,155	78,904	41,372	-	

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 $24,175,523 and the accumulated depreciation is $6,923,746.	17,251,777
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds	(34,863)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilties in the funds (see Note 3)	(3,860,108)
Net assets of governmental activities	15,808,463

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

Exhibit B-2

PALISADES PARK BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	19,330,621			557,377	19,887,998
Interest Earned on Capital Reserve Funds	1,093				1,093
Miscellaneous	102,082	50,000			152,082
Total - Local Sources	19,433,796	50,000	-	557,377	20,041,173
State sources	3,499,681	119,539			3,619,220
Federal sources	22,129	747,978			770,107
Total revenues	22,955,606	917,517	-	557,377	24,430,500
EXPENDITURES					
Current:					
Regular instruction	7,836,847	666,618			8,503,465
Special education instruction	1,595,952				1,595,952
Other special instruction	841,743				841,743
School sponsored/other instructional	319,126				319,126
Support services and undistributed costs:					
Tuition	1,005,019				1,005,019
Attendance & Social Work	1,450				1,450
Health services	218,320				218,320
Student & instruction related services	926,187	250,899			1,177,086
School administrative services	945,191				945,191
General administrative services	508,287				508,287
Central services	351,369				351,369
Plant operations and maintenance	1,547,116				1,547,116
Pupil transportation	352,095				352,095
Unallocated benefits	3,400,119				3,400,119
On-behalf contributions	1,801,051				1,801,051
Debt Service:					
Principal				427,718	427,718
Interest and other charges				129,658	129,658
Capital outlay	377,408				377,408
Total expenditures	22,027,280	917,517	-	557,376	23,502,173
Excess (Deficiency) of revenues over expenditures	928,326	-	-	1	928,327
OTHER FINANCING SOURCES (USES)					
Cancellation of Prior Year Accounts Receivable	(91,630)				(91,630)
Total other financing sources and uses	(91,630)	-	-	-	(91,630)
Net change in fund balances	836,696	-	-	1	836,697
Fund balance—July 1	1,687,385	-	40,795	(113,220)	1,614,960
Fund balance—June 30	2,524,081	-	40,795	(113,219)	2,451,657

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

PALISADES PARK BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Fiscal Year Ended June 30, 2012

Total net change in fund balances - governmental funds (from B-2)		836,697
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	(287,071)	
Non-Depreciable Capital Outlays - Construction in Progress	210,776	
Depreciable Capital outlays	147,125	
		70,830
Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. In the current year , these amounts consist of:		
Principal Payments on Bond Obligations	67,000	
Principal Payments on Loan Obligations	53,258	
Principal Payments on Capital Leases	307,460	
		427,718
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an adjustment in the reconciliation.		
Prior year		16,864
Current year		(34,863)
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
2003 Pension Liability Refunded	768,000	
2012 School Refunding Bonds Issued	(827,000)	
		(59,000)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
Decrease in compensated absences payable		252,189
Change in net assets of governmental activities		1,510,435

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

Exhibit B-4

PALISADES PARK BOARD OF EDUCATION
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Food Service Program	After School Child Care	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	73,779	80,855	154,634
Accounts receivable:			
State	510		510
Federal	16,265		16,265
Interfund	870		870
Inventories	12,278		12,278
Total current assets	103,702	80,855	184,557
Noncurrent assets:			
Capital assets:			
Equipment	108,801		108,801
Site Improvements	59,050		59,050
Less accumulated depreciation:			
Equipment	(106,719)		(106,719)
Site Improvements	(8,856)		(8,856)
Total capital assets (net of accumulated depreciation)	52,276	-	52,276
Total assets	155,978	80,855	236,833
LIABILITIES			
Current liabilities:			
Accounts payable	14,036		14,036
Total current liabilities	14,036	-	14,036
NET ASSETS			
Invested in capital assets net of related debt	52,276	-	52,276
Unrestricted	89,666	80,855	170,521
Total net assets	141,942	80,855	222,797

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

Exhibit B-5

PALISADES PARK BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Fiscal Year Ended June 30, 2012

	Food Service Program	After School Child Care	Totals
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	364,226		364,226
Daily sales - non-reimbursable programs	3,532		3,532
Tuition fees		107,554	107,554
Total operating revenues	367,758	107,554	475,312
Operating expenses:			
Cost of sales	294,198		294,198
Salaries	218,859	80,069	298,928
Supplies and materials	34,187	2,715	36,902
Employee benefits	71,964		71,964
Cleaning repair & maintenance	26,346		26,346
Purchased services	27,715		27,715
Depreciation	3,181		3,181
Total Operating Expenses	676,450	82,784	759,234
Operating income (loss)	(308,692)	24,770	(283,922)
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	8,787		8,787
Federal sources:			
National school lunch program	244,435		244,435
National school breakfast program	35,958		35,958
Food distribution program	41,502		41,502
Interest and investment revenue	16		16
Total nonoperating revenues (expenses)	330,698	-	330,698
Change in net assets	22,006	24,770	46,776
Total net assets—beginning	119,936	56,085	176,021
Total net assets—ending	141,942	80,855	222,797

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

Exhibit B-6

PALISADES PARK BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2012

	Food Service Program	After School Child Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	367,758	107,554	475,312
Payments to employees		(80,069)	(80,069)
Payments to Outside Food Service Management Company	(614,784)		(614,784)
Payments for repairs, maintenance	(14,826)		(14,826)
Payments for supplies	(10,151)	(2,715)	(12,866)
Net cash provided by (used for) operating activities	(272,003)	24,770	(247,233)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	8,950		8,950
Federal Sources	284,125		284,125
Net cash provided by (used for) non-capital financing activities	293,075	-	293,075
CASH FLOWS FROM INVESTING ACTIVITIES			-
Interest and dividends	16		16
Net cash provided by (used for) investing activities	16	-	16
Net increase (decrease) in cash and cash equivalents	21,088	24,770	45,858
Balances—beginning of year	52,691	56,085	108,776
Balances—end of year	73,779	80,855	154,634
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(308,692)	24,770	(283,922)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	3,181		3,181
Food Distribution Program	41,502		41,502
(Increase) decrease in inventories	1,111		1,111
(Increase) decrease in accounts payable	(9,105)		(9,105)
Total adjustments	36,689	-	36,689
Net cash provided by (used for) operating activities	(272,003)	24,770	(247,233)

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

Exhibit B-7

PALISADES PARK BOARD OF EDUCATION
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Funds	Agency Funds
ASSETS			
Cash and cash equivalents	46,405	4,449	150,768
Interfund Receivable - Payroll Agency	12,899		
Total assets	59,304	4,449	150,768
LIABILITIES			
Payable to student groups			103,744
Payroll deductions and withholdings			34,125
Interfund Payable - Unemployment Compensation Trust			12,899
Total liabilities	-	-	150,768
NET ASSETS			
Held in trust for unemployment claims and other purposes	59,304		
Reserved for Scholarships		4,449	

Exhibit B-8

PALISADES PARK BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Fiscal Year Ended June 30, 2012

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Employee Deductions	22,013	
Employer Contributions	50,000	
Overpayment Refunds	148	
Total Contributions	72,161	
Investment earnings:		
Interest	9	41
Net investment earnings	9	41
Total additions	72,170	41
DEDUCTIONS		
Prior year receivables cancelled	1,871	
Unemployment assessment billings	545	
Unemployment claims	35,229	
Total deductions	37,645	-
Change in net assets	34,525	41
Net assets—beginning of the year	24,779	4,408
Net assets—end of the year	59,304	4,449

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY:

The Board of Education ("Board") of the Borough of Palisades Park School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Palisades Park School District is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-12. 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 primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization's board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Board of Education of the Borough of Palisades Park School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Board also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the board's accounting policies are described below.

A. Basis of Presentation:

The Board's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

A. Basis of Presentation: (continued)

District-wide Financial Statements:

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *government, proprietary,* and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

GOVERNMENTAL FUNDS, (continued)

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

PROPRIETARY FUNDS, (continued)

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service and After School Child Care Funds.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net assets and changes in net assets. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Unemployment Compensation Insurance, Student Activities Fund and Payroll Agency Fund.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net assets and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net assets, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts 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. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

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 last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in 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.

E. Encumbrances:

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.

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

F. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Tuition Revenues/Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net assets and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of $2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activity Estimated Lives
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

L. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

M. Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

O. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

O. Fund Balances: (continued)

- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

P. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Q. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

R. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

S. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

T. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

Cash

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 District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2012, $-0- of the District's bank balance of $3,503,836 was exposed to custodial credit risk.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)

Investments

Investment Rate Risk

The District 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. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 4. RECEIVABLES

Receivables at June 30, 2012, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial Statements	Business-Type Activities	District Wide Financial Statements
State Aid	$129,913	$510	$130,423
Federal Aid	26,145	16,265	42,410
Other		870	870
Gross Receivables	156,058	17,645	173,703
Less: Allowance for Uncollectibles			
Total Receivables, Net	$156,058	$17,645	$173,703

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Interfund transfers for the year ended June 30, 2012 consisted of $870 due from the General Fund to the Proprietary Fund for subsidy reimbursement receipts not turned over.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance 6/30/11	Additions	Deductions	Balance 6/30/12
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$9,613,650	$	$	$9,613,650
Construction in progress		210,776		210,776
Total Capital Assets Not Being Depreciated	9,613,650	210,776		9,824,426
Land Improvements	132,726			132,726
Buildings and Improvements	13,078,231			13,078,231
Machinery and Equipment	993,015	147,125		1,140,140
Totals at Historical Cost	14,203,972	147,125		14,351,097
Less Accumulated Depreciation:				
Land Improvements	(14,696)	(4,030)		(18,726)
Buildings and Improvements	(5,716,153)	(226,766)		(5,942,919)
Machinery and Equipment	(905,826)	(56,275)		(962,101)
Total Accumulated Depreciation	(6,636,675)	(287,071)		(6,923,746)
Total Capital Assets Being Depreciated, Net of accumulated depreciation	7,567,297	(139,946)		7,427,351
Governmental Activities Capital Assets, Net	$17,180,947	$70,830	$	$17,251,777
Business-Type Activities				
Equipment	108,801			108,801
Site Improvements	59,050			59,050
Totals at Historical Cost	167,851			167,851
Less Accumulated Depreciation for:				
Equipment	(106,489)	(230)		(106,719)
Site Improvements	(5,905)	(2,951)		(8,856)
Total Accumulated Depreciation	(112,394)	(3,181)		(115,575)
Business-Type Activity Capital Assets, Net	$55,457	($3,181)	$	$52,276

Depreciation expense was not allocated to governmental functions. It appears on the Statement of Activities as "Unallocated Depreciation".

NOTE 6. CAPITAL ASSETS, (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	
Support Services:	
Instruction	$24,849
Student & instruction related services	11,921
School Administration	8,150
Plant Operations and Maintenance	11,355
Unallocated	230,796
	$287,071

NOTE 7. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended was as follows;:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Long-term Debt Obligations:					
General Loan Obligation Debt	$165,504	$	$53,258	$112,246	$55,136
General Bond Obligation Debt	907,000	827,000	835,000	899,000	89,000
Total Bonds Payable	1,072,504	827,000	888,258	1,011,246	144,136
Other Liabilities:					
Certificates of Participation	2,017,107		307,460	1,709,647	398,083
Compensated Absences Payable	1,391,404	33,638	285,827	1,139,215	242,382
Total Other Liabilities	3,408,511	33,638	593,287	2,848,862	640,465
	$4,481,015	$860,638	$1,481,545	$3,860,108	$784,601

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

NOTE 7. LONG-TERM OBLIGATIONS, (continued)

A. Bonds Payable, (continued):

Outstanding bonds payable at June 30, 2012 consisted of the following:

Issue	Issue Date	Interest Rates	Date of Maturity	Principal Balance June 30, 2012
2003 Refund Pension Liability Bonds	03/01/2003	3.00%-5.35%	03/15/2013	$72,000
2012 School Refunding Bonds	05/17/2012	.43%-2.959%	03/15/2021	827,000
				$899,000

Principal and interest due on bonds outstanding is as follows:

Year ending June 30,	Principal	Interest	Total
2013	$89,000	$18,853	$107,853
2014	93,000	15,036	108,036
2015	93,000	14,459	107,459
2016	95,000	13,680	108,680
2017	100,000	12,505	112,505
2018-2021	429,000	29,172	458,172
	$899,000	$103,705	$1,002,705

B. Bonds Authorized But Not Issued:

As of June 30, 2012 the Board has no authorized but not issued bonds.

C. Intergovernmental Loans Payable:

The Board entered into a loan agreement with the New Jersey Economic Development Agency, for the financing relating to the school renovations. all loans are retired in serial installments within the statutory period of usefulness. Following are the remaining maturities for the outstanding principal and interest on the loans.

Principal and interest due on loans outstanding is as follows:

Year ending June 30,	Principal	Interest	Total
2013	$55,136	$3,856	$58,992
2014	57,110	1,303	58,413
	$112,246	$5,159	$117,405

NOTE 7. LONG-TERM OBLIGATIONS, (continued)

D. Lease Purchase Agreements

On May 1, 2007, the Board of Education entered into a lease purchase agreement with All Points Public Funding, LLC to refinance the outstanding certificates of participation of $1,305,000 originally issued in 1993 and $1,840,000 originally issued in 1997. The Board, pursuant to satisfying all legal requirements for a lease purchase transaction set forth in N.J.S.A. 18A:20-4.2(f) and N.J.A.C. 6:22A-1.2, including the conducting of public hearings, the solicitation of proposals for an underwriter and a lessor, the adoption of resolutions approving a maximum funding level and endorsing the lease purchase financing and the receipt of approvals for the financing from the New Jersey Department of Education and the Local Finance Board in the Division of Local Government Services, New Jersey Department of Community Affairs; approved the final official statement for Certificates of Participation in the par amount of $3,087,069.

	5/1/07
Construction	$3,273,720
Costs of Issuance	75,000
	3,348,720
Accrued Interest	
Reserve Fund	(261,651)
Underwriter's Discount	
	$3,087,069

Future Minimum Lease Payments: Future minimum lease payments under the lease purchase agreements along with the present value of the minimum lease payments as of June 30, 2012 are:

Fiscal Year Ending June 30	Amount
2013	$460,773
2014	472,783
2015	438,416
2016	331,307
2017	159,119
Total minimum lease payments	1,862,398
Less amount representing interest	(152,751)
Present value of lease payments	$1,709,647

Optional Prepayment

The Certificate maturities due prior to August 1, 2012 are not subject to redemption prior to maturity. The Certificate maturities due on or after May 1, 2013 are subject to redemption at the option of the Board on or after August 1, 2012, at a redemption price equal to 101% of the principal amount thereof plus accrued interest, if any.

NOTE 8. OPERATING LEASES

The district has commitments to lease copying equipment, computers and a phone system under operating leases which expire in July 2015. Total operating lease payments made during the year ended June 30, 2012 were $251,730. Future minimum lease payments are as follows:

Year ending June 30,	Amount
2013	$232,246
2014	216,596
2015	41,875
2016	3,490
Total Minimum lease payments	$494,207

NOTE 9. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

NOTE 9. PENSION PLANS, (continued)

Contribution Requirements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2007 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. 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.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

Year Ending	
6/30/12	$205,371
6/30/11	146,303
6/30/10	120,954

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits were as follows:

Year Ending	Pension and Post-Retirement Medical Contributions	NCGI Premium
6/30/12	$1,012,106	$33,668
6/30/11	669,046	31,499
6/30/10	670,776	35,715

NOTE 9. PENSION PLANS, (continued)

During the year ended June 30, 2012, the State of New Jersey contributed $1,045,774, to the TPAF for normal pension contributions, NCGI Premium contributions and post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board $755,277 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than $5,000 annually, the official may choose to waiver participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS. A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

The Board has employees who do not meet the requirements to join PERS or TPAF but hold a professional license or certificate and qualify for DCRP pursuant to foregoing requirements.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding 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 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2011, the State paid $144 million toward Chapter 126 benefits for 15,709 eligible retired members.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable	Great American
Mass Mutual	Valic
Metropolitan Life	

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

NOTE 12. RISK MANAGEMENT, (continued)

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

Fiscal Year	Interest Earnings/ District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2011-2012	$50,009	$22,013	$37,645	$59,304
2011-2010	34,014	20,977	76,582	24,779
2010-2009	49	21,709	12,386	46,370

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Palisades Park Board of Education by inclusion of $1.00 on October 18, 2000 for the accumulation of funds for use as 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. The balance at June 30, 2012 is $1,076,211.

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. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2011	$650,118
Interest earnings	1,093
Deposits:	
Approved at June 28, 2012	425,000
Ending balance, June 30, 2012	$1,076,211

NOTE 14. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the $2,524,081 General Fund balance at June 30, 2012, $757,659 is reserved for encumbrances; $148,231 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 ($17,694 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2013); $1,076,211 has been reserved in the Capital Reserve Account; $182,306 has been appropriated and included as anticipated revenue for the year ending June 30, 2013; and $359,674 is unreserved and undesignated.

The District has an accumulated deficit of $(113,219) in the Debt Service Fund as of June 30, 2012. This deficit is the result of an oversight to adequately budget appropriations to cover the required debt service payments. As the District permanently finances these appropriations, the District will realize as revenues the proceeds of the financing. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004 c.73 (S1701) 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 at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is $148,231. Of this amount, $130,537 is the result of the current year's operations.

NOTE 16. INVENTORY

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	$10,868
Supplies	1,410
	$12,278

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 17. CONTINGENT LIABILITIES

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 17. CONTINGENT LIABILITIES, (continued)

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

Defalcation - The District was the subject of a defalcation in fiscal year 2009 by it's now bankrupt payroll service provider, Ameripay. Although federal tax returns were filed by the company for the fourth quarter of 2008 and the first and second quarter of 2009, Ameripay failed to remit all federal tax withholdings owed. As a result, the District has entered into a settlement agreement with the Department of the Treasury-Internal Revenue Service. Under this agreement, the District was required to pay $106,646.

The Internal Revenue Service accepted the District's offer in compromise with respect to the outstanding tax withholdings owed from fiscal year 2009 by way of letter dated October 17, 2012. The District made the final required payment of $85,316.80 on October 23, 2012. Notification that the payment was received was sent by the Internal Revenue Service per letter dated November 20, 2012. In addition, the District settled with the bankruptcy trustee handling the now defunct payroll service provider Ameripay's case for a payment of $52,204.28. The issues pertaining to the defalcation that occurred in fiscal year 2009 are now considered resolved.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
General Fund:					
Revenues from Local Sources:					
Local Tax Levy	19,330,621		19,330,621	19,330,621	
Interest Earned on Capital Reserve Funds				1,093	1,093
Unrestricted Miscellaneous Revenues	46,834		46,834	102,082	55,248
Total - Local Sources	19,377,455		19,377,455	19,433,796	56,341
Revenues from State Sources:					
Categorical Special Education Aid	867,132		867,132	867,132	
Equalization Aid	781,607		781,607	781,607	
Extraordinary Aid	10,000		10,000	92,433	82,433
TPAF Pension and Postretirement					
Medical Contribution (On-Behalf - Non-Budgeted)				1,012,106	1,012,106
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				33,668	33,668
Reimbursed TPAF Social Security Contributions (non-budgeted)				755,277	755,277
Total - State Sources	1,658,739		1,658,739	3,542,223	1,883,484
Revenues from Federal Sources:					
Education Jobs Fund		2,370	2,370	2,370	
Special Education Medicaid Initiative	15,683		15,683	19,759	4,076
Total - Federal Sources	15,683	2,370	18,053	22,129	4,076
TOTAL REVENUES	21,051,877	2,370	21,054,247	22,998,148	1,943,901
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	410,981	18,280	429,261	429,261	
Grades 1-5 - Salaries of Teachers	3,056,624	(123,568)	2,933,056	2,869,360	63,696
Grades 6-8 - Salaries of Teachers	765,258	(31,610)	733,648	681,266	52,382
Grades 9-12 - Salaries of Teachers	2,898,738	124,191	3,022,929	3,000,559	22,370
Regular Programs - Home Instruction:					
Salaries of Teachers	12,500		12,500	10,208	2,292
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	52,000	(21,023)	30,977	30,977	
Purchased Professional-Educational Services	1,700		1,700	1,596	104
Purchased Technical Services	121,440	40,417	161,857	161,857	
Other Purchased Services (400-500 series)	28,250	(22,199)	6,051	2,468	3,583
General Supplies	539,772	105,512	645,284	567,246	78,038
Textbooks	35,786	(20,507)	15,279	13,692	1,587
Other Objects	100,000	(26,929)	73,071	68,357	4,714
TOTAL REGULAR PROGRAMS - INSTRUCTION	8,023,049	42,564	8,065,613	7,836,847	228,766
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	323,109	89,028	412,137	403,470	8,667
General Supplies	5,197	1,253	6,450	3,566	2,884
Total Neurologically Impaired	328,306	90,281	418,587	407,036	11,551
Resource Room/Resource Center:					
Salaries of Teachers	596,009	86,072	682,081	662,081	20,000
Other Salaries for Instruction	130,303	43,450	173,753	156,079	17,674
Total Resource Room/Resource Center	726,312	129,522	855,834	818,160	37,674
Preschool Disabilities- Full-Time:					
Salaries of Teachers	196,551	(10,250)	186,301	186,301	
Other Salaries for Instruction	110,310	72,514	182,824	182,824	
Professional Svcs-Educational Services	10,768	(10,000)	768	248	520
General Supplies	5,000	(3,020)	1,980	1,383	597
Textbooks		2,500	2,500		2,500
Total Preschool Disabilities - Full-Time	322,629	51,744	374,373	370,756	3,617
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,377,247	271,547	1,648,794	1,595,952	52,842

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction					
Salaries of Teachers	290,674	(74,148)	216,526	196,526	20,000
General Supplies	2,025		2,025		2,025
Total Basic Skills/Remedial - Instruction	292,699	(74,148)	218,551	196,526	22,025
Bilingual Education - Instruction					
Salaries of Teachers	631,596	28,875	660,471	640,471	20,000
General Supplies	6,418	682	7,100	4,312	2,788
Textbooks	1,000		1,000	434	566
Total Bilingual Education - Instruction	639,014	29,557	668,571	645,217	23,354
School-Sponsored Cocurricular Activities - Instruction					
Salaries	100,000	(3,871)	96,129	34,579	61,550
Purchased Services (300-500 series)	2,969		2,969	1,238	1,731
Supplies and Materials	15,657	6,593	22,250	18,920	3,330
Total School-Sponsored Cocurricular Activities - Instruction	118,626	2,722	121,348	54,737	66,611
School-Sponsored Athletics - Instruction					
Salaries	216,856		216,856	177,741	39,115
Purchased Services (300-500 series)	50,000		50,000	44,936	5,064
Supplies and Materials	45,000	753	45,753	41,712	4,041
Total School-Sponsored Athletics - Instruction	311,856	753	312,609	264,389	48,220
TOTAL INSTRUCTION	10,762,491	272,995	11,035,486	10,593,668	441,818
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	279,738	(24,164)	255,574	129,890	125,684
Tuition to County Voc. School Dist. - Regular	242,100		242,100	242,100	
Tuition to County Voc. School Dist. - Special	26,100	(24,001)	2,099		2,099
Tuition to CSSD & Regional Day Schools	466,452		466,452	425,760	40,692
Tuition to Private Schools for the Handicapped - Within State	262,463	(25,902)	236,561	207,269	29,292
Total Undistributed Expenditures - Instruction:	1,276,853	(74,067)	1,202,786	1,005,019	197,767
Undistributed Expend. - Attend. & Social Work					
Salaries	5,500		5,500	1,450	4,050
Total Undistributed Expend. - Attend. & Social Work	5,500		5,500	1,450	4,050
Undist. Expend. - Health Services					
Salaries	192,954	15,963	208,917	207,525	1,392
Supplies and Materials	10,500	1,244	11,744	10,795	949
Total Undistributed Expenditures - Health Services	203,454	17,207	220,661	218,320	2,341
Undist. Expend. - Speech, OT, PT & Related Services					
Purchased Prof. Services-Educational Services	74,200	(39,032)	35,168	27,696	7,472
Total Undist. Expend. - Speech, OT, PT & Related Serv.	74,200	(39,032)	35,168	27,696	7,472
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	172,638	9,794	182,432	181,968	464
Salaries of Secretarial and Clerical Assistants	34,849		34,849	34,335	514
Supplies and Materials	4,000		4,000	1,290	2,710
Total Undist. Expend. - Guidance	211,487	9,794	221,281	217,593	3,688
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	533,869	(113,874)	419,995	377,380	42,615
Salaries of Secretarial and Clerical Assistants	81,788		81,788	70,879	10,909
Supplies and Materials	8,474	3,594	12,068	8,425	3,643
Total Undist. Expend. - Child Study Teams	624,131	(110,280)	513,851	456,684	57,167
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	1,500		1,500		1,500
Other Purchased Professional and Technical Services	400	94	494	494	
Other Purch Services (400-500)	400	(94)	306		306
Total Undist. Expend. - Improvement of Inst. Services	2,300		2,300	494	1,806

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	233,973		233,973	204,970	29,003
Supplies and Materials	23,112		23,112	18,750	4,362
Total Undist. Expend. - Educational Media Serv./Sch. Library	257,085		257,085	223,720	33,365
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	173,287	(19,994)	153,293	139,941	13,352
Legal Services	40,000	27,966	67,966	64,691	3,275
Audit Fees	39,000	(250)	38,750	38,750	
Other Purchased Professional Services	83,630	24,043	107,673	106,823	850
Communications/Telephone	103,124	(26,168)	76,956	71,271	5,685
Misc . Purch Services (400-500 Series)	27,500	(1,916)	25,584	15,267	10,317
General Supplies	7,000	(7,000)			
Judgements Against the School District		52,204	52,204	52,204	
Misc. Expenditures	12,185	3,319	15,504	7,402	8,102
BOE Membership Dues and Fees	13,500		13,500	11,938	1,562
Total Undist. Expend. - Supp. Serv. - General Administration	499,226	52,204	551,430	508,287	43,143
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	574,944		574,944	565,892	9,052
Salaries of Secretarial and Clerical Assistants	324,956	31,805	356,761	353,586	3,175
Other Purchased Services (400-500 series)	25,252	(20,000)	5,252	3,950	1,302
Supplies and Materials	48,288	(9,001)	39,287	14,486	24,801
Other Objects	27,069	(8,250)	18,819	7,277	11,542
Total Undist. Expend. - Support Serv. - School Administration	1,000,509	(5,446)	995,063	945,191	49,872
Undist. Expend. - Support Serv. - Central Services					
Salaries	267,964	1,796	269,760	269,760	
Purchased Professional Services	3,507	(3,507)			
Purchased Technical Services	10,700	32,988	43,688	37,312	6,376
Misc. Pur Services (400-500 Series)	3,000		3,000	2,828	172
Supplies and Materials	9,250	8,698	17,948	17,948	
Miscellaneous Expenditures	36,900	(13,094)	23,806	23,521	285
Total Undist. Expend. - Support Serv. - Central Services	331,321	26,881	358,202	351,369	6,833
Undist. Expend. - Required Maint. for School Facilities (261)					
Cleaning, Repair and Maintenance Services	140,000	(54,430)	85,570	68,901	16,669
General Supplies	14,000		14,000	8,728	5,272
Undist. Expend. - Required Maint. for School Facilities	154,000	(54,430)	99,570	77,629	21,941
Undist. Expend. - Custodial Services (262)					
Salaries	783,574	87,277	870,851	844,042	26,809
Cleaning, Repair and Maintenance Services	168,187	34,965	203,152	165,049	38,103
Other Purchased Property Services	1,000		1,000		1,000
Insurance	140,000	(50,000)	90,000	88,879	1,121
General Supplies	92,268	8,913	101,181	85,307	15,874
Energy (Energy and Electricity)	485,000	(98,641)	386,359	286,210	100,149
Total Undist. Expend. - Other Oper. & Maint. Of Plant	1,670,029	(17,486)	1,652,543	1,469,487	183,056
Undist. Expend. - Student Transportation Services (270)					
Contract Services (Other than Between Home & School)-Vendors	74,785		74,785	55,000	19,785
Contract Services (Sp. Ed. Students)-Vendors	417,709	(49,233)	368,476	297,095	71,381
Total Undist. Expend. - Student Transportation Services	492,494	(49,233)	443,261	352,095	91,166
UNALLOCATED BENEFITS					
Social Security Contributions	270,300		270,300	253,229	17,071
Other Retirement Contributions-PERS	217,948		217,948	205,371	12,577
Unemployment Compensation	50,000		50,000	50,000	
Workmen's Compensation	88,853	(31,969)	56,884	46,587	10,297
Health Benefits	3,034,887	(156,170)	2,878,717	2,827,710	51,007
Tuition Reimbursement	17,222		17,222	17,222	
TOTAL UNALLOCATED BENEFITS	3,679,210	(188,139)	3,491,071	3,400,119	90,952
On-behalf TPAF pension Contributions (non-budgeted)				1,012,106	(1,012,106)
On-behalf TPAF NCGI Premium (non-budgeted)				33,668	(33,668)
Reimbursed TPAF Social Security Contributions (non-budgeted)				755,277	(755,277)
TOTAL ON-BEHALF CONTRIBUTIONS				1,801,051	(1,801,051)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	3,679,210	(188,139)	3,491,071	5,201,170	(1,710,099)
TOTAL UNDISTRIBUTED EXPENDITURES	10,481,799	(432,027)	10,049,772	11,056,204	(1,006,432)
TOTAL GENERAL CURRENT EXPENSE	21,244,290	(159,032)	21,085,258	21,649,872	(564,614)

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Kindergarten	6,370	(6,370)			
Grades 1-5	27,370	(24,577)	2,793		2,793
Grades 6-8	6,370	(1,023)	5,347	5,347	
Grades 9-12	6,370	54,392	60,762	60,762	
Total Equipment	46,480	22,422	68,902	66,109	2,793
Undist. Expenditures:					
Required Maintenance for School Facilites		54,430	54,430	54,430	
Custodial Services		17,486	17,486	17,486	
Total Undist. Expend.		71,916	71,916	71,916	
Facilities Acquisition and Construction Services					
Construction Services	314,820	67,064	381,884	230,201	151,683
Assessment for Debt Service on SDA Funding	9,182		9,182	9,182	
Total Facilities Acquisition and Construction Services	324,002	67,064	391,066	239,383	151,683
TOTAL CAPITAL OUTLAY	370,482	161,402	531,884	377,408	154,476
TOTAL EXPENDITURES	21,614,772	2,370	21,617,142	22,027,280	(410,138)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(562,895)		(562,895)	970,868	1,533,763
Other Financing Sources/(Uses):					
Cancellation of Prior Year Accounts Receivable				(91,630)	
Total Other Financing Sources/(Uses):				(91,630)	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(562,895)		(562,895)	879,238	1,533,763
Fund Balance, July 1				1,772,167	(1,772,167)
Fund Balance, June 30	(562,895)		(562,895)	2,651,405	(238,404)
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(562,895)		(562,895)	(562,895)	
Increase in Capital Reserve:					
Principal				425,000	(425,000)
Interest Deposit to Capital Reserve				1,093	(1,093)
Budgeted Fund Balance				1,016,040	1,959,856
	(562,895)		(562,895)	879,238	1,533,763
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				1,076,211	
Excess Surplus - Designated for Subsequent Years' Expenditures				17,694	
Excess Surplus - Current Year				130,537	
Committed Fund Balance:					
Year-end Encumbrances				757,659	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				182,306	
Unassigned Fund Balance				486,998	
				2,651,405	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				(127,324)	
Total Fund Balance per Governmental Funds (GAAP)				2,524,081	

Exhibit C-1b

PALISADES PARK BOARD OF EDUCATION
American Recovery and Reinvestment Act - Budget and Actual
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources:					
Education Jobs Fund		2,370	2,370	2,370	-
Total - Federal Sources	-	2,370	2,370	2,370	-
TOTAL REVENUES	-	2,370	2,370	2,370	-
EXPENDITURES:					
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction		2,370	2,370	2,370	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	-	2,370	2,370	2,370	-

Exhibit C-2

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		50,000	50,000	50,000	-
State Sources	154,000	8,548	162,548	122,114	(40,434)
Federal Sources	640,633	244,776	885,409	891,180	5,771
Total Revenues	**794,633**	**303,324**	**1,097,957**	**1,063,294**	**(34,663)**
EXPENDITURES:					
Instruction:					
Salaries of Teachers	254,652	113,418	368,070	368,070	-
Other Purchased Services (400-500 series)	260,319	(10,319)	250,000	250,000	-
General Supplies	10,028	48,199	58,227	55,228	2,999
Textbooks		10,949	10,949	10,949	-
Total instruction	524,999	162,247	687,246	684,247	2,999
Support services:					
Salaries of Other Professional Staff	14,732	45,105	59,837	59,837	-
Personal Services - Employee Benefits	5,600	47,729	53,329	53,329	-
Purchased Professional - Educational Services	237,922	25,502	263,424	236,330	27,094
Other Purchased Professional Services	880	23,707	24,587	22,162	2,425
Travel	8,500	(5,269)	3,231	1,086	2,145
Supplies & Materials	2,000	4,303	6,303	6,303	-
Total support services	269,634	141,077	410,711	379,047	31,664
Total Expenditures	**794,633**	**303,324**	**1,097,957**	**1,063,294**	**34,663**
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

Exhibit C-3

PALISADES PARK BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
Fiscal Year Ended June 30, 2012

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2]	22,998,148	1,063,294
Differences - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. Current Year			(145,777)
State aid payment recognized in the prior year as unexpended state awards due to the General Fund.			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		84,782	
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33).		(127,324)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	22,955,606	917,517
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	22,029,280	1,063,294
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but the in year the supplies are received for financial reporting purposes. Current Year			(145,777)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	22,029,280	917,517

SPECIAL REVENUE FUND

Exhibit E-1

PALISADES PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
June 30, 2012

	Total Brought Forward (Ex. E-1a)	N.J. Nonpublic Textbook Aid	N.J. Nonpublic Nursing Aid	N.J. Nonpublic Handicapped Services, Chp. 193			Totals 2012
				Supplemental Instruction	Examination & Classification	Corrective Speech	
REVENUES							
Local Sources	50,000						50,000
State Sources	57,835	10,949	15,640	12,206	15,136	10,348	122,114
Federal Sources	891,180						891,180
Total Revenues	**999,015**	**10,949**	**15,640**	**12,206**	**15,136**	**10,348**	**1,063,294**
EXPENDITURES:							
Instruction:							
Salaries of Teachers	368,070						368,070
Other Purchased Services (400-500 series)	250,000						250,000
General Supplies	55,228						55,228
Textbooks	-	10,949					10,949
Total instruction	673,298	10,949	-	-	-	-	684,247
Support services:							
Salaries of Other Professional Staff	44,197		15,640				59,837
Personal Services - Employee Benefits	53,329						53,329
Purchased Professional - Educational Services	198,640			12,206	15,136	10,348	236,330
Other Purchased Professional Services	22,162						22,162
Travel	1,086						1,086
Supplies & Materials	6,303						6,303
Total support services	325,717	-	15,640	12,206	15,136	10,348	379,047
Total Expenditures	**999,015**	**10,949**	**15,640**	**12,206**	**15,136**	**10,348**	**1,063,294**
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

Exhibit E-1a

PALISADES PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1b)	N.J. Nonpublic Auxiliary Services, Chp. 192		Title I, Improving Basic Skills	Title II, Part D - Enhancing Education through Technology	Implementing New Curricular Learning with Universally Designed Experiences 2010-2011	Total Carried Forward
		Compensatory Education	English as a Second Language				
REVENUES							
Local Sources	50,000						50,000
State Sources	-	43,871	13,964				57,835
Federal Sources	603,678			277,584	608	9,310	891,180
Total Revenues	**653,678**	**43,871**	**13,964**	**277,584**	**608**	**9,310**	**999,015**
EXPENDITURES:							
Instruction:							
Salaries of Teachers	176,070			192,000			368,070
Other Purchased Services (400-500 series)	250,000						250,000
General Supplies	39,017			16,211			55,228
Textbooks	-						-
Total instruction	465,087	-	-	208,211	-	-	673,298
Support services:							
Salaries of Other Professional Staff	29,100			14,547	550		44,197
Personal Services - Employee Benefits	13,805			39,512	12		53,329
Purchased Professional - Educational Services	121,495	43,871	13,964	10,000		9,310	198,640
Other Purchased Professional Services	18,927			3,235			22,162
Travel	1,086						1,086
Supplies & Materials	4,178			2,079	46		6,303
Total support services	188,591	43,871	13,964	69,373	608	9,310	325,717
Total Expenditures	**653,678**	**43,871**	**13,964**	**277,584**	**608**	**9,310**	**999,015**
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

Exhibit E-1b

PALISADES PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1c)	Improving Partnerships and Active Collaboration for Teaching Grant	Title II, Part A Teacher and Principal Training and Recruiting Fund	Title III, English Language Acquisition and Language Enhancement	I.D.E.A Part B, Basic	I.D.E.A. Part B Preschool	Total Carried Forward
REVENUES							
Local Sources	50,000						50,000
State Sources	-						-
Federal Sources	55,500	28,868	99,504	47,590	361,847	10,369	603,678
Total Revenues	**105,500**	**28,868**	**99,504**	**47,590**	**361,847**	**10,369**	**653,678**
EXPENDITURES:							
Instruction:							
Salaries of Teachers	101,470	3,600	51,000	20,000			176,070
Other Purchased Services (400-500 series)	-				250,000		250,000
General Supplies	4,030	6,741	848	15,952	10,387	1,059	39,017
Textbooks	-						-
Total instruction	105,500	10,341	51,848	35,952	260,387	1,059	465,087
Support services:							
Salaries of Other Professional Staff	-	3,600	24,000	1,500			29,100
Personal Services - Employee Benefits	-		9,690	4,115			13,805
Purchased Professional - Educational Services	-		12,348	4,000	95,837	9,310	121,495
Other Purchased Professional Services	-	14,927		1,000	3,000		18,927
Travel	-		1,086				1,086
Supplies & Materials	-		532	1,023	2,623		4,178
Total support services	-	18,527	47,656	11,638	101,460	9,310	188,591
Total Expenditures	**105,500**	**28,868**	**99,504**	**47,590**	**361,847**	**10,369**	**653,678**
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

Exhibit E-1c

PALISADES PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2012

	ARRA - I.D.E.A Part B, Basic	Fund for the Improvement of Education	Korean Language Association 11-12	Total Carried Forward
REVENUES				
Local Sources			50,000	50,000
State Sources				-
Federal Sources	4,030	51,470		55,500
Total Revenues	4,030	51,470	50,000	105,500
EXPENDITURES:				
Instruction:				
Salaries of Teachers		51,470	50,000	101,470
Other Purchased Services (400-500 series)				-
General Supplies	4,030			4,030
Textbooks				-
Total instruction	4,030	51,470	50,000	105,500
Support services:				
Salaries of Other Professional Staff				-
Personal Services - Employee Benefits				-
Purchased Professional - Educational Services				-
Other Purchased Professional Services				-
Travel				-
Supplies & Materials				-
Total support services	-	-	-	-
Total Expenditures	4,030	51,470	50,000	105,500
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-

CAPITAL PROJECTS FUND

Exhibit F-1

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
Fiscal Year Ended June 30, 2012

Revenues		
State Sources - SCC Grant		-
Certificates of Participation		-
Sale of Property		-
Transfers from Capital Reserve		-
Transfers from Capital Outlay		-
Transfers from Food Service Fund		-
Interest earnings		-
		-
Expenditures		
Purchased professional and technical services		-
Land and improvements		-
Construction services		-
Equipment purchases		-
		-
Net change in fund balance		-
Fund balance - beginning		40,795
Fund balance - ending	$	40,795
Analysis of Fund Balance		
Assigned to:		
1997 School Renovation Project		205
Roof Replacement - Jr./Sr. High School		37
Early Childhood Center		16,568
Board Office Conversion to Classrooms		23,985
	$	40,795

Exhibit F-1a

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
1997 School Renovation Project
Fiscal Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues				
State Sources - SCC Grant	1,000,000		1,000,000	
Certificates of Participation	1,500,000		1,500,000	
Sale of Property			-	
Transfers from Capital Reserve			-	
Transfers from Capital Outlay			-	
Donations			-	
	2,500,000	-	2,500,000	-
Expenditures				
Purchased professional and technical services			-	
Land and improvements			-	
Construction services	2,499,795		2,499,795	
Equipment purchases			-	
	2,499,795	-	2,499,795	-
Excess (deficiency) of revenues over (under) expenditures	205	-	205	-
Additional project information:				
Project number				
Grant Date	1997			
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	2,500,000.00			
Additional authorized cost				
Revised authorized cost	2,500,000.00			
Percentage increase over original authorized cost	-			
Percentage completion	100%			
Original target completion date				
Revised target completion date				

Exhibit F-1b

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Jr./Sr. High School Roof Replacement
Fiscal Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues				
State Sources - SCC Grant	100,823		100,823	
Certificates of Participation			-	
Sale of Property			-	
Transfers from Capital Reserve	135,266		135,266	
Transfers from Capital Outlay	15,969		15,969	
Donations			-	
	252,058	-	252,058	-
Expenditures				
Purchased professional and technical services	-		-	
Land and improvements			-	
Construction services	252,021		252,021	
Equipment purchases			-	
	252,021	-	252,021	-
Excess (deficiency) of revenues over (under) expenditures	37	-	37	-
Additional project information:				
Project number	3910-050-04-00RA			
Grant Date	7/15/2004			
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	252,058.00			
Additional authorized cost				
Revised authorized cost	252,058.00			
Percentage increase over original authorized cost	-			
Percentage completion	100%			
Original target completion date				
Revised target completion date				

Exhibit F-1c

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Early Childhood Center
Fiscal Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues				
State Sources - SCC Grant	1,343,959		1,343,959	
Certificates of Participation			-	
Sale of Property	3,840,000		3,840,000	
Transfers from Capital Reserve			-	
Transfers from Capital Outlay			-	
Transfers from Food Service Fund	150,000		150,000	
Donations	50,000		50,000	
	5,383,959	-	5,383,959	-
Expenditures				
Purchased professional and technical services	209,665		209,665	
Land and improvements			-	
Construction services	5,157,726		5,157,726	
Equipment purchases			-	
	5,367,391	-	5,367,391	-
Excess (deficiency) of revenues over (under) expenditures	16,568	-	16,568	-
Additional project information:				
Project number	3910-N01-03-0632			
Grant Date	7/15/2004			
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	5,492,959.00			
Additional authorized cost	85,000.00			
Revised authorized cost	5,577,959.00			
Percentage increase over original authorized cost	0.02			
Percentage completion	96%			
Original target completion date				
Revised target completion date				

Exhibit F-1d

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Board Office Conversion to Classrooms
Fiscal Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues				
State Sources - SCC Grant			-	
Certificates of Participation			-	
Sale of Property			-	
Transfers from Capital Reserve	55,137		55,137	
Transfers from Capital Outlay			-	
Transfers from Food Service Fund			-	
Donations			-	
	55,137	-	55,137	-
Expenditures				
Purchased professional and technical services	15,656		15,656	
Land and improvements			-	
Construction services	15,496		15,496	
Equipment purchases			-	
	31,152	-	31,152	-
Excess (deficiency) of revenues over (under) expenditures	23,985	-	23,985	-
Additional project information:				
Project number				
Grant Date	N/A			
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	55,137.00			
Additional authorized cost				
Revised authorized cost	55,137.00			
Percentage increase over original authorized cost	-			
Percentage completion	56%			
Original target completion date				
Revised target completion date				

Exhibit F-2

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Summary Statement of Project Expenditures
Fiscal Year Ended June 30, 2012

Project Title/Issue	Date	Appropriations	Expenditures to Date Prior Years	Expenditures to Date Current Year	Cancelled	Unexpended Balance June 30, 2012
1997 - School renovation project	1997	2,500,000	2,499,795			205
Roof Replacement - Jr./Sr. High School	2004	252,058	252,021			37
Early Childhood Center	2005	5,577,959	5,367,391			210,568
Board Office Conversion to Classrooms	2011	55,137	31,152			23,985
		8,385,154	8,150,359	-	-	234,795

Analysis	
Project Balance - June 30, 2012	234,795
Unfunded Authorizations	(194,000)
Fund Balance (Deficit) - June 30, 2012	40,795

PROPRIETARY FUNDS

Exhibit G-1

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Net Assets
Enterprise Funds
June 30, 2012

	Food Service Program	After School Child Care	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	73,779	80,855	154,634
Accounts receivable:			
State	510		510
Federal	16,265		16,265
Interfund	870		870
Inventories	12,278		12,278
Total current assets	103,702	80,855	184,557
Noncurrent assets:			
Capital assets:			
Equipment	108,801		108,801
Site Improvements	59,050		59,050
Less accumulated depreciation:			
Equipment	(106,719)		(106,719)
Site Improvements	(8,856)		(8,856)
Total capital assets (net of accumulated depreciation)	52,276	-	52,276
Total assets	155,978	80,855	236,833
LIABILITIES			
Current liabilities:			
Accounts payable	14,036		14,036
Total current liabilities	14,036	-	14,036
NET ASSETS			
Invested in capital assets net of related debt	52,276	-	52,276
Unrestricted	89,666	80,855	170,521
Total net assets	141,942	80,855	222,797

Exhibit G-2

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Funds
Fiscal Year Ended June 30, 2012

	Food Service Program	After School Child Care	Totals
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	364,226		364,226
Daily sales - non-reimbursable programs	3,532		3,532
Tuition fees		107,554	107,554
Total operating revenues	367,758	107,554	475,312
Operating expenses:			
Cost of sales	294,198		294,198
Salaries	218,859	80,069	298,928
Supplies and materials	34,187	2,715	36,902
Employee benefits	71,964		71,964
Cleaning repair & maintenance	26,346		26,346
Purchased services	27,715		27,715
Depreciation	3,181		3,181
Total Operating Expenses	676,450	82,784	759,234
Operating income (loss)	(308,692)	24,770	(283,922)
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	8,787		8,787
Federal sources:			
National school lunch program	244,435		244,435
National school breakfast program	35,958		35,958
Food distribution program	41,502		41,502
Interest and investment revenue	16		16
Total nonoperating revenues (expenses)	330,698	-	330,698
Income (loss) before contributions & transfers	22,006	24,770	46,776
Transfers in (out)			-
Change in net assets	22,006	24,770	46,776
Total net assets—beginning	119,936	56,085	176,021
Total net assets—ending	141,942	80,855	222,797

Exhibit G-3

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2012

	Food Service Program	After School Child Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	367,758	107,554	475,312
Payments to employees		(80,069)	(80,069)
Payments to Outside Food Service Management Company	(614,784)		(614,784)
Payments for repairs, maintenance	(14,826)		(14,826)
Payments for supplies	(10,151)	(2,715)	(12,866)
Net cash provided by (used for) operating activities	(272,003)	24,770	(247,233)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	8,950		8,950
Federal Sources	284,125		284,125
Net cash provided by (used for) non-capital financing activities	293,075	-	293,075
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	16		16
Net cash provided by (used for) investing activities	16	-	16
Net increase (decrease) in cash and cash equivalents	21,088	24,770	45,858
Balances—beginning of year	52,691	56,085	108,776
Balances—end of year	73,779	80,855	154,634
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(308,692)	24,770	(283,922)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	3,181		3,181
Food Distribution Program	41,502		41,502
(Increase) decrease in inventories	1,111		1,111
Increase (decrease) in accounts payable	(9,105)		(9,105)
Total adjustments	36,689	-	36,689
Net cash provided by (used for) operating activities	(272,003)	24,770	(247,233)

FIDUCIARY FUND

Exhibit H-1

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Funds	Agency Funds
ASSETS			
Cash and cash equivalents	46,405	4,449	150,768
Interfund Receivable - Payroll Agency	12,899		
Total assets	59,304	4,449	150,768
LIABILITIES			
Payable to student groups			103,744
Payroll deductions and withholdings			34,125
Interfund Payable - Unemployment Compensation Trust			12,899
Total liabilities	-	-	150,768
NET ASSETS			
Held in trust for unemployment claims and other purposes	59,304		
Reserved for Scholarships		4,449	

Exhibit H-2

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Fiscal Year Ended June 30, 2012

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Employee Deductions	22,013	
Employer Contributions	50,000	
Overpayment Refunds	148	
Total Contributions	72,161	
Investment earnings:		
Interest	9	41
Net investment earnings	9	41
Total additions	72,170	41
DEDUCTIONS		
Prior year receivables cancelled	1,871	
Unemployment assessment billings	545	
Unemployment claims	35,229	
Total deductions	37,645	-
Change in net assets	34,525	41
Net assets—beginning of the year	24,779	4,408
Net assets—end of the year	59,304	4,449

Exhibit H-3

PALISADES PARK BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2012

	Balance July 1, 2011	Cash Receipts	Cash Disbursed	Balance June 30, 2012
Elementary Schools:				
Lindbergh School	9,397	40,587	37,455	12,529
Total Elementary Schools	9,397	40,587	37,455	12,529
High School:				
High School	35,317	99,011	86,850	47,478
Student Aid	36,516	21,200	27,925	29,791
Athletic Fund	20,162	109,325	121,008	8,479
Cultural Arts	6,101	6,600	7,234	5,467
Total High School	98,096	236,136	243,017	91,215
Total All Schools	107,493	276,723	280,472	103,744

Exhibit H-4

PALISADES PARK BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2012

	Balance July 1, 2011	Cash Receipts	Cash Disbursed	Balance June 30, 2012
Net Payroll	38,814	8,664,335	8,672,884	30,265
Payroll Deductions and Withholdings	6,329	6,047,769	6,050,238	3,860
Interfund - Unemployment Compensation Trust		12,899		12,899
	45,143	14,712,104	14,723,122	34,125

LONG-TERM DEBT

Exhibit I-2

PALISADES PARK BOARD OF EDUCATION
General Long Term Debt Account Group
Statement of Obligations under Bonds and Loans Payable
June 30, 2012

SERIES	Amount of Original Issues	Annual Maturities Date	Annual Maturities Amount	Interest Rate Payable	Amount Outstanding on July 1, 2011	Issued in Current Year	Retired in Current Year	Amount Outstanding on June 30, 2012
1993 Safe Program Loan	207,750	07/15/12	10,934	1.500%	$ 32,805		10,934	21,871
		07/15/13	10,937					
1993 Small Project Loan	370,417	7/14/2012	44,202	5.288%	132,699		42,324	90,375
		7/14/2013	46,173					
2003 Refund Pension Liability	1,324,000	03/01/13	72,000	5.25%	907,000		835,000	72,000
2012 Refunding Bonds - Bergen County Improvement Authority - Unfunded Pension Liability	827,000	03/15/13	17,000	0.43%		827,000		827,000
		03/15/14	93,000	0.62%				
		03/15/15	93,000	0.838%				
		03/15/16	95,000	1.237%				
		03/15/17	100,000	1.637%				
		03/15/18	102,000	2.108%				
		03/15/19	105,000	2.358%				
		03/15/20	109,000	2.659%				
		03/15/21	113,000	2.959%				
TOTAL					$ 1,072,504	827,000	888,258	1,011,246

Principal Paid	120,258
Refunded	768,000
	$ 888,258

Exhibit I-4

PALISADES PARK BOARD OF EDUCATION
General Long Term Debt Account Group
Statement of Obligations under Capital Leases
June 30, 2012

SERIES	Amount of Original Issues	Annual Maturities Date	Annual Maturities Amount	Interest Rate Payable	Amount Outstanding on July 1, 2011	Retired in Current Year	Amount Outstanding on June 30, 2012
2007 School Renovations	3,084,069	08/01/12	398,083	4.150%	2,017,107	307,460	1,709,647
		08/01/13	427,217				
		08/01/14	410,228				
		08/01/15	318,235				
		08/01/16	155,884				
TOTAL					2,017,107	307,460	1,709,647

Exhibit I-5

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	557,377	-	557,377	557,377	-
				-	
Total - State Sources	557,377	-	557,377	557,377	-
Total Revenues	**557,377**	-	**557,377**	**557,377**	-
EXPENDITURES:					
Regular Debt Service:					
Princ. Paymnts - Comm. Approved Lease Purchase Agrm.	307,460	-	307,460	307,460	-
Int for Commissioner Approved Lease Purchase Agrm.	77,330	-	77,330	77,330	-
Interest on Early Retirement Bonds	46,020	-	46,020	46,020	-
Redemption of Principal - Early Retirement Bonds	67,000	-	67,000	67,000	-
Redemption of Principal		53,258	53,258	53,258	-
Interest on Bonds	6,309	-	6,309	6,308	(1)
Amounts Paid Into Sinking Fund	53,258	(53,258)	-		-
Total Regular Debt Service	557,377	-	557,377	557,376	(1)
Total expenditures	**557,377**	-	**557,377**	**557,376**	(1)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1	1
Fund Balance, July 1	(113,220)		(113,220)	(113,220)	-
Fund Balance, June 30	(113,220)	-	(113,220)	(113,219)	1
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	-		-		-

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

J-1 Net Assets by Component
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Revenue Capacity

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STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

Contents **Page**

Financial Trends
These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time. **J-1 to J-5**

Revenue Capacity
These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax. **J-6 to J-9**

Debt Capacity
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district'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 district's financial activities take place. **J-14 to J-15**

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district 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 (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

Exhibit J-1

Palisades Park Board of Education
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	$ 8,542,910	$ 8,612,256	$ 12,990,376	$ 13,557,604	$ 13,873,642	$ 14,625,782	$ 14,764,638	$ 14,892,593	$ 14,998,336	$ 15,429,884
Restricted	783,738	1,085,699	1,251,830	934,617	590,342	399,811	717,770	328,677	1,158,282	2,091,983
Unrestricted	(799,396)	(1,054,560)	(883,612)	(678,270)	(744,311)	(1,205,505)	(1,295,155)	(1,283,380)	(1,858,590)	(1,713,404)
Total governmental activities net assets	$ 8,527,252	$ 8,643,395	$ 13,358,594	$ 13,813,951	$ 13,719,673	$ 13,820,088	$ 14,187,253	$ 13,937,890	$ 14,298,028	$ 15,808,463
Business-type activities										
Invested in capital assets, net of related debt	$ 72,616	$ 64,640	$ 77,346	$ 42,294	$ 36,850	$ 32,545	$ 28,241	$ 82,578	$ 55,457	$ 52,276
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	154,523	187,496	205,926	243,972	116,254	146,184	142,947	94,483	120,564	170,521
Total business-type activities net assets	$ 227,139	$ 252,136	$ 283,272	$ 286,266	$ 153,104	$ 178,729	$ 171,188	$ 177,061	$ 176,021	$ 222,797
District-wide										
Invested in capital assets, net of related debt	$ 8,615,526	$ 8,676,896	$ 13,067,722	$ 13,599,898	$ 13,910,492	$ 14,658,327	$ 14,792,879	$ 14,975,171	$ 15,053,793	$ 15,482,160
Restricted	783,738	1,085,699	1,251,830	934,617	590,342	399,811	717,770	328,677	1,158,282	2,091,983
Unrestricted	(644,873)	(867,064)	(677,686)	(434,298)	(628,057)	(1,059,321)	(1,152,208)	(1,188,897)	(1,738,026)	(1,542,883)
Total district net assets	$ 8,754,391	$ 8,895,531	$ 13,641,866	$ 14,100,217	$ 13,872,777	$ 13,998,817	$ 14,358,441	$ 14,114,951	$ 14,474,049	$ 16,031,260

Source: CAFR Schedule A-1

Note: GASB requires that ten years of statistical data be presented.

Exhibit J-2

Palisades Park Board of Education
Changes in Net Assets, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities										
Instruction										
Regular	$ 7,052,976	$ 7,641,226	$ 7,913,442	$ 8,149,147	$ 8,927,524	$ 9,006,133	$ 9,667,485	$ 10,920,716	$ 10,684,872	$ 10,341,592
Special education	1,154,470	1,246,748	1,337,648	1,307,026	1,492,617	1,450,922	1,885,490	1,654,498	1,868,859	2,054,862
Other special education	562,626	561,071	660,917	729,410	728,079	772,078	965,848	1,164,576	1,151,586	1,057,891
Other instruction	362,777	364,750	402,534	455,218	463,660	506,913	507,996	494,334	428,209	373,956
Support Services:										
Tuition	882,212	1,396,627	1,307,686	1,720,517	1,310,242	1,992,515	1,448,076	1,205,163	1,115,096	1,005,019
Student & instruction related services	1,266,851	1,406,577	1,429,322	1,193,639	1,660,142	1,938,727	2,045,320	2,284,324	1,993,473	1,687,292
School administrative services	883,488	942,037	953,796	977,885	982,470	1,163,737	1,204,795	1,201,204	1,153,278	1,190,789
General administrative services	651,142	682,801	654,180	723,899	793,932	695,312	752,281	835,720	601,294	544,426
Central Services			317,431	294,401	337,486	322,929	368,210	387,439	459,071	421,032
Plant operations and maintenance	1,401,350	1,419,105	1,589,268	1,673,920	1,808,035	1,727,801	1,922,907	1,774,299	1,746,031	1,776,438
Pupil transportation	473,642	573,584	521,546	486,130	442,928	565,985	369,724	286,031	394,176	352,095
Administration of Information Technology			60,030							
Business and other support services	336,890	335,244								
Unallocated Benefits	926,082	1,118,028	1,014,777	1,345,116	2,043,981	2,196,636	1,473,091	1,717,144	2,033,987	1,566,083
Charter Schools				16,610	17,305	18,644	24,441	3,404		
Interest on long-term debt	289,005	315,821	320,210	292,352	266,767	206,478	175,293	118,314	147,782	147,657
Bond issuance costs	7,791									
Unallocated depreciation	152,210	152,210	156,086	152,215	310,681	292,619	230,793	273,438	227,607	230,796
Capital Outlay - nondepreciable	251,886	40,626	44,832	112,703	152,047		3,729	106,710	50,237	19,507
Total governmental activities expenses	16,655,398	18,196,455	18,683,705	19,630,188	21,737,896	22,857,429	23,045,479	24,427,314	24,055,558	22,769,435
Business-type activities:										
Food service	500,165	525,565	494,031	486,430	522,038	558,377	585,342	631,152	643,513	676,450
After School Child Care	90,140	69,190	79,346	71,187	93,035	85,937	93,243	93,978	91,453	82,784
Total business-type activities expense	590,305	594,755	573,377	557,617	615,073	644,314	678,585	725,130	734,966	759,234
Total district expenses	$ 17,245,703	$ 18,791,210	$ 19,257,082	$ 20,187,805	$ 22,352,969	$ 23,501,743	$ 23,724,064	$ 25,152,444	$ 24,790,524	$ 23,528,669
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)										
Pupil transportation										
Business and other support services										
Operating grants and contributions	1,776,530	901,026	1,008,208	1,067,497	949,892	1,165,385	1,030,317	1,524,653	1,269,808	917,517
Capital grants and contributions										
Total governmental activities program revenues	1,776,530	901,026	1,008,208	1,067,497	949,892	1,165,385	1,030,317	1,524,653	1,269,808	917,517

Exhibit J-2

Palisades Park Board of Education
Changes in Net Assets, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:										
Charges for services										
Food service	394,431	373,553	357,962	355,272	367,836	367,273	359,548	350,902	354,310	367,758
Child care	71,078	80,868	86,893	67,969	88,839	104,134	100,725	92,452	99,095	107,554
Operating grants and contributions	150,551	164,798	159,236	165,954	175,092	198,419	210,633	287,581	300,134	330,682
Capital grants and contributions										
Total business type activities program revenues	616,060	619,219	604,091	589,195	631,767	669,826	670,906	730,935	753,539	805,994
Total district program revenues	$ 2,392,590	$ 1,520,245	$ 1,612,299	$ 1,656,692	$ 1,581,659	$ 1,835,211	$ 1,701,223	$ 2,255,588	$ 2,023,347	$ 1,723,511
Net (Expense)/Revenue										
Governmental activities	$ (14,878,868)	$(17,295,429)	$ (17,675,497)	$ (18,562,691)	$ (20,788,004)	$ (21,692,044)	$ (22,015,162)	$ (22,902,661)	$ (22,785,750)	$ (21,851,918)
Business-type activities	25,755	24,464	30,714	31,578	16,694	25,512	(7,679)	5,805	18,573	46,760
Total district-wide net expense	$ (14,853,113)	$(17,270,965)	$ (17,644,783)	$ (18,531,113)	$ (20,771,310)	$ (21,666,532)	$ (22,022,841)	$ (22,896,856)	$ (22,767,177)	$ (21,805,158)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	$ 13,114,646	$ 13,777,161	$ 14,488,338	$ 15,320,439	$ 16,269,671	$ 17,313,456	$ 17,922,116	$ 18,372,404	$ 19,330,621	$ 19,330,621
Taxes levied for debt service	471,333	587,651	529,088	533,630	551,878	578,101	549,366	449,078	451,048	557,377
Unrestricted grants and contributions	1,353,471	2,774,368	2,797,947	2,979,420	3,661,987	3,804,281	3,793,030	3,713,201	3,226,076	3,521,810
Investment earnings	2,526	26,821	-	-	97,693	34,656	14,053	3,903	1,885	1,093
Miscellaneous income	64,698	156,430	3,913,118	124,899	194,616	61,915	103,763	114,712	136,258	102,082
Cost of Asset Disposal			(728,400)							
State Aid- State Facilities Grant	22,640	100,823	1,343,959							
Retirement of Debt - Refinancing Credit			46,646		57,931					
Additional Debt Issued via Refinancing										(59,000)
State Facility Grants Cancelled		(11,682)								
Tax Levy Receivable Cancelled										(91,630)
Transfers					150,000					
Refund of reserve					(290,000)					
Total governmental activities	15,029,314	17,411,572	22,390,696	18,958,388	20,693,776	21,792,409	22,382,328	22,653,298	23,145,888	23,362,353
Business-type activities:										
Investment earnings	363	532	422	447	144	113	138	68	19	16
Transfers					(150,000)					
Total business-type activities	363	532	422	447	(149,856)	113	138	68	19	16
Total district-wide	$ 15,029,677	$ 17,412,104	$ 22,391,118	$ 18,958,835	$ 20,543,920	$ 21,792,522	$ 22,382,466	$ 22,653,366	$ 23,145,907	$ 23,362,369
Change in Net Assets										
Governmental activities	$ 150,446	$ 116,143	$ 4,715,199	$ 395,697	$ (94,228)	$ 100,365	$ 367,166	$ (249,363)	$ 360,138	$ 1,510,435
Business-type activities	26,118	24,996	31,136	32,025	(133,162)	25,625	(7,541)	5,873	18,592	46,776
Total district	$ 176,564	$ 141,139	$ 4,746,335	$ 427,722	$ (227,390)	$ 125,990	$ 359,625	$ (243,490)	$ 378,730	$ 1,557,211

Source: CAFR Schedule A-2

Note: GASB requires that ten years of statistical data be presented.

Exhibit J-3

Palisades Park Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	$ 398,852	$ 694,671	$ 635,124	$ 644,617	$ 578,962	$ 257,025	$ 201,938	$ 313,192		
Unreserved	1,143,687	823,280	863,164	938,889	885,809	566,241	872,420	566,523		
Restricted									667,812	1,224,442
Committed									562,895	757,659
Assigned										182,306
Unassigned									456,678	359,674
Total general fund	$ 1,542,539	$ 1,517,951	$ 1,498,288	$ 1,583,506	$ 1,464,771	$ 823,266	$ 1,074,358	$ 879,715	$ 1,687,385	$ 2,524,081
All Other Governmental Funds										
Reserved	$ 290,000	$ 290,000	$ 290,000	$ 290,000						
Unreserved, reported in:										
Special revenue fund	(6,813)	-				(9,075)				
Capital projects fund	63,818	101,028	326,706	117,349	50,047	16,810	16,810	16,810		
Debt service fund	31,068	43,213	23,611	(8,964)	11,430	125,976	113,221	(1,325)		
Assigned, reported in:										
Capital projects fund									40,795	40,795
Debt service fund									(113,220)	(113,219)
Total all other governmental funds	$ 378,073	$ 434,241	$ 640,317	$ 398,385	$ 61,477	$ 133,711	$ 130,031	$ 15,485	$ (72,425)	$ (72,424)

Source: CAFR Schedule B-1

Note: GASB requires that ten years of statistical data be presented.

Exhibit J-4

Palisades Park Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax levy	$ 13,585,979	$ 14,364,812	$ 15,017,426	$ 15,854,069	$ 16,821,549	$ 17,891,557	$ 18,471,482	$ 18,821,482	$ 19,781,669	$ 19,887,998
Tuition						12,000				
Interest earnings										1,093
Miscellaneous	64,698	182,527	69,066	56,262	292,309	49,915	117,816	118,615	270,469	152,082
State sources	2,583,458	3,042,735	3,117,488	3,301,627	3,911,846	4,302,759	3,948,752	3,636,606	3,194,675	3,619,220
Federal sources	546,543	632,659	688,667	745,290	700,033	666,907	874,595	1,601,248	1,168,883	770,107
Total revenue	16,780,678	18,222,733	18,892,647	19,957,248	21,725,737	22,923,138	23,412,645	24,177,951	24,415,696	24,430,500
Expenditures										
Instruction										
Regular Instruction	6,126,914	6,456,098	6,810,187	6,863,037	7,438,394	7,392,018	7,932,304	8,900,808	8,614,479	8,503,465
Special education instruction	995,080	1,035,073	1,129,845	1,070,866	1,211,684	1,124,359	1,469,066	1,247,168	1,369,246	1,595,952
Other special instruction	479,345	462,781	552,238	597,707	589,836	612,470	770,973	911,093	890,677	841,743
Other instruction	325,579	317,665	354,363	391,988	399,601	428,132	427,533	414,660	350,729	319,126
Support Services:										
Tuition	882,212	1,396,627	1,307,686	1,714,494	1,310,242	1,992,515	1,448,076	1,205,163	1,115,096	1,005,019
Health services	155,633	157,726	146,153	157,825	177,106	183,641	214,082	201,925	199,143	218,320
Student & instruction related services	967,288	1,065,257	1,122,312	852,016	1,279,715	1,460,784	1,493,132	1,697,547	1,408,966	1,178,536
School Administrative services	761,425	793,252	802,598	804,162	818,555	923,956	969,207	946,006	895,278	945,191
General administrative services	591,642	619,810	603,045	661,539	731,317	617,571	677,534	755,516	525,364	508,287
Central services			258,366	248,742	279,687	265,842	299,736	315,056	381,756	351,369
Plant operations and maintenance	1,306,110	1,283,597	1,447,392	1,499,350	1,606,412	1,495,101	1,686,141	1,525,957	1,499,721	1,547,116
Pupil transportation	473,642	529,224	521,546	486,130	442,928	565,985	369,724	286,031	394,176	352,095
Administration of Information Technology			60,030							
Business and other support services	302,347	335,244								
Unallocated employee benefits	1,632,678	2,094,136	1,979,762	2,324,610	2,678,759	3,034,980	3,348,106	3,818,597	3,928,912	3,400,119
TPAF Pension / Social Security	888,941	1,094,358	1,118,997	1,341,456	2,018,880	2,108,686	1,372,453	1,524,832	1,486,421	1,801,051
Charter Schools			16,448	16,610	17,305	18,644	24,441	3,404		
Capital outlay	196,017	63,940	152,254	156,633	465,470	805,589	100,603	169,753	73,029	377,408
Debt service:										
Principal	210,344	264,522	231,086	290,987	305,365	304,631	380,299	398,351	415,161	427,718
Interest and other charges	262,035	311,708	321,656	293,855	270,124	158,924	181,822	165,273	147,782	129,658
Bond issuance costs	7,791									
Total expenditures	16,557,232	18,281,018	18,935,964	19,772,007	22,041,380	23,493,828	23,165,232	24,487,140	23,695,936	23,502,173
Excess (Deficiency) of revenues over (under) expenditures	223,446	(58,285)	(43,317)	185,241	(315,643)	(570,690)	247,413	(309,189)	719,760	928,327

Exhibit J-4

Palisades Park Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding debt	1,324,000	-	-	-	-	-	-	-	-	-
Payment of Unfunded Pension Liability	(1,316,209)	-	-	-	-	-	-	-	-	-
Par amount of bonds	-	-	-	-	-	-	-	-	-	-
Original issue premium	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Deposit to escrow fund	-	-	-	-	-	-	-	-	-	-
Costs of issuance	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Cancellation of tax levy receivable	-	-	-	-	-	-	-	-	-	(91,630)
Transfers in	2,526	52,655	4,052	18,637	194,005	34,656	-	-	55,137	-
Transfers out	(101,000)	-	-	(151,235)	(334,005)	-	-	-	(55,137)	-
Total other financing sources (uses)	(90,683)	52,655	4,052	(132,598)	(140,000)	34,656	-	-	-	(91,630)
Net change in fund balances	$ 132,763	$ (5,630)	$ (39,265)	$ 52,643	$ (455,643)	$ (536,034)	$ 247,413	$ (309,189)	$ 719,760	$ 836,697
Debt service as a percentage of noncapital expenditures	2.9%	3.2%	2.9%	3.0%	2.7%	2.0%	2.4%	2.3%	2.4%	2.4%

NOTE: Capital Projects Fund is not included as these expenditures vary substantially from year to year. The financial data presented would not be as meaningful for comparative purposes if these were included.
Source: CAFR Schedule B-2

Exhibit J-5

Palisades Park Board of Education
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Tuition Revenue	Rent	Refunds	Fines	Insurance Reimbursements	Interest on Investments	Misc.	Total
2003	12,000	-	21,936	1,051	-	19,575	10,136	64,698
2004	12,000	-	97,298	-	-	26,097	47,132	182,527
2005	-	-	-	-	-	39,515	29,551	69,066
2006	-	-	4,700	599	8,750	37,905	4,308	56,262
2007	27,030	-	132,183	-	5,662	58,634	24,795	248,304
2008	12,000	-	-	-		34,656	49,915	96,571
2009	-	-	-	1,899	-	14,053	101,864	117,816
2010	-	-	67,184	1,190	16,017	3,903	30,321	118,615
2011	-	66,750	14,438		19,739	1,885	120,465	223,277
2012	-	69,750	24,135	2,743		5,454		102,082

Source: District Records

Exhibit J-6

Palisades Park Board of Education
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Year Ended Dec. 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities [a]	Net Valuation Taxable	Total Direct School Tax Rate [b]	Estimated Actual (County Equalized Value)	% of Net Assessed to Estimated Full Cash Valuations
2003	13,706,100	664,493,500	-	-	99,673,700	46,228,600	69,731,700	893,833,600	65,096,800	522,236	829,259,036	1.606	1,436,168,879	57.74%
2004	16,464,300	699,088,800	-	-	99,855,900	50,028,600	69,746,700	935,184,300	65,690,900	453,176	869,946,576	1.605	1,641,127,387	53.01%
2005	12,998,900	741,428,900	-	-	107,939,500	50,405,200	69,793,000	982,565,500	66,832,100	399,292	916,132,692	1.613	1,958,481,197	46.78%
2006	17,677,700	801,833,900	-	-	106,102,150	49,883,200	69,396,800	1,044,893,750	66,283,700	332,336	978,942,386	1.609	2,235,399,181	43.79%
2007	15,457,200	868,270,100	-	-	107,751,650	51,577,700	69,049,600	1,112,106,250	66,736,100	322,771	1,045,692,921	1.608	2,588,701,699	40.39%
2008 (1)	22,059,200	1,932,932,700	-	-	304,180,100	96,438,300	183,032,000	2,538,642,300	136,772,100	745,639	2,402,615,839	0.727	2,667,106,630	90.08%
2009	21,408,800	1,951,482,900	-	-	309,748,700	92,777,100	175,104,500	2,550,522,000	137,275,200	869,685	2,414,116,485	0.738	2,690,187,471	89.74%
2010	19,359,800	1,676,705,200	-	-	311,311,600	91,504,100	191,437,400	2,290,318,100	137,833,500	650,098	2,153,134,698	0.863	2,752,790,800	78.22%
2011	19,359,800	1,676,705,200	-	-	311,311,600	91,504,100	191,437,400	2,290,318,100	137,833,500	594,450	2,153,079,050	0.868	2,515,552,209	85.59%
2012	18,322,300	1,691,121,500	-	-	304,918,200	89,961,100	188,178,900	2,292,502,000	139,130,200	800,355	2,154,172,155	0.868	2,411,408,481	89.33%

Source: Municipal Tax Assessor
(1) - Revaluation

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per $100

Exhibit J-7

Palisades Park Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per $100 of assessed value)

	Palisades Park Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
Year Ended Dec. 31,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Borough of Palisades Park	Bergen County	
2003	1.606	0.000	1.606	0.945	0.309	2.860
2004	1.605	0.000	1.605	0.923	0.332	2.860
2005	1.613	0.000	1.613	0.955	0.342	2.910
2006	1.609	0.000	1.609	0.990	0.361	2.960
2007	1.608	0.000	1.608	1.035	0.377	3.020
2008*	0.705	0.022	0.727	0.497	0.190	1.414
2009	0.720	0.018	0.738	0.504	0.201	1.443
2010	0.842	0.021	0.863	0.599	0.236	1.698
2011	0.840	0.028	0.868	0.607	0.228	1.703
2012	0.840	0.028	0.868	0.626	0.228	1.722

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

* Revaluation

Exhibit J-8

Palisades Park Board of Education
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2012 Taxable Assessed Value	2012 Rank [Optional]	2012 % of Total District Net Assessed Value	2003 Taxable Assessed Value	2003 Rank [Optional]	2003 % of Total District Net Assessed Value
Leems Inc.	$ 16,062,600		0.70%			
411 Brinkerhoff Ave., LLC	13,645,300		0.60%			
BSJ Realty LLC	13,499,700		0.59%			
Marino Enterprises C/O LML Supermkt	13,360,900		0.58%			
Bonnanno Real Estate Group	10,998,200		0.48%			
Ruby Realty Co.	10,353,300		0.45%			
NWHF Palisades Park LLC	10,307,900		0.45%			
Magone, Peter	10,234,400		0.45%			
Pine Tree Enterprises	9,000,000		0.39%			
Blvd. East Assoc. LTD	8,303,600		0.36%			
Marino Enterprises				$ 7,209,900		0.83%
Limerick Tea & Coffee				5,549,800		0.64%
Bonanno Real Estate Group				5,446,900		0.63%
Blvd Properties LLC				5,433,100		0.63%
J & M Builders				3,478,200		0.40%
Dreamland USA				3,433,500		0.40%
Palisades Manor				3,235,500		0.37%
Benedetto				2,230,000		0.26%
Brentwood Apartments				1,823,300		0.21%
Alliiots Construction				1,336,000		0.15%
Total	$ 115,765,900		5.05%	$ 39,176,200		4.54%
	Net Assessed Valuation:		$ 2,293,302,355			$ 863,744,220

Source: Municipal Tax Assessor.

Exhibit J-9

Palisades Park Board of Education
Property Tax Levies and Collections
Last Ten Fiscal Years

Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	$13,585,979	13,585,979	100.00%	$ -
2004	$14,364,812	14,364,812	100.00%	$ -
2005	$15,017,426	15,017,426	100.00%	$ -
2006	$15,854,069	15,635,748	98.62%	$ 218,321
2007	$16,821,549	16,821,549	100.00%	$ -
2008	$17,891,557	$17,799,927	99.49%	$ 91,630
2009	$18,471,482	$18,471,482	100.00%	$ -
2010	$18,821,482	$18,821,482	100.00%	$ -
2011	$19,781,669	$19,781,669	100.00%	$ -
2012	$19,887,998	$19,887,998	100.00%	$ -

Source: Municipal Tax Collector

Exhibit J-10

Palisades Park Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			
	Bonds Payable [b]	Loans Payable	Certificates of Participation	Capital Leases	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2003	1,324,000	535,588	3,925,000		-	5,784,588	0.63%	$ 113
2004	1,281,000	494,066	3,745,000		-	5,520,066	0.56%	$ 101
2005	1,236,000	451,334	3,555,000		-	5,242,334	0.50%	$ 92
2006	1,189,000	407,346	3,355,000		-	4,951,346	0.42%	$ 79
2007	1,139,000	361,981		3,087,069	-	4,588,050	0.36%	$ 68
2008	1,086,000	315,185		2,882,235	-	4,283,420	0.33%	$ 63
2009	1,030,000	266,871		2,606,250	-	3,903,121	0.32%	$ 62
2010	970,000	217,016		2,317,754	-	3,504,770	0.27%	$ 54
2011	907,000	165,501		2,017,107	-	3,089,608	Not Available	Not Available
2012	899,000	112,246		1,709,647	-	2,720,893	Not Available	Not Available

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

Exhibit J-11

Palisades Park Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2003	1,859,588	-	1,859,588	0.22%	$ 51,132
2004	1,775,066	-	1,775,066	0.20%	$ 54,462
2005	1,687,334	-	1,687,334	0.18%	$ 56,706
2006	1,596,346	-	1,596,346	0.16%	$ 62,714
2007	1,500,982	-	1,500,982	0.14%	$ 67,394
2008	1,401,185	-	1,401,185	0.06%	$ 68,227
2009	1,296,871	-	1,296,871	0.05%	$ 63,198
2010	1,187,017	-	1,187,017	0.06%	$ 65,486
2011	1,072,501	-	1,072,501	0.05%	Not Available
2012	1,011,246	-	1,011,246	0.05%	Not Available

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
a See Exhibit NJ J-6 for property tax data.
b Population data can be found in Exhibit NJ J-14.

Exhibit J-12

Palisades Park Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2012

Governmental Unit	Estimated Percentage Applicable [a]	Debt Outstanding	Estimated Share of Overlapping Debt
Direct Debt of School District as of June 30, 2012			1,011,246
Net overlapping debt of School District:			
Borough of Palisades Park	100.000%	$ 9,603,731	
Bergen County Utilities Authority	2.762%	$ 6,982,478	
County of Bergen - Borough's share	1.436%	$ 10,028,321	
Subtotal, overlapping debt			$ 26,614,530
Total direct and overlapping debt			$ 27,625,776

Sources: Borough of Palisades Park Town Administrator / Bergen County Treasurer's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Palisades Park. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Exhibit J-13

Palisades Park Board of Education
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2012

		Equalized valuation basis	
		2011	$ 2,398,992,458
		2010	$ 2,505,781,605
		2009	$ 2,731,629,003
		[A]	$ 7,636,403,066
Average equalized valuation of taxable property	[A/3]	$	2,545,467,689
Debt limit (4 % of average equalization value)	[B]		101,818,708 a
Net bonded school debt	[C]		1,011,246
Legal debt margin	[B-C]	$	100,807,462

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	$ 43,810,510	$ 50,421,462	$ 57,734,067	$ 67,125,370	$ 77,784,306	$ 90,424,673	$ 99,868,394	$ 103,488,435	$ 105,383,621	$ 101,818,708
Total net debt applicable to limit	1,859,588	1,775,066	1,687,334	1,596,346	1,401,185	1,401,185	1,296,871	1,187,017	1,072,501	1,011,246
Legal debt margin	$ 41,950,922	$ 48,646,396	$ 56,046,733	$ 65,529,024	$ 76,383,121	$ 89,023,488	$ 98,571,523	$ 102,301,418	$ 104,311,120	$ 100,807,462
Total net debt applicable to the limit as a percentage of debt limit	4.24%	3.52%	2.92%	2.38%	1.80%	1.55%	1.30%	1.15%	1.02%	0.99%

Source: Abstract of Ratables and District Records.

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

Exhibit J-14

Palisades Park Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population [a]	Personal Income (thousands of dollars) [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2002	17,703	$ 919,015,839	51,913	6.10%
2003	17,872	$ 913,831,104	51,132	6.00%
2004	18,043	$ 982,657,866	54,462	6.00%
2005	18,538	$ 1,051,215,828	56,706	6.00%
2006	18,884	$ 1,184,291,176	62,714	4.50%
2007	19,125	$ 1,288,910,250	67,394	4.00%
2008	19,266	$ 1,314,461,382	68,227	5.20%
2009	19,421	$ 1,227,368,358	63,198	9.20%
2010	19,647	$ 1,286,603,442	65,486	9.50%
2011	19,752	Not Available	Not Available	9.30%

Source:

[a] Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income - Bergen County - provided by NJ Dept of Labor and Workforce Development

[c] Per Capita Personal Income - Bergen County - provided by NJ Dept of Labor and Workforce Development

[d] Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

Palisades Park Board of Education
Principal Employers
Current Year and Nine Years Ago **

	2012			2003		
Employer	**Employees**	**Rank (Optional)**	**Percentage of Total Employment**	**Employees**	**Rank (Optional)**	**Percentage of Total Employment**
THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED TO RELEASE INFORMATION NEEDED TO COMPLETE THIS SCHEDULE DUE TO PRIVACY CONCERNS.						
	-		0.00%	-		0.00%

Source: Borough of Palisades Park

Exhibit J-16

Palisades Park Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular	N/A	N/A	N/A	124	128	133	133	132	132	130
Special education	N/A	N/A	N/A	20	22	23	24	24	24	24
Other special education	N/A	N/A	N/A	-						
Vocational	N/A	N/A	N/A	-	-	-	-			
Other instruction	N/A	N/A	N/A	4	4	4	4	4	4	4
Nonpublic school programs	N/A	N/A	N/A	-	-	-	-			
Adult/continuing education programs	N/A	N/A	N/A	-	-	-	-			
Support Services:										
Attendance	N/A	N/A	N/A	2	3	1	1	1	1	1
Student/Instr Related Services: Nurse	N/A	N/A	N/A	2	3	3	3	3	3	3
Student/Instr Related Services: Speech	N/A	N/A	N/A	-	-	-	-			
Student/Instr Related Services: Extraord	N/A	N/A	N/A	3	-	-	-			
Student/Instr Related Services: Guidance	N/A	N/A	N/A	6	4	4	4	4	4	3
Student/Instr Related Services: CST	N/A	N/A	N/A	-	8	8	8	8	8	6
Student/Instr Related Services: Curriculum	N/A	N/A	N/A	2	1	1	1	1	1	1
Student/Instr Related Services: Media	N/A	N/A	N/A	2	3	3	2	2	2	1
General administrative services	N/A	N/A	N/A	13	13	8	8	8	8	8
School administrative services	N/A	N/A	N/A	3	3	2	2	2	2	2
Business administrative services	N/A	N/A	N/A	15	16	9	9	9	9	9
Plant operations and maintenance	N/A	N/A	N/A	4	6	19	18	18	18	18
Lunchroom/Playground Aides	N/A	N/A	N/A	-	-	-	-			
Pupil transportation	N/A	N/A	N/A	-	-	-	-			
Special Schools	N/A	N/A	N/A	-	-	-	-			
Food Service	N/A	N/A	N/A	-	-	-	-			
Child Care	N/A	N/A	N/A	-	-	-	-			
Total	-	-	-	200	214	218	217	216	216	210

Source: District Personnel Records

NOTE: GASB requires that ten year of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2007 only two year(s) of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Exhibit J-17

Palisades Park Board of Education
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio: Elementary	Pupil/Teacher Ratio: Middle School	Pupil/Teacher Ratio: High School	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2003	1,489	15,881,045	10,666	7.87%	128	13:1		11:1	1,489	1,434	-2.08%	96.31%
2004	1,489	17,640,848	11,847	11.08%					1,449	1,389	-2.69%	95.86%
2005	1,449	18,230,968	12,582	6.20%	142	1		10:1	1,440	1,372	-0.62%	95.28%
2006	1,440	19,030,532	13,216	5.04%	148				1,379	1,324	-4.21%	95.98%
2007	1,426	19,273,366	13,516	2.27%	154				1,432	1,360	3.81%	94.97%
2008	1,459	22,224,684	15,233	12.70%	160				1,440	1,367	0.56%	94.93%
2009	1,421	22,502,508	15,836	3.96%	161				1,419	1,344	-1.46%	94.71%
2010	1,499	23,753,763	15,846	0.07%	160				1,494	1,408	5.29%	94.24%
2011	1,565	23,059,964	14,735	-7.01%	161				1,536	1,449	2.81%	94.34%
2012	1,596	22,567,389	14,140	-4.04%	158				1,580	1,512	2.86%	95.70%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count for all students attending school facilities.

a Operating expenditures equal total general fund and special revenue fund expenditures less debt service and capital outlay; Schedule J-4
b Teaching staff includes only full-time equivalents of certificated staff.
c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Exhibit J-18

Palisades Park Board of Education
School Building Information
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
District Buildings										
Elementary										
Lindbergh School										
Square Feet	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584
Capacity: FES (students)	621	621	621	621	621	621	621	621	621	621
Enrollment	866	855	830	819	866	681	523	669	669	669
High School										
Palisades Park High School										
Square Feet	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626
Capacity: FES (students)	493	493	493	493	493	493	493	493	493	493
Enrollment	623	634	619	621	519	519	639	556	556	556
Early Childhood Center										
Charles Smith Early Childhood Center										
Square Feet					20,600	20,600	20,600	20,600	20,600	20,600
Capacity: FES (students)					360	360	360	360	360	360
Enrollment					239	259	259	274	274	274
Other										
Administration Building										
Square Feet	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500

Number of Schools at June 30, 2010
- Elementary = 1
- High School = 1
- Early Childhood Center = 1
- Other = 1

Source: District records, ASSA

Note: Enrollment is based on students' enrolled within the District -- out of district students have not been included

Exhibit J-19

Palisades Park Board of Education
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	Project # (s)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Palisades Park High School	N/A	48,165	16,803	25,560	26,376	32,667	32,492	63,486	57,920	24,822	44,851
Lindergh School	N/A	26,544	11,202	17,040	17,584	18,301	18,301	42,324	38,614	16,548	36,697
Early Childhood Center	N/A	2,920	3,111	4,733	4,884	5,892	5,892				
Grand Total		77,629	31,116	47,333	48,844	56,860	56,685	105,810	96,534	41,370	81,548

Exhibit J-20

Palisades Park Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2012
Unaudited

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Fund			
	Multi - Peril Policy:		
	Property - Blanket Building and Contents	42,256,047	1,000
	Comprehensive General Liability	5,000,000	1,000
	Employee Benefits Liability	5,000,000	1,000
	Automobile Liability	5,000,000	1,000
	Comprehensive Crime Coverage	400,000	1,000
	School Leaders		
	Liability & Employment Practices Liability	5,000,000	
	Crime Coverage		
	Employee Dishonesty w/faithful performance		
	Each Person	100,000	1,000
	Each Loss	400,000	1,000
	Forgery & Alteration	50,000	1,000
	Money & Securities (Inside and Out)	2,500,000	1,000
	Computer Fraud	50,000	1,000
	Boiler & Machinery		
	Property Damage	100,000,000	1,000
	Accidental Death & Dismemberment		
	Principal Sum	100,000	
	Aggregate	500,000	
	Environmental Impairment Liability		
	Occurrence	1,000,000	
	All Claims, Remediation Costs, or Legal Defense Expense Limit	25,000,000	
	SIR-per Pollution Condition	10,000	
	Flood & Earthquake	25,000,000	25,000
	Excess Liability	5,000,000	
	Excess Liability (CAP)	50,000,000	

Source: District Records

SINGLE AUDIT SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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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 Education
Borough of Palisades Park School District
County of Bergen, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Borough of Palisades Park School District in the County of Bergen as of and for the fiscal year ended June 30, 2012 which collectively comprise the basic financial statements of the Board of Education of the Borough of Palisades Park School District in the County of Bergen, and have issued our report thereon dated December 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Board of Education of the Borough of Palisades Park School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough of Palisades Park School District 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 Borough of Palisades Park School District Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Palisades Park School District 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

FWCC

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 Borough of Palisades Park School District 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 Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to the Board of Education of the Borough of Palisades Park School District in a separate report entitled, *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated December 5, 2012.

This report is intended solely for the information of management, the Borough of Palisades Park Board of Education, New Jersey State Department of Education and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Steven D. Wielkotz
Licensed Public School Accountant
No. CS00816

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

December 5, 2012

FWCC

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AND STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

Honorable President and
Members of the Board of Education
Borough of Palisades Park School District
County of Bergen, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Borough of Palisades Park School District in the County of Bergen 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 State Office of Management and Budget's State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012 Borough of Palisades Park School District Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Borough of Palisades Park School District Board of Education's management. Our responsibility is to express an opinion on the Borough of Palisades Park School District 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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; and the provisions of New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards, and OMB Circular A-133 and N.J. OMB Circular 04-04, 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Palisades Park School District 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 the Borough of Palisades Park School District Board of Education's compliance with those requirements.

FWCC

In our opinion, the Borough of Palisades Park School District Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

The management of the Borough of Palisades Park School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Borough of Palisades Park School District Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Borough of Palisades Park School District Board of Education's internal control over compliance.

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

Our consideration of the 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 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 of the management, the Borough of Palisades Park Board of Education, and the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Steven D. Wielkotz
Licensed Public School Accountant
No. CS00816

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

December 5, 2012

FWCC

Exhibit K-3

BOROUGH OF PALISADES PARK SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2012

Federal Grantor/Pass-through Grantor/ Progam Title	Federal CFDA Number	Grant or State Project Number	Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2011	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Prior year A/P and Encumbrances Cancelled	Repayment of Prior Years' Balances	Balance at June 30, 2012 (Accounts Receivable)	Balance at June 30, 2012 Deferred Revenue/ Interfund Payable	Balance at June 30, 2012 Due to Grantor at	MEMO Cumulative Total Expenditures
US Department of Education															
General Fund															
Education Jobs Fund	84.410A	ARRA 2011	78,030	7/1/2010	6/30/2011	(15,132)		15,132	2,370			(2,370)			78,030
Medical Assistance Program (SEMI)	93.778	N/A	19,759	7/1/2010	6/30/2011			12,445	19,759			(7,314)			19,759
Medical Assistance Program (SEMI)	93.778	N/A	17,141	7/1/2010	6/30/2011	(5,396)		5,396							17,141
Total General Fund						(20,528)		32,973	22,129			(9,684)			114,930
US Department of Education															
Passed Through State Dept of Education:															
Special Revenue Fund															
Title I, Part A - Improving Basic Programs	84.010A	NCLB391012	264,695	9/1/11	8/31/12	$	(70,697)	284,630	277,584	13,847		(49,804)			277,584
Title I, Part A - Improving Basic Programs	84.010A	NCLB391011	309,345	9/1/10	8/31/11	(70,697)	70,697								241,772
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	NCLB391012	75,281	9/1/11	8/31/12		(1,182)	57,627	99,516	2,890		(40,181)			99,516
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	NCLB391011	80,788	9/1/10	8/31/11	(1,182)	1,182								46,077
Title II, Part D - Enhancing Education Through Technology	84.318X	NCLB391011	620	9/1/10	8/31/11				596			(596)			596
Title III, English Language Acquistion and Language Enhancement	84.365A	NCLB391012	45,952	9/1/11	8/31/12		(3,088)	37,654	47,590	1,639		(11,385)			47,590
Title III, English Language Acquistion and Language Enhancement	84.365A	NCLB391011	53,840	9/1/10	8/31/11	(3,088)	3,088								46,171
Implementing New Curricular Learning with Universally Designed Experiences	84.318X	08000211	235,000	9/1/10	8/31/11	(20,182)		38,574	9,310	14,035				23,117	156,741
Implementing New Curricular Learning with Universally Designed Experiences	84.318X	08000211	240,000	9/1/09	8/31/10	(14,521)		14,521							240,000
Implementing New Curricular Learning with Universally Designed Experiences	84.318X	08000211	226,000	9/1/08	8/31/09	(7,288)		7,288							226,000
IDEA, Part B-Basic	84.027	IDEA391012	356,460	9/1/11	8/31/12		(32,448)	338,894	361,847	221		(55,401)		221	361,847
IDEA, Part B-Basic	84.027	IDEA391011	337,265	9/1/10	8/31/11	(32,448)	32,448								330,558
IDEA, Part B-Preschool	84.173	IDEA391012	9,310	9/1/11	8/31/12		(2,334)	7,834	10,369			(4,869)			10,369
IDEA, Part B-Preschool	84.173	IDEA391011	8,743	9/1/10	8/31/11	(2,334)	2,334								7,684
ARRA - IDEA, Part B-Basic	84.391	ARRA391010	383,707	9/1/09	8/31/11	4,030			4,030	499				499	383,208
ARRA - IDEA, Part B-Preschool	84.392	ARRA391010	13,838	9/1/09	8/31/11	(237)		237							13,838
Improving Partnerships and Active Collaboration for Teaching Grant (IMPACT)	84.041	11000099	34,292	9/1/11	8/31/12			29,074	28,868				206		28,868
Improving Partnerships and Active Collaboration for Teaching Grant (IMPACT)	84.041	11000099	35,528	9/1/10	8/31/11	(19,904)		30,260		1,294			11,650		18,610
Improving Partnerships and Active Collaboration for Teaching Grant (IMPACT)	84.041	11000099	38,148	9/1/09	8/31/10	1,851							1,851		36,297
Funds for the Improvement of Education	84.125K		150,000	9/1/10	8/31/11	(74,189)		76,629	51,470	49,956				926	88,088
Total Special Revenue Fund						(240,189)		923,222	891,180	84,381		(162,236)	13,707	24,763	2,661,414

Exhibit K-3

BOROUGH OF PALISADES PARK SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2012

Federal Grantor/Pass-through Grantor/ Progam Title	Federal CFDA Number	Grant or State Project Number	Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2011	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Prior year A/P and Encumbrances Cancelled	Repayment of Prior Years' Balances	Balance at June 30, 2012 (Accounts Receivable)	Balance at June 30, 2012 Deferred Revenue/ Interfund Payable	Balance at June 30, 2012 Due to Grantor at	MEMO Cumulative Total Expenditures
US Department of Agriculture															
Passed Through State Dept of Education:															
Enterprise Fund															
USDA Commodities Program	10.550		41,502	7/1/11	6/30/12			41,502	41,502						41,502
National School Breakfast Program	10.553		35,958	7/1/11	6/30/12			34,277	35,958			(1,681)			35,958
National School Breakfast Program	10.553		32,620	7/1/10	6/30/11	(2,560)		2,560							32,620
National School Lunch Program	10.553		244,435	7/1/11	6/30/12			229,851	244,435			(14,584)			244,435
National School Lunch Program	10.555		228,529	7/1/10	6/30/11	(17,437)		17,437							228,529
Total Enterprise Fund						(19,997)		325,627	321,895			(16,265)			583,044
Total Federal Financial Assistance						$ (280,714)		1,281,822	1,235,204	84,381		(188,185)	13,707	24,763	3,359,388

See accompanying notes to the Schedules of Expenditures of Federal and State Awards.

Exhibit K-4

BOROUGH OF PALISADES PARK SCHOOL DISTRICT

Schedule of Expenditures of State Financial Awards

Year ended June 30, 2012

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2011 Deferred Revenue (Accts Receivable)	Balance at June 30, 2011 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Cancelled Prior Year Encumbrances	Adjustment	Balance at June 30, 2012 (Accounts Receivable)	Balance at June 30, 2012 Deferred Revenue/ Interfund Payable	Balance at June 30, 2012 Due to Grantor at	Memo Budgetary Receivable	Memo Cumulative Total Expenditures
State Department of Education:																
General Fund																
Equalization Aid	495-034-5120-078	$ 781,607	7/1/2011	6/30/2012	$			781,607	781,607						60,360	781,607
Special Education Categorical Aid	495-034-5120-089	867,132	7/1/2011	6/30/2012				867,132	867,132						66,964	867,132
Extraordinary Aid	495-034-5120-044	92,433	7/1/2011	6/30/2012					92,433			(92,433)				92,433
Extraordinary Aid	495-034-5120-044	251,763	7/1/2010	6/30/2011	(251,763)			251,763								251,763
On Behalf TPAF Pension - Post Retirement	495-034-5095-001	698,371	7/1/2011	6/30/2012				698,371	698,371							698,371
On Behalf TPAF NCGI Premium	495-034-5095-007	33,668	7/1/2011	6/30/2012				33,668	33,668							33,668
On Behalf TPAF Pension - Contribution	495-034-5095-006	313,735	7/1/2011	6/30/2012				313,735	313,735							313,735
Reimbursed TPAF Social Security Contributions	495-034-5095-002	755,277	7/1/2011	6/30/2012				717,797	755,277			(37,480)				755,277
Total General Fund					(251,763)			3,664,073	3,542,223			(129,913)			127,324	3,793,986
Special Revenue Fund																
NJ NonPublic Aid:																
Textbook Aid	100-034-5120-064	10,949	7/1/2011	6/30/2012				10,949	10,949							10,949
Nursing Services	100-034-5120-070	15,640	7/1/2011	6/30/2012				15,640	15,640							15,640
Auxilliary Services (Chapter 192):																
Compensatory Education	100-034-5120-067	53,256	7/1/2011	6/30/2012				53,256	43,871					9,385		43,871
English as a Second Language	100-034-5120-067	18,965	7/1/2011	6/30/2012				18,965	13,964					5,001		13,964
Handicapped Services (Chapter 193):																
Exam & Classification	100-034-5120-066	36,384	7/1/2011	6/30/2012				36,384	15,136					21,248		15,136
Corrective Speech	100-034-5120-066	15,007	7/1/2011	6/30/2012				15,007	10,348					4,659		10,348
Supplementary Inst.	100-034-5120-066	12,347	7/1/2011	6/30/2012				12,347	12,206					141		12,206
Total Special Revenue Fund								162,548	122,114					40,434		122,114
Enterprise Fund																
State Department of Agriculture																
National School Lunch Program (State Share)	100-010-3350-023	8,788	7/1/2011	6/30/2012				8,277	8,787			(510)				
National School Lunch Program (State Share)	100-010-3350-023	8,351	7/1/2010	6/30/2011	(673)			673								8,351
Total Enterprise Fund					(673)			8,950	8,787			(510)				8,351
Total State Financial Assistance					(252,436)			3,835,571	3,673,124			(130,423)		40,434	127,324	3,924,451
Local Sources:																
Special Revenue Fund:																
Korean Language Association	N/A	50,000	7/1/2011	6/30/2011				50,000	50,000							50,000
Korean Language Association	N/A	50,000	7/1/2009	6/30/2010	2,808					6,710	(9,518)					40,482
Total Local Sources					2,808			50,000	50,000	6,710	(9,518)					90,482
Total State and Local Financial Assistance					(249,628)			3,885,571	3,723,124	6,710	(9,518)	(130,423)		40,434	127,324	4,014,933

See accompanying notes to the Schedules of Expenditures of Federal and State Awards.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Board of Education, Borough of Palisades Park School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on 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 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and the 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 the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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, 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.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $(42,542) for the general fund and $(145,777) for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	$22,129	$3,499,681	$3,521,810
Special Revenue Fund	745,403	122,114	867,517
Food Service Fund	321,895	8,787	330,682
Total Awards and Financial	$1,089,427	$3,630,582	$4,720,009

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenue and expenditures reported under the U.S.D.A. food distribution program represent current year value received and current year distributions, respectfully. TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. The amount reported as TPAF Social Security Contributions 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, 2012.

BOROUGH OF PALISADES PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported
2. Material weakness(es) identified? _____ yes X no

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported
2. Material weakness(es) identified? _____ yes X no

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes X no

Identification of major programs:

CFDA Number(s)		Name of Federal Program or Cluster
84.010A	(A)	Title I, Part A - Improving Basic Programs
10.553		National School Breakfast/Lunch Program

Note: (A) Tested as Major Type A Program

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

Auditee qualified as low-risk auditee? X yes _____ no

BOROUGH OF PALISADES PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)

***Section I - Summary of Auditor's Results*, (continued)**

State Awards

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

Auditee qualified as low-risk auditee? X yes _____ no

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

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported
2. Material weakness(es) identified? _____ yes X no

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? X yes _____ no

Identification of major programs:

GMIS Number(s)		Name of State Program
12-495-034-5095-002	(A)	Reimbursed TPAF Social Security Contributions
12-100-034-5120-066	(B)	Non Public Handicapped Aid (Chapter 193)

Note: (A) Tested as Major Type A Program
(B) Tested as Major Type B Program

BOROUGH OF PALISADES PARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section II – Financial Statement Findings

None

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

None

STATUS OF PRIOR YEAR FINDINGS

Finding 11-1 (10-02) (9-02)

Condition:
Travel expenditures were not approved prior to the actual travel dates.

Current Status:
The corrective action plan states that "all travel expenses will have prior approval"; however, no corrective action was taken.