

**SCHOOL DISTRICT OF THE
BOROUGH OF PALISADES PARK
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

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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, 2013

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Comprehensive Annual Financial Report

of the

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

Year Ended June 30, 2013

Prepared by

**Borough of Palisades Park Board of Education
Finance Department**

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OUTLINE OF CAFR

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INTRODUCTORY SECTION

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410 Second Street
Palisades Park, N.J. 07650
jcirillo@palpkschools.org

Mr. Joseph Cirillo
Superintendent of Schools

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

September 9, 2013

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, 2013, 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 students, which is 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

<u>FISCAL YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>PERCENTAGE CHANGE</u>
2007-2008	1,459	3.5%
2008-2009	1,440	(2.0%)
2009-2010	1,494	4.0%
2010-2011	1,601	7.16%
2012-2013	1,609	0.9%

- 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 46% Asian students, 33% Hispanic, 19% English-speaking, and 2% 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, 2013.

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.*

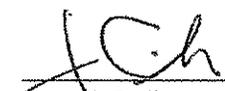
In addition to meeting the requirements as set forth in State statutes, the audit also was designed to meet the requirements of OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB.

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.

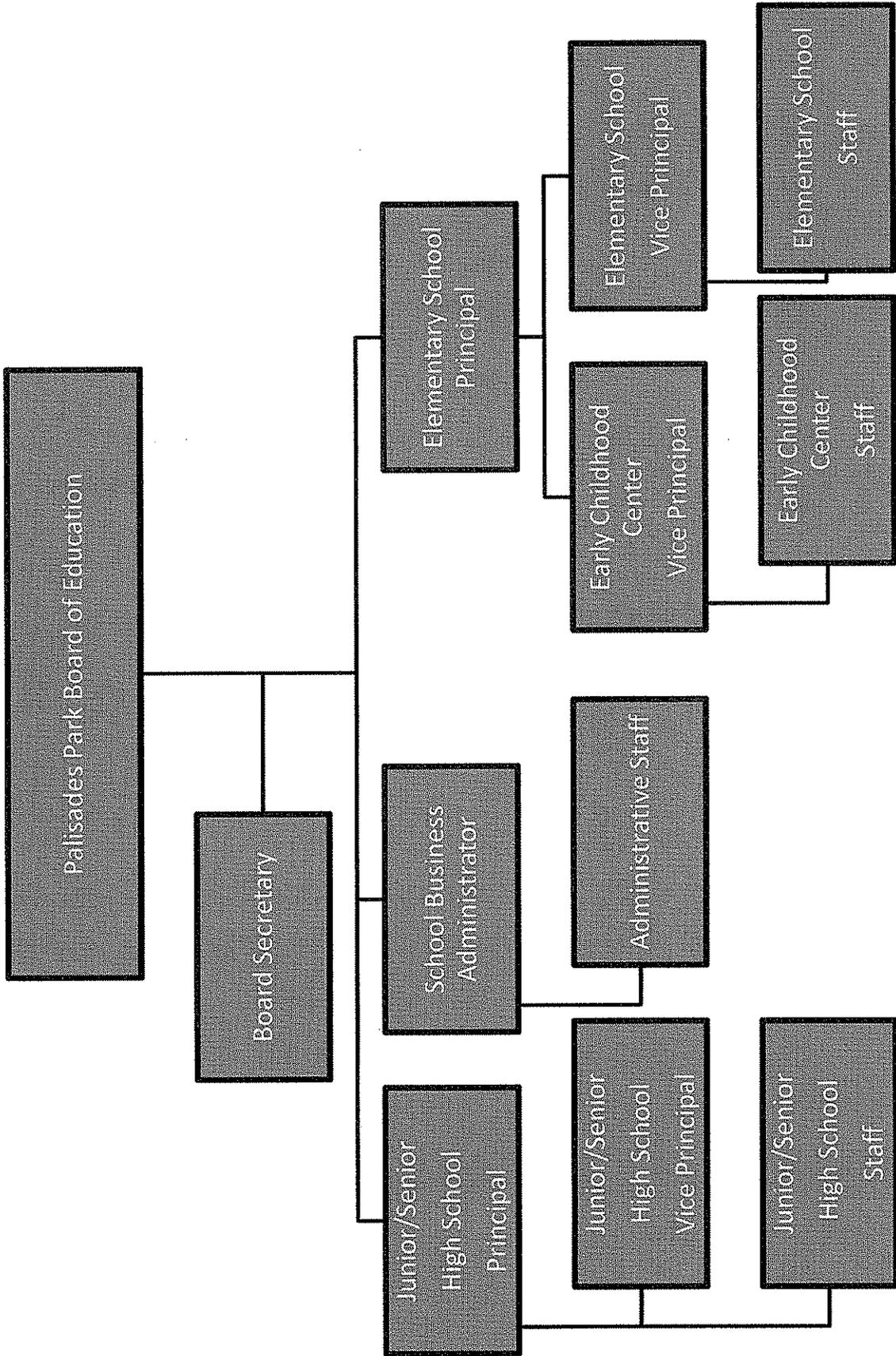
Respectfully Submitted,



Joseph Cirillo
Superintendent of Schools



Eulalia Gillis
Business Administrator



PALISADES PARK BOARD OF EDUCATION

ROSTER OF OFFICIALS – JUNE 30, 2013

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
<i>George Beck Jr, President</i>	2016
<i>James Ring, Vice-President</i>	2015
<i>Maria Alvarez</i>	2014
<i>Kenneth Bruno</i>	2015
<i>Angela Burns</i>	2016
<i>Christopher Chung</i>	2015
<i>Howard Donovan</i>	2014
<i>John Mattessich</i>	2016
<i>Jeffrey Woo</i>	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 & JOHNS, architects, P.A.
150 Madison Avenue
Morristown, New Jersey 07960*

*Mount Vernon Group Architects
24 Commerce Street
Newark, New Jersey 07102*

Audit Firm

*Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442*

Legal Counsel

*Richard A. Brovarone, Esq.
14 Route 4 West
River Edge, New Jersey 07661*

Bond Counsel

*Rogut McCarthy PC
37 Alden Street
Cranford, New Jersey 07016*

Official Depositories

*PNC Bank
264 Broad Avenue
Palisades Park, New Jersey 07650*

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

FINANCIAL SECTION

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

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

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the 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 year ended June 30, 2013, and the related notes to the financial statements, 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 Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 audit requirements 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



Honorable President and
Members of the Board of Education
Page 2.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information on pages 13 - 24 and 59 - 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Palisades Park Board of Education's basic financial statements. The other supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

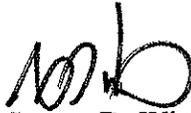
The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2013 on our consideration of the Borough of Palisades Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope

Honorable President and
Members of the Board of Education
Page 4.

of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Palisades Park Board of Education's internal control over financial reporting and compliance.



Steven D. Wielkocz
Licensed Public School Accountant
No. CS00816



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

September 9, 2013



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

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**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK , NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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, 2013. 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 position increased by \$227,999. Net position of governmental activities increased by \$191,602 and net position of business-type activity increased by \$36,397.
- General revenues accounted for \$24,275,797 in revenue or 94 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,738,480 or 6 percent of total revenues of \$26,014,277.
- The School District had \$25,016,299 in expenses related to governmental activities; only \$932,275 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$24,275,626 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.

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

District-Wide Financial Statements

The *statement of net position 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 Position 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 position and changes in them. The change in net position 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.

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

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 Position 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.

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

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.

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

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 Positions provides the perspective of the District as a whole. Net position 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 positions were \$16,259,259 at June 30, 2013 and \$16,031,260 at June 30, 2012. Restricted items of net positions are reported separately to show legal constraints that limit the School District's ability to use those items for day-to-day operations. Our analysis below focuses on the net position for 2013 compared to 2012 (Table 1) and change in net position (Table 2) of the School District.

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 1

**Net Position
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets						
Current and Other Assets	1,968,294	2,584,212	216,384	184,557	2,184,678	2,768,769
Capital Assets	<u>17,398,124</u>	<u>17,251,777</u>	<u>49,093</u>	<u>52,276</u>	<u>17,447,217</u>	<u>17,304,053</u>
Total Assets	<u>19,366,418</u>	<u>19,835,989</u>	<u>265,477</u>	<u>236,833</u>	<u>19,631,895</u>	<u>20,072,822</u>
Liabilities						
Other Liabilities	212,483	167,418	6,283	14,036	218,766	181,454
Noncurrent Liabilities	<u>3,153,870</u>	<u>3,860,108</u>	—	—	<u>3,153,870</u>	<u>3,860,108</u>
Total Liabilities	<u>3,366,353</u>	<u>4,027,526</u>	<u>6,283</u>	<u>14,036</u>	<u>3,372,636</u>	<u>4,041,562</u>
Net Position						
Net Investment in Capital						
Assets	16,029,450	15,429,884	49,093	52,276	16,078,543	15,482,160
Restricted	1,450,132	2,091,983	—	—	1,450,132	2,091,983
Unrestricted	<u>(1,479,517)</u>	<u>(1,713,404)</u>	<u>210,101</u>	<u>170,521</u>	<u>(1,269,416)</u>	<u>(1,542,883)</u>
Total Net Position	<u>16,000,065</u>	<u>15,808,463</u>	<u>259,194</u>	<u>222,797</u>	<u>16,259,259</u>	<u>16,031,260</u>

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2013 compared to 2012.

**Table 2
Changes in Net Position
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales			441,859	475,312	441,859	475,312
Operating Grants and						
Contributions	932,275	917,517	364,346	330,682	1,296,621	1,248,199
General Revenues:						
Taxes:						
Property taxes, levied	19,330,621	19,330,621			19,330,621	19,330,621
for general purposes						
Property taxes levied						
for debt service	557,377	557,377			557,377	557,377
Federal and State Aid not						
Restricted	4,245,345	3,521,810			4,245,345	3,521,810
Miscellaneous Income	140,770	102,082			140,770	102,082
Investment Earnings	1,513	1,093	171	16	1,684	1,109
Additional Debt Issued -						
Refinancing		(59,000)				(59,000)
Prior Year Tax Levy						
Receivable Cancelled		(91,630)				(91,630)
Total Revenues and Transfers	<u>25,207,901</u>	<u>24,279,870</u>	<u>806,376</u>	<u>806,010</u>	<u>26,014,277</u>	<u>25,085,880</u>

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Functions/Program Expenses						
Instruction:						
Regular	10,965,082	10,341,592			10,965,082	10,341,592
Special Instruction	2,349,262	2,054,862			2,349,262	2,054,862
Other Special Instruction	1,130,595	1,057,891			1,130,595	1,057,891
Other Instruction	463,745	373,956			463,745	373,956
Support Services:						
Tuition	1,125,426	1,005,019			1,125,426	1,005,019
Student & Instruction Related Services	1,911,931	1,687,292			1,911,931	1,687,292
School Administrative Services	1,292,560	1,190,789			1,292,560	1,190,789
General Administrative Services	620,596	544,426			620,596	544,426
Central Administration	424,693	421,032			424,693	421,032
Plant Operations and Maintenance	1,878,796	1,776,438			1,878,796	1,776,438
Pupil Transportation	305,943	352,095			305,943	352,095
Unallocated Benefits	2,179,899	1,566,083			2,179,899	1,566,083
Transfer of Funds to Charter Schools	28,679				28,679	
Capital Outlay - Non- Depreciable	18,094	19,507			18,094	19,507
Debt Service:						
Interest and Other Charges	74,445	147,657			74,445	147,657
Unallocated Depreciation	246,553	230,796			246,553	230,796
Food Service			685,672	676,450	685,672	676,450
After School Child Care			<u>84,307</u>	<u>82,784</u>	<u>84,307</u>	<u>82,784</u>
Total Expenses and Transfers	<u>25,016,299</u>	<u>22,769,435</u>	<u>769,979</u>	<u>759,234</u>	<u>25,786,278</u>	<u>23,528,669</u>
Increase or (Decrease) in Net Position	<u>191,602</u>	<u>1,510,435</u>	<u>36,397</u>	<u>46,776</u>	<u>227,999</u>	<u>1,557,211</u>

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

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 \$25,786,278. 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 \$441,859, by other governments and organizations who subsidized certain programs with grants and contributions \$1,296,621, and by miscellaneous sources \$4,387,799.

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 \$7,269.
- ✓ After school child care revenues exceeded expenses by \$28,957.
- ✓ Charges for services provided totaled \$441,859. 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 \$364,346.

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

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, 2013, 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 \$23,740,348. That amount is \$2,412,320 above the final amended budget of \$21,328,028. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$2,292,584 for TPAF social security reimbursements and on-behalf pension payments, \$42,814 of unanticipated extraordinary aid and \$76,922 of various unanticipated revenues.

The actual expenditures of the general fund were \$24,319,945, including transfers which is \$2,036,258 above the final amended budget of \$22,283,687. The variance between the actual expenditures and final budget was due to non-budgeted on-behalf TPAF social security and pension payments of \$2,292,584 and \$206,326 of unexpended budgeted funds.

The General fund had total revenues of \$23,740,348 and total expenditures including transfers of \$24,319,945 with an ending fund balance of \$2,071,808 on the budgetary basis.

Special Revenue Fund

The special revenue fund actual revenue was \$932,275. That amount is above the original budget estimate of \$801,258 and below the final amended budget of \$950,438. The \$149,180 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 \$18,163 variance between the final amended budget and the June 30, 2013 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.

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Special Revenue Fund. (continued)

The actual expenditures of the special revenue fund were \$932,275, which is above the original budget of \$801,258 and below the final amended budget of \$950,438. The \$149,180 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 \$18,163 variance between the final amended budget and the June 30, 2013 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 2013 the School District had \$24,790,751 invested in land, buildings and building improvements, machinery and equipment and construction in progress. Of this amount, \$7,343,534 in depreciation has been taken over the years. We currently have a net book value of \$17,447,217. Total depreciable additions for the year were \$430,642 which consisted mainly of various building and land improvements and instructional equipment purchases. Table 3 shows fiscal year 2013 balances compared to 2012.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	9,613,650	9,613,650			9,613,650	9,613,650
Land Improvements	125,859	114,000			125,859	114,000
Construction in Progress	227,511	210,776			227,511	210,776
Buildings and Improvements	7,280,775	7,135,312	47,242	50,194	7,328,017	7,185,506
Furniture, Equipment and Vehicles	150,329	178,039	1,851	2,082	152,180	180,121
	<u>17,398,124</u>	<u>17,251,777</u>	<u>49,093</u>	<u>52,276</u>	<u>17,447,217</u>	<u>17,304,053</u>

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION, (continued)

Debt Administration

At June 30, 2013, the District had \$3,153,870 in long term debt. Of this amount, \$975,196 is for compensated absences, \$57,110 is for economic development authority loans, \$1,311,564 is for certificates of participation used to finance the construction of additions and renovations of the existing school buildings, and \$810,000 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 2013-2014 school year that is slightly higher than the level of the 2012-2013 school year.

The following factors were considered in preparing the 2013-2014 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

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DISTRICT-WIDE FINANCIAL STATEMENTS

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PALISADES PARK BOARD OF EDUCATION
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	1,003,605	184,174	1,187,779
Receivables, net	142,425	18,574	160,999
Internal balances	(870)	870	-
Inventory		12,766	12,766
Restricted assets:			
Capital reserve account - cash	823,134		823,134
Capital assets:			
Land and construction in progress	9,841,161		9,841,161
Other Capital assets, net	7,556,963	49,093	7,606,056
Total Assets	19,366,418	265,477	19,631,895
LIABILITIES			
Accounts payable and accrued liabilities	158,518	6,283	164,801
Payable to federal government	34,141		34,141
Payable to state government	18,740		18,740
Advanced revenue	1,084		1,084
Noncurrent liabilities:			
Due within one year	819,709		819,709
Due beyond one year	2,334,161		2,334,161
Total liabilities	3,366,353	6,283	3,372,636
NET POSITION			
Net Investment in Capital Assets	16,029,450	49,093	16,078,543
Restricted for:			
Debt service	(179,110)		(179,110)
Capital projects	863,929		863,929
Other purposes	765,313		765,313
Unrestricted (Deficit)	(1,479,517)	210,101	(1,269,416)
Total net position	16,000,065	259,194	16,259,259

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

PALISADES PARK BOARD OF EDUCATION
Statement of Activities
Fiscal Year Ended June 30, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Expenses	Indirect Expenses Allocation	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	8,997,019	1,968,063		632,045		(10,333,037)		(10,333,037)
Special education	1,871,812	477,430				(2,349,262)		(2,349,262)
Other special instruction	900,166	230,429				(1,130,595)		(1,130,595)
Other instruction	391,780	71,965				(463,745)		(463,745)
Support services:								
Tuition	1,125,426					(1,125,426)		(1,125,426)
Attendance & Social Work	1,150	298				(1,448)		(1,448)
Health Services	236,322	58,421				(294,743)		(294,743)
Student & instruction related services	1,364,875	250,865		295,830		(1,319,910)		(1,319,910)
School administrative services	1,029,631	262,929				(1,292,560)		(1,292,560)
General administrative services	590,662	29,934				(620,596)		(620,596)
Central Services	353,051	71,642				(424,693)		(424,693)
Plant operations and maintenance	1,638,745	240,051				(1,878,796)		(1,878,796)
Pupil transportation	305,943					(305,943)		(305,943)
Unallocated benefits	2,179,899					(2,179,899)		(2,179,899)
Transfer to Charter Schools	28,679					(28,679)		(28,679)
Capital outlay - non-depreciable	18,094		4,400			(13,694)		(13,694)
Interest on long term debt	74,445					(74,445)		(74,445)
Unallocated depreciation	246,553					(246,553)		(246,553)
Total governmental activities	21,354,252	3,662,047	-	932,275	-	(24,084,024)	-	(24,084,024)
Business-type activities:								
Food Service	685,672		328,595	364,346			7,269	7,269
After School Child Care	84,307		113,264				28,957	28,957
Total business-type activities	769,979		441,859	364,346			36,226	36,226
Total primary government	22,124,231		441,859	1,296,621		(24,084,024)	36,226	(24,047,798)
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						4,245,345		4,245,345
Investment Earnings						1,513		1,513
Miscellaneous income						140,770	171	140,941
Total general revenues, special items, extraordinary items and transfers						24,275,626	171	24,275,797
Change in Net Position						191,602	36,397	227,999
Net Position—beginning						15,808,463	222,797	16,031,260
Net Position—ending						16,000,065	259,194	16,259,259

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

FUND FINANCIAL STATEMENTS

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PALISADES PARK BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	1,010,678	130,665	41,372		1,182,715
Accounts Receivable -					
Intergovernmental - State	141,787	638			142,425
Restricted cash and cash equivalents	823,134				823,134
Total assets	<u>1,975,599</u>	<u>131,303</u>	<u>41,372</u>	<u>-</u>	<u>2,148,274</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft				179,110	179,110
Accounts payable	52,344	77,915			130,259
Intergovernmental accounts payable:					
State		18,163	577		18,740
Federal		34,141			34,141
Interfund payables	870				870
Advanced revenue		1,084			1,084
Total liabilities	<u>53,214</u>	<u>131,303</u>	<u>577</u>	<u>179,110</u>	<u>364,204</u>
Fund Balances:					
Restricted for:					
Excess Surplus - current year	244,359				244,359
Excess Surplus - prior year - designated for subsequent year's expenditures	130,537				130,537
Capital reserve	823,134				823,134
Assigned to:					
Year End Encumbrances	333,980				333,980
Debt service				(179,110)	(179,110)
Designated by the Board of Education for Subsequent year's expenditures	56,437				56,437
Capital projects			40,795		40,795
Unassigned:					
General fund	333,938				333,938
Total Fund balances	<u>1,922,385</u>	<u>-</u>	<u>40,795</u>	<u>(179,110)</u>	<u>1,784,070</u>
Total liabilities and fund balances	<u>1,975,599</u>	<u>131,303</u>	<u>41,372</u>	<u>-</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$24,622,900 and the accumulated depreciation is \$7,224,776.	17,398,124
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	(28,259)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds	(3,153,870)
Net position of governmental activities	<u>16,000,065</u>

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

PALISADES PARK BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2013

	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	1,513				1,513
Miscellaneous	140,770				140,770
Total - Local Sources	19,472,904	-	-	557,377	20,030,281
State sources	4,240,206	163,411			4,403,617
Federal sources	5,139	768,864			774,003
Total revenues	23,718,249	932,275	-	557,377	25,207,901
EXPENDITURES					
Current:					
Regular instruction	8,364,974	632,045			8,997,019
Special education instruction	1,871,812				1,871,812
Other special instruction	900,166				900,166
School sponsored/other instructional	391,780				391,780
Support services and undistributed costs:					
Tuition	1,125,426				1,125,426
Attendance & Social Work	1,150				1,150
Health services	236,322				236,322
Student & instruction related services	1,069,045	295,830			1,364,875
School administrative services	1,029,631				1,029,631
General administrative services	590,662				590,662
Central services	353,051				353,051
Plant operations and maintenance	1,638,745				1,638,745
Pupil transportation	305,943				305,943
Unallocated benefits	3,658,904				3,658,904
On-behalf contributions	2,292,584				2,292,584
Debt Service:					
Principal				542,219	542,219
Interest and other charges				81,049	81,049
Transfer to Charter Schools	28,679				28,679
Capital outlay	206,481	4,400	254,590		465,471
Total expenditures	24,065,355	932,275	254,590	623,268	25,875,488
Excess (Deficiency) of revenues over expenditures	(347,106)	-	(254,590)	(65,891)	(667,587)
OTHER FINANCING SOURCES (USES)					
Capital Reserve - Transfer to Capital Projects Fund	(254,590)		254,590		-
Total other financing sources and uses	(254,590)	-	254,590	-	-
Net change in fund balances	(601,696)	-	-	(65,891)	(667,587)
Fund balance—July 1	2,524,081	-	40,795	(113,219)	2,451,657
Fund balance—June 30	1,922,385	-	40,795	(179,110)	1,784,070

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, 2013

Total net change in fund balances - governmental funds (from B-2) (667,587)

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	(301,030)	
	Non-Depreciable Capital Outlays - Construction in Progress	16,735	
	Depreciable Capital outlays	430,642	
		146,347	146,347

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	89,000	
	Principal Payments on Loan Obligations	55,136	
	Principal Payments on Capital Leases	398,083	
		542,219	542,219

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	34,863	
	Current year	(28,259)	

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	164,019	
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Change in net position of governmental activities 191,602

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

PALISADES PARK BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2013

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	74,362	109,812	184,174
Accounts receivable:			
State	476		476
Federal	18,098		18,098
Interfund	870		870
Inventories	12,766		12,766
Total current assets	<u>106,572</u>	<u>109,812</u>	<u>216,384</u>
Noncurrent assets:			
Capital assets:			
Equipment	108,801		108,801
Site Improvements	59,050		59,050
Less accumulated depreciation:			
Equipment	(109,902)		(109,902)
Site Improvements	(8,856)		(8,856)
Total capital assets (net of accumulated depreciation)	<u>49,093</u>	<u>-</u>	<u>49,093</u>
Total assets	<u>155,665</u>	<u>109,812</u>	<u>265,477</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,283		6,283
Total current liabilities	<u>6,283</u>	<u>-</u>	<u>6,283</u>
NET POSITION			
Net Investment in Capital Assets	49,093	-	49,093
Unrestricted	100,289	109,812	210,101
Total net position	<u>149,382</u>	<u>109,812</u>	<u>259,194</u>

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

PALISADES PARK BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2013

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	325,346		325,346
Daily sales - non-reimbursable programs	3,249		3,249
Tuition fees		113,264	113,264
Total operating revenues	<u>328,595</u>	<u>113,264</u>	<u>441,859</u>
Operating expenses:			
Cost of sales	284,563		284,563
Salaries	220,412	81,765	302,177
Supplies and materials	24,566	2,542	27,108
Employee benefits	82,556		82,556
Cleaning repair & maintenance	41,050		41,050
Purchased services	28,526		28,526
Miscellaneous	816		816
Depreciation	3,183		3,183
Total Operating Expenses	<u>685,672</u>	<u>84,307</u>	<u>769,979</u>
Operating income (loss)	<u>(357,077)</u>	<u>28,957</u>	<u>(328,120)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	8,649		8,649
Federal sources:			
National school lunch program	284,563		284,563
National school breakfast program	29,417		29,417
Food distribution program	41,717		41,717
Prior year voided check	165		165
Interest and investment revenue	6		6
Total nonoperating revenues (expenses)	<u>364,517</u>	<u>-</u>	<u>364,517</u>
Change in net position	7,440	28,957	36,397
Total net position—beginning	<u>141,942</u>	<u>80,855</u>	<u>222,797</u>
Total net position—ending	<u>149,382</u>	<u>109,812</u>	<u>259,194</u>

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

PALISADES PARK BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2013

	Food Service Program	After School Child Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	328,595	113,264	441,859
Payments to employees		(81,765)	(81,765)
Payments to Outside Food Service Management Company	(619,491)		(619,491)
Payments for repairs, maintenance	(27,938)		(27,938)
Payments for supplies	(1,584)	(2,542)	(4,126)
Net cash provided by (used for) operating activities	<u>(320,418)</u>	<u>28,957</u>	<u>(291,461)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	8,683		8,683
Federal Sources	312,147		312,147
Net cash provided by (used for) non-capital financing activities	<u>320,830</u>	<u>-</u>	<u>320,830</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Prior year voided checks	165		165
Interest and dividends	6		6
Net cash provided by (used for) investing activities	<u>171</u>	<u>-</u>	<u>171</u>
Net increase (decrease) in cash and cash equivalents	583	28,957	29,540
Balances—beginning of year	73,779	80,855	154,634
Balances—end of year	<u>74,362</u>	<u>109,812</u>	<u>184,174</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(357,077)	28,957	(328,120)
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	41,717		41,717
(Increase) decrease in inventories	(487)		(487)
(Increase) decrease in accounts payable	(7,752)		(7,752)
Total adjustments	<u>36,659</u>	<u>-</u>	<u>36,659</u>
Net cash provided by (used for) operating activities	<u>(320,418)</u>	<u>28,957</u>	<u>(291,461)</u>

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

PALISADES PARK BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	26,668	170,914
Interfund Receivable - Payroll Agency	33,286	
Total assets	<u>59,954</u>	<u>170,914</u>
LIABILITIES		
Payable to student groups		126,721
Payroll deductions and withholdings		10,907
Interfund Payable - Unemployment Compensation Trust		33,286
Total liabilities	<u>-</u>	<u>170,914</u>
NET POSITION		
Held in trust for unemployment claims and other purposes	<u>59,954</u>	

PALISADES PARK BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2013

	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Employee Deductions	23,700	
Total Contributions	<u>23,700</u>	
Investment earnings:		
Interest	4	
Net investment earnings	<u>4</u>	-
Total additions	<u>23,704</u>	-
DEDUCTIONS		
Closed to student aid account		4,449
Unemployment assessment billings	791	
Unemployment claims	22,263	
Total deductions	<u>23,054</u>	4,449
Change in net position	650	(4,449)
Net position—beginning of the year	59,304	4,449
Net position—end of the year	<u>59,954</u>	<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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 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 position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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

A. Basis of Presentation: (continued)

District-wide Financial Statements:

The statement of net position 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 position 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 - *governmental*, *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:

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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 position, 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:

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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 position and changes in net position. 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 position 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 position, 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 position. The statement of changes in fund net position 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.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2013, 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 position, 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 position 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 position 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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
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

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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. Advanced Revenue:

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

Advanced 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).

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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 Position:

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position 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 position 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 position are available.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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.

U. Recent Accounting Pronouncements:

In August 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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

In October 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which is effective for fiscal periods beginning after December 15, 2012, amends and supersedes previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any impact on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any impact on the District's financial reporting.

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, 2013, \$-0- of the District's bank balance of \$1,863,420 was exposed to custodial credit risk.

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.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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

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, 2013, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>Business-Type Activities</u>	<u>District Wide Financial Statements</u>
State Aid	\$142,425	\$476	\$142,901
Federal Aid		18,098	18,098
Other		<u>870</u>	
Gross Receivables	<u>142,425</u>	<u>19,444</u>	<u>160,999</u>
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$142,425</u>	<u>\$19,444</u>	<u>\$160,999</u>

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Interfund transfers for the year ended June 30, 2013 consisted of \$870 due from the General Fund to the Proprietary Fund for subsidy reimbursement receipts not turned over.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>6/30/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/13</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$9,613,650	\$	\$	\$9,613,650
Construction in progress	<u>210,776</u>	<u>16,735</u>	<u> </u>	<u>227,511</u>
Total Capital Assets Not Being Depreciated	<u>9,824,426</u>	<u>16,735</u>	<u> </u>	<u>9,841,161</u>
Land Improvements	132,726	16,725		149,451
Buildings and Improvements	13,078,231	387,150		13,465,381
Machinery and Equipment	<u>1,140,140</u>	<u>26,767</u>	<u> </u>	<u>1,166,907</u>
Totals at Historical Cost	<u>14,351,097</u>	<u>430,642</u>	<u> </u>	<u>14,781,739</u>
Less Accumulated Depreciation:				
Land Improvements	(18,726)	(4,866)		(23,592)
Buildings and Improvements	(5,942,919)	(241,687)		(6,184,606)
Machinery and Equipment	<u>(962,101)</u>	<u>(54,477)</u>	<u> </u>	<u>(1,016,578)</u>
Total Accumulated Depreciation	<u>(6,923,746)</u>	<u>(301,030)</u>	<u> </u>	<u>(7,224,776)</u>
Total Capital Assets Being Depreciated, Net of accumulated depreciation	<u>7,427,351</u>	<u>129,612</u>	<u> </u>	<u>7,556,963</u>
Governmental Activities Capital Assets, Net	<u>\$17,251,777</u>	<u>\$146,347</u>	<u>\$ </u>	<u>\$17,398,124</u>
Business-Type Activities				
Equipment	108,801			108,801
Site Improvements	<u>59,050</u>	<u> </u>	<u> </u>	<u>59,050</u>
Totals at Historical Cost	<u>167,851</u>	<u> </u>	<u> </u>	<u>167,851</u>
Less Accumulated Depreciation for:				
Equipment	(106,719)	(3,183)		(109,902)
Site Improvements	<u>(8,856)</u>	<u> </u>	<u> </u>	<u>(8,856)</u>
Total Accumulated Depreciation	<u>(115,575)</u>	<u>(3,183)</u>	<u> </u>	<u>(118,758)</u>
Business-Type Activity Capital Assets, Net	<u>\$52,276</u>	<u>(\$3,183)</u>	<u>\$ </u>	<u>\$49,093</u>

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

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 6. CAPITAL ASSETS, (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	
Support Services:	
Instruction	\$23,219
Student & instruction related services	9,268
School Administration	11,195
Plant Operations and Maintenance	10,795
Unallocated	<u>246,553</u>
	<u>\$301,030</u>

NOTE 7. LONG-TERM OBLIGATIONS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Long-term Debt Obligations:					
General Loan Obligation Debt	\$112,246	\$	\$55,136	\$57,110	\$57,110
General Bond Obligation Debt	<u>899,000</u>	<u> </u>	<u>89,000</u>	<u>810,000</u>	<u>93,000</u>
Total Bonds Payable	<u>1,011,246</u>	<u> 0</u>	<u>144,136</u>	<u>867,110</u>	<u>150,110</u>
Other Liabilities:					
Certificates of Participation	1,709,647		398,083	1,311,564	427,217
Compensated Absences Payable	<u>1,139,215</u>	<u>104,844</u>	<u>268,863</u>	<u>975,196</u>	<u>242,382</u>
Total Other Liabilities	<u>2,848,862</u>	<u>104,844</u>	<u>666,946</u>	<u>2,286,760</u>	<u>669,599</u>
	<u>\$3,860,108</u>	<u>\$104,844</u>	<u>\$811,082</u>	<u>\$3,153,870</u>	<u>\$819,709</u>

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.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 7. LONG-TERM OBLIGATIONS, (continued)

A. Bonds Payable, (continued):

Outstanding bonds payable at June 30, 2013 consisted of the following:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2013</u>
2012 School Refunding Bonds	05/17/2012	.43%-2.959%	03/15/2021	<u>\$810,000</u>

Principal and interest due on bonds outstanding is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	102,000	10,868	112,868
2019-2021	<u>327,000</u>	<u>18,304</u>	<u>345,304</u>
	<u>\$810,000</u>	<u>\$84,852</u>	<u>\$894,852</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2013 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:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	<u>\$57,110</u>	<u>\$1,303</u>	<u>\$58,413</u>

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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.

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

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, 2013 are:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2014	\$472,783
2015	438,416
2016	331,307
2017	159,119
Total minimum lease payments	1,401,625
Less amount representing interest	<u>(90,061)</u>
Present value of lease payments	<u>\$1,311,564</u>

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.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 8. OPERATING LEASES

The District has commitments to lease copying equipment and computers under operating leases which expire in July 2015. Total operating lease payments made during the year ended June 30, 2013 were \$235,376. Future minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2014	\$216,596
2015	41,875
2016	<u>3,490</u>
Total Minimum lease payments	<u>\$261,961</u>

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.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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 <u>Ending</u>	
6/30/13	\$197,655
6/30/12	205,371
6/30/11	146,303

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

Year <u>Ending</u>	Pension and Post-Retirement Medical <u>Contributions</u>	NCGI <u>Premium</u>
6/30/13	\$1,449,927	\$34,830
6/30/12	1,012,106	33,668
6/30/11	669,046	31,499

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 9. PENSION PLANS, (continued)

During the year ended June 30, 2013, the State of New Jersey contributed \$1,484,757, 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 \$807,827 during the year ended June 30, 2013 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.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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, 2012, there were 97,661 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 2012, the State paid \$146.6 million toward Chapter 126 benefits for 16,618 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.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$ 4	\$ 23,700	\$23,504	\$59,954
2011-2012	50,009	22,013	37,645	59,304
2011-2010	34,014	20,977	76,582	24,779

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, 2013 is \$823,134.

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, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$1,076,211
Interest earnings	1,513
Withdrawals:	
Board Resolution, 9/19/12	\$231,000
Board Resolution, 5/15/13	<u>23,590</u>
Total withdrawals	<u>254,590</u>
Ending balance, June 30, 2013	<u>\$823,134</u>

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 14. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$1,922,385 General Fund balance at June 30, 2013, \$333,980 is reserved for encumbrances; \$374,896 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$130,537 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2014); \$823,134 has been reserved in the Capital Reserve Account; \$56,437 has been appropriated and included as anticipated revenue for the year ending June 30, 2014; and \$333,938 is unreserved and undesignated.

The District has an accumulated deficit of \$179,110 in the Debt Service Fund as of June 30, 2013. 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, 2013 is \$374,896. Of this amount, \$244,359 is the result of the current year's operations.

NOTE 16. INVENTORY

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food	\$11,433
Supplies	<u>1,333</u>
	<u>\$12,766</u>

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.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

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.

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.

NOTE 18. SUBSEQUENT EVENTS:

The District has evaluated subsequent events through September 9, 2013, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

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BUDGETARY COMPARISON SCHEDULES

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Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2013

	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	2,000		2,000	1,513	(487)
Unrestricted Miscellaneous Revenues	65,000		65,000	140,770	75,770
Total - Local Sources	<u>19,397,621</u>		<u>19,397,621</u>	<u>19,472,904</u>	<u>75,283</u>
Revenues from State Sources:					
Categorical Special Education Aid	938,996		938,996	938,996	
Equalization Aid	834,505		834,505	834,505	
Categorical Security Aid	72,191		72,191	72,191	
Categorical Transportation Aid	21,215		21,215	21,215	
Extraordinary Aid	60,000		60,000	102,814	42,814
TPAF Pension and Postretirement					
Medical Contribution (On-Behalf - Non-Budgeted)				1,449,927	1,449,927
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				34,830	34,830
Reimbursed TPAF Social Security Contributions (non-budgeted)				807,827	807,827
Total - State Sources	<u>1,926,907</u>		<u>1,926,907</u>	<u>4,262,305</u>	<u>2,335,398</u>
Revenues from Federal Sources:					
Special Education Medicaid Initiative	3,500		3,500	5,139	1,639
Total - Federal Sources	<u>3,500</u>		<u>3,500</u>	<u>5,139</u>	<u>1,639</u>
TOTAL REVENUES	<u>21,328,028</u>		<u>21,328,028</u>	<u>23,740,348</u>	<u>2,412,320</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	368,827	86,712	455,539	453,491	2,048
Grades 1-5 - Salaries of Teachers	3,127,922	71,912	3,199,834	3,100,800	99,034
Grades 6-8 - Salaries of Teachers	802,121	(28,471)	773,650	741,268	32,382
Grades 9-12 - Salaries of Teachers	3,020,520	131,568	3,152,088	3,132,088	20,000
Regular Programs - Home Instruction:					
Salaries of Teachers	13,644	(1,665)	11,979	11,979	
Other Purchased Services (400-500 series)		7,390	7,390	6,890	500
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	75,000	1,755	76,755	76,755	
Purchased Professional-Educational Services	500		500	404	96
Purchased Technical Services	130,000	(11,511)	118,489	96,705	21,784
Other Purchased Services (400-500 series)	27,630	133,752	161,382	161,382	
General Supplies	646,344	(142,756)	503,588	500,276	3,312
Textbooks	62,730	(46,403)	16,327	16,323	4
Other Objects	80,714	(14,101)	66,613	66,613	
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>8,355,952</u>	<u>188,182</u>	<u>8,544,134</u>	<u>8,364,974</u>	<u>179,160</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	603,736	(93,160)	510,576	499,906	10,670
General Supplies	7,324	4,505	11,829	11,783	46
Total Neurologically Impaired	<u>611,060</u>	<u>(88,655)</u>	<u>522,405</u>	<u>511,689</u>	<u>10,716</u>
Resource Room/Resource Center:					
Salaries of Teachers	788,520	49,612	838,132	814,057	24,075
Other Salaries for Instruction	130,302	(39,247)	91,055	91,055	
Total Resource Room/Resource Center	<u>918,822</u>	<u>10,365</u>	<u>929,187</u>	<u>905,112</u>	<u>24,075</u>
Preschool Disabilities- Full-Time:					
Salaries of Teachers	208,023	(31,772)	176,251	172,851	3,400
Other Salaries for Instruction	179,840	88,221	268,061	267,365	696
Professional Svcs-Educational Services	10,000	171	10,171	10,070	101
General Supplies	5,000	(845)	4,155	4,011	144
Textbooks		1,278	1,278	714	564
Total Preschool Disabilities - Full-Time	<u>402,863</u>	<u>57,053</u>	<u>459,916</u>	<u>455,011</u>	<u>4,905</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>1,932,745</u>	<u>(21,237)</u>	<u>1,911,508</u>	<u>1,871,812</u>	<u>39,696</u>

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction					
Salaries of Teachers	145,244	102,496	247,740	225,596	22,144
General Supplies	13,385	(4,211)	9,174	3,505	5,669
Total Basic Skills/Remedial - Instruction	<u>158,629</u>	<u>98,285</u>	<u>256,914</u>	<u>229,101</u>	<u>27,813</u>
Bilingual Education - Instruction					
Salaries of Teachers	593,329	91,631	684,960	664,960	20,000
General Supplies	6,077	414	6,491	6,105	386
Textbooks	1,000		1,000		1,000
Total Bilingual Education - Instruction	<u>600,406</u>	<u>92,045</u>	<u>692,451</u>	<u>671,065</u>	<u>21,386</u>
School-Sponsored Cocurricular Activities - Instruction					
Salaries	102,000	(37,691)	64,309	64,309	
Purchased Services (300-500 series)	2,969	(2,969)			
Supplies and Materials	15,683	5,344	21,027	21,027	
Total School-Sponsored Cocurricular Activities - Instruction	<u>120,652</u>	<u>(35,316)</u>	<u>85,336</u>	<u>85,336</u>	
School-Sponsored Athletics - Instruction					
Salaries	218,856	(5,038)	213,818	213,818	
Purchased Services (300-500 series)	50,000	(2,000)	48,000	48,000	
Supplies and Materials	48,261	(1,002)	47,259	44,626	2,633
Total School-Sponsored Athletics - Instruction	<u>317,117</u>	<u>(8,040)</u>	<u>309,077</u>	<u>306,444</u>	<u>2,633</u>
TOTAL INSTRUCTION	<u>11,485,501</u>	<u>313,919</u>	<u>11,799,420</u>	<u>11,528,732</u>	<u>270,688</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	207,806	(48,416)	159,390	159,390	
Tuition to County Voc. School Dist. - Regular	255,130	10,745	265,875	265,875	
Tuition to CSSD & Regional Day Schools	422,680	71,412	494,092	491,702	2,390
Tuition to Private Schools for the Handicapped - Within State	265,904	(57,445)	208,459	208,459	
Total Undistributed Expenditures - Instruction:	<u>1,151,520</u>	<u>(23,704)</u>	<u>1,127,816</u>	<u>1,125,426</u>	<u>2,390</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	3,000	(1,850)	1,150	1,150	
Total Undistributed Expend. - Attend. & Social Work	<u>3,000</u>	<u>(1,850)</u>	<u>1,150</u>	<u>1,150</u>	
Undist. Expend. - Health Services					
Salaries	224,631	1,151	225,782	225,782	
Supplies and Materials	10,500	40	10,540	10,540	
Total Undistributed Expenditures - Health Services	<u>235,131</u>	<u>1,191</u>	<u>236,322</u>	<u>236,322</u>	
Undist. Expend. - Speech, OT, PT & Related Services					
Purchased Prof. Services-Educational Services	64,831	49,089	113,920	92,858	21,062
Total Undist. Expend. - Speech, OT, PT & Related Serv.	<u>64,831</u>	<u>49,089</u>	<u>113,920</u>	<u>92,858</u>	<u>21,062</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	179,002	7,244	186,246	186,246	
Salaries of Secretarial and Clerical Assistants	34,075	1,726	35,801	35,801	
Supplies and Materials	2,274	(563)	1,711	1,711	
Total Undist. Expend. - Guidance	<u>215,351</u>	<u>8,407</u>	<u>223,758</u>	<u>223,758</u>	
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	489,441	(37,385)	452,056	431,884	20,172
Salaries of Secretarial and Clerical Assistants	146,394	(80,826)	65,568	65,568	
Supplies and Materials	11,330	(903)	10,427	9,995	432
Total Undist. Expend. - Child Study Teams	<u>647,165</u>	<u>(119,114)</u>	<u>528,051</u>	<u>507,447</u>	<u>20,604</u>
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	1,500	(625)	875		875
Other Purchased Professional and Technical Services	700	625	1,325	1,325	
Other Purch Services (400-500)	700		700	630	70
Total Undist. Expend. - Improvement of Inst. Services	<u>2,900</u>		<u>2,900</u>	<u>1,955</u>	<u>945</u>

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	190,774	43,446	234,220	214,220	20,000
Supplies and Materials	24,307	(568)	23,739	22,622	1,117
Total Undist. Expend. - Educational Media Serv./Sch. Library	215,081	42,878	257,959	236,842	21,117
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Serv.		6,185	6,185	6,185	
Total Undist. Expend. - Instructional Staff Training Serv.		6,185	6,185	6,185	
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	169,265	(43,575)	125,690	115,690	10,000
Legal Services	49,275	8,229	57,504	57,504	
Audit Fees	35,000		35,000	35,000	
Other Purchased Professional Services	84,480	112,610	197,090	189,590	7,500
Communications/Telephone	105,686	39,645	145,331	87,293	58,038
Misc. Purch Services (400-500 Series)	35,661	44,349	80,010	80,010	
General Supplies	5,000	(4,246)	754	754	
Misc. Expenditures	14,003	329	14,332	12,832	1,500
BOE Membership Dues and Fees	12,000		12,000	11,989	11
Total Undist. Expend. - Supp. Serv. - General Administration	510,370	157,341	667,711	590,662	77,049
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	589,637	(13,058)	576,579	576,579	
Salaries of Secretarial and Clerical Assistants	398,934	(2,618)	396,316	396,316	
Purchased Prof. and Tech. Services		9,000	9,000	9,000	
Other Purchased Services (400-500 series)	23,000	(18,586)	4,414	1,714	2,700
Supplies and Materials	41,777	(20,998)	20,779	20,387	392
Other Objects	45,753	(20,058)	25,695	25,635	60
Total Undist. Expend. - Support Serv. - School Administration	1,099,101	(66,318)	1,032,783	1,029,631	3,152
Undist. Expend. - Support Serv. - Central Services					
Salaries	275,800	1,080	276,880	276,880	
Purchased Professional Services	1,000	(744)	256	256	
Purchased Technical Services	19,376	8,560	27,936	27,936	
Misc. Pur Services (400-500 Series)	8,000	(2,294)	5,706	5,706	
Supplies and Materials	9,250	(2,152)	7,098	7,098	
Other Objects	285	34,890	35,175	35,175	
Miscellaneous Expenditures	30,400	(30,400)			
Total Undist. Expend. - Support Serv. - Central Services	344,111	8,940	353,051	353,051	
Undist. Expend. - Required Maint. for School Facilities (261)					
Cleaning, Repair and Maintenance Services	149,660	(12,811)	136,849	126,949	9,900
General Supplies	14,000	351	14,351	12,502	1,849
Total Undist. Expend. - Required Maint. for School Facilities	163,660	(12,460)	151,200	139,451	11,749
Undist. Expend. - Custodial Services (262)					
Salaries	770,000	116,023	886,023	886,023	
Cleaning, Repair and Maintenance Services	208,103	(135,852)	72,251	71,604	647
Insurance	75,000	31,279	106,279	106,221	58
General Supplies	107,875	(6,908)	100,967	100,416	551
Energy (Energy and Electricity)	510,000	(172,862)	337,138	335,030	2,108
Total Undist. Expend. - Other Oper. & Maint. Of Plant	1,670,978	(168,320)	1,502,658	1,499,294	3,364
Undist. Expend. - Student Transportation Services (270)					
Contract Services (Other than Between Home & School)-Vendors	82,274	(21,894)	60,380	60,380	
Contract Services (Sp. Ed. Students)-Vendors	475,000	(229,436)	245,564	245,563	1
Total Undist. Expend. - Student Transportation Services	557,274	(251,330)	305,944	305,943	1
UNALLOCATED BENEFITS					
Social Security Contributions	270,300	1,809	272,109	272,109	
Other Retirement Contributions-PERS	224,375	(26,720)	197,655	197,655	
Unemployment Compensation	20,000	(20,000)			
Workmen's Compensation	75,000		91,526	91,526	
Health Benefits	3,060,722	(11,070)	3,049,652	3,046,280	3,372
Tuition Reimbursement	17,222		17,222	17,221	1
Other Employee Benefits		34,113	34,113	34,113	
TOTAL UNALLOCATED BENEFITS	3,667,619	(5,342)	3,662,277	3,658,904	3,373
On-behalf TPAF pension Contributions (non-budgeted)				1,449,927	(1,449,927)
On-behalf TPAF NCGI Premium (non-budgeted)				34,830	(34,830)
Reimbursed TPAF Social Security Contributions (non-budgeted)				807,827	(807,827)
TOTAL ON-BEHALF CONTRIBUTIONS				2,292,584	(2,292,584)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	3,667,619	(5,342)	3,662,277	5,951,488	(2,289,211)
TOTAL UNDISTRIBUTED EXPENDITURES	10,548,092	(374,407)	10,173,685	12,301,463	(2,127,778)
TOTAL GENERAL CURRENT EXPENSE	22,033,593	(60,488)	21,973,105	23,830,195	(1,857,090)

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Grades 1-5	2,793		2,793	2,693	100
Total Equipment	<u>2,793</u>		<u>2,793</u>	<u>2,693</u>	<u>100</u>
Undist. Expenditures:					
Instruction		7,582	7,582	7,582	
Required Maintenance for School Facilities		22,585	22,585	22,585	
Custodial Services		9,660	9,660	9,660	
Total Undist. Expend.		<u>39,827</u>	<u>39,827</u>	<u>39,827</u>	
Facilities Acquisition and Construction Services					
Construction Services	226,682		226,682	151,360	75,322
Assessment for Debt Service on SDA Funding	12,601		12,601	12,601	
Total Facilities Acquisition and Construction Services	<u>239,283</u>		<u>239,283</u>	<u>163,961</u>	<u>75,322</u>
TOTAL CAPITAL OUTLAY	<u>242,076</u>	<u>39,827</u>	<u>281,903</u>	<u>206,481</u>	<u>75,422</u>
Transfer of Funds to Charter Schools	8,018	20,661	28,679	28,679	
TOTAL EXPENDITURES	<u>22,283,687</u>		<u>22,283,687</u>	<u>24,065,355</u>	<u>(1,781,668)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(955,659)</u>		<u>(955,659)</u>	<u>(325,007)</u>	<u>630,652</u>
Other Financing Sources/(Uses):					
Operating Transfers Out:					
Capital Reserve - Transfer to Capital Projects Fund				(254,590)	254,590
Total Other Financing Sources/(Uses):				<u>(254,590)</u>	<u>254,590</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(955,659)</u>		<u>(955,659)</u>	<u>(579,597)</u>	<u>885,242</u>
Fund Balance, July 1	2,651,405		2,651,405	2,651,405	
Fund Balance, June 30	<u>1,695,746</u>		<u>1,695,746</u>	<u>2,071,808</u>	<u>885,242</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(757,659)		(757,659)	(757,659)	
Increase in Capital Reserve:					
Principal					
Interest Deposit to Capital Reserve	2,000		2,000	1,512	(488)
Withdrawal from Capital Reserve				(254,590)	254,590
Budgeted Fund Balance	(200,000)		(200,000)	431,140	631,140
	<u>(955,659)</u>		<u>(955,659)</u>	<u>(579,597)</u>	<u>885,242</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				823,134	
Excess Surplus - Designated for Subsequent Years' Expenditures				130,537	
Excess Surplus - Current Year				244,359	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				56,437	
Year-end Encumbrances				333,980	
Unassigned Fund Balance				<u>483,361</u>	
				2,071,808	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				<u>(149,423)</u>	
Total Fund Balance per Governmental Funds (GAAP)				<u>1,922,385</u>	

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	162,314	19,260	181,574	163,411	(18,163)
Federal Sources	638,944	129,920	768,864	768,864	-
Total Revenues	801,258	149,180	950,438	932,275	(18,163)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	343,679	(57,177)	286,502	286,502	-
Other Purchased Services (400-500 series)	310,905	(35,905)	275,000	275,000	-
General Supplies		58,654	58,654	58,654	-
Textbooks	11,978	(89)	11,889	11,889	-
Total instruction	666,562	(34,517)	632,045	632,045	-
Support services:					
Salaries of Other Professional Staff		2,647	2,647	2,647	-
Personal Services - Employee Benefits		52,024	52,024	52,024	-
Purchased Professional - Educational Services	134,696	105,432	240,128	221,965	18,163
Other Purchased Services		11,904	11,904	11,904	-
Travel		1,695	1,695	1,695	-
Supplies & Materials		5,595	5,595	5,595	-
Total support services	134,696	179,297	313,993	295,830	18,163
Facilities acquisition and const. serv.:					
Instructional Equipment		4,400	4,400	4,400	-
Noninstructional Equipment		-	-	-	-
Total facilities acquisition and const. serv.	-	4,400	4,400	4,400	-
Total Expenditures	801,258	149,180	950,438	932,275	18,163
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

PALISADES PARK BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
Fiscal Year Ended June 30, 2013

**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]	23,740,348	932,275
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			
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.			
		127,324	
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).			
		(149,423)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	23,718,249	932,275
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	24,065,355	932,275
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 in the year the supplies are received for financial reporting purposes.			
Current Year			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds			
	[B-2]	24,065,355	932,275

SPECIAL REVENUE FUND

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PALISADES PARK BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 June 30, 2013

	Total Brought Forward (Ex. E-1a)	N.J. Nonpublic Textbook Aid	N.J. Nonpublic Nursing Aid	N.J. Nonpublic Supplemental Instruction	N.J. Nonpublic Examination & Classification	Corrective Speech	Totals 2013
REVENUES							
Local Sources	88,520	11,889	16,502	13,668	21,973	10,859	163,411
State Sources	768,864						768,864
Federal Sources							
Total Revenues	857,384	11,889	16,502	13,668	21,973	10,859	932,275
EXPENDITURES:							
Instruction:							
Salaries of Teachers	270,000		16,502				286,502
Other Purchased Services (400-500 series)	275,000						275,000
General Supplies	58,654						58,654
Textbooks	-	11,889					11,889
Total instruction	603,654	11,889	16,502	-	-	-	632,045
Support services:							
Salaries of Other Professional Staff	2,647						2,647
Personal Services - Employee Benefits	52,024						52,024
Purchased Professional - Educational Services	175,465			13,668	21,973	10,859	221,965
Other Purchased Professional Services	11,904						11,904
Travel	1,695						1,695
Supplies & Materials	5,595						5,595
Total support services	249,330	-	-	13,668	21,973	10,859	295,830
Facilities acquisition and const. serv.:							
Instructional Equipment	4,400						4,400
Total facilities acquisition and const. serv.	4,400	-	-	-	-	-	4,400
Total Expenditures	857,384	11,889	16,502	13,668	21,973	10,859	932,275
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

PALISADES PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2013

	N.J. Nonpublic Auxiliary Services, Chp. 192		N.J. Nonpublic Technology Aid	Title I, Improving Basic Skills	Improving Partnerships and Active Collaboration for Teaching Grant 2011-12	Total Carried Forward
	Compensatory Education	English as a Second Language				
REVENUES						
Local Sources	-	-	4,388			88,520
State Sources	-	22,679		266,962	5,363	768,864
Federal Sources	496,539					
Total Revenues	496,539	22,679	4,388	266,962	5,363	857,384
EXPENDITURES:						
Instruction:						
Salaries of Teachers	78,000			192,000		270,000
Other Purchased Services (400-500 series)	275,000					275,000
General Supplies	35,825		4,388	13,078	5,363	58,654
Textbooks	-					
Total instruction	388,825		4,388	205,078	5,363	603,654
Support services:						
Salaries of Other Professional Staff	-			2,647		2,647
Personal Services - Employee Benefits	13,624			38,400		52,024
Purchased Professional - Educational Services	81,333	22,679		10,000		175,465
Other Purchased Services	7,669			4,235		11,904
Travel	1,695					1,695
Supplies & Materials	3,393			2,202		5,595
Total support services	107,714	22,679		57,484		249,330
Facilities acquisition and const. serv.:						
Instructional Equipment	-			4,400		4,400
Total facilities acquisition and const. serv.	-	-	-	4,400	-	4,400
Total Expenditures	496,539	22,679	4,388	266,962	5,363	857,384
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

PALISADES PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2013

	Improving Partnerships and Active Collaboration for Teaching Grant 2010-2011	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	-	-	-	-	-	-
State Sources	-	-	-	-	-	-
Federal Sources	1,851	65,184	58,242	350,389	9,223	496,539
Total Revenues	1,851	65,184	58,242	350,389	9,223	496,539
EXPENDITURES:						
Instruction:						
Salaries of Teachers	-	48,000	30,000	275,000	-	78,000
Other Purchased Services (400-500 series)	-	-	-	5,000	-	275,000
General Supplies	1,851	3,319	14,005	-	-	35,825
Textbooks	-	-	-	-	-	-
Total instruction	1,851	51,319	44,005	280,000	-	388,825
Support services:						
Salaries of Other Professional Staff	-	-	-	-	-	-
Personal Services - Employee Benefits	-	7,624	6,000	64,457	9,223	13,624
Purchased Professional - Educational Services	-	2,653	5,000	3,932	-	81,333
Other Purchased Professional Services	-	1,500	2,237	-	-	7,669
Travel	-	1,695	1,000	2,000	-	1,695
Supplies & Materials	-	393	-	-	-	3,393
Total support services	-	13,865	14,237	70,389	9,223	107,714
Facilities acquisition and const. serv.:						
Instructional Equipment	-	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-	-
Total Expenditures	1,851	65,184	58,242	350,389	9,223	496,539
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

PALISADES PARK BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 Fiscal Year Ended June 30, 2013

	Improving Partnerships and Active Collaboration for Teaching Grant 2009-2010	Total Carried Forward
REVENUES		
Local Sources	-	-
State Sources	-	-
Federal Sources	1,851	1,851
Total Revenues	1,851	1,851
EXPENDITURES:		
Instruction:		
Salaries of Teachers	-	-
Other Purchased Services (400-500 series)	-	-
General Supplies	1,851	1,851
Textbooks	-	-
Total instruction	1,851	1,851
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	-	-
Facilities acquisition and const. serv.:		
Instructional Equipment	-	-
Total facilities acquisition and const. serv.	-	-
Total Expenditures	1,851	1,851
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-

CAPITAL PROJECTS FUND

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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, 2013

Revenues

State Sources - SCC Grant	-
Certificates of Participation	-
Sale of Property	-
Transfers from Capital Reserve	254,590
Transfers from Capital Outlay	-
Transfers from Food Service Fund	-
Interest earnings	-
	254,590

Expenditures

Purchased professional and technical services	-
Land and improvements	-
Construction services	254,590
Equipment purchases	-
	254,590

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

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, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
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			-	
	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>	<u>-</u>
Expenditures				
Purchased professional and technical services			-	
Land and improvements			-	
Construction services	2,499,795		2,499,795	
Equipment purchases			-	
	<u>2,499,795</u>	<u>-</u>	<u>2,499,795</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>205</u>	<u>-</u>	<u>205</u>	<u>-</u>
Additional project information:				
Project number				
Grant Date	1997			
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	2,500,000			
Additional authorized cost				
Revised authorized cost	2,500,000			
Percentage increase over original authorized cost	-			
Percentage completion	100%			
Original target completion date				
Revised target completion date				

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, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
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			
Additional authorized cost				
Revised authorized cost	252,058			
Percentage increase over original authorized cost	-			
Percentage completion	100%			
Original target completion date				
Revised target completion date				

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, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
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	
	<u>5,383,959</u>	<u>-</u>	<u>5,383,959</u>	<u>-</u>
Expenditures				
Purchased professional and technical services	209,665		209,665	
Land and improvements			-	
Construction services	5,157,726		5,157,726	
Equipment purchases			-	
	<u>5,367,391</u>	<u>-</u>	<u>5,367,391</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,568</u>	<u>-</u>	<u>16,568</u>	<u>-</u>
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			
Additional authorized cost	85,000			
Revised authorized cost	5,577,959			
Percentage increase over original authorized cost	0.02			
Percentage completion	96%			
Original target completion date				
Revised target completion date				

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, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
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			
Additional authorized cost				
Revised authorized cost	55,137			
Percentage increase over original authorized cost		-		
Percentage completion		56%		
Original target completion date				
Revised target completion date				

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Lindbergh School Façade Project
Fiscal Year Ended June 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues				
State Sources - SCC Grant			-	
Certificates of Participation			-	
Sale of Property			-	
Transfers from Capital Reserve		254,590	254,590	
Transfers from Capital Outlay			-	
Transfers from Food Service Fund			-	
Donations			-	
	-	254,590	254,590	-
Expenditures				
Purchased professional and technical services			-	
Land and improvements			-	
Construction services		254,590	254,590	
Equipment purchases			-	
	-	254,590	254,590	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Additional project information:				
Project number				
Grant Date		N/A		
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	254,590			
Additional authorized cost				
Revised authorized cost	254,590			
Percentage increase over original authorized cost			-	
Percentage completion		100%		
Original target completion date				
Revised target completion date				

PALISADES PARK BOARD OF EDUCATION
 Capital Projects Fund
 Summary Statement of Project Expenditures
 Fiscal Year Ended June 30, 2013

Project Title/Issue	Date	Appropriations	Expenditures to Date		Canceled	Unexpended Balance June 30, 2013
			Prior Years	Current Year		
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
Lindbergh School Façade Project	2012	254,590		254,590		-
		<u>8,639,744</u>	<u>8,150,359</u>	<u>254,590</u>	<u>-</u>	<u>234,795</u>
Analysis						
Project Balance - June 30, 2013						234,795
Unfunded Authorizations						<u>(194,000)</u>
Fund Balance (Deficit) - June 30, 2013						<u>40,795</u>

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PROPRIETARY FUNDS

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PALISADES PARK BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
June 30, 2013

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	74,362	109,812	184,174
Accounts receivable:			
State	476		476
Federal	18,098		18,098
Interfund	870		870
Inventories	12,766		12,766
Total current assets	<u>106,572</u>	<u>109,812</u>	<u>216,384</u>
Noncurrent assets:			
Capital assets:			
Equipment	108,801		108,801
Site Improvements	59,050		59,050
Less accumulated depreciation:			
Equipment	(109,902)		(109,902)
Site Improvements	(8,856)		(8,856)
Total capital assets (net of accumulated depreciation)	<u>49,093</u>	<u>-</u>	<u>49,093</u>
Total assets	<u>155,665</u>	<u>109,812</u>	<u>265,477</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,283		6,283
Total current liabilities	<u>6,283</u>	<u>-</u>	<u>6,283</u>
NET POSITION			
Net Investment in Capital Assets	49,093	-	49,093
Unrestricted	100,289	109,812	210,101
Total net position	<u>149,382</u>	<u>109,812</u>	<u>259,194</u>

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2013

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	325,346		325,346
Daily sales - non-reimbursable programs	3,249		3,249
Tuition fees		113,264	113,264
Total operating revenues	<u>328,595</u>	<u>113,264</u>	<u>441,859</u>
Operating expenses:			
Cost of sales	284,563		284,563
Salaries	220,412	81,765	302,177
Supplies and materials	24,566	2,542	27,108
Employee benefits	82,556		82,556
Cleaning repair & maintenance	41,050		41,050
Purchased services	28,526		28,526
Miscellaneous	816		816
Depreciation	3,183		3,183
Total Operating Expenses	<u>685,672</u>	<u>84,307</u>	<u>769,979</u>
Operating income (loss)	<u>(357,077)</u>	<u>28,957</u>	<u>(328,120)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	8,649		8,649
Federal sources:			
National school lunch program	284,563		284,563
National school breakfast program	29,417		29,417
Food distribution program	41,717		41,717
Prior year voided checks	165		165
Interest and investment revenue	6		6
Total nonoperating revenues (expenses)	<u>364,517</u>	<u>-</u>	<u>364,517</u>
Income (loss) before contributions & transfers	7,440	28,957	36,397
Transfers in (out)			
Change in net position			-
Total net position—beginning	7,440	28,957	36,397
Total net position—ending	<u>141,942</u>	<u>80,855</u>	<u>222,797</u>
	<u>149,382</u>	<u>109,812</u>	<u>259,194</u>

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2013

	Food Service Program	After School Child Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	328,595	113,264	441,859
Payments to employees		(81,765)	(81,765)
Payments to Outside Food Service Management Company	(619,491)		(619,491)
Payments for repairs, maintenance	(27,938)		(27,938)
Payments for supplies	(1,584)	(2,542)	(4,126)
Net cash provided by (used for) operating activities	<u>(320,418)</u>	<u>28,957</u>	<u>(291,461)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	8,683		8,683
Federal Sources	312,147		312,147
Net cash provided by (used for) non-capital financing activities	<u>320,830</u>	<u>-</u>	<u>320,830</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Prior year voided checks	165		165
Interest and dividends	6		6
Net cash provided by (used for) investing activities	<u>171</u>	<u>-</u>	<u>171</u>
Net increase (decrease) in cash and cash equivalents	583	28,957	29,540
Balances—beginning of year	73,779	80,855	154,634
Balances—end of year	<u>74,362</u>	<u>109,812</u>	<u>184,174</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(357,077)	28,957	(328,120)
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	41,717		41,717
(Increase) decrease in inventories	(487)		(487)
Increase (decrease) in accounts payable	(7,752)		(7,752)
Total adjustments	<u>36,659</u>	<u>-</u>	<u>36,659</u>
Net cash provided by (used for) operating activities	<u>(320,418)</u>	<u>28,957</u>	<u>(291,461)</u>

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FIDUCIARY FUND

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PALISADES PARK BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Unemployment Compensation Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	26,668	170,914
Interfund Receivable - Payroll Agency	33,286	
Total assets	59,954	170,914
LIABILITIES		
Payable to student groups		126,721
Payroll deductions and withholdings		10,907
Interfund Payable - Unemployment Compensation Trust		33,286
Total liabilities	-	170,914
NET POSITION		
Held in trust for unemployment claims and other purposes	59,954	
Reserved for Scholarships		

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2013

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Employee Deductions	23,700	
Total Contributions	23,700	
Investment earnings:		
Interest	4	
Net investment earnings	4	-
Total additions	23,704	-
DEDUCTIONS		
Closed to student aid account		4,449
Unemployment assessment billings	791	
Unemployment claims	22,263	
Total deductions	23,054	4,449
Change in net position	650	(4,449)
Net position—beginning of the year	59,304	4,449
Net position—end of the year	59,954	-

PALISADES PARK BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2013</u>
Elementary Schools:				
Lindbergh School	12,529	40,238	41,752	11,015
Total Elementary Schools	<u>12,529</u>	<u>40,238</u>	<u>41,752</u>	<u>11,015</u>
High School:				
High School	47,478	103,690	85,199	65,969
Student Aid	29,791	35,844	28,900	36,735
Athletic Fund	8,479	117,988	120,258	6,209
Cultural Arts	5,467	8,430	7,104	6,793
Total High School	<u>91,215</u>	<u>265,952</u>	<u>241,461</u>	<u>115,706</u>
Total All Schools	<u><u>103,744</u></u>	<u><u>306,190</u></u>	<u><u>283,213</u></u>	<u><u>126,721</u></u>

PALISADES PARK BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2013</u>
Net Payroll	30,265	9,185,039	9,209,200	6,104
Payroll Deductions and Withholdings	3,860	6,680,595	6,679,652	4,803
Interfund - Unemployment Compensation Trust	<u>12,899</u>	<u>33,375</u>	<u>12,988</u>	<u>33,286</u>
	<u>47,024</u>	<u>15,899,009</u>	<u>15,901,840</u>	<u>44,193</u>

PALISADES PARK BOARD OF EDUCATION
General Long Term Debt Account Group
Statement of Obligations under Bonds and Loans Payable
June 30, 2013

SERIES	Amount of Original Issues	Annual Maturities		Interest Rate Payable	Amount Outstanding on July 1, 2012	Retired in Current Year	Amount Outstanding on June 30, 2013
		Date	Amount				
1993 Safe Program Loan	207,750	07/15/13	10,937	1.500%	\$ 21,871	10,934	10,937
1993 Small Project Loan	370,417	7/14/2013	46,173	5.288%	90,375	44,202	46,173
2003 Refund Pension Liability	1,324,000	03/01/13	72,000	5.25%	72,000	72,000	-
2012 Refunding Bonds - Bergen County Improvement Authority - Unfunded Pension Liability	827,000	03/15/14	93,000	0.62%	827,000	17,000	810,000
		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					\$ 1,011,246	144,136	867,110

PALISADES PARK BOARD OF EDUCATION
General Long Term Debt Account Group
Statement of Obligations under Capital Leases
June 30, 2013

SERIES	Amount of Original Issues	Annual Maturities		Interest Rate Payable	Amount Outstanding on July 1, 2012	Retired in Current Year	Amount Outstanding on June 30, 2013
		Date	Amount				
2007 School Renovations	3,084,069	08/01/13	427,217	4.150%	1,709,647	398,083	1,311,564
		08/01/14	410,228				
		08/01/15	318,235				
		08/01/16	155,884				
TOTAL					1,709,647	398,083	1,311,564

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Miscellaneous	76,891	-	76,891	-	(76,891)
Local Tax Levy	557,377	-	557,377	557,377	-
Total - State Sources	634,268	-	634,268	557,377	(76,891)
Total Revenues	634,268	-	634,268	557,377	(76,891)
EXPENDITURES:					
Regular Debt Service:					
Princ. Paymnts - Comm. Approved Lease Purchase Agrm.	398,082	-	398,082	398,083	1
Int for Commissioner Approved Lease Purchase Agrm.	62,691	-	62,691	62,689	(2)
Interest on Early Retirement Bonds	42,503	(17,000)	25,503	14,504	(10,999)
Redemption of Principal - Early Retirement Bonds	72,000	17,000	89,000	89,000	-
Interest on Bonds	3,856	-	3,856	3,856	-
Amounts Paid Into Sinking Fund	55,136	-	55,136	55,136	-
Total Regular Debt Service	634,268	-	634,268	623,268	(11,000)
Total expenditures	634,268	-	634,268	623,268	(11,000)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(65,891)	(65,891)
Fund Balance, July 1	(113,219)		(113,219)	(113,219)	-
Fund Balance, June 30	(113,219)	-	(113,219)	(179,110)	(65,891)
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	-	-	-	-	-

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LONG-TERM DEBT

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STATISTICAL SECTION

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STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
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Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
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Debt Capacity

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- J-14 Demographic and Economic Statistics
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Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
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- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
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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.

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

	Fiscal Year Ending June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net Investment in Capital Assets	\$ 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	\$ 16,029,450
Restricted	1,085,699	1,251,830	934,617	590,342	399,811	717,770	328,677	1,158,282	2,091,983	1,450,132
Unrestricted	(1,054,560)	(883,612)	(678,270)	(744,311)	(1,205,505)	(1,295,155)	(1,283,380)	(1,858,590)	(1,713,404)	(1,479,517)
Total governmental activities net position	\$ 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	\$ 16,000,065
Business-type activities										
Net Investment in Capital Assets	\$ 64,640	\$ 77,346	\$ 42,294	\$ 36,850	\$ 32,545	\$ 28,241	\$ 82,578	\$ 55,457	\$ 52,276	\$ 49,093
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	187,496	205,926	243,972	116,254	146,184	142,947	94,483	120,564	170,521	210,101
Total business-type activities net position	\$ 252,136	\$ 283,272	\$ 286,266	\$ 153,104	\$ 178,729	\$ 171,188	\$ 177,061	\$ 176,021	\$ 222,797	\$ 259,194
District-wide										
Net Investment in Capital Assets	\$ 8,676,896	\$ 13,067,722	\$ 13,599,898	\$ 13,910,492	\$ 14,638,327	\$ 14,792,879	\$ 14,975,171	\$ 15,053,793	\$ 15,482,160	\$ 16,078,543
Restricted	1,085,699	1,251,830	934,617	590,342	399,811	717,770	328,677	1,158,282	2,091,983	1,450,132
Unrestricted	(867,064)	(677,686)	(434,298)	(628,057)	(1,059,321)	(1,152,208)	(1,188,897)	(1,738,026)	(1,542,883)	(1,269,416)
Total district net position	\$ 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	\$ 16,259,259

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 10,965,082
Special education	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	2,349,262
Other special education	561,071	660,917	729,410	728,079	772,078	965,848	1,164,576	1,151,586	1,057,891	1,130,595
Other instruction	364,750	402,534	455,218	463,660	506,913	507,996	494,334	428,209	373,956	463,745
Support Services:										
Tuition	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	1,125,426
Student & instruction related services	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	1,911,931
School administrative services	942,037	953,796	977,885	982,470	1,163,737	1,204,795	1,201,204	1,153,278	1,190,789	1,292,560
General administrative services	682,801	654,180	723,899	793,932	695,312	752,281	835,720	601,294	544,426	620,596
Central Services	317,431	317,431	294,401	337,486	322,929	368,210	387,439	459,071	421,032	424,693
Plant operations and maintenance	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	1,878,796
Pupil transportation	573,584	521,546	486,130	442,928	565,985	369,724	286,031	394,176	352,095	305,943
Administration of Information Technology		60,030								
Business and other support services	335,244	1,014,777	1,345,116	2,043,981	2,196,636	1,473,091	1,717,144	2,033,987	1,566,083	2,179,899
Unallocated Benefits	1,118,028		16,610	17,305	18,644	24,441	3,404			28,679
Charter Schools			292,352	266,767	206,478	175,293	118,314	147,782	147,657	74,445
Interest on long-term debt	315,821	320,210								
Bond issuance costs	152,210	156,086	152,215	310,681	292,619	230,793	273,438	227,607	230,796	246,553
Unallocated depreciation	40,626	44,832	112,703	152,047		3,729	106,710	50,237	19,507	18,094
Capital Outlay - nondepreciable	18,196,455	18,683,705	19,630,188	21,737,896	22,857,429	23,043,479	24,427,314	24,035,558	22,769,435	25,016,299
Total governmental activities expenses										
Business-type activities:										
Food service	525,565	494,031	486,430	522,038	558,377	585,342	631,152	643,513	676,450	685,672
After School Child Care	69,190	79,346	71,187	93,035	85,937	93,243	93,978	91,453	82,784	84,307
Total business-type activities expense	594,755	573,377	557,617	615,073	644,314	678,585	725,130	734,966	759,234	769,979
Total district expenses	\$ 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	\$ 25,786,278
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)										
Pupil transportation										
Business and other support services										
Operating grants and contributions	901,026	1,008,208	1,067,497	949,892	1,165,385	1,030,317	1,524,653	1,269,808	917,517	932,275
Capital grants and contributions										
Total governmental activities program revenues	901,026	1,008,208	1,067,497	949,892	1,165,385	1,030,317	1,524,653	1,269,808	917,517	932,275

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities:										
Charges for services										
Food service	373,533	357,962	355,272	367,836	367,273	359,548	350,902	354,310	367,758	328,595
Child care	80,868	86,893	67,969	88,839	104,134	100,725	92,452	99,095	107,554	113,264
Operating grants and contributions	164,798	159,236	165,954	175,092	198,419	210,633	287,581	300,134	330,682	364,346
Capital grants and contributions	619,219	604,091	589,195	631,767	669,826	670,906	730,935	753,539	805,994	806,205
Total business type activities program revenues	\$ 1,520,245	\$ 1,612,299	\$ 1,656,692	\$ 1,581,659	\$ 1,835,211	\$ 1,701,223	\$ 2,253,588	\$ 2,023,347	\$ 1,723,511	\$ 1,738,480
Total district program revenues										
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (24,084,024)
Business-type activities	24,464	30,714	31,578	16,694	25,512	(7,679)	5,805	18,573	46,760	36,226
Total district-wide net expense	\$ (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)	\$ (24,047,798)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 19,330,621
Taxes levied for debt service	587,651	529,088	533,630	551,878	578,101	549,366	449,078	451,048	557,377	557,377
Unrestricted grants and contributions	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	4,245,345
Investment earnings	26,821	-	-	97,693	34,656	14,053	3,903	1,885	1,093	1,513
Miscellaneous income	156,430	3,913,118	124,899	194,616	61,915	103,763	114,712	136,258	102,082	140,770
Cost of Asset Disposal		(728,400)								
State Aid - State Facilities Grant	100,823	1,343,959								
Refinement of Debt - Refinancing Credit		46,646								
Additional Debt Issued via Refinancing									(59,000)	
State Facility Grants Cancelled										
Tax Levy Receivable Cancelled	(11,682)									
Transfers										
Refund of reserve										
Total governmental activities	\$ 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	\$ 24,275,626
Business-type activities:										
Investment earnings	532	422	447	144	113	138	68	19	16	171
Transfers										
Total business-type activities	\$ 532	\$ 422	\$ 447	\$ 144	\$ 113	\$ 138	\$ 68	\$ 19	\$ 16	\$ 171
Total district-wide	\$ 17,412,104	\$ 22,391,118	\$ 18,958,835	\$ 20,837,920	\$ 21,905,522	\$ 22,382,466	\$ 22,653,366	\$ 23,145,907	\$ 23,362,369	\$ 24,275,797
Change in Net Position										
Governmental activities	\$ 116,143	\$ 4,715,199	\$ 395,697	\$ (94,228)	\$ 100,365	\$ 367,166	\$ (249,363)	\$ 360,138	\$ 1,510,435	\$ 191,602
Business-type activities	24,996	31,136	32,025	(133,162)	25,625	(7,541)	5,873	18,592	46,776	36,397
Total district	\$ 141,139	\$ 4,746,335	\$ 427,722	\$ (227,390)	\$ 125,990	\$ 359,625	\$ (243,490)	\$ 378,730	\$ 1,557,211	\$ 227,999

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 694,671	\$ 635,124	\$ 644,617	\$ 578,962	\$ 257,025	\$ 201,938	\$ 313,192			
Unreserved	823,280	863,164	938,889	885,809	566,241	872,420	566,523			
Restricted								667,812	1,224,442	1,198,030
Committed								562,895	757,659	390,417
Assigned								456,678	182,306	333,938
Unassigned									359,674	
Total general fund	\$ 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	\$ 1,922,385
All Other Governmental Funds										
Reserved	\$ 290,000	\$ 290,000	\$ 290,000							
Unreserved, reported in:										
Special revenue fund					(9,075)					
Capital projects fund	101,028	326,706	117,349	50,047	16,810	16,810	16,810			
Debt service fund	43,213	23,611	(8,964)	11,430	125,976	113,221	(1,325)			
Assigned, reported in:										
Capital projects fund								40,795	40,795	40,795
Debt service fund								(113,220)	(113,219)	(179,110)
Total all other governmental funds	\$ 434,241	\$ 640,317	\$ 398,385	\$ 61,477	\$ 133,711	\$ 130,031	\$ 15,485	\$ (72,425)	\$ (72,424)	\$ (138,315)

Source: CAFR Schedule B-1

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding debt	-	-	-	-	-	-	-	-	-	-
Payment of Unfunded Pension Liability	-	-	-	-	-	-	-	-	-	-
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	52,655	4,052	18,637	194,005	34,656	-	-	55,137	-	254,590
Transfers out	-	-	(151,235)	(334,005)	-	-	-	(55,137)	-	(254,590)
Total other financing sources (uses)	52,655	4,052	(132,598)	(140,000)	34,656	-	-	-	(91,630)	-
Net change in fund balances	\$ (5,630)	\$ (39,265)	\$ 52,643	\$ (455,643)	\$ (536,034)	\$ 247,413	\$ (309,189)	\$ 719,760	\$ 836,697	\$ (667,587)
Debt service as a percentage of noncapital expenditures	3.2%	2.9%	3.0%	2.7%	2.0%	2.4%	2.3%	2.4%	2.4%	2.5%

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

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
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
2013	-	28,250	66,347	1,359	-	34	44,780	140,770

Source: District Records

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
2004	16,464,300	699,088,800	-	-	99,855,900	50,028,600	69,746,700	935,184,300	65,690,900	453,176	869,546,576	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	18,322,300	1,691,121,500	-	-	304,918,200	89,961,100	188,178,900	2,292,502,000	139,130,200	594,450	2,154,172,155	0.868	2,411,408,481	89.33%
2012	16,176,700	1,714,414,800	-	-	299,296,600	88,895,500	183,279,200	2,302,062,800	139,130,200	768,264	2,163,700,364	0.881	2,676,189,031	80.85%

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

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

Year Ended Dec. 31,	Palisades Park Board of Education General		Overlapping Rates		Total Direct and Overlapping Tax Rate
	Obligation		Borough of		
	Debt Service b	Total Direct	Palisades Park	Bergen County	
2003	1.606	0.000	0.945	0.309	2.860
2004	1.605	0.000	0.923	0.332	2.860
2005	1.613	0.000	0.955	0.342	2.910
2006	1.609	0.000	0.990	0.361	2.960
2007	1.608	0.000	1.035	0.377	3.020
2008*	0.705	0.022	0.497	0.190	1.414
2009	0.720	0.018	0.504	0.201	1.443
2010	0.842	0.021	0.599	0.236	1.698
2011	0.840	0.028	0.607	0.228	1.703
2012	0.840	0.028	0.626	0.228	1.722
2013	0.853	0.028	0.637	0.266	1.784

Source: District Records and Municipal Tax Collector

Note: N.J.S.A. 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	2013			2004		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
MWHF Palisades Park LLC	\$ 18,168,800		0.79%			
Leems Inc.	16,062,600		0.70%			
BSI Realty LLC	13,499,700		0.59%			
Berkeley Park % Limestone Hill	12,551,300		0.55%			
Marino Enterprises	12,250,000		0.53%			
Madison House Holding LLC	10,700,000		0.46%			
Ruby Realty Co.	10,353,300		0.45%			
MWHF Palisades Park LLC	10,307,900		0.45%			
Peter Magnone	10,234,400		0.44%			
Bonanno Real Estate Group	9,941,900		0.43%			
Leems Associates				\$ 9,531,900		1.02%
Marino Enterprises				7,309,900		0.78%
Ruby Realty Co.				5,012,100		0.54%
Dreams USA				3,264,500		0.35%
Dreams USA				3,251,000		0.35%
Weber Realty				2,500,000		0.27%
J&M Builders				2,458,200		0.26%
Star Ridge Management Co.				2,350,000		0.25%
TYCR, LLC				2,084,800		0.22%
CEK Management Co.				2,040,000		0.22%
1 W. Palisades Blvd				2,040,000		0.22%
Total	\$ 124,069,900		5.39%	\$ 41,842,400		4.47%

Net Assessed Valuation: \$ 935,184,300

Net Assessed Valuation: \$ 2,302,831,064

Source: Municipal Tax Assessor.

**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	
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%	\$ -
2013	\$19,887,998	\$19,887,998	100.00%	\$ -

Source: Municipal Tax Collector

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		Percentage of Personal Income ^a	
	Bonds Payable ^b	Loans Payable	Certificates of Participation	Capital Leases	Capital Leases	Total District	Income ^a	Per Capita ^a
2004	1,281,000	494,066	3,745,000	-	5,520,066	5,520,066	0.56%	\$ 101
2005	1,236,000	451,334	3,555,000	-	5,242,334	5,242,334	0.50%	\$ 92
2006	1,189,000	407,346	3,355,000	-	4,951,346	4,951,346	0.42%	\$ 79
2007	1,139,000	361,981		3,087,069	4,588,050	4,588,050	0.36%	\$ 68
2008	1,086,000	315,185		2,882,235	4,283,420	4,283,420	0.33%	\$ 63
2009	1,030,000	266,871		2,606,250	3,903,121	3,903,121	0.32%	\$ 62
2010	970,000	217,016		2,317,754	3,504,770	3,504,770	0.27%	\$ 54
2011	907,000	165,501		2,017,107	3,089,608	3,089,608	0.24%	\$ 47
2012	899,000	112,246		1,709,647	2,720,893	2,720,893	Not Available	Not Available
2013	810,000	57,110		1,311,564	2,178,674	2,178,674	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

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			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions				
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%	\$ 66,096
2012	1,011,246	-		1,011,246	0.05%	Not Available
2013	867,110	-		867,110	0.04%	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.

**Palisades Park Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2013**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable^a</u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of School District as of June 30, 2013			
Net overlapping debt of School District:			
Borough of Palisades Park	100.000%	\$ 9,903,187	
Bergen County Utilities Authority	2.762%	\$ 7,015,265	
County of Bergen - Borough's share	1.465%	\$ 11,530,317	
Subtotal, overlapping debt			867,110
Total direct and overlapping debt			<u>\$ 28,448,770</u>
			<u>\$ 29,315,880</u>

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.

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

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized valuation basis	
2012	\$ 2,655,510,251
2011	\$ 2,398,992,458
2010	\$ 2,505,781,605
[A]	\$ 7,560,284,314
[A/3]	\$ 2,520,094,771
[B]	100,803,791 ^a
[C]	867,110
[B-C]	\$ 99,936,681

Average equalized valuation of taxable property
 Debt limit (4 % of average equalization value)
 Net bonded school debt
 Legal debt margin

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 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	\$ 100,803,791
Total net debt applicable to limit	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	867,110
Legal debt margin	\$ 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	\$ 99,936,681
Total net debt applicable to the limit as a percentage of debt limit	3.52%	2.92%	2.38%	1.80%	1.55%	1.30%	1.15%	1.02%	0.99%	0.86%

Source: Abstract of Ratables and District Records.

^a Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

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
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	\$ 1,305,528,192	66,096	9.30%
2012	17,073	Not Available	Not Available	Not Available

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

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

2013		2004		2013		2004	
Employer	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment	Percentage of Total Employment
	-		0.00%	-		0.00%	0.00%

THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED TO RELEASE INFORMATION NEEDED TO COMPLETE THIS SCHEDULE DUE TO PRIVACY CONCERNS.

Source: Borough of Palisades Park

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

<u>Function/Program</u>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction										
Regular	N/A	N/A	124	128	133	133	132	132	130	132
Special education	N/A	N/A	20	22	23	24	24	24	24	27
Other special education	N/A	N/A								10
Vocational	N/A	N/A								
Other instruction	N/A	N/A	4	4	4	4	4	4	4	4
Nonpublic school programs	N/A	N/A								
Adult/continuing education programs	N/A	N/A								
Support Services:										
Attendance	N/A	N/A	2	3	1	1	1	1	1	1
Student/Instr Related Services: Nurse	N/A	N/A	2	3	3	3	3	3	3	3
Student/Instr Related Services: Speech	N/A	N/A								
Student/Instr Related Services: Extraord	N/A	N/A	3							
Student/Instr Related Services: Guidance	N/A	N/A	6	4	4	4	4	4	3	3
Student/Instr Related Services: CST	N/A	N/A		8	8	8	8	8	6	6
Student/Instr Related Services: Curriculum	N/A	N/A	2	1	1	1	1	1	1	1
Student/Instr Related Services: Media	N/A	N/A	2	3	3	2	2	2	1	1
General administrative services	N/A	N/A	13	13	8	8	8	8	8	8
School administrative services	N/A	N/A	3	3	2	2	2	2	2	2
Business administrative services	N/A	N/A	15	16	9	9	9	9	9	9
Plant operations and maintenance	N/A	N/A	4	6	19	18	18	18	18	20
Lunchroom/Playground Aides	N/A	N/A								3
Pupil transportation	N/A	N/A								
Special Schools	N/A	N/A								
Food Service	N/A	N/A								
Child Care	N/A	N/A								
Total	-	-	200	214	218	217	216	216	210	230

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.

Palisades Park Board of Education
Operating Statistics
Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
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			1,440	1,372	-0.62%	95.28%	
2006	1,440	19,030,532	13,216	5.04%	148	1		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%	
2013	1,588	24,786,749	15,609	10.39%	163			1,578	1,511	-0.13%	95.75%	

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).

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
District Buildings										
Elementary										
Lindbergh School	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584
Square Feet	621	621	621	621	621	621	621	621	621	621
Capacity: FES (students)	855	830	819	866	681	523	669	669	669	669
Enrollment										
High School										
Palisades Park High School	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626
Square Feet	493	493	493	493	493	493	493	493	493	493
Capacity: FES (students)	634	619	621	519	519	639	556	556	556	556
Enrollment										
Early Childhood Center										
Charles Smith Early Childhood Center				20,600	20,600	20,600	20,600	20,600	20,600	20,600
Square Feet				360	360	360	360	360	360	360
Capacity: FES (students)				239	259	259	274	274	274	274
Enrollment										
Other										
Administration Building	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Square Feet										
Number of Schools at June 30, 2013										
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

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)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Palisades Park High School	N/A	53,700	48,165	16,803	25,560	26,376	32,667	32,492	63,486	57,920	24,822
Lindergh School	N/A	51,932	26,544	11,202	17,040	17,584	18,301	18,301	42,324	38,614	16,548
Early Childhood Center	N/A	33,819	2,920	3,111	4,733	4,884	5,892	5,892			
Grand Total		<u>139,451</u>	<u>77,629</u>	<u>31,116</u>	<u>47,333</u>	<u>48,844</u>	<u>56,860</u>	<u>56,685</u>	<u>105,810</u>	<u>96,534</u>	<u>41,370</u>

**Palisades Park Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2013
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

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INDEPENDENT AUDITOR'S 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

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, 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, the 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, New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 9, 2013.

Internal Control Over Financial Reporting

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

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



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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Palisades Park 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 or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Borough of Palisades Park School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated September 9, 2013.

Purpose of this Report

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



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Licensed Public School Accountant
No. CS00816



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Certified Public Accountants
Pompton Lakes, New Jersey

September 9, 2013



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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Borough of Palisades Park School District in the County of Bergen, New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Palisades Park Board of Education's major federal and state programs for the year ended June 30, 2013. The Borough of Palisades Park 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Palisades Park Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, 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 Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Palisades Park Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Borough of Palisades Park Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Palisades Park Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Palisades Park Board of Education's internal control over compliance.

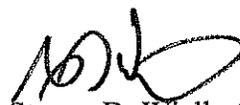
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133

We have audited the financial statements of the Borough of Palisades Park Board of Education as of and for the year ended June 30, 2013, and have issued our report there dated September 9, 2013 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and N.J. OMB Circular 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.



Steven D. Wielkotz
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Pompton Lakes, New Jersey

September 9, 2013



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BOROUGH OF PALISADES PARK SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2013

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2012	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Prior year AP and Encumbrances Cancelled	Balance at June 30, 2013		MEMO
				From	To						(Accounts Receivable)	Deferred Revenue/ Interfund Payable	
US Department of Education													
General Fund													
Education Jobs Fund	84.410A	ARRA 2011	78,030	7/1/2010	6/30/2011	(2,370)		2,370					78,030
Medical Assistance Program (SEMI)	93.778		5,139	7/1/2012	6/30/2013			5,139					
Medical Assistance Program (SEMI)	93.778	N/A	19,759	7/1/2011	6/30/2012	(7,314)		7,314					19,759
Total General Fund						(9,684)		14,823	5,139				97,789
US Department of Education													
Passed Through State Dept of Education:													
Special Revenue Fund													
Title I, Part A - Improving Basic Programs	84.010A	NCLB391013	266,962	9/1/12	8/31/13	\$ (49,804)	(49,804)	319,351	266,962			2,585	266,962
Title I, Part A - Improving Basic Programs	84.010A	NCLB391012	264,695	9/1/11	8/31/12	(49,804)	49,804						277,584
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	NCLB391013	65,184	9/1/12	8/31/13	(40,181)	(40,181)	110,505	65,184	12		5,152	65,184
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	NCLB391012	75,281	9/1/11	8/31/12	(40,181)	40,181						99,516
Title II, Part D - Enhancing Education Through Technology	84.318X	NCLB391011	620	9/1/10	8/31/11	(596)		608		(12)			596
Title III, English Language Acquisition and Language Enhancement	84.365A	NCLB391013	58,242	9/1/12	8/31/13	(11,385)	(11,385)	71,266	58,242			1,639	58,242
Title III, English Language Acquisition and Language Enhancement	84.365A	NCLB391012	45,952	9/1/11	8/31/12	(11,385)	11,385						47,590
Implementing New Curricular Learning with Universally Designed Experiences	84.318X	08000211	235,000	9/1/10	8/31/11	23,117						23,117	156,741
IDEA, Part B-Basic	84.027	IDEA391013	350,389	9/1/12	8/31/13	(55,180)	(55,180)	396,738	350,389	10,138	1,084	223	350,389
IDEA, Part B-Basic	84.027	IDEA391012	356,460	9/1/11	8/31/12	(55,180)	55,180						361,847
IDEA, Part B-Preschool	84.173	IDEA391013	9,223	9/1/12	8/31/13	(4,869)	(4,869)	14,092	9,223				9,223
IDEA, Part B-Preschool	84.173	IDEA391012	9,310	9/1/11	8/31/12	(4,869)	4,869						10,369
ARRA - IDEA, Part B-Basic	84.391	ARRA391010	383,707	9/1/09	8/31/11	499	499					499	383,208
Improving Partnerships and Active Collaboration for Teaching Grant (IMPACT)	84.041	11000099	34,292	9/1/11	8/31/12	206		5,157	5,363				28,868
Improving Partnerships and Active Collaboration for Teaching Grant (IMPACT)	84.041	11000099	35,528	9/1/10	8/31/11	11,650			11,650				30,260
Improving Partnerships and Active Collaboration for Teaching Grant (IMPACT)	84.041	11000099	38,148	9/1/09	8/31/10	1,851			1,851				38,148
Funds for the Improvement of Education	84.125K		150,000	9/1/10	8/31/11	926						926	88,088
Total Special Revenue Fund						(123,766)		917,717	768,864	10,138	1,084	34,141	2,005,853

BOROUGH OF FALSADES PARK SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2013

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2012	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Prior year AP and Encumbrances Cancelled	Balance at June 30, 2013			MEMO Cumulative Total Expenditures
				From	To						(Accounts Receivable)	Revenue/ Interfund Payable	Due to Grantor at	
US Department of Agriculture Passed Through State Dept of Education: Enterprise Fund														
Food Distribution Program (formally USDA Commodities Program)	10.550		41,717	7/1/12	6/30/13		41,717	41,717						*
National School Breakfast Program	10.553		29,417	7/1/12	6/30/13		27,511	29,417						*
National School Breakfast Program	10.553		35,958	7/1/11	6/30/12	(1,681)	1,681		(1,906)					*
National School Lunch Program	10.553		284,563	7/1/12	6/30/13		268,371	284,563						*
National School Lunch Program	10.553		244,435	7/1/11	6/30/12	(14,584)	14,584		(16,192)					*
Total Enterprise Fund						(16,265)	353,864	355,697	(18,098)					*
Total Federal Financial Assistance						\$ (149,715)	1,286,404	1,129,700	(18,098)	10,138	1,084	34,141		*

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

BOROUGH OF PALISADES PARK SCHOOL DISTRICT
Schedule of Expenditures of State Financial Awards

Year ended June 30, 2013

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Caryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment Prior Yrs. Balances	Balance at June 30, 2013		Memo	
			From	To					(Accounts Receivable)	Due to Grantor at	Budgetary Receivable	Cumulative Total Expenditures
			Deferred Revenue (Accts Receivable)	Grantor								
State Department of Education:												
General Fund												
Equalization Aid	13-495-034-5120-078	\$ 834,505	7/1/2012	6/30/2013	\$	834,505	834,505			66,792	834,505	
Special Education Categorical Aid	13-495-034-5120-089	938,996	7/1/2012	6/30/2013		938,996	938,996			75,155	938,996	
Transportation Aid	13-495-034-5120-084	21,215	7/1/2012	6/30/2013		21,215	21,215			1,698	21,215	
Security Aid	13-495-034-5120-044	72,191	7/1/2012	6/30/2013		72,191	72,191			5,778	72,191	
Extraordinary Aid	13-495-034-5120-044	102,814	7/1/2012	6/30/2013		102,814	102,814	(102,814)			102,814	
Extraordinary Aid	12-495-034-5120-044	92,433	7/1/2011	6/30/2012	(92,433)	92,433					92,433	
On Behalf TPAF Pension - Post Retirement	13-495-034-5095-001	787,933	7/1/2012	6/30/2013		787,933	787,933				787,933	
On Behalf TPAF NCGI Premium	13-495-034-5095-007	34,830	7/1/2012	6/30/2013		34,830	34,830				34,830	
On Behalf TPAF Pension - Contribution	13-495-034-5095-006	661,994	7/1/2012	6/30/2013		661,994	661,994				661,994	
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	807,827	7/1/2012	6/30/2013		768,854	807,827	(38,973)			807,827	
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	755,277	7/1/2011	6/30/2012	(37,480)	37,480					755,277	
Total General Fund					(129,913)	4,250,431	4,252,305	(141,787)		149,423	5,119,015	
Special Revenue Fund												
NJ NonPublic Aid:												
Textbook Aid	13-100-034-5120-064	11,889	7/1/2012	6/30/2013		11,889	11,889				11,889	
Nursing Services	13-100-034-5120-070	16,502	7/1/2012	6/30/2013		16,502	16,502				16,502	
Technology Aid	13-100-034-5120-373	4,388	7/1/2012	6/30/2013		4,388	4,388				4,388	
Auxiliary Services (Chapter 192):												
Compensatory Education	13-100-034-5120-067	64,378	7/1/2012	6/30/2013		64,378	64,453		2,925		61,453	
Compensatory Education	12-100-034-5120-067	53,256	7/1/2011	6/30/2012		24,299	22,679		1,620		22,679	
English as a Second Language	13-100-034-5120-067	24,299	7/1/2012	6/30/2013		24,299	22,679				22,679	
English as a Second Language	12-100-034-5120-067	18,965	7/1/2011	6/30/2012		5,001	5,001				13,964	
Handicapped Services (Chapter 193):												
Examination & Classification	13-100-034-5120-066	21,973	7/1/2012	6/30/2013		21,535	21,973	(638)			21,973	
Examination & Classification	12-100-034-5120-066	36,384	7/1/2011	6/30/2012		21,248	21,248				15,136	
Corrective Speech	13-100-034-5120-066	23,436	7/1/2012	6/30/2013		23,436	10,859		12,577		10,859	
Corrective Speech	12-100-034-5120-066	15,007	7/1/2011	6/30/2012		4,659	4,659				10,348	
Supplementary Inst.	13-100-034-5120-066	14,709	7/1/2012	6/30/2013		14,709	13,668		1,041		13,668	
Supplementary Inst.	12-100-034-5120-066	12,347	7/1/2011	6/30/2012		141	141				12,206	
Total Special Revenue Fund						180,936	163,411	(638)	18,163		258,936	
Enterprise Fund												
State Department of Agriculture	13-100-010-3350-023	8,649	7/1/2012	6/30/2013		8,173	8,649	(476)			8,649	
National School Lunch Program (State Share)	12-100-010-3350-023	8,787	7/1/2011	6/30/2012	(510)	510					8,351	
Total Enterprise Fund					(510)	8,683	8,649	(476)			17,000	
Total State Financial Assistance					\$ (130,423)	4,440,050	4,434,365	(142,901)	18,163	149,423	5,385,951	

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 \$(22,099) for the general fund and \$-0- 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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$5,139	\$4,240,206	\$4,245,345
Special Revenue Fund	768,864	163,411	932,275
Food Service Fund	<u>355,697</u>	<u>8,649</u>	<u>364,346</u>
Total Awards and Financial	<u>\$1,129,700</u>	<u>\$4,412,266</u>	<u>\$5,541,966</u>

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, 2013. 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, 2013.

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

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: unmodified

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:

<u>CFDA Number(s)</u>		<u>Name of Federal Program or Cluster</u>
<u>84.027/84.173</u>	(A)	<u>IDEA, Part B/IDEA Preschool</u>

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, 2013
(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: unmodified

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:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
13-495-034-5095-002 (A)	<u>Reimbursed TPAF Social Security Contributions</u>
13-495-034-5120-014 (B)	<u>Transportation Aid</u>

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, 2013**

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:

Resolved