

**SCHOOL DISTRICT OF THE  
BOROUGH OF PALISADES PARK  
COUNTY OF BERGEN, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

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, 2017**

# Comprehensive Annual Financial Report

of the

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

**Year Ended June 30, 2017**

**Prepared by**

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

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## **INTRODUCTORY SECTION**

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Superintendent of Schools*

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*October 13, 2017*

*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, 2017, 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 Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey State Office of Management and Budget Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with appliance laws and the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Kindergarten through 12. These include regular, vocational, as well as special education for students with special needs. The District completed the school year with an enrollment of 1,650 students, which is -1.45% less than the previous year's enrollment. The following chart details the changes in student enrollment over the last five (5) years:

<u>AVERAGE DAILY ENROLLMENT</u>		
<u>FISCAL YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>PERCENTAGE CHANGE</u>
2012-2013	1,609	1.0%
2013-2014	1,614	1.0%
2014-2015	1,609	-0.9%
2015-2016	1,674	+1.14%
2016-2017	1,650	-1.45%

- 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 42.49% Asian, 42.36% Hispanic, 13.91% English-speaking, 1.24% Black. The local population continues to grow mostly from overseas arrivals adding a strain to the school system's Bilingual, ELL, 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, 2017.

**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 2015 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 Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance) and State Treasury Circular Letter 15-08 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.*

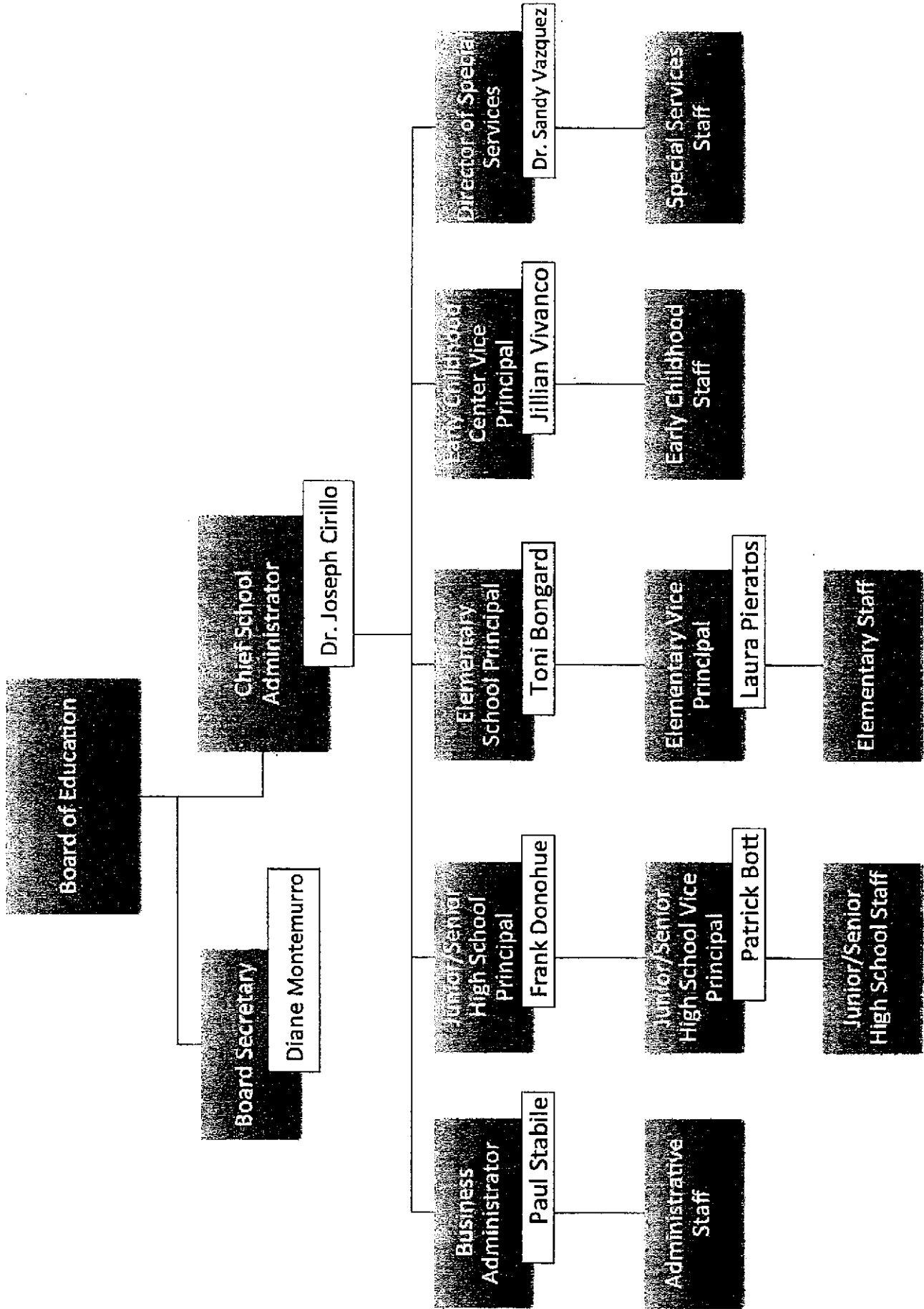
**10.) Acknowledgements:** *We would like to express our appreciation to the members of the Palisades park Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

  
\_\_\_\_\_  
*Dr. Joseph Cjillo  
Superintendent of Schools*

  
\_\_\_\_\_  
*Paul Stabile  
Business Administrator*



**PALISADES PARK BOARD OF EDUCATION  
ROSTER OF OFFICIALS  
JUNE 30, 2017**

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Maria Alvarez, President	2017
Paul Kim, Vice-President	2018
Ken Bruno	2018
Howard Donovan	2017
Connie Hwang	2018
Jason Kim	2019
John Mattessich	2019
Anthony Rotundo	2019
Jeffrey Woo	2017

**OTHER OFFICIALS**

Dr. Joseph Cirillo, Superintendent of Schools

Paul Stabile, Business Administrator/QPA

Diane Montemurro, Board Secretary



**PALISADES PARK BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS**

**BOARD AUDITORS**

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**ARCHITECTS/ENGINEERS**

Mount Vernon Group Architects  
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**OFFICIAL DEPOSITORIES**

PNC Bank  
264 Broad Avenue  
Palisades Park, New Jersey 07650

Bank of New Jersey  
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Fort Lee, New Jersey 07024

**FINANCIAL SECTION**

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

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Steven D. Wielkotz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

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## INDEPENDENT AUDITOR'S REPORT

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

### **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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

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



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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, 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, 2017, 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, Budgetary Comparison Information and schedules related to accounting and reporting for pensions identified in the table of contents 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.

Honorable President and  
Members of the Board of Education  
Page 3.

*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 introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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, combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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 October 13, 2017 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,

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

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

*Steven D. Wielkotz*

Steven D. Wielkotz, C.P.A.  
Licensed Public School Accountant  
No. 816

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

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

October 13, 2017

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART I**

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017. 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 decreased by \$153,620. Net position of governmental activities decreased by \$211,317 and net position of business-type activity increased by \$57,697.
- General revenues accounted for \$27,516,002 in revenue or 93 percent of all governmental and business-type activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,130,559 or 7 percent of total revenues of \$29,646,561.
- The School District had \$28,871,341 in expenses related to governmental activities; only \$1,144,036 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$27,515,988 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, 2017  
(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, 2017  
(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, 2017  
(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, 2017  
(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 \$10,170,298 at June 30, 2017 and \$10,323,918 at June 30, 2016. 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 2017 compared to 2016 (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, 2017  
(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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>						
Current and Other Assets	3,155,709	2,611,264	367,365	260,590	3,523,074	2,871,854
Capital Assets	<u>16,707,727</u>	<u>16,940,502</u>	<u>42,211</u>	<u>39,544</u>	<u>16,749,938</u>	<u>16,980,046</u>
Total Assets	<u>19,863,436</u>	<u>19,551,766</u>	<u>409,576</u>	<u>300,134</u>	<u>20,273,012</u>	<u>19,851,900</u>
<b>Deferred Outflows of Resources</b>						
Deferred Outflows of Resources Related to PERS	<u>2,328,603</u>	<u>1,152,104</u>	_____	_____	<u>2,328,603</u>	<u>1,152,104</u>
<b>Liabilities</b>						
Other Liabilities	351,364	340,154	68,543	16,148	419,907	356,302
Noncurrent Liabilities	<u>11,803,932</u>	<u>9,972,021</u>	_____	_____	<u>11,803,932</u>	<u>9,972,021</u>
Total Liabilities	<u>12,155,296</u>	<u>10,312,175</u>	<u>68,543</u>	<u>16,148</u>	<u>12,223,839</u>	<u>10,328,323</u>
<b>Deferred Inflows of Resources</b>						
Deferred Inflows of Resources Related to PERS	<u>208,128</u>	<u>351,763</u>	_____	_____	<u>208,128</u>	<u>351,763</u>
<b>Net Investment in Capital</b>						
Assets	16,707,727	16,784,618	42,211	39,544	16,749,938	16,824,162
Restricted	2,717,241	2,116,251			2,717,241	2,116,251
Unrestricted	<u>(9,596,353)</u>	<u>(8,860,937)</u>	<u>298,822</u>	<u>244,442</u>	<u>(9,297,531)</u>	<u>(8,616,495)</u>
Total Net Position	<u>9,828,615</u>	<u>10,039,932</u>	<u>341,033</u>	<u>283,986</u>	<u>10,169,648</u>	<u>10,323,918</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

Table 2 below shows the changes in net position for fiscal year 2017 compared to 2016.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services and Sales			479,662	421,067	479,662	421,067
Operating Grants and Contributions	1,144,036	1,429,135	506,861	429,680	1,650,897	1,858,815
General Revenues:						
Taxes:						
Property taxes, levied for general purposes	22,018,486	21,425,623			22,018,486	21,425,623
Property taxes levied for debt service	271,624	439,987			271,624	439,987
Federal and State Aid not Restricted	5,064,472	8,007,804			5,064,472	8,007,804
Tuition	108,519				108,519	
Miscellaneous Income	52,636	193,164			52,636	193,164
Investment Earnings	<u>251</u>	<u>593</u>	<u>14</u>	<u>6</u>	<u>265</u>	<u>599</u>
Total Revenues and Transfers	<u>28,660,024</u>	<u>31,496,306</u>	<u>986,537</u>	<u>850,753</u>	<u>29,646,561</u>	<u>32,347,059</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Functions/Program Expenses</b>						
Instruction:						
Regular	11,487,024	11,631,054			11,487,024	11,631,054
Special Instruction	2,779,715	2,765,830			2,779,715	2,765,830
Other Special Instruction	1,023,609	860,482			1,023,609	860,482
Other Instruction	429,877	441,448			429,877	441,448
Support Services:						
Tuition	1,098,530	1,229,077			1,098,530	1,229,077
Attendance & Social Work	2,000	3,319			2,000	3,319
Health Services	232,561	268,640			232,561	268,640
Student & Instruction						
Related Services	2,292,088	2,058,446			2,292,088	2,058,446
School Administrative						
Services	1,442,504	1,412,144			1,442,504	1,412,144
General Administrative						
Services	877,883	896,399			877,883	896,399
Central Services	261,395	291,514			261,395	291,514
Plant Operations and						
Maintenance	1,782,125	1,769,579			1,782,125	1,769,579
Pupil Transportation	385,142	333,313			385,142	333,313
Administration of Infor-						
mation Technology	170,964	126,676			170,964	126,676
Unallocated Benefits	4,231,356	6,701,000			4,231,356	6,701,000
Transfer of Funds to Charter						
Schools	37,291	50,809			37,291	50,809
Capital Outlay - Non-						
Depreciable	41,812	27,021			41,812	27,021
Debt Service:						
Interest and Other Charges	15,263	26,409			15,263	26,409
Unallocated Depreciation	280,202	277,747			280,202	277,747
Food Service			812,485	762,950	812,485	762,950
After School Child Care			<u>116,355</u>	<u>90,073</u>	<u>116,355</u>	<u>90,073</u>
Total Expenses and Transfers	<u>28,871,341</u>	<u>31,170,907</u>	<u>928,840</u>	<u>853,023</u>	<u>29,800,181</u>	<u>32,023,930</u>
Increase or (Decrease) in						
Net Position	<u>(211,317)</u>	<u>325,399</u>	<u>57,697</u>	<u>(2,270)</u>	<u>(153,620)</u>	<u>323,129</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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 \$29,800,181. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$22,290,110 because some of the cost was paid by those who benefitted from the programs \$479,662 by other governments and organizations who subsidized certain programs with grants and contributions \$6,715,369, and by miscellaneous sources \$52,901.

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 \$48,816.
- ✓ After school child care revenues exceeded expenses by \$8,881.
- ✓ Charges for services provided totaled \$479,662. 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 \$506,861.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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, 2017, 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 \$27,247,267. That amount is \$3,106,918 above the final amended budget of \$24,140,349. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$2,926,611 for TPAF social security reimbursements and on-behalf pension payments, \$76,093 of excess extraordinary aid and \$104,214 of excess in miscellaneous revenues.

The actual expenditures of the general fund were \$26,700,755, including transfers which is \$1,527,022 above the final amended budget of \$25,173,733. The variance between the actual expenditures and final budget was due to non-budgeted on-behalf TPAF social security and pension payments of \$2,926,611 and \$1,399,589 of unexpended budgeted funds.

The General fund had total revenues of \$27,247,267 and total expenditures including transfers of \$26,700,755 with an ending fund balance of \$3,163,448 on the budgetary basis.

**Special Revenue Fund**

The special revenue fund actual revenue was \$1,275,911. That amount is below the original budget estimate of \$1,344,214 and below the final amended budget of \$1,501,725. The \$157,511 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 \$225,814 variance between the final amended budget and the June 30, 2017 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, 2017  
(CONTINUED)**

**Special Revenue Fund, (continued)**

The actual expenditures of the special revenue fund were \$1,275,911, which is below the original budget of \$1,344,214 and below the final amended budget of \$1,501,725. The \$157,511 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 \$225,814 variance between the final amended budget and the June 30, 2017 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 2017 the School District had \$25,385,141 invested in land, buildings and building improvements, machinery and equipment. Of this amount, \$8,635,203 in depreciation has been taken over the years. We currently have a net book value of \$16,749,938. Total depreciable additions for the year were \$86,289 which consisted mainly of various instructional equipment purchases, plant maintenance machinery and repairs, student transportation vehicles, and land and building improvements. Table 3 shows fiscal year 2017 balances compared to 2016.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	9,613,650	9,613,650			9,613,650	9,613,650
Land Improvements	115,990	111,261			115,990	111,261
Buildings and Improvements	6,850,187	7,086,018	35,434	38,386	6,885,621	7,124,404
Furniture, Equipment and Vehicles	<u>127,900</u>	<u>129,573</u>	<u>6,777</u>	<u>1,158</u>	<u>134,677</u>	<u>130,731</u>
	<u>16,707,727</u>	<u>16,940,502</u>	<u>42,211</u>	<u>39,544</u>	<u>16,749,938</u>	<u>16,980,046</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION, (continued)**

**Debt Administration**

At June 30, 2017, the District had \$11,803,932 in long term debt. Of this amount, \$4,139,954 is for compensated absences, \$429,000 is for refunding serial bonds to fund the District's unfunded pension liability with the State of New Jersey, and \$7,234,978 is for the District's net pension liability. 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 2017-2018 school year that is slightly higher than the level of the 2016-2017 school year.

The following factors were considered in preparing the 2017-2018 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:

Paul Stabile  
School Business Administrator  
Palisades Park Board of Education  
270 First Street  
Palisades Park, New Jersey 07407

# **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**PALISADES PARK BOARD OF EDUCATION**  
**Statement of Net Position**  
**June 30, 2017**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	1,236,046	328,576	1,564,622
Receivables, net	830,012	28,211	858,223
Internal balances	(3,702)	3,702	-
Inventory		6,876	6,876
Restricted assets:			
Capital reserve account - cash	1,093,353		1,093,353
Capital assets:			
Land and construction in progress	9,613,650		9,613,650
Other Capital assets, net	7,094,077	42,211	7,136,288
Total Assets	<u>19,863,436</u>	<u>409,576</u>	<u>20,273,012</u>
Deferred Outflow of Resources:			
Deferred outflows of resources related to PERS	<u>2,328,603</u>	-	<u>2,328,603</u>
Total Deferred Outflows	<u>2,328,603</u>	-	<u>2,328,603</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	306,903	68,543	375,446
Payable to federal government	14,779		14,779
Payable to state government	19,840		19,840
Unearned Revenue	3,800		3,800
Interfund Payable	6,042		6,042
Noncurrent liabilities:			
Due within one year	445,367		445,367
Due beyond one year	11,358,565		11,358,565
Total liabilities	<u>12,155,296</u>	<u>68,543</u>	<u>12,223,839</u>
Deferred Inflow of Resources:			
Deferred inflows of resources related to PERS	<u>208,128</u>		<u>208,128</u>
Total Deferred Inflows	<u>208,128</u>	-	<u>208,128</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	16,707,727	42,211	16,749,938
Restricted for:			
Capital projects	1,134,148		1,134,148
Other purposes	1,583,093		1,583,093
Unrestricted (Deficit)	<u>(9,596,353)</u>	<u>298,822</u>	<u>(9,297,531)</u>
Total net position	<u>9,828,615</u>	<u>341,033</u>	<u>10,169,648</u>

**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, 2017

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	9,395,705	2,091,319		1,027,294		(10,459,730)		(10,459,730)
Special education	2,198,188	581,527				(2,779,715)		(2,779,715)
Other special instruction	813,629	209,980				(1,023,609)		(1,023,609)
Other instruction	366,169	63,708				(429,877)		(429,877)
Support services:								
Tuition	1,098,530					(1,098,530)		(1,098,530)
Attendance & Social Work	2,000					(2,000)		(2,000)
Health Services	232,561					(232,561)		(232,561)
Student & instruction related services	1,899,494	392,594	106,242			(2,185,846)		(2,185,846)
School administrative services	1,138,907	303,597				(1,442,504)		(1,442,504)
General administrative services	796,030	81,853				(877,883)		(877,883)
Central Services	216,535	44,860				(261,395)		(261,395)
Information Technology	144,844	26,120				(170,964)		(170,964)
Plant operations and maintenance	1,568,310	213,815				(1,782,125)		(1,782,125)
Pupil transportation	385,142					(385,142)		(385,142)
Unallocated benefits	4,231,356					(4,231,356)		(4,231,356)
Transfer to Charter Schools	37,291		10,500			(37,291)		(37,291)
Capital outlay - non-depreciable	41,812					(41,812)		(41,812)
Interest on long term debt	15,263					(15,263)		(15,263)
Unallocated depreciation	280,202					(280,202)		(280,202)
Total governmental activities	24,861,968	4,009,373	-	1,144,036	-	(27,727,305)	-	(27,727,305)
Business-type activities:								
Food Service	812,485		354,426	506,861			48,802	48,802
After School Child Care	116,355		125,236				8,881	8,881
Total business-type activities	928,840		479,662	506,861			57,683	57,683
Total primary government	25,790,808		479,662	1,650,897		(27,727,305)	57,683	(27,669,622)
General revenues:								
Taxes:								
Property taxes, levied for general purposes						22,018,486		22,018,486
Taxes levied for debt service						271,624		271,624
Federal and State aid not restricted						5,064,472		5,064,472
Tuition						108,519		108,519
Investment Earnings						251	14	265
Miscellaneous Income						52,636		52,636
Total general revenues, special items, extraordinary items and transfers						27,515,988	14	27,516,002
Change in Net Position						(211,317)	57,697	(153,620)
Net Position—beginning						10,039,932		10,039,932
Net Position—ending						9,828,615	341,683	10,170,298

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

**FUND FINANCIAL STATEMENTS**



**PALISADES PARK BOARD OF EDUCATION**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	1,194,674		41,372		1,236,046
Accounts Receivable -					
Intergovernmental - State	183,669				183,669
Intergovernmental - Federal		488,313			488,313
Intergovernmental - Other	158,030				158,030
Interfund receivables	409,863				409,863
Restricted cash and cash equivalents	1,093,353				1,093,353
	<u>3,039,589</u>	<u>488,313</u>	<u>41,372</u>	<u>-</u>	<u>3,569,274</u>
Total assets					
	<u>3,039,589</u>	<u>488,313</u>	<u>41,372</u>	<u>-</u>	<u>3,569,274</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Unearned Revenue	3,800				3,800
Accounts payable	31,456	44,408			75,864
Intergovernmental accounts payable:					
State		19,263	577		19,840
Federal		14,779			14,779
Interfund payables	9,744	409,863			419,607
	<u>45,000</u>	<u>488,313</u>	<u>577</u>	<u>-</u>	<u>533,890</u>
Total liabilities					
	<u>45,000</u>	<u>488,313</u>	<u>577</u>	<u>-</u>	<u>533,890</u>
Fund Balances:					
Restricted for:					
Excess Surplus - current year	528,660				528,660
Excess Surplus - prior year - designated for subsequent year's expenditures	481,824				481,824
Capital reserve	1,093,353				1,093,353
Assigned to:					
Year End Encumbrances	508,035				508,035
Capital projects			40,795		40,795
Unassigned:					
General fund	382,717				382,717
	<u>2,994,589</u>	<u>-</u>	<u>40,795</u>	<u>-</u>	<u>3,035,384</u>
Total Fund balances					
	<u>2,994,589</u>	<u>-</u>	<u>40,795</u>	<u>-</u>	<u>3,035,384</u>
Total liabilities and fund balances	<u>3,039,589</u>	<u>488,313</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 \$25,210,790 and the accumulated depreciation is \$8,503,063.	16,707,727
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	(3,170)
Accounts payable for subsequent Pension payment is not a payable in the funds	(227,869)
Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred outflows of resources related to PERS Pension Liability	2,328,603
Deferred inflows of resources related to PERS Pension Liability	(208,128)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds	(11,803,932)
Net position of governmental activities	<u>9,828,615</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, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local sources:					
Local tax levy	22,018,486			271,624	22,290,110
Tuition	108,519				108,519
Interest Earned on Capital Reserve Funds	251				251
Miscellaneous	52,636				52,636
Total - Local Sources	<u>22,179,892</u>	<u>-</u>	<u>-</u>	<u>271,624</u>	<u>22,451,516</u>
State sources	5,000,571	235,040			5,235,611
Federal sources	63,901	908,996			972,897
Total revenues	<u>27,244,364</u>	<u>1,144,036</u>	<u>-</u>	<u>271,624</u>	<u>28,660,024</u>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	8,368,411	1,027,294			9,395,705
Special education instruction	2,198,188				2,198,188
Other special instruction	813,629				813,629
School sponsored/other instructional	366,169				366,169
Support services and undistributed costs:					
Tuition	1,098,530				1,098,530
Attendance & Social Work	2,000				2,000
Health services	232,561				232,561
Student & instruction related services	1,793,252	106,242			1,899,494
School administrative services	1,138,907				1,138,907
General administrative services	796,030				796,030
Central services	216,535				216,535
Information technology	144,844				144,844
Plant operations and maintenance	1,568,310				1,568,310
Pupil transportation	385,142				385,142
Unallocated benefits	4,503,244				4,503,244
On-behalf contributions	2,926,611				2,926,611
Debt Service:					
Principal				255,884	255,884
Interest and other charges				15,740	15,740
Transfer to Charter Schools	37,291				37,291
Capital outlay	111,101	10,500			121,601
Total expenditures	<u>26,700,755</u>	<u>1,144,036</u>	<u>-</u>	<u>271,624</u>	<u>28,116,415</u>
Excess (Deficiency) of revenues over expenditures	<u>543,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>543,609</u>
Net change in fund balances	543,609	-	-	-	543,609
Fund balance—July 1	<u>2,450,980</u>	<u>-</u>	<u>40,795</u>	<u>-</u>	<u>2,491,775</u>
Fund balance—June 30	<u>2,994,589</u>	<u>-</u>	<u>40,795</u>	<u>-</u>	<u>3,035,384</u>

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, 2017**

<b>Total net change in fund balances - governmental funds (from B-2)</b>		543,609
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	(312,564)
	Non-Depreciable Capital Outlays - Construction in Progress	
	Depreciable Capital outlays	<u>79,789</u>
		(232,775)
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	100,000
	Principal Payments on Capital Leases	<u>155,884</u>
		255,884
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	3,647
	Current year	(3,170)
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 (+).		
	Increase in compensated absences payable	(306,588)
District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changed in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
	District Pension Contributions	217,018
	Less: Pension Expense	<u>(688,942)</u>
	Increase in Pension Expense	(471,924)
Per GASB No. 68, Non-employer contributing entities are required to record any increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.		
	Increase in On-behalf State Aid TPAF Pension	4,956,797
	Increase in On-behalf TPAF Pension Expense	<u>(4,956,797)</u>
<b>Change in net position of governmental activities</b>		<u><u>(211,317)</u></u>

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, 2017**

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	117,692	210,884	328,576
Accounts receivable:			
State	585		585
Federal	27,626		27,626
Interfund	3,702		3,702
Inventories	6,876		6,876
Total current assets	<u>156,481</u>	<u>210,884</u>	<u>367,365</u>
Noncurrent assets:			
Capital assets:			
Equipment	115,301		115,301
Site Improvements	59,050		59,050
Less accumulated depreciation:			
Equipment	(108,524)		(108,524)
Site Improvements	(23,616)		(23,616)
Total capital assets (net of accumulated depreciation)	<u>42,211</u>	<u>-</u>	<u>42,211</u>
Total assets	<u>198,692</u>	<u>210,884</u>	<u>409,576</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	68,543		68,543
Total current liabilities	<u>68,543</u>	<u>-</u>	<u>68,543</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	42,211	-	42,211
Unrestricted	87,938	210,884	298,822
Total net position	<u>130,149</u>	<u>210,884</u>	<u>341,033</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, 2017**

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	232,886		232,886
Daily sales - non-reimbursable programs	121,540		121,540
Tuition fees		125,236	125,236
Total operating revenues	<u>354,426</u>	<u>125,236</u>	<u>479,662</u>
Operating expenses:			
Cost of sales - reimbursable programs	318,955		318,955
Cost of sales - non-reimbursable programs	32,062		32,062
Salaries	251,169	113,340	364,509
Supplies and materials	43,360	3,015	46,375
Employee benefits	95,929		95,929
Cleaning repair & maintenance	18,757		18,757
Legal and professional services	6,281		6,281
Purchased services	32,625		32,625
Miscellaneous	10,164		10,164
Depreciation	3,833		3,833
Total Operating Expenses	<u>813,135</u>	<u>116,355</u>	<u>929,490</u>
Operating income (loss)	<u>(458,709)</u>	<u>8,881</u>	<u>(449,828)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	9,541		9,541
State school lunch program - FY16 additional aid	377		377
Federal sources:			
National school lunch program	385,733		385,733
National school breakfast program	46,414		46,414
Food distribution program	64,796		64,796
Interest and investment revenue	14		14
Total nonoperating revenues (expenses)	<u>506,875</u>	<u>-</u>	<u>506,875</u>
Change in net position	48,166	8,881	57,047
Total net position—beginning	<u>81,983</u>	<u>202,003</u>	<u>283,986</u>
Total net position—ending	<u>130,149</u>	<u>210,884</u>	<u>341,033</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, 2017**

	<b>Food Service Program</b>	<b>After School Child Care</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	354,426	125,236	479,662
Payments to employees		(113,340)	(113,340)
Payments to Outside Food Service Management Company	(659,050)		(659,050)
Payments for repairs, maintenance	(19,527)		(19,527)
Payments for supplies	(12,397)	(3,015)	(15,412)
Payments for miscellaneous expenditures	(977)		(977)
Net cash provided by (used for) operating activities	<u>(337,525)</u>	<u>8,881</u>	<u>(328,644)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	9,434		9,434
Additional State Aid - FY2016	377		377
Federal Sources	426,192		426,192
Net cash provided by (used for) non-capital financing activities	<u>436,003</u>	<u>-</u>	<u>436,003</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(6,500)		(6,500)
Net cash provided by (used for) capital and related financing activities	<u>(6,500)</u>	<u>-</u>	<u>(6,500)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	14		14
Net cash provided by (used for) investing activities	<u>14</u>	<u>-</u>	<u>14</u>
Net increase (decrease) in cash and cash equivalents	91,992	8,881	100,873
Balances—beginning of year	25,700	202,003	227,703
Balances—end of year	<u>117,692</u>	<u>210,884</u>	<u>328,576</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	(458,709)	8,881	(449,828)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	3,833		3,833
Food Distribution Program	64,796		64,796
(Increase) decrease in inventories	160		160
(Increase) decrease in accounts payable	52,395		52,395
Total adjustments	<u>121,184</u>	<u>-</u>	<u>121,184</u>
Net cash provided by (used for) operating activities	<u>(337,525)</u>	<u>8,881</u>	<u>(328,644)</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, 2017**

	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	60,087	138,715
Interfund Receivable - General Fund		6,042
Interfund Receivable - Payroll Agency	25,116	
Total assets	<u>85,203</u>	<u>144,757</u>
<b>LIABILITIES</b>		
Payable to student groups		99,571
Payroll deductions and withholdings		20,070
Interfund Payable - Unemployment Compensation Trust		25,116
Total liabilities	<u>-</u>	<u>144,757</u>
<b>NET POSITION</b>		
Held in trust for unemployment claims and other purposes	<u>85,203</u>	

**PALISADES PARK BOARD OF EDUCATION**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Fiscal Year Ended June 30, 2017**

	<u><b>Unemployment Compensation Trust Fund</b></u>
<b>ADDITIONS</b>	
Contributions:	
Employee Deductions	35,280
Total Contributions	<u>35,280</u>
Investment earnings:	
Interest	23
Net investment earnings	<u>23</u>
Total additions	<u>35,303</u>
<b>DEDUCTIONS</b>	
Unemployment assessment billings	574
Unemployment claims	34,101
Total deductions	<u>34,675</u>
Change in net position	628
Net position—beginning of the year	<u>84,575</u>
Net position—end of the year	<u><u>85,203</u></u>

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



**NOTES TO THE FINANCIAL STATEMENTS**

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Financial Reporting Entity” establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools and a junior/senior high school, located in the Borough of Palisades Park. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District 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, 2017**

**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 - *government*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**GOVERNMENTAL FUNDS**

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

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

**I. Prepaid Items:**

Payments made to vendors for services that will benefit periods beyond June 30, 2017, 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, 2017**

**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. Accounting and Financial Reporting for Pensions:**

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

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

**O. Accounting and Financial Reporting for Pensions: (continued)**

transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

**Q. 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).
- **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.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

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

**Q. Fund Balances: (continued)**

- **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.

**R. 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.

**S. 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.

**T. 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.

**U. 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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

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

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.

**V. 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.

**W. Recent Accounting Pronouncements:**

The Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement is effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District had no transactions of this type for the year ended June 30, 2017

The Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

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

**W. Recent Accounting Pronouncements: (continued)**

The Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District believes this Statement will have no impact on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participation*, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The District is currently reviewing what effect this Statement might have on future financial statements.

**Borough of Palisades Park School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2017**

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

**W. Recent Accounting Pronouncements: (continued)**

The Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The District does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District is currently evaluating the effects, if any, this Statement may have on future financial statements.

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.



**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

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

**W. Recent Accounting Pronouncements: (continued)**

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**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, 2017, \$-0- of the District's bank balance of \$3,337,332 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.

**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.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
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**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)**

**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, 2017, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Statements</u>	Business-Type <u>Activities</u>	District Wide Financial <u>Statements</u>
Local Aid	\$158,030	\$	\$158,030
State Aid	183,669	585	184,254
Federal Aid	488,313	27,626	515,939
Interfund Receivables	<u>409,863</u>	<u>3,702</u>	<u>          </u>
Gross Receivables	1,239,875	31,913	858,223
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u><u>\$1,239,875</u></u>	<u><u>\$31,913</u></u>	<u><u>\$858,223</u></u>

**NOTE 5. INTERFUND BALANCES AND ACTIVITY:**

Balances due to/from other funds at June 30, 2017, consist of the following:

6,042	Due to the Net Payroll Account from the General Fund for net payroll adjustments deposited in the General Fund in error.
409,863	Due to the General Fund from the Special Revenue Fund for short term loans.
3,702	Due to the Proprietary Fund from the General Fund for Subsidy Reimbursements Revenue not transferred.
<u>25,116</u>	Due to the Unemployment Trust Fund from the Payroll Agency Fund for prior year employee deductions not turned over.
<u><u>\$444,723</u></u>	

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 6. CAPITAL ASSETS:**

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance <u>6/30/16</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/17</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Land	\$9,613,650	\$ _____	\$ _____	\$9,613,650
Total Capital Assets Not Being Depreciated	<u>9,613,650</u>	_____	_____	<u>9,613,650</u>
Land Improvements	149,451	10,100		159,551
Buildings and Building Improvements	14,089,267	39,000		14,128,267
Machinery and Equipment	<u>1,278,633</u>	<u>30,689</u>	_____	<u>1,309,322</u>
Totals at Historical Cost	<u>15,517,351</u>	<u>79,789</u>	_____	<u>15,597,140</u>
Less Accumulated Depreciation:				
Land Improvements	(38,190)	(5,371)		(43,561)
Buildings and Improvements	(7,003,249)	(274,831)		(7,278,080)
Equipment	<u>(1,149,060)</u>	<u>(32,362)</u>	_____	<u>(1,181,422)</u>
Total Accumulated Depreciation	<u>(8,190,499)</u>	<u>(312,564)</u>	_____	<u>(8,503,063)</u>
Total Capital Assets Being Depreciated, Net of accumulated depreciation	<u>7,326,852</u>	<u>(232,775)</u>	_____	<u>7,094,077</u>
Governmental Activities Capital Assets, Net	<u>\$16,940,502</u>	<u>(\$232,775)</u>	<u>\$ _____</u>	<u>\$16,707,727</u>
	Balance <u>6/30/16</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/17</u>
<b>Business-Type Activities</b>				
Equipment	\$108,801	\$6,500	\$ _____	115,301
Site Improvements	<u>59,050</u>	_____	_____	<u>59,050</u>
Totals at Historical Cost	<u>167,851</u>	<u>6,500</u>	_____	<u>174,351</u>
Less Accumulated Depreciation for:				
Equipment	(107,643)	(881)		(108,524)
Site Improvements	<u>(20,664)</u>	<u>(2,952)</u>	_____	<u>(23,616)</u>
Total Accumulated Depreciation	<u>(128,307)</u>	<u>(3,833)</u>	_____	<u>(132,140)</u>
Business-Type Activity Capital Assets, Net	<u>\$39,544</u>	<u>\$2,667</u>	<u>\$ _____</u>	<u>\$42,211</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, 2017**

**NOTE 6. CAPITAL ASSETS: (continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$5,853
Support Services:	
Student & instruction related services	5,743
School Administration	13,496
Plant Operations and Maintenance	7,270
Unallocated Depreciation	<u>280,202</u>
	<u><u>\$312,564</u></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>	<u>Long-term Portion</u>
<b>Governmental Activities:</b>						
Long-term Debt Obligations:						
General Bond Obligation Debt	\$529,000	_____	\$100,000	\$429,000	\$102,000	\$327,000
Total Bonds Payable	<u>529,000</u>	_____	<u>100,000</u>	<u>429,000</u>	<u>102,000</u>	<u>327,000</u>
Other Liabilities:						
Certificates of Participation	155,884		155,884			
Compensated Absences Payable	3,833,366	501,843	195,255	4,139,954	115,498	4,024,456
Net Pension Liability	5,453,771	1,781,207	_____	7,234,978	227,869	7,007,109
Total Other Liabilities	<u>9,443,021</u>	<u>2,283,050</u>	<u>351,139</u>	<u>11,374,932</u>	<u>343,367</u>	<u>11,031,565</u>
	<u>\$9,972,021</u>	<u>\$2,283,050</u>	<u>\$451,139</u>	<u>\$11,803,932</u>	<u>\$445,367</u>	<u>\$11,358,565</u>

**A. Bonds Payable:**

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

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, 2017**

**NOTE 7. LONG-TERM OBLIGATIONS: (continued)**

Outstanding bonds payable at June 30, 2017 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, 2017</u>
2012 School Refunding Bonds	05/17/2012	.43%-2.959%	03/15/2021	<u>\$429,000</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>
2018	\$102,000	\$10,868	\$112,868
2019	105,000	8,718	113,718
2020	109,000	6,242	115,242
2021	<u>113,000</u>	<u>3,344</u>	<u>116,344</u>
	<u>\$429,000</u>	<u>\$29,172</u>	<u>\$458,172</u>

**B. Bonds Authorized But Not Issued:**

As of June 30, 2017 the Board has no authorized but not issued bonds.

**C. 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
Reserve Fund	<u>(261,651)</u>
	<u>\$3,087,069</u>

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 7. LONG-TERM OBLIGATIONS: (continued)**

Future Minimum Lease Payments: This lease purchase agreement was paid in full as of August 1, 2016.

**NOTE 8. OPERATING LEASES:**

The District has commitments to lease copying equipment and computers under operating leases which expire in November 2021. Total operating lease payments made during the year ended June 30, 2017 were \$79,206. Future minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$134,772
2019	61,061
2020	25,614
2021	5,567
2022	<u>2,396</u>
Total Minimum lease payments	<u><u>\$229,410</u></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](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.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 9. PENSION PLANS, (continued)**

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>a</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**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, 2017**

**NOTE 9. PENSION PLANS, (continued)**

Benefits Provided

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>a</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.



**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 9. PENSION PLANS, (continued)**

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

**Contributions Requirements Fund Based Statements**

The Board's contribution to PERS and DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/17	\$217,018	\$78
6/30/16	208,873	0
6/30/15	213,991	0

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year	Pension	Post-Retirement Medical	NCGI	Long-Term Disability
<u>Ending</u> 6/30/17	<u>Contributions</u> \$1,087,011	<u>Contributions</u> \$938,545	<u>Premium</u> \$39,385	<u>Insurance</u> \$2,760
6/30/16	784,907	981,163	39,099	
6/30/15	543,224	924,411	39,082	

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$858,910 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 9. PENSION PLANS, (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68**

**Public Employees Retirement System (PERS)**

At June 30, 2017, the District had a liability of \$7,234,978 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportion was .0244283531 percent, which was an increase of .0001332184 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$688,942. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$134,549	\$
Actual investment earnings on pension plan investments		
Changes of assumptions	1,498,701	
Net difference between projected and actual earnings on pension plan investments	275,876	
Changes in proportion and differences between District contributions and proportionate share of contributions	191,608	208,128
District contributions subsequent to the measurement date	<u>227,869</u>	
Total	<u>\$2,328,603</u>	<u>\$208,128</u>

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 9. PENSION PLANS, (continued)**

The \$2,328,603 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$429,822
2018	429,822
2019	497,964
2020	418,362
2021	133,155

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
District s Proportion	.0244283531%	.0242951347%

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 9. PENSION PLANS, (continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 9. PENSION PLANS, (continued)**

expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

**Discount Rate**

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 9. PENSION PLANS, (continued)**

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
District's proportionate share of the pension liability	\$8,865,620	\$7,234,978	\$5,888,740

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2017 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>80,962,342</u>
	<u><u>\$80,962,342</u></u>

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 9. PENSION PLANS, (continued)**

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the District was .1029186239%.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$6,083,193 for contributions provided by the State in the District-Wide Financial Statements.

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

**Mortality Rates**

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
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**NOTE 9. PENSION PLANS, (continued)**

expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	<u>3.75%</u>	3.49%
	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2026, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.



**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 9. PENSION PLANS, (continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. 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 employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

**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:

Black Rock	North American
Mass Mutual	Met Life
AXA Equitable	Great American

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**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.

**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>
2016-2017	23	\$35,280	\$34,675	\$85,203
2015-2016	7	26,370	8,457	84,575
2014-2015	6	16,310	28,035	66,655

**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, 2017 is \$1,093,353.

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.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 13. CAPITAL RESERVE ACCOUNT: (continued)**

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$917,162
Increased by:	
Interest earnings	251
Refunds - Projects cancelled	225,940
Transfer approved by Board Resolution, June 28, 2017	250,000
2016-2017 budgeted withdrawal from Capital Reserve	<u>(300,000)</u>
Ending balance, June 30, 2017	<u>\$1,093,353</u>

**NOTE 14. FUND BALANCE APPROPRIATED:**

**General Fund [Exhibit B-1]** - Of the \$2,994,589 General Fund balance at June 30, 2017, \$508,035 is reserved for encumbrances; \$1,010,484 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$481,824 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018); \$1,093,353 has been reserved in the Capital Reserve Account; \$-0- has been appropriated and included as anticipated revenue for the year ending June 30, 2018; and \$382,717 is unreserved and undesignated.

**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, 2017 is \$1,010,484. Of this amount, \$528,660 is the result of the current year's operations.

**NOTE 16. INVENTORY:**

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

Food	\$5,205
Supplies	<u>1,671</u>
	<u>\$6,876</u>

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 16. INVENTORY: (continued)**

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

**NOTE 17. CONTINGENT LIABILITIES:**

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

**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 October 13, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

Exhibit C-1

**PALISADES PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
<b>General Fund:</b>					
Revenues from Local Sources:					
Local Tax Levy	22,018,486		22,018,486	22,018,486	
Other Local Governmental Units - Unrestricted					
Tuition	46,000		46,000	108,519	62,519
Interest Earned on Capital Reserve Funds	325		325	251	(74)
Unrestricted Miscellaneous Revenues	40,000		40,000	52,636	12,636
<b>Total - Local Sources</b>	<u>22,104,811</u>		<u>22,104,811</u>	<u>22,179,892</u>	<u>75,081</u>
Revenues from State Sources:					
Categorical Special Education Aid	958,764		958,764	958,764	
Equalization Aid	711,969		711,969	711,969	
Categorical Security Aid	75,469		75,469	75,469	
Categorical Transportation Aid	15,944		15,944	15,944	
Adjustment Aid	19,353		19,353	19,353	
Under Adequacy Aid	103,841		103,841	103,841	
PARCC Readiness Aid	16,770		16,770	16,770	
Per Pupil Growth Aid	16,770		16,770	16,770	
Professional Learning Community Aid	16,890		16,890	16,890	
Extraordinary Aid	65,000		65,000	141,093	76,093
TPAF Pension (On-Behalf - Non-Budgeted)				1,087,011	1,087,011
TPAF Post Retirement Benefits (On-Behalf - Non-Budgeted)				938,545	938,545
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				39,385	39,385
TPAF LTDI (On-Behalf - Non-Budgeted)				2,760	2,760
Reimbursed TPAF Social Security Contributions (non-budgeted)				858,910	858,910
<b>Total - State Sources</b>	<u>2,000,770</u>		<u>2,000,770</u>	<u>5,003,474</u>	<u>3,002,704</u>
Revenues from Federal Sources:					
Special Education Medicaid Initiative	34,768		34,768	63,901	29,133
<b>Total - Federal Sources</b>	<u>34,768</u>		<u>34,768</u>	<u>63,901</u>	<u>29,133</u>
<b>TOTAL REVENUES</b>	<u>24,140,349</u>		<u>24,140,349</u>	<u>27,247,267</u>	<u>3,106,918</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	546,413		546,413	508,666	37,747
Grades 1-5 - Salaries of Teachers	3,323,113		3,323,113	3,318,136	4,977
Grades 6-8 - Salaries of Teachers	773,664		773,664	768,829	4,835
Grades 9-12 - Salaries of Teachers	3,201,636	(16,191)	3,185,445	3,126,383	59,062
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	15,000	(11,141)	3,859	3,859	
Purchased Professional-Educational Services		700	700	558	142
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	65,000	300	65,300	65,300	
Purchased Technical Services	78,120		78,120	75,936	2,184
Other Purchased Services (400-500 series)	142,000	12,401	154,401	145,632	8,769
General Supplies	341,787	16,430	358,217	335,495	22,722
Textbooks	35,299	(13,144)	22,155	19,617	2,538
Other Objects	1,000		1,000		1,000
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>8,523,032</u>	<u>(10,645)</u>	<u>8,512,387</u>	<u>8,368,411</u>	<u>143,976</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	170,452		170,452	168,122	2,330
Other Salaries for Instruction	80,250	10,141	90,391	90,390	
General Supplies	9,215		9,215	6,395	2,820
<b>Total Learning and/or Language Disabilities</b>	<u>259,917</u>	<u>10,141</u>	<u>270,058</u>	<u>264,907</u>	<u>5,151</u>
<b>Multiple Disabilities</b>					
General Supplies	9,054		9,054	9,054	
<b>Total Multiple Disabilities</b>	<u>9,054</u>		<u>9,054</u>	<u>9,054</u>	
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,282,840		1,282,840	1,278,496	4,344
Other Salaries for Instruction	74,750		74,750	70,519	4,231
<b>Total Resource Room/Resource Center</b>	<u>1,357,590</u>		<u>1,357,590</u>	<u>1,349,015</u>	<u>8,575</u>

Exhibit C-1

**PALISADES PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>Preschool Disabilities- Full-Time:</b>					
Salaries of Teachers	223,154	122,669	345,823	345,823	
Other Salaries for Instruction	187,850	19,238	207,088	207,087	1
Professional Svcs-Educational Services	11,050		11,050	1,950	9,100
General Supplies	7,390	1,144	8,534	8,240	294
<b>Total Preschool Disabilities - Full-Time</b>	<b>429,444</b>	<b>143,051</b>	<b>572,495</b>	<b>563,100</b>	<b>9,395</b>
<b>Home Instruction:</b>					
Salaries of Teachers	29,361	(15,834)	13,527	12,112	1,415
<b>Total Home Instruction</b>	<b>29,361</b>	<b>(15,834)</b>	<b>13,527</b>	<b>12,112</b>	<b>1,415</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>2,085,366</b>	<b>137,358</b>	<b>2,222,724</b>	<b>2,198,188</b>	<b>24,536</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	62,928	26,480	89,408	89,408	
General Supplies	36,649	(6,171)	30,478	25,723	4,755
<b>Total Basic Skills/Remedial - Instruction</b>	<b>99,577</b>	<b>20,309</b>	<b>119,886</b>	<b>115,131</b>	<b>4,755</b>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	633,473	61,592	695,065	695,065	
General Supplies	5,869		5,869	2,443	3,426
Textbooks	1,500		1,500	990	510
<b>Total Bilingual Education - Instruction</b>	<b>640,842</b>	<b>61,592</b>	<b>702,434</b>	<b>698,498</b>	<b>3,936</b>
<b>School-Sponsored Cocurricular Activities - Instruction</b>					
Salaries	109,695		109,695	56,589	53,106
Purchased Services (300-500 series)	1,000		1,000	60	940
Supplies and Materials	17,720		17,720	13,798	3,922
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>128,415</b>		<b>128,415</b>	<b>70,447</b>	<b>57,968</b>
<b>School-Sponsored Athletics - Instruction</b>					
Salaries	235,566	(40,000)	195,566	181,422	14,144
Purchased Services (300-500 series)	70,000		70,000	66,458	3,542
Supplies and Materials	59,811		59,811	47,842	11,969
<b>Total School-Sponsored Athletics - Instruction</b>	<b>365,377</b>	<b>(40,000)</b>	<b>325,377</b>	<b>295,722</b>	<b>29,655</b>
<b>TOTAL INSTRUCTION</b>	<b>11,842,609</b>	<b>168,614</b>	<b>12,011,223</b>	<b>11,746,397</b>	<b>264,826</b>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Special	443,247	(214,204)	229,043	213,575	15,468
Tuition to County Voc. School Dist. - Regular	365,310	224,045	589,355	439,355	150,000
Tuition to CSSD & Regional Day Schools	298,500	(95,331)	203,169	190,207	12,962
Tuition to Private Schools for the Handicapped - Within State	327,396	(49,791)	277,605	255,393	22,212
<b>Total Undistributed Expenditures - Instruction:</b>	<b>1,434,453</b>	<b>(135,281)</b>	<b>1,299,172</b>	<b>1,098,530</b>	<b>200,642</b>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	4,500		4,500	2,000	2,500
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<b>4,500</b>		<b>4,500</b>	<b>2,000</b>	<b>2,500</b>
<b>Undist. Expend. - Health Services</b>					
Salaries	217,602	1,950	219,552	218,320	1,232
Purchased Prof. & Tech Svc.	3,500	4,050	7,550	7,505	45
Supplies and Materials	9,491	(625)	8,866	6,736	2,130
<b>Total Undistributed Expenditures - Health Services</b>	<b>230,593</b>	<b>5,375</b>	<b>235,968</b>	<b>232,561</b>	<b>3,407</b>
<b>Undist. Expend. - Speech, OT, PT &amp; Related Services</b>					
Purchased Prof. Services-Educational Services	365,888	89,922	455,810	427,817	27,993
<b>Total Undist. Expend. - Speech, OT, PT &amp; Related Serv.</b>	<b>365,888</b>	<b>89,922</b>	<b>455,810</b>	<b>427,817</b>	<b>27,993</b>
<b>Other Support Services - Students - Extra Srvc</b>					
Purchased Prof. Services-Educational Services	70,506	26,008	96,514	96,513	1
<b>Total Other Support Services - Students - Extra Srvc.</b>	<b>70,506</b>	<b>26,008</b>	<b>96,514</b>	<b>96,513</b>	<b>1</b>
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	262,034		262,034	261,209	825
Salaries of Secretarial and Clerical Assistants	49,163		49,163	48,163	1,000
Supplies and Materials	3,250		3,250	3,049	201
<b>Total Undist. Expend. - Guidance</b>	<b>314,447</b>		<b>314,447</b>	<b>312,421</b>	<b>2,026</b>
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	655,268	41,470	696,738	676,003	20,735
Salaries of Secretarial and Clerical Assistants	133,314		133,314	121,832	11,482
Supplies and Materials	11,142		11,142	7,955	3,187
<b>Total Undist. Expend. - Child Study Teams</b>	<b>799,724</b>	<b>41,470</b>	<b>841,194</b>	<b>805,790</b>	<b>35,404</b>



Exhibit C-1

**PALISADES PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Improvement of Instructional Services</b>					
Other Purchased Professional and Technical Services	500		500	375	125
Other Purch Services (400-500)	11,100	10,000	21,100	9,946	11,154
<b>Total Undist. Expend. - Improvement of Inst. Services</b>	<u>11,600</u>	<u>10,000</u>	<u>21,600</u>	<u>10,321</u>	<u>11,279</u>
<b>Undist. Expend. - Educational Media Serv./Sch. Library</b>					
Salaries	153,775	(35,000)	118,775	117,724	1,051
Supplies and Materials	17,849		17,849	16,605	1,244
<b>Total Undist. Expend. - Educational Media Serv./Sch. Library</b>	<u>171,624</u>	<u>(35,000)</u>	<u>136,624</u>	<u>134,329</u>	<u>2,295</u>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Purchased Professional - Educational Services	2,500	3,600	6,100	6,061	39
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<u>2,500</u>	<u>3,600</u>	<u>6,100</u>	<u>6,061</u>	<u>39</u>
<b>Undist. Expend. - Supp. Serv. - General Administration</b>					
Salaries	366,799	(23,500)	343,299	305,797	37,502
Legal Services	94,000	13,993	107,993	106,968	1,025
Audit Fees	42,000		42,000	41,000	1,000
Other Purchased Professional Services	129,400	13,472	142,872	138,575	4,297
Communications/Telephone	97,834	12,346	110,180	110,123	57
BOE Other Purchased Services	4,500	(2,356)	2,144	2,144	
Misc. Purch Services (400-500 Series)	82,500	(6,599)	75,901	74,680	1,221
General Supplies	1,100	100	1,200	1,162	38
Misc. Expenditures	2,050	1,337	3,387	2,193	1,194
BOE Membership Dues and Fees	13,800		13,800	13,388	412
<b>Total Undist. Expend. - Supp. Serv. - General Administration</b>	<u>833,983</u>	<u>8,793</u>	<u>842,776</u>	<u>796,030</u>	<u>46,746</u>
<b>Undist. Expend. - Support Serv. - School Administration</b>					
Salaries of Principals/Assistant Principals	562,366		562,366	562,249	117
Salaries of Other Professional Staff	125,976		125,976	125,976	
Salaries of Secretarial and Clerical Assistants	403,279		403,279	395,574	7,705
Purchased Prof. and Tech. Services	12,500		12,500	9,213	3,287
Other Purchased Services (400-500 series)	2,980		2,980	1,760	1,220
Supplies and Materials	33,814		33,814	22,421	11,393
Other Objects	42,475		42,475	21,714	20,761
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<u>1,183,390</u>		<u>1,183,390</u>	<u>1,138,907</u>	<u>44,483</u>
<b>Undist. Expend. - Support Serv. - Central Services</b>					
Salaries	178,728		178,728	167,594	11,134
Purchased Professional Services	2,520		2,520	1,914	606
Purchased Technical Services	31,500	(200)	31,300	30,345	955
Misc. Pur Services (400-500 Series)	1,200	200	1,400	1,400	
Supplies and Materials	5,000	849	5,849	5,849	
Other Objects	9,973	251	10,224	9,433	791
<b>Total Undist. Expend. - Support Serv. - Central Services</b>	<u>228,921</u>	<u>1,100</u>	<u>230,021</u>	<u>216,535</u>	<u>13,486</u>
<b>Undist. Expend. - Admin Info. Technology</b>					
<b>Information Technology</b>					
Salaries	147,146	(28,164)	118,982	97,583	21,399
Purchased Technical Services	48,549	7,147	55,696	40,266	15,430
Supplies and Materials	8,000		8,000	6,995	1,005
<b>Total Undist. Expend. - Support Serv. - Administrative Information Technology</b>	<u>203,695</u>	<u>(21,017)</u>	<u>182,678</u>	<u>144,844</u>	<u>37,834</u>
<b>Undist. Expend. - Required Maint. for School Facilities (261)</b>					
Cleaning, Repair and Maintenance Services	100,440	(52,022)	48,418	48,143	275
General Supplies	10,000		10,000	798	9,202
<b>Total Undist. Expend. - Required Maint. for School Facilities</b>	<u>110,440</u>	<u>(52,022)</u>	<u>58,418</u>	<u>48,941</u>	<u>9,477</u>
<b>Undist. Expend. - Custodial Services (262)</b>					
Salaries	719,293	51,921	771,214	746,213	25,001
Salaries of Non-Instructional Aides	30,150		30,150	25,427	4,723
Cleaning, Repair and Maintenance Services	145,560	18,516	164,076	152,290	11,786
Other Purchased Property Services	44,509		44,509	43,527	982
Insurance	126,100	(2,820)	123,280	110,413	12,867
General Supplies	104,481	2,820	107,301	91,035	16,266
Energy (Natural Gas)	243,092	(103,550)	139,542	105,028	34,514
Energy (Electricity)	230,093		230,093	199,841	30,252
Energy (Gasoline)	26,404		26,404	9,827	16,577
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant Security</b>	<u>1,669,682</u>	<u>(33,113)</u>	<u>1,636,569</u>	<u>1,483,601</u>	<u>152,968</u>
Purchased Technical Services		35,000	35,000	29,783	5,217
General Supplies		5,985	5,985	5,985	
<b>Total Undistributed Expenditures - Security</b>		<u>40,985</u>	<u>40,985</u>	<u>35,768</u>	<u>5,217</u>

Exhibit C-1

**PALISADES PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Student Transportation Services</b>					
Contract Services (Bet. Home and Sch.) - Vendors	30,000		30,000	14,464	15,536
Contract Services (Other than Between Home & School)-Vendors	70,000		70,000	65,272	4,728
Contract Services (Sp. Ed. Students)-Vendors	302,600	39,000	341,600	305,406	36,194
<b>Total Undist. Expend. - Student Transportation Services</b>	<u>402,600</u>	<u>39,000</u>	<u>441,600</u>	<u>385,142</u>	<u>56,458</u>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	310,979		310,979	277,905	33,074
Other Retirement Contributions-PERS	239,803	(7,185)	232,618	222,241	10,377
Unemployment Compensation	5,000		5,000		5,000
Workmen's Compensation	137,500	(11,000)	126,500	106,381	20,119
Health Benefits	3,925,703	(146,349)	3,779,354	3,699,106	80,248
Tuition Reimbursement	27,122		27,122	26,490	632
Other Employee Benefits	45,000	25,863	70,863	61,302	9,561
Unused Sick Payment to Terminated/Retired Staff	88,122	27,376	115,498	109,819	5,679
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>4,779,229</u>	<u>(111,295)</u>	<u>4,667,934</u>	<u>4,503,244</u>	<u>164,690</u>
TPAF Pension (On-Behalf - Non-Budgeted)				1,087,011	(1,087,011)
TPAF Post Retirement Benefits (On-Behalf - Non-Budgeted)				938,545	(938,545)
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				39,385	(39,385)
TPAF LTDI (On-Behalf - Non-Budgeted)				2,760	(2,760)
Reimbursed TPAF Social Security Contributions (non-budgeted)				858,910	(858,910)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<u>2,926,611</u>	<u>(2,926,611)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>4,779,229</u>	<u>(111,295)</u>	<u>4,667,934</u>	<u>7,429,855</u>	<u>(2,761,921)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>12,817,775</u>	<u>(121,475)</u>	<u>12,696,300</u>	<u>14,805,966</u>	<u>(2,109,666)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>24,660,384</u>	<u>47,139</u>	<u>24,707,523</u>	<u>26,552,363</u>	<u>(1,844,840)</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Regular Programs - Instruction:</b>					
Kindergarten	4,000	(3,449)	551		551
Grades 1-5	20,000	(2,538)	17,462	4,200	13,262
Grades 6-8	4,000		4,000		4,000
Grades 9-12	30,000		30,000	6,279	23,721
<b>Total Equipment</b>	<u>58,000</u>	<u>(5,987)</u>	<u>52,013</u>	<u>10,479</u>	<u>41,534</u>
<b>Undist. Expenditures:</b>					
Support Serv - Child Study Teams	8,000	5,987	13,987	13,986	1
<b>Total Undist. Expend.</b>	<u>8,000</u>	<u>5,987</u>	<u>13,987</u>	<u>13,986</u>	<u>1</u>
<b>Undist. Exp. Student Transp. - Non-Instructional Equipment</b>					
School Buses - Special	20,210		20,210	20,210	
<b>Total Undist. Exp. Student Transp. - Non-Instructional Equipment</b>	<u>20,210</u>		<u>20,210</u>	<u>20,210</u>	
<b>Facilities Acquisition and Construction Services</b>					
Construction Services	300,000		300,000	43,725	256,275
Land and Improvements		10,100	10,100	10,100	
Assessment for Debt Service on SDA Funding	12,601		12,601	12,601	
<b>Total Facilities Acquisition and Construction Services</b>	<u>312,601</u>	<u>10,100</u>	<u>322,701</u>	<u>66,426</u>	<u>256,275</u>
<b>Interest Deposit to Capital Reserve</b>	325	(325)			
<b>TOTAL CAPITAL OUTLAY</b>	<u>399,136</u>	<u>9,775</u>	<u>408,911</u>	<u>111,101</u>	<u>297,810</u>
<b>Transfer of Funds to Charter Schools</b>	57,299		57,299	37,291	20,008
<b>TOTAL EXPENDITURES</b>	<u>25,116,819</u>	<u>56,914</u>	<u>25,173,733</u>	<u>26,700,755</u>	<u>(1,527,022)</u>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<u>(976,470)</u>	<u>(56,914)</u>	<u>(1,033,384)</u>	<u>546,512</u>	<u>1,579,896</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources</b>					
<b>Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>(976,470)</u>	<u>(56,914)</u>	<u>(1,033,384)</u>	<u>546,512</u>	<u>1,579,896</u>

Exhibit C-1

**PALISADES PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Fund Balance, July 1</b>	2,616,936		2,616,936	2,616,936	771,224
<b>Fund Balance, June 30</b>	<u>1,640,466</u>	<u>(56,914)</u>	<u>1,583,552</u>	<u>3,163,448</u>	<u>2,351,120</u>
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Adjustment for Prior Year Encumbrances	(237,380)		(237,380)	(237,380)	
Increase in Capital Reserve:					
Principal				250,000	(250,000)
Interest Deposit to Capital Reserve				251	(251)
Withdrawal from Capital Reserve	(300,000)		(300,000)	(300,000)	
Budgeted Fund Balance	<u>(439,090)</u>	<u>(56,914)</u>	<u>(496,004)</u>	<u>833,641</u>	<u>(1,329,645)</u>
	<u>(976,470)</u>	<u>(56,914)</u>	<u>(1,033,384)</u>	<u>546,512</u>	<u>(1,579,896)</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				1,093,353	
Excess Surplus - Designated for Subsequent Years' Expenditures				481,824	
Excess Surplus - Current Year				528,660	
<b>Assigned Fund Balance:</b>					
Year-end Encumbrances				508,035	
<b>Unassigned Fund Balance</b>				<u>551,576</u>	
				3,163,448	
<b>Recapitulation to Governmental Fund Statement (GAAP):</b>					
Less: Last State Aid Payment not Recognized GAAP Basis				<u>(168,859)</u>	
<b>Total Fund Balance per Governmental Funds (GAAP)</b>				<u>2,994,589</u>	

**PALISADES PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State Sources	198,747	52,817	251,564	235,040	(16,524)
Federal Sources	1,145,467	104,694	1,250,161	1,040,871	(209,290)
<b>Total Revenues</b>	<b>1,344,214</b>	<b>157,511</b>	<b>1,501,725</b>	<b>1,275,911</b>	<b>(225,814)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	496,502	88,858	585,360	497,093	88,267
Purchased Professional and Technical Services	50,680	(45,380)	5,300	5,300	5,300
Purchased Professional - Educational Services	143,279	41,193	184,472	170,903	13,569
Other Purchased Services (400-500 series)	277,080	72,831	349,911	327,330	22,581
General Supplies	101,633	13,162	114,795	95,780	19,015
Textbooks	15,988	1,304	17,292	17,224	68
<b>Total instruction</b>	<b>1,085,162</b>	<b>171,968</b>	<b>1,257,130</b>	<b>1,108,330</b>	<b>148,800</b>
<b>Support services:</b>					
Salaries of Program Directors	7,650	2,778	10,428	1,015	9,413
Salaries of Other Professional Staff	42,920	1,280	44,200	26,366	17,834
Personal Services - Employee Benefits	51,919	1,513	53,432	38,311	15,121
Purchased Professional - Technical Services	104,160	(7,886)	96,274	75,570	20,704
Other Purchased Services	11,025	11,236	22,261	10,569	11,692
Travel	3,000	-	3,000	750	2,250
Supplies & Materials	17,858	(13,358)	4,500	4,500	-
Other Objects	120	(120)	-	-	-
<b>Total support services</b>	<b>238,652</b>	<b>(4,557)</b>	<b>234,095</b>	<b>157,081</b>	<b>77,014</b>
<b>Facilities acquisition and const. serv.:</b>					
Instructional Equipment	20,400	(20,400)	-	-	-
Construction Services	-	10,500	10,500	10,500	-
<b>Total facilities acquisition and const. serv.</b>	<b>20,400</b>	<b>(9,900)</b>	<b>10,500</b>	<b>10,500</b>	<b>-</b>
Total Expenditures	<b>1,344,214</b>	<b>157,511</b>	<b>1,501,725</b>	<b>1,275,911</b>	<b>225,814</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PALISADES PARK BOARD OF EDUCATION**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to Required Supplementary Information - Part II**  
**Fiscal Year Ended June 30, 2017**

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

		General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2]	27,247,267	1,275,911
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			(131,875)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		165,956	
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).		(168,859)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	27,244,364	1,144,036
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	26,700,755	1,275,911
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but the in year the supplies are received for financial reporting purposes.			
Current Year			(131,875)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	26,700,755	1,144,036

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART III**

**PALISADES PARK BOARD OF EDUCATION**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Share of Net Pension Liability - PERS**  
*Last 10 Fiscal Years\**

Fiscal Year Ending June 30,	District's	District's	District's	District's	Plan Fiduciary
	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll - PERS Employee's	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Net Position as a Percentage of the Total Pension Liability
2015	0.0259576351%	\$ 4,859,979	\$ 1,700,413	285.81%	52.08%
2016	0.0242951347%	\$ 5,453,771	\$ 1,712,076	318.55%	47.93%
2017	0.0244283531%	\$ 7,234,978	\$ 1,608,685	449.74%	40.14%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**PALISADES PARK BOARD OF EDUCATION**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Contributions - PERS**  
*Last 10 Fiscal Years\**

Fiscal Year Ending June 30,	Contractually Required Contribution		Contributions in Relations to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's PERS Covered-Employee Payroll	Contributions as a Percentage of PERS Covered-Employee Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contributions in Relations to the Contractually Required Contributions	Contribution Deficiency (Excess)			
2015	\$ 213,991	\$ (213,991)	\$ -	\$ 1,700,413	12.58%		
2016	208,873	(208,873)	-	1,712,076	12.20%		
2017	217,018	(217,018)	-	1,608,685	13.49%		

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.



**PALISADES PARK BOARD OF EDUCATION**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Share of Net Pension Liability - TPAF**  
*Last 10 Fiscal Years\**

Fiscal Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)	District's Covered Payroll - TPAF Employee's	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	2015	0.1030691358%	\$ 55,087,099	\$	10,216,526	0.00%
2016	0.1077074691%	68,075,720		11,180,935	0.00%	28.71%
2017	0.1029186239%	80,962,342		11,883,703	0.00%	22.33%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**PALISADES PARK BOARD OF EDUCATION**  
**Note to Required Schedules of Supplementary Information - Part III**  
**Fiscal Year Ended June 30, 2017**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.90%) to the current measurement date (3.29%), resulting in a change in the discount rate from 4.90% to 3.98%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.68% to 3.22%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

## **Supplementary Schedules**

**SPECIAL REVENUE FUND**

**PALISADES PARK BOARD OF EDUCATION**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 June 30, 2017

	Total Brought Forward (Ex. E-1a)	N.J. Nonpublic Textbook Aid	N.J. Nonpublic Nursing Aid	N.J. Nonpublic Handicapped Services, Chp. 193 Supplemental Instruction	Examination & Classification	Corrective Speech	Totals 2017
<b>REVENUES</b>							
State Sources	133,444	17,224	24,131	19,382	16,033	24,826	235,040
Federal Sources	1,040,871						1,040,871
<b>Total Revenues</b>	<b>1,174,315</b>	<b>17,224</b>	<b>24,131</b>	<b>19,382</b>	<b>16,033</b>	<b>24,826</b>	<b>1,275,911</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	472,962		24,131				497,093
Purchased Professional - Educational Services	110,662			19,382	16,033	24,826	170,903
Other Purchased Services (400-500 series)	327,330						327,330
General Supplies	95,780						95,780
Textbooks	-	17,224					17,224
<b>Total instruction</b>	<b>1,006,734</b>	<b>17,224</b>	<b>24,131</b>	<b>19,382</b>	<b>16,033</b>	<b>24,826</b>	<b>1,108,330</b>
<b>Support services:</b>							
Salaries of Program Directors	1,015						1,015
Salaries of Other Professional Staff	26,366						26,366
Personal Services - Employee Benefits	38,311						38,311
Purchased Professional - Technical Services	75,570						75,570
Other Purchased Professional Services	10,569						10,569
Travel	750						750
Supplies & Materials	4,500						4,500
<b>Total support services</b>	<b>157,081</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157,081</b>
<b>Facilities acquisition and const. serv.:</b>							
Construction Services	10,500						10,500
<b>Total facilities acquisition and const. serv.</b>	<b>10,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,500</b>
<b>Total Expenditures</b>	<b>1,174,315</b>	<b>17,224</b>	<b>24,131</b>	<b>19,382</b>	<b>16,033</b>	<b>24,826</b>	<b>1,275,911</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PALISADES PARK BOARD OF EDUCATION**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 Fiscal Year Ended June 30, 2017

	Total Brought Forward (Ex. E-1b)	N.J. Nonpublic Auxiliary Services, Chp. 192		N.J. Nonpublic Technology Aid	Title I, Improving Basic Skills	Total Carried Forward
		Compensatory Education	English as a Second Language			
<b>REVENUES</b>						
State Sources	15,000	81,887	28,775	7,782	356,242	133,444
Federal Sources	684,629					1,040,871
<b>Total Revenues</b>	<b>699,629</b>	<b>81,887</b>	<b>28,775</b>	<b>7,782</b>	<b>356,242</b>	<b>1,174,315</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	194,126				278,836	472,962
Purchased Professional - Educational Services	-	81,887	28,775			110,662
Other Purchased Services (400-500 series)	327,330					327,330
General Supplies	41,141			7,782	46,857	95,780
Textbooks	-					-
<b>Total instruction</b>	<b>562,597</b>	<b>81,887</b>	<b>28,775</b>	<b>7,782</b>	<b>325,693</b>	<b>1,006,734</b>
<b>Support services:</b>						
Salaries of Program Directors	-				1,015	1,015
Salaries of Other Professional Staff	26,366					26,366
Personal Services - Employee Benefits	11,077				27,234	38,311
Purchased Professional - Technical Services	73,670				1,900	75,570
Other Purchased Professional Services	10,169				400	10,569
Travel	750					750
Supplies & Materials	4,500					4,500
<b>Total support services</b>	<b>126,532</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,549</b>	<b>157,081</b>
<b>Facilities acquisition and const. serv.:</b>						
Construction Services	10,500					10,500
<b>Total facilities acquisition and const. serv.</b>	<b>10,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,500</b>
<b>Total Expenditures</b>	<b>699,629</b>	<b>81,887</b>	<b>28,775</b>	<b>7,782</b>	<b>356,242</b>	<b>1,174,315</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PALISADES PARK BOARD OF EDUCATION**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 Fiscal Year Ended June 30, 2017

	Total Brought Forward (Ex. E-1c)	Title II, Part A Teacher and Principal Training and Recruiting Fund	Title III - Immigrant	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
<b>REVENUES</b>							
State Sources	15,000						15,000
Federal Sources	185,935	54,628	15,112	59,654	367,800	1,500	684,629
<b>Total Revenues</b>	<b>200,935</b>	<b>54,628</b>	<b>15,112</b>	<b>59,654</b>	<b>367,800</b>	<b>1,500</b>	<b>699,629</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	135,126	45,000	14,000				194,126
Purchased Professional - Educational Services	-						-
Other Purchased Services (400-500 series)	-				327,330		327,330
General Supplies	2,616	518	753	37,254			41,141
Textbooks	-						-
<b>Total instruction</b>	<b>137,742</b>	<b>45,518</b>	<b>14,753</b>	<b>37,254</b>	<b>327,330</b>	<b>-</b>	<b>562,597</b>
<b>Support services:</b>							
Salaries of Program Directors	-						-
Salaries of Other Professional Staff	26,366						26,366
Personal Services - Employee Benefits	11,077						11,077
Purchased Professional - Technical Services	10,000	6,700		15,000	40,470	1,500	73,670
Other Purchased Professional Services	-	2,410	359	7,400			10,169
Travel	750						750
Supplies & Materials	4,500						4,500
<b>Total support services</b>	<b>52,693</b>	<b>9,110</b>	<b>359</b>	<b>22,400</b>	<b>40,470</b>	<b>1,500</b>	<b>126,532</b>
<b>Facilities acquisition and const. serv.:</b>							
Construction Services	10,500						10,500
<b>Total facilities acquisition and const. serv.</b>	<b>10,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,500</b>
<b>Total Expenditures</b>	<b>200,935</b>	<b>54,628</b>	<b>15,112</b>	<b>59,654</b>	<b>367,800</b>	<b>1,500</b>	<b>699,629</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PALISADES PARK BOARD OF EDUCATION**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**Fiscal Year Ended June 30, 2017**

	Total Brought Forward (Ex. E-1d)	Title I, Improving Basic Skills Carryover	Title II, Part A Teacher and Principal Training and Recruiting Fund Carryover	Total Carried Forward
<b>REVENUES</b>				
State Sources	15,000			15,000
Federal Sources	174,858	9,077	2,000	185,935
<b>Total Revenues</b>	<b>189,858</b>	<b>9,077</b>	<b>2,000</b>	<b>200,935</b>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Salaries of Teachers	135,126			135,126
Purchased Professional - Educational Services	-			-
Other Purchased Services (400-500 series)	-			-
General Supplies	2,616			2,616
Textbooks	-			-
<b>Total instruction</b>	<b>137,742</b>	<b>-</b>	<b>-</b>	<b>137,742</b>
<b>Support services:</b>				
Salaries of Program Directors	-			-
Salaries of Other Professional Staff	26,366			26,366
Personal Services - Employee Benefits	-	9,077	2,000	11,077
Purchased Professional - Technical Services	10,000			10,000
Other Purchased Professional Services	-			-
Travel	750			750
Supplies & Materials	4,500			4,500
<b>Total support services</b>	<b>41,616</b>	<b>9,077</b>	<b>2,000</b>	<b>52,693</b>
<b>Facilities acquisition and const. serv.:</b>				
Construction Services	10,500			10,500
<b>Total facilities acquisition and const. serv.</b>	<b>10,500</b>	<b>-</b>	<b>-</b>	<b>10,500</b>
<b>Total Expenditures</b>	<b>189,858</b>	<b>9,077</b>	<b>2,000</b>	<b>200,935</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**PALISADES PARK BOARD OF EDUCATION**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 Fiscal Year Ended June 30, 2017

	21st Century Community Learning Centers Grant	N.J. Nonpublic Security Aid	Total Carried Forward
<b>REVENUES</b>			
State Sources	174,858	15,000	15,000
Federal Sources			174,858
<b>Total Revenues</b>	<b>174,858</b>	<b>15,000</b>	<b>189,858</b>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	135,126		135,126
Purchased Professional - Educational Services			
Other Purchased Services (400-500 series)			-
General Supplies	2,616		2,616
Textbooks			-
<b>Total instruction</b>	<b>137,742</b>	<b>-</b>	<b>137,742</b>
<b>Support services:</b>			
Salaries of Program Directors			-
Salaries of Other Professional Staff	26,366		26,366
Personal Services - Employee Benefits			-
Purchased Professional - Technical Services	10,000		10,000
Other Purchased Services			-
Travel	750		750
Supplies and Materials		4,500	4,500
<b>Total support services</b>	<b>37,116</b>	<b>4,500</b>	<b>41,616</b>
<b>Facilities acquisition and const. serv.:</b>			
Construction Services		10,500	10,500
<b>Total facilities acquisition and const. serv.</b>	<b>-</b>	<b>10,500</b>	<b>10,500</b>
<b>Total Expenditures</b>	<b>174,858</b>	<b>15,000</b>	<b>189,858</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CAPITAL PROJECTS FUND**

**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, 2017**

**Revenues**

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

**Expenditures**

Purchased professional and technical services	-
Land and improvements	-
Construction services	-
Equipment purchases	-
	-

Net change in fund balance	-
Fund balance - beginning	40,795
Fund balance - ending	\$ 40,795

**Analysis of Fund Balance**

Assigned to:	
1997 School Renovation Project	205
Roof Replacement - Jr./Sr. High School	37
Early Childhood Center	16,568
Board Office Conversion to Classrooms	23,985
	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, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues</b>				
State Sources - SCC Grant	1,000,000		1,000,000	
Certificates of Participation	1,500,000		1,500,000	
Sale of Property			-	
Transfers from Capital Reserve			-	
Transfers from Capital Outlay			-	
Donations			-	
	2,500,000	-	2,500,000	-
<b>Expenditures</b>				
Purchased professional and technical services			-	
Land and improvements			-	
Construction services	2,499,795		2,499,795	
Equipment purchases			-	
	2,499,795	-	2,499,795	-
Excess (deficiency) of revenues over (under) expenditures	205	-	205	-
<b>Additional project information:</b>				
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, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues</b>				
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			-	
	<hr/>		<hr/>	
	252,058	-	252,058	-
	<hr/>		<hr/>	
<b>Expenditures</b>				
Purchased professional and technical services	-		-	
Land and improvements			-	
Construction services	252,021		252,021	
Equipment purchases			-	
	<hr/>		<hr/>	
	252,021	-	252,021	-
	<hr/>		<hr/>	
Excess (deficiency) of revenues over (under) expenditures	<hr/> <u>37</u>	<hr/> <u>-</u>	<hr/> <u>37</u>	<hr/> <u>-</u>
<b>Additional project information:</b>				
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, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues</b>				
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>
<b>Expenditures</b>				
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>
<b>Additional project information:</b>				
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, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues</b>				
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			-	
	<hr/>	<hr/>	<hr/>	<hr/>
	55,137	-	55,137	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>				
Purchased professional and technical services	15,656		15,656	
Land and improvements			-	
Construction services	15,496		15,496	
Equipment purchases			-	
	<hr/>	<hr/>	<hr/>	<hr/>
	31,152	-	31,152	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	<hr/> <u>23,985</u>	<hr/> <u>-</u>	<hr/> <u>23,985</u>	<hr/> <u>-</u>
<b>Additional project information:</b>				
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**  
**Summary Statement of Project Expenditures**  
**Fiscal Year Ended June 30, 2017**

Project Title/Issue	Date	Appropriations	Expenditures to Date		Cancelled	Unexpended Balance June 30, 2017
			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
		<u>8,385,154</u>	<u>8,150,359</u>	<u>-</u>	<u>-</u>	<u>234,795</u>
Analysis						
						<u>234,795</u>
						<u>(194,000)</u>
						<u>40,795</u>



**PROPRIETARY FUNDS**

**PALISADES PARK BOARD OF EDUCATION**  
**Combining Statement of Net Position**  
**Enterprise Funds**  
**June 30, 2017**

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	117,692	210,884	328,576
Accounts receivable:			
State	585		585
Federal	27,626		27,626
Interfund	3,702		3,702
Inventories	6,876		6,876
Total current assets	<u>156,481</u>	<u>210,884</u>	<u>367,365</u>
Noncurrent assets:			
Capital assets:			
Equipment	115,301		115,301
Site Improvements	59,050		59,050
Less accumulated depreciation:			
Equipment	(108,524)		(108,524)
Site Improvements	(23,616)		(23,616)
Total capital assets (net of accumulated depreciation)	<u>42,211</u>	<u>-</u>	<u>42,211</u>
Total assets	<u>198,692</u>	<u>210,884</u>	<u>409,576</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	68,543		68,543
Total current liabilities	<u>68,543</u>	<u>-</u>	<u>68,543</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	42,211	-	42,211
Unrestricted	87,938	210,884	298,822
Total net position	<u>130,149</u>	<u>210,884</u>	<u>341,033</u>

**PALISADES PARK BOARD OF EDUCATION**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Enterprise Funds**  
**Fiscal Year Ended June 30, 2017**

	<b>Food Service Program</b>	<b>After School Child Care</b>	<b>Totals</b>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	232,886		232,886
Daily sales - non-reimbursable programs	121,540		121,540
Tuition fees		125,236	125,236
Total operating revenues	<u>354,426</u>	<u>125,236</u>	<u>479,662</u>
Operating expenses:			
Cost of sales - reimbursable programs	318,955		318,955
Cost of sales - non-reimbursable programs	32,062		32,062
Salaries	251,169	113,340	364,509
Supplies and materials	43,360	3,015	46,375
Employee benefits	95,929		95,929
Cleaning repair & maintenance	18,757		18,757
Legal and professional services	6,281		6,281
Purchased services	32,625		32,625
Miscellaneous	10,164		10,164
Depreciation	3,833		3,833
Total Operating Expenses	<u>813,135</u>	<u>116,355</u>	<u>929,490</u>
Operating income (loss)	<u>(458,709)</u>	<u>8,881</u>	<u>(449,828)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	9,541		9,541
State school lunch program - FY16 additional Aid	377		377
Federal sources:			
National school lunch program	385,733		385,733
National school breakfast program	46,414		46,414
Food distribution program	64,796		64,796
Interest and investment revenue	14		14
Total nonoperating revenues (expenses)	<u>506,875</u>	<u>-</u>	<u>506,875</u>
Income (loss) before contributions & transfers	<u>48,166</u>	<u>8,881</u>	<u>57,047</u>
Transfers in (out)			-
Change in net position	<u>48,166</u>	<u>8,881</u>	<u>57,047</u>
Total net position—beginning	<u>81,983</u>	<u>202,003</u>	<u>283,986</u>
Total net position—ending	<u><u>130,149</u></u>	<u><u>210,884</u></u>	<u><u>341,033</u></u>

**PALISADES PARK BOARD OF EDUCATION**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**Fiscal Year Ended June 30, 2017**

	<b>Food Service Program</b>	<b>After School Child Care</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	354,426	125,236	479,662
Payments to employees		(113,340)	(113,340)
Payments to outside food service management company	(659,050)		(659,050)
Payments for repairs, maintenance	(19,527)		(19,527)
Payments for supplies	(12,397)	(3,015)	(15,412)
Payments for miscellaneous expenditures	(977)		(977)
Net cash provided by (used for) operating activities	<u>(337,525)</u>	<u>8,881</u>	<u>(328,644)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	9,434		9,434
Additional State Aid - FY2016	377		377
Federal Sources	426,192		426,192
Net cash provided by (used for) non-capital financing activities	<u>436,003</u>	<u>-</u>	<u>436,003</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(6,500)		(6,500)
Net cash provided by (used for) capital and related financing activities	<u>(6,500)</u>	<u>-</u>	<u>(6,500)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	14		14
Net cash provided by (used for) investing activities	<u>14</u>	<u>-</u>	<u>14</u>
Net increase (decrease) in cash and cash equivalents	91,992	8,881	100,873
Balances—beginning of year	25,700	202,003	227,703
Balances—end of year	<u>117,692</u>	<u>210,884</u>	<u>328,576</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	(458,709)	8,881	(449,828)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	3,833		3,833
Food Distribution Program	64,796		64,796
(Increase) decrease in inventories	160		160
Increase (decrease) in accounts payable	52,395		52,395
Total adjustments	<u>121,184</u>	<u>-</u>	<u>121,184</u>
Net cash provided by (used for) operating activities	<u>(337,525)</u>	<u>8,881</u>	<u>(328,644)</u>

**FIDUCIARY FUND**

**PALISADES PARK BOARD OF EDUCATION**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

	<b>Unemployment Compensation Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	60,087	138,715
Interfund Receivable - General Fund		6,042
Interfund Receivable - Payroll Agency	25,116	
Total assets	85,203	144,757
<b>LIABILITIES</b>		
Payable to student groups		99,571
Payroll deductions and withholdings		20,070
Interfund Payable - Unemployment Compensation Trust		25,116
Total liabilities	-	144,757
<b>NET POSITION</b>		
Held in trust for unemployment claims and other purposes	85,203	

**PALISADES PARK BOARD OF EDUCATION**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Fiscal Year Ended June 30, 2017**

	<b><u>Unemployment Compensation Trust Fund</u></b>
<b>ADDITIONS</b>	
Contributions:	
Employee Deductions	35,280
Total Contributions	<u>35,280</u>
Investment earnings:	
Interest	23
Net investment earnings	<u>23</u>
Total additions	<u>35,303</u>
<b>DEDUCTIONS</b>	
Unemployment assessment billings	574
Unemployment claims	34,101
Total deductions	<u>34,675</u>
Change in net position	628
Net position—beginning of the year	<u>84,575</u>
Net position—end of the year	<u><u>85,203</u></u>

**PALISADES PARK BOARD OF EDUCATION  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 Fiscal Year Ended June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2017</u>
Elementary Schools:				
Lindbergh School	16,389	48,518	49,873	15,034
Total Elementary Schools	<u>16,389</u>	<u>48,518</u>	<u>49,873</u>	<u>15,034</u>
High School:				
High School	36,504	113,643	103,267	46,880
Student Aid	31,514	14,102	23,900	21,716
Athletic Fund	990	127,870	126,290	2,570
Cultural Arts	9,901	11,168	7,698	13,371
Total High School	<u>78,909</u>	<u>266,783</u>	<u>261,155</u>	<u>84,537</u>
Total All Schools	<u><u>95,298</u></u>	<u><u>315,301</u></u>	<u><u>311,028</u></u>	<u><u>99,571</u></u>



**PALISADES PARK BOARD OF EDUCATION**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**Fiscal Year Ended June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2017</u>
Net Payroll	8,858	9,338,227	9,341,372	5,713
Payroll Deductions and Withholdings	134,092	7,681,378	7,801,113	14,357
Interfund - Unemployment Compensation Trust	1,435	25,116	1,435	25,116
Interfund - General Fund	34,518		40,560	(6,042)
	<u>178,903</u>	<u>17,044,721</u>	<u>17,184,480</u>	<u>39,144</u>

**LONG-TERM DEBT**

**PALISADES PARK BOARD OF EDUCATION**  
**General Long Term Debt Account Group**  
**Statement of Obligations under Bonds and Loans Payable**  
**June 30, 2017**

SERIES	Amount of Original Issues	Annual Maturities		Interest Rate Payable	Amount Outstanding on July 1, 2016	Retired in Current Year	Amount Outstanding on June 30, 2017
		Date	Amount				
2012 Refunding Bonds - Bergen County Improvement Authority - Unfunded Pension Liability	827,000	03/15/18	102,000	2.108%	529,000	100,000	429,000
		03/15/19	105,000	2.358%			
		03/15/20	109,000	2.659%			
		03/15/21	113,000	2.959%			
TOTAL					\$ 529,000	100,000	429,000

**PALISADES PARK BOARD OF EDUCATION**  
**General Long Term Debt Account Group**  
**Statement of Obligations under Capital Leases**  
**June 30, 2017**

SERIES	Amount of Original Issues	Annual Maturities		Interest Rate Payable	Amount Outstanding on July 1, 2016	Retired in Current Year	Amount Outstanding on June 30, 2017
		Date	Amount				
2007 School Renovations	3,084,069	08/01/16	155,884	4.150%	155,884	155,884	-
<b>TOTAL</b>			<u>155,884</u>		<u>155,884</u>	<u>155,884</u>	<u>-</u>

**PALISADES PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	271,624	-	271,624	271,624	-
Total - State Sources	271,624	-	271,624	271,624	-
<b>Total Revenues</b>	<b>271,624</b>	<b>-</b>	<b>271,624</b>	<b>271,624</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Princ. Paymnts - Comm. Approved Lease Purchase Agrm.	155,884	-	155,884	155,884	-
Int for Commissioner Approved Lease Purchase Agrm.	3,235	-	3,235	3,235	-
Interest on Early Retirement Bonds	12,505	-	12,505	12,505	-
Redemption of Principal - Early Retirement Bonds	100,000	-	100,000	100,000	-
Total Regular Debt Service	271,624	-	271,624	271,624	-
<b>Total expenditures</b>	<b>271,624</b>	<b>-</b>	<b>271,624</b>	<b>271,624</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	-	-	-	-	-
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted Fund Balance	-	-	-	-	-

**STATISTICAL SECTION**

## STATISTICAL SECTION (UNAUDITED)

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# STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

## J SERIES

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<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	<b>J-1 to J-5</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	<b>J-6 to J-9</b>
<b>Debt Capacity</b> 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.	<b>J-10 to J-13</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>J-14 to J-15</b>
<b>Operating Information</b> 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.	<b>J-16 to J-20</b>
<b>Sources:</b> 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, 2004; schedules presenting district-wide information include information beginning in that year.	



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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net Investment in Capital Assets	\$ 14,625,782	\$ 14,764,638	\$ 14,892,593	\$ 14,998,336	\$ 15,429,884	\$ 16,029,450	\$ 16,613,576	\$ 16,723,598	\$ 16,784,618	\$ 16,707,727
Restricted	399,811	717,770	328,677	1,158,282	2,091,983	1,450,132	1,479,824	1,470,536	2,116,251	2,717,241
Unrestricted	(1,205,505)	(1,295,155)	(1,283,380)	(1,858,590)	(1,713,404)	(1,479,517)	(4,009,752)	(8,479,601)	(8,860,937)	(9,596,353)
Total governmental activities net position	\$ 13,820,088	\$ 14,187,253	\$ 13,937,890	\$ 14,298,028	\$ 15,808,463	\$ 16,000,065	\$ 14,083,648	\$ 9,714,533	\$ 10,039,932	\$ 9,828,615
<b>Business-type activities</b>										
Net Investment in Capital Assets	\$ 32,545	\$ 28,241	\$ 82,578	\$ 55,457	\$ 52,276	\$ 49,093	\$ 45,910	\$ 42,727	\$ 39,544	\$ 42,211
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	146,184	142,947	94,483	120,564	170,521	210,101	279,719	243,529	244,442	298,822
Total business-type activities net position	\$ 178,729	\$ 171,188	\$ 177,061	\$ 176,021	\$ 222,797	\$ 259,194	\$ 325,629	\$ 286,256	\$ 283,986	\$ 341,033
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 14,658,327	\$ 14,792,879	\$ 14,975,171	\$ 15,053,793	\$ 15,482,160	\$ 16,078,543	\$ 16,659,486	\$ 16,766,325	\$ 16,824,162	\$ 16,749,938
Restricted	399,811	717,770	328,677	1,158,282	2,091,983	1,450,132	1,479,824	1,470,536	2,116,251	2,717,241
Unrestricted	(1,059,321)	(1,152,208)	(1,188,897)	(1,738,026)	(1,542,883)	(1,269,416)	(3,730,033)	(8,236,072)	(8,616,495)	(9,297,531)
Total district net position	\$ 13,998,817	\$ 14,358,441	\$ 14,114,951	\$ 14,474,049	\$ 16,031,260	\$ 16,259,259	\$ 14,409,277	\$ 10,000,789	\$ 10,323,918	\$ 10,169,648

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 9,006,133	\$ 9,667,485	\$ 10,920,716	\$ 10,684,872	\$ 10,341,592	\$ 10,965,082	\$ 10,861,600	\$ 11,525,979	\$ 11,631,054	\$ 11,487,024
Special education	1,450,922	1,885,490	1,654,498	1,868,859	2,054,862	2,349,262	2,271,235	2,507,327	2,765,830	2,779,715
Other special education	772,078	965,848	1,164,576	1,151,586	1,057,891	1,130,595	987,753	864,562	860,482	1,023,609
Other instruction	506,913	507,996	494,334	428,209	373,956	463,745	435,634	407,524	441,448	429,877
Support Services:										
Tuition	1,992,515	1,448,076	1,205,163	1,115,096	1,005,019	1,125,426	1,083,590	1,151,383	1,229,077	1,098,530
Attendance & Social Work								3,324	3,319	2,000
Health Services	1,938,727	2,045,320	2,284,324	1,993,473	1,687,292	1,911,931	2,131,185	292,826	268,640	232,561
Student & instruction related services	1,163,737	1,204,795	1,201,204	1,153,278	1,190,789	1,292,560	1,241,805	2,061,899	2,058,446	2,292,088
School administrative services	695,312	752,281	835,720	601,294	544,426	620,596	707,186	1,298,130	1,412,144	1,442,504
General administrative services	322,929	368,210	387,439	459,071	421,032	424,693	390,943	700,945	896,399	877,883
Central Services	1,727,801	1,922,907	1,774,299	1,746,031	1,776,438	1,878,796	1,744,208	401,785	291,514	261,395
Plant operations and maintenance	565,985	369,724	286,031	394,176	352,095	305,943	305,563	1,709,712	1,769,579	1,782,125
Pupil transportation								311,896	333,313	385,142
Administration of Information Technology								106,058	126,676	170,964
Unallocated Benefits	2,196,636	1,473,091	1,717,144	2,033,987	1,566,083	2,179,899	4,558,274	4,765,636	6,701,000	4,231,356
Charter Schools	18,644	24,441	3,404			28,679	50,333	51,148	50,809	37,291
Interest on long-term debt	206,478	175,293	118,314	147,782	147,657	74,445	37,860	42,421	26,409	15,263
Unallocated depreciation	292,619	230,793	273,438	227,607	230,796	246,553	277,747	277,747	277,747	280,202
Capital Outlay - nondepreciable		3,729	106,710	50,237	19,507	18,094	15,455	32,533	27,021	41,812
Total governmental activities expenses	22,857,429	23,045,479	24,427,314	24,055,558	22,769,435	25,016,299	27,100,371	28,512,835	31,170,907	28,871,341
Business-type activities:										
Food service	558,377	585,342	631,152	643,513	676,450	685,672	696,434	724,018	762,950	812,485
After School Child Care	85,937	93,243	93,978	91,453	82,784	84,307	82,508	83,894	90,073	116,355
Total business-type activities expense	644,314	678,585	725,130	734,966	759,234	769,979	778,942	807,912	853,023	928,840
Total district expenses	\$ 23,501,743	\$ 23,724,064	\$ 25,152,444	\$ 24,790,524	\$ 23,528,669	\$ 25,786,278	\$ 27,879,313	\$ 29,320,747	\$ 32,023,930	\$ 29,800,181
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)										
Pupil transportation										
Business and other support services	1,165,385	1,030,317	1,524,653	1,269,808	917,517	932,275	975,368	1,210,627	1,429,135	1,144,036
Operating grants and contributions										
Capital grants and contributions										
Total governmental activities program revenues	1,165,385	1,030,317	1,524,653	1,269,808	917,517	932,275	975,368	1,210,627	1,429,135	1,144,036

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Business-type activities:</b>										
Charges for services										
Food service	367,273	359,548	350,902	354,310	367,758	328,595	341,732	320,233	309,782	354,426
Child care	104,134	100,725	92,452	99,095	107,554	113,264	135,641	101,740	111,285	125,236
Operating grants and contributions	198,419	210,633	287,581	300,134	330,682	364,346	367,996	346,558	429,680	506,861
Capital grants and contributions										
Total business type activities program revenues	669,826	670,906	730,935	753,539	805,994	806,205	845,369	768,531	850,747	986,523
Total district program revenues	\$ 1,835,211	\$ 1,701,223	\$ 2,255,588	\$ 2,023,347	\$ 1,723,511	\$ 1,738,480	\$ 1,820,737	\$ 1,979,158	\$ 2,279,882	\$ 2,130,559
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (21,692,044)	\$ (22,015,162)	\$ (22,902,661)	\$ (22,785,750)	\$ (21,851,918)	\$ (24,084,024)	\$ (26,125,003)	\$ (27,302,208)	\$ (29,741,772)	\$ (27,727,305)
Business-type activities	25,512	(7,679)	5,805	18,573	46,760	36,226	66,427	(39,381)	(2,276)	57,683
Total district-wide net expense	\$ (21,666,532)	\$ (22,022,841)	\$ (22,896,856)	\$ (22,767,177)	\$ (21,805,158)	\$ (24,047,798)	\$ (26,058,576)	\$ (27,341,589)	\$ (29,744,048)	\$ (27,669,622)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 17,313,456	\$ 17,922,116	\$ 18,372,404	\$ 19,330,621	\$ 19,330,621	\$ 19,330,621	\$ 19,533,309	\$ 20,065,548	\$ 21,425,623	\$ 22,018,486
Taxes levied for debt service	578,101	549,366	449,078	451,048	557,377	557,377	752,448	611,767	439,987	271,624
Unrestricted grants and contributions	3,804,281	3,793,030	3,713,201	3,226,076	3,521,810	4,245,345	3,836,595	6,756,966	8,007,804	5,064,472
Tuition Received										108,519
Investment earnings	34,656	14,053	3,903	1,885	1,093	1,513	1,158	907	593	251
Miscellaneous income	61,915	103,763	114,712	136,258	102,082	140,770	85,076	140,861	193,164	52,636
Additional Debt Issued via Refinancing					(59,000)					
Tax Levy Receivable Cancelled					(91,630)					
Total governmental activities	21,792,409	22,382,328	22,653,298	23,145,888	23,362,353	24,275,626	24,208,586	27,576,049	30,067,171	27,515,988
Business-type activities:										
Investment earnings	113	138	68	19	16	171	8	8	6	14
Transfers										
Total business-type activities	113	138	68	19	16	171	8	8	6	14
Total district-wide	\$ 21,792,522	\$ 22,382,466	\$ 22,653,366	\$ 23,145,907	\$ 23,362,369	\$ 24,275,797	\$ 24,208,594	\$ 27,576,057	\$ 30,067,177	\$ 27,516,002
<b>Change in Net Position</b>										
Governmental activities	\$ 100,365	\$ 367,166	\$ (249,363)	\$ 360,138	\$ 1,510,435	\$ 191,602	\$ (1,916,417)	\$ 273,841	\$ 325,399	\$ (211,317)
Business-type activities	25,625	(7,541)	5,873	18,592	46,776	36,397	66,435	(39,373)	(2,270)	57,697
Total district	\$ 125,990	\$ 359,625	\$ (243,490)	\$ 378,730	\$ 1,557,211	\$ 227,999	\$ (1,849,982)	\$ 234,468	\$ 323,129	\$ (153,620)

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	257,025	201,938	313,192		1,224,442	1,198,030	1,161,610	1,308,731	1,789,560	2,103,837
Unreserved	566,241	872,420	566,523	667,812	757,659					
Restricted				562,895	182,306	390,417	343,310	121,010	285,896	508,035
Committed				456,678	359,674	333,938	274,289	349,492	375,524	382,717
Assigned										
Unassigned										
Total general fund	\$ 823,266	\$ 1,074,358	\$ 879,715	\$ 1,687,385	\$ 2,524,081	\$ 1,922,385	\$ 1,779,209	\$ 1,779,233	\$ 2,450,980	\$ 2,994,589
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund	(9,075)									
Capital projects fund	16,810	16,810	16,810							
Debt service fund	125,976	113,221	(1,325)							
Assigned, reported in:										
Capital projects fund				40,795	40,795	40,795	40,795	40,795	40,795	40,795
Debt service fund				(113,220)	(113,219)	(179,110)	(65,891)			
Total all other governmental funds	\$ 133,711	\$ 130,031	\$ 15,485	\$ (72,425)	\$ (72,424)	\$ (138,315)	\$ (25,096)	\$ 40,795	\$ 40,795	\$ 40,795

Source: CAFR Schedule B-1

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax levy	\$ 17,891,557	\$ 18,471,482	\$ 18,821,482	\$ 19,781,669	\$ 19,887,998	\$ 19,887,998	\$ 20,285,757	\$ 20,677,315	\$ 21,865,610	\$ 22,290,110
Tuition	12,000									108,519
Interest earnings	49,915	117,816	118,615	270,469	1,093	1,513	1,158	907	593	251
Miscellaneous	4,302,759	3,948,752	3,636,606	3,194,675	3,619,220	4,403,617	4,002,070	4,550,719	4,863,745	5,235,611
State sources	666,907	874,595	1,601,248	1,168,883	770,107	774,003	809,893	1,068,970	1,240,564	972,897
Federal sources	22,923,138	23,412,645	24,177,951	24,415,696	24,430,500	25,207,901	25,183,954	26,418,772	28,163,676	28,660,024
Total revenue										
<b>Expenditures</b>										
Instruction										
Regular Instruction	7,392,018	7,932,304	8,900,808	8,614,479	8,503,465	8,997,019	8,894,752	9,495,434	9,501,708	9,395,705
Special education instruction	1,124,359	1,469,066	1,247,168	1,369,246	1,595,952	1,871,812	1,801,695	2,005,694	2,130,585	2,198,188
Other special instruction	612,470	770,973	911,093	890,677	841,743	900,166	785,828	692,297	679,368	813,629
Other instruction	428,132	427,533	414,660	350,729	319,126	391,780	368,463	345,893	371,422	366,169
Support Services:										
Tuition	1,992,515	1,448,076	1,205,163	1,115,096	1,005,019	1,125,426	1,083,590	1,151,383	1,229,077	1,098,530
Attendance & Social Work								2,650	2,600	2,000
Health services	183,641	214,082	201,925	199,143	218,320	236,322	233,023	235,731	212,118	232,561
Student & instruction related services	1,460,784	1,493,132	1,697,547	1,408,966	1,178,536	1,366,025	1,581,398	1,753,022	1,739,771	1,899,494
School Administrative services	923,956	969,207	946,006	895,278	945,191	1,029,631	986,468	1,034,403	1,108,504	1,138,907
General administrative services	617,571	677,534	755,516	525,364	508,287	590,662	663,021	653,230	810,236	796,030
Central services	265,842	299,736	381,756	351,369	351,369	353,051	318,668	330,959	238,442	216,535
Plant operations and maintenance	1,495,101	1,686,141	1,525,957	1,499,721	1,547,116	1,638,745	1,517,772	1,486,887	1,540,784	1,568,310
Pupil transportation	565,985	369,724	286,031	394,176	352,095	305,943	305,563	311,896	333,313	385,142
Administration of Information Technology								84,560	104,572	144,844
Business and other support services										
Unallocated employee benefits	3,034,980	3,348,106	3,818,597	3,928,912	3,400,119	3,658,904	3,619,154	3,794,627	4,287,977	4,503,244
TPAF Pension / Social Security	2,108,686	1,372,453	1,524,832	1,486,421	1,801,051	2,292,584	1,922,895	2,327,158	2,619,614	2,926,611
Charter Schools	18,644	24,441	3,404			28,679	50,333	51,148	50,809	37,291
Capital outlay	805,589	100,603	169,753	73,029	377,408	465,471	442,059	50,009	91,042	121,601
Debt service:										
Principal	304,631	380,299	398,351	415,161	427,718	542,219	577,327	503,228	413,235	255,884
Interest and other charges	158,924	181,822	165,273	147,782	129,658	81,049	61,902	42,648	26,752	15,740
Bond issuance costs										
Total expenditures	23,493,828	23,165,232	24,487,140	23,695,936	23,502,173	25,875,488	25,213,911	26,352,857	27,491,929	28,116,415
Excess (Deficiency) of revenues over (under) expenditures	(570,690)	247,413	(309,189)	719,760	928,327	(667,587)	(29,957)	65,915	671,747	543,609

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Other Financing sources (uses)</b>										
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	34,656	-	-	55,137	-	254,590	383,630	-	-	-
Transfers out	-	-	-	(55,137)	-	(254,590)	(383,630)	-	-	-
<b>Total other financing sources (uses)</b>	<b>34,656</b>	<b>-</b>	<b>-</b>	<b>(55,137)</b>	<b>(91,630)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (536,034)</b>	<b>\$ 247,413</b>	<b>\$ (309,189)</b>	<b>\$ 719,760</b>	<b>\$ 836,697</b>	<b>\$ (667,587)</b>	<b>\$ (29,957)</b>	<b>\$ 65,915</b>	<b>\$ 671,747</b>	<b>\$ 543,609</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>2.0%</b>	<b>2.4%</b>	<b>2.3%</b>	<b>2.4%</b>	<b>2.4%</b>	<b>2.5%</b>	<b>2.6%</b>	<b>2.1%</b>	<b>1.6%</b>	<b>1.0%</b>

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.	Ameripay Bankruptcy Settlement	Voided Checks	Total
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
2014	-	50,300	31,887	343	-	950	1,596			85,076
2015	1,852	48,250	12,690	366	9,792	996	11,992		54,923	140,861
2016	-	41,000	5,167	705		444	7,126	138,722		193,164
2017	108,519	27,500	11,335	30		106	3,166		10,499	161,155

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 <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)	% of Net Assessed to Estimated Full Cash Valuations
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	0.868	2,752,790,800	78.22%
2011	19,359,800	1,676,705,200	-	-	311,311,600	91,504,100	191,437,400	2,290,318,100	137,833,500	594,450	2,153,079,050	0.863	2,515,552,209	85.59%
2012	18,322,300	1,691,121,500	-	-	304,918,200	89,961,100	188,178,900	2,292,502,000	139,130,200	800,355	2,154,172,155	0.868	2,411,408,481	89.33%
2013	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	2,163,700,864	0.881	2,676,189,031	80.85%
2014	11,110,300	1,747,064,600	-	-	303,428,798	87,836,600	163,105,100	2,312,545,398	138,685,400	659,782	2,174,519,780	0.894	2,450,292,418	88.75%
2015	13,416,900	1,759,411,600	-	-	292,012,798	86,725,800	160,550,800	2,312,117,898	144,525,200	724,845	2,168,317,543	0.945	2,467,031,230	87.89%
2016	11,152,000	1,789,792,400	-	-	290,131,598	83,630,300	159,898,200	2,334,604,498	144,734,700	693,067	2,190,562,865	0.955	2,335,297,565	93.80%
2017	11,405,800	1,802,131,900	-	-	293,068,898	83,821,100	162,373,200	2,352,800,898	144,734,700	645,152	2,208,711,350	0.969	2,825,511,884	78.17%

Source: Municipal Tax Assessor

(1) - Revaluation

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100



Exhibit J-7

Palisades Park Board of Education  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years

(rate per \$100 of assessed value)

Year Ended Dec. 31,	Palisades Park Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General	Total Direct	Borough of Palisades Park	Bergen County	
		Obligation Debt Service <sup>b</sup>				
2007	1.608	0.000	1.608	1.035	0.377	3.020
2008*	0.705	0.022	0.727	0.497	0.190	1.414
2009	0.720	0.018	0.738	0.504	0.201	1.443
2010	0.842	0.021	0.863	0.599	0.236	1.698
2011	0.840	0.028	0.868	0.607	0.228	1.703
2012	0.840	0.028	0.868	0.626	0.228	1.722
2013	0.853	0.028	0.881	0.637	0.266	1.784
2014	0.861	0.033	0.894	0.634	0.249	1.777
2015	0.915	0.030	0.945	0.660	0.256	1.861
2016	0.935	0.020	0.955	0.677	0.269	1.901

Source: District Records and Municipal Tax Collector

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

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

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

\* Revaluation

Exhibit J-8

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

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Leems Inc.	\$ 16,062,600	1	0.73%			
Marino Enterprises	\$ 12,250,000	2	0.55%			
BSJ Realty LLC	7,965,100	3	0.36%			
Bonanno Real Estate Group	7,712,300	4	0.35%			
Star Ridge Management Corp	7,651,600	5	0.35%			
Bldv East Association, LTD	7,400,000	6	0.34%			
Dream USA Unlimited Corp	7,363,200	7	0.33%			
Pine Tree Enterprise LLC	7,200,000	8	0.33%			
Ruby Realty Company	7,000,000	9	0.32%			
27 Fairview LLC	5,321,600	10	0.24%			
Leems Associates				\$ 17,733,700	1	0.74%
Marino Enterprises				13,375,900	2	0.56%
BSJ Realty LLC				13,231,400	3	0.55%
Tarragon Dev. Corp.				12,200,000	4	0.51%
Ruby Realty Co.				10,161,300	5	0.42%
411 Brinkerhoff Ave. LLC				9,500,000	6	0.40%
Bldv. East Associates Ltd.				8,326,200	7	0.35%
ParkLane Inc.				8,062,000	8	0.34%
Bonanno Real Estate Group				7,526,500	9	0.31%
Dream USA Unlimited Corp.				7,072,800	10	0.29%
Total	\$ 85,926,400		3.89%	\$ 107,189,800		4.46%

Net Assessed Valuation: \$ 2,208,711,350 \$ 2,402,615,839

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	
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%	\$ -
2014	\$20,285,757	\$20,285,757	100.00%	\$ -
2015	\$20,677,315	\$20,677,315	100.00%	\$ -
2016	\$21,865,610	\$21,865,610	100.00%	\$ -
2017	\$22,290,110	\$22,132,080	99.29%	\$ 158,030

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 <sup>a</sup>	
	Bonds Payable <sup>b</sup>	Loans Payable	Certificates of Participation	Capital Leases	Total District	Income <sup>a</sup>	Per Capita <sup>a</sup>
2008	1,086,000	315,185		-	4,283,420	0.33%	\$ 63
2009	1,030,000	266,871		-	3,903,121	0.32%	\$ 62
2010	970,000	217,016		-	3,504,770	0.27%	\$ 54
2011	907,000	165,501		-	3,089,608	0.24%	\$ 47
2012	899,000	112,246		-	2,720,893	0.20%	\$ 39
2013	810,000	57,110		-	2,178,674	0.16%	\$ 31
2014	717,000	-		-	1,601,347	0.11%	\$ 23
2015	624,000	-		-	1,098,119	0.07%	\$ 15
2016	529,000	-		-	684,884	Not Available	Not Available
2017	429,000	-		-	429,000	Not Available	Not Available

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

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

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

**b** Includes Early Retirement Incentive Plan (ERIP) refunding

**Exhibit J-11**

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	1,401,185	-	1,401,185	0.15%	\$ 68,227
2009	1,296,871	-	1,296,871	0.13%	\$ 63,198
2010	1,187,017	-	1,187,017	0.05%	\$ 65,486
2011	1,072,501	-	1,072,501	0.05%	\$ 66,096
2012	1,011,246	-	1,011,246	0.05%	\$ 69,919
2013	867,110	-	867,110	0.04%	\$ 70,498
2014	717,000	-	717,000	0.03%	\$ 73,536
2015	624,000	-	624,000	0.03%	\$ 75,849
2016	529,000	-	529,000	0.02%	Not Available
2017	429,000	-	429,000	0.02%	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, 2017**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Direct Debt of School District as of June 30, 2017</b>		\$	429,000
<b>Net overlapping debt of School District:</b>			
Borough of Palisades Park	100.000%	\$ 12,713,609	
Bergen County Utilities Authority	3.101%	5,550,197	
County of Bergen - Borough's share	1.513%	<u>18,228,229</u>	
<b>Subtotal, overlapping debt</b>			<u>36,492,035</u>
<b>Total direct and overlapping debt</b>			<u>\$ 36,921,035</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 2017

Equalized valuation basis	
2016	\$ 2,794,594,802
2015	\$ 2,569,019,887
2014	\$ 2,458,062,710
[A]	<u>\$ 7,821,677,399</u>
[A/3]	\$ 2,607,225,800
[B]	104,289,032 <sup>a</sup>
[C]	<u>429,000</u>
[B-C]	<u>\$ 103,860,032</u>

Average equalized valuation of taxable property [A/3] \$ 2,607,225,800  
 Debt limit (4 % of average equalization value) [B] 104,289,032 <sup>a</sup>  
 Net bonded school debt [C] 429,000  
 Legal debt margin [B-C] \$ 103,860,032

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 90,424,673	\$ 99,868,394	\$ 103,488,435	\$ 105,383,621	\$ 101,818,708	\$ 100,803,791	\$ 100,040,358	\$ 100,841,294	\$ 99,688,090	\$ 104,289,032
Total net debt applicable to limit	<u>1,401,185</u>	<u>1,296,871</u>	<u>1,187,017</u>	<u>1,072,501</u>	<u>1,011,246</u>	<u>867,110</u>	<u>717,000</u>	<u>624,000</u>	<u>529,000</u>	<u>429,000</u>
Legal debt margin	<u>\$ 89,023,488</u>	<u>\$ 98,571,523</u>	<u>\$ 102,301,418</u>	<u>\$ 104,311,120</u>	<u>\$ 100,807,462</u>	<u>\$ 99,936,681</u>	<u>\$ 99,323,358</u>	<u>\$ 99,159,090</u>	<u>\$ 99,159,090</u>	<u>\$ 103,860,032</u>
Total net debt applicable to the limit as a percentage of debt limit	1.55%	1.30%	1.15%	1.02%	0.99%	0.86%	0.72%	0.62%	0.53%	0.41%

Source: Abstract of Rates and District Records.

<sup>a</sup> Limit set by NISA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

**Exhibit J-14**

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

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita		Unemployment Rate <sup>d</sup>
			Personal Income <sup>c</sup>	Personal Income <sup>c</sup>	
2007	19,125	\$ 1,303,311,375	68,147	68,147	4.00%
2008	19,266	\$ 1,320,645,768	68,548	68,548	5.20%
2009	19,421	\$ 1,254,033,391	64,571	64,571	9.20%
2010	19,647	\$ 1,282,457,925	65,275	65,275	9.50%
2011	19,752	\$ 1,347,955,488	68,244	68,244	9.30%
2012	19,936	\$ 1,423,031,680	71,380	71,380	9.50%
2013	20,288	\$ 1,430,263,424	70,498	70,498	6.60%
2014	20,579	\$ 1,513,297,344	73,536	73,536	3.30%
2015	20,743	\$ 1,573,335,807	75,849	75,849	3.10%
2016	20,753	Not Available	Not Available	Not Available	2.90%
2017	Not Available	Not Available	Not Available	Not Available	Not Available

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income - Bergen County - provided by NJ Dept of Labor and Workforce Development

<sup>c</sup> Per Capita Personal Income - Bergen County - provided by NJ Dept of Labor and Workforce Development

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development





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

<u>Function/Program</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	133	133	132	132	130	132	133	136	137	138
Special education	23	24	24	24	24	27	40	48	49	49
Other special education						10	10	10	10	10
Vocational										
Other instruction	4	4	4	4	4	4	4	4	4	4
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Attendance	1	1	1	1	1	1	1	1	1	1
Student/Instr Related Services: Nurse	3	3	3	3	3	3	3	3	3	3
Student/Instr Related Services: Speech										
Student/Instr Related Services: Extraord	4	4	4	4	3	3	4	3	4	4
Student/Instr Related Services: Guidance	8	8	8	8	6	6	9	10	10	10
Student/Instr Related Services: CST	1	1	1	1	1	1	1	1	1	1
Student/Instr Related Services: Curriculum	3	2	2	2	1	1	2	2	1	1
Student/Instr Related Services: Media	8	8	8	8	8	8	1	3	3	3
General administrative services	2	2	2	2	2	2	13	6	6	6
School administrative services	9	9	9	9	9	9	3	2	2	2
Business administrative services	19	18	18	18	18	20	20	21	23	23
Plant operations and maintenance										
Lunchroom/Playground Aides						3	7	3	3	6
Pupil transportation										
Special Schools										
Food Service										
Child Care										
<b>Total</b>	<b>218</b>	<b>217</b>	<b>216</b>	<b>216</b>	<b>210</b>	<b>230</b>	<b>251</b>	<b>253</b>	<b>257</b>	<b>261</b>

**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	Pupil/Teacher Ratio							Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Middle School				
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%
2014	1,640	24,167,988	14,737	-5.59%	187			1,616	1,546	2.41%	95.67%
2015	1,602	25,756,972	16,078	9.10%	198			1,619	1,545	0.19%	95.43%
2016	1,672	26,960,899	16,125	0.29%	200			1,635	1,551	0.99%	94.86%
2017	1,677	27,723,190	16,531	2.52%	201			1,678	1,558	2.63%	92.85%

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b><u>District Buildings</u></b>										
<b><u>Elementary</u></b>										
Lindbergh School										
Square Feet	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584
Capacity: FES (students)	621	621	621	621	621	621	621	621	621	621
Enrollment	681	523	669	669	669	669	669	669	738	808
<b><u>High School</u></b>										
Palisades Park High School										
Square Feet	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626
Capacity: FES (students)	493	493	493	493	493	493	493	493	493	493
Enrollment	519	639	556	556	556	556	556	556	560	659
<b><u>Early Childhood Center</u></b>										
Charles Smith Early Childhood Center										
Square Feet	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600
Capacity: FES (students)	360	360	360	360	360	360	360	360	360	360
Enrollment	259	259	274	274	274	274	274	274	337	202
<b><u>Other</u></b>										
Administration Building										
Square Feet	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500

Number of Schools at June 30, 2016  
 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)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Palisades Park High School	N/A	18,284	59,036	40,010	58,046	53,700	48,165	16,803	25,560	26,376	32,667
Lindbergh School	N/A	17,870	44,724	36,183	19,901	51,932	26,544	11,202	17,040	17,584	18,301
Early Childhood Center	N/A	12,787	12,423	18,590	9,004	33,819	2,920	3,111	4,733	4,884	5,892
<b>Grand Total</b>		<b>48,941</b>	<b>116,183</b>	<b>94,783</b>	<b>86,951</b>	<b>139,451</b>	<b>77,629</b>	<b>31,116</b>	<b>47,333</b>	<b>48,844</b>	<b>56,860</b>

**Palisades Park Board of Education  
Insurance Schedule  
For the Fiscal Year Ended June 30, 2017  
Unaudited**

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund	Multi - Peril Policy:		
	Property - Blanket Building and Contents	59,379,535	2,500
	Comprehensive General Liability	5,000,000	
	General Liability	5,000,000	
	Employee Benefits Liability	5,000,000	
	Automobile Liability	5,000,000	1,000
	Comprehensive Crime Coverage	500,000	1,000
	Student Accident Insurance	1,000,000	
	School Leaders		
	Liability & Employment Practices Liability	5,000,000	5,000
	Crime Coverage		
	Employee Dishonesty w/faithful performance		
	Each Person	100,000	1,000
	Each Loss	400,000	1,000
	Money & Securities (Inside and Out)	100,000	1,000
	Boiler & Machinery		
	Property Damage	100,000,000	1,000
	Environmental Impairment Liability		
	Occurrence	1,000,000	10,000
	All Claims, Remediation Costs, or Legal		
	Defense Expense Limit	25,000,000	
	Cyber Liability		
	Liability Limit	2,000,000	10,000
	Flood & Earthquake		
	Flood:		
	Per Occurrence/Per Member		
	Excluding Zones A&V	10,000,000	
	Per Occurrence/Per Member		
	In Flood Zone A&V	25,000,000	
	Earthquake:	25,000,000	
Torus National Insurance Co.	Excess Liability	5,000,000	
	Excess Liability (CAP)	15,000,000	

Source: District Records

**SINGLE AUDIT SECTION**

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

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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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 13, 2017.

### ***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 and 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 October 13, 2017.

***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.

*Steven D. Wielkocz*

Steven D. Wielkocz, C.P.A.  
Licensed Public School Accountant  
No. 816

*Ferraioli, Wielkocz, Cerullo & Cuva, P.A.*

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

October 13, 2017

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

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

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 for compliance with the types of compliance requirements described in the *OMB 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, 2017. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 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 audit 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, 2017.

### **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 the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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Pompton Lakes, New Jersey

October 13, 2017

BOROUGH OF PALISADES PARK SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2016	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenues/ Inerfund Payable	Due to Grantor at	MEMO Cumulative Total Expenditures
					From	To								
<b>US Department of Education</b>														
<b>General Fund</b>														
Medical Assistance Program (SEMI)	93.778	1705NJSMAP	N/A	63,901	7/1/2016	6/30/2017			63,901	63,901				63,901
<b>Total General Fund</b>														
<b>US Department of Education</b>														
<b>Passed Through State Dept of Education:</b>														
<b>Special Revenue Fund</b>														
Title I, Part A - Improving Basic Programs	84.010A	S010A160030	NCLB391017	442,819	7/1/16	6/30/17	\$	9,077	79,973	365,319	(276,269)			365,319
Title I, Part A - Improving Basic Programs	84.010A	S010A150030	NCLB391016	458,819	7/1/15	6/30/16	(168,410)	(9,077)	183,836				6,349	469,228
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	S367A160029	NCLB391017	60,389	7/1/16	6/30/17		2,772	27,554	56,628	(27,074)		772	54,628
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	S367A150029	NCLB391016	65,937	7/1/15	6/30/16	(11,675)	(2,772)	15,108				661	65,922
Title III, English Language Acquisition and Language Enhancement	84.365A	S365A160030	NCLB391017	67,954	7/1/16	6/30/17		850	6,150	59,654	(53,504)		850	59,654
Title III, English Language Acquisition and Language Enhancement	84.365A	S365A150030	NCLB391016	55,811	7/1/15	6/30/16	(30,057)	(850)	33,254	15,112	(15,112)		2,347	56,721
Title III, Immigrant	84.365	S365A150030	NCLB391017	29,177	7/1/15	6/30/16	(5,540)		5,540					30,277
Title III, Immigrant	84.027	H027A160100	IDEA391016	386,301	7/1/16	6/30/17			262,821	367,800	(104,979)			367,800
IDEA, Part B-Basic	84.027	H027A150100	IDEA391016	390,806	7/1/15	6/30/16	(19,091)		19,091					390,806
IDEA, Part B-Preschool	84.173	H173A160114	IDEA391017	9,400	7/1/16	6/30/17				1,500	(1,500)			1,500
21st Century Community Learning Centers	84.287C	S287C160030	S287C150030	250,000	7/1/16	6/30/17	(93,868)	3,800	164,983	174,858	(9,875)		3,800	174,858
21st Century Community Learning Centers - IDEA Supplemental Special Education	84.287C	S287C150030	S287C150030	295,000	9/1/15	8/31/16		(3,800)	97,668					292,743
<b>Total Special Revenue Fund</b>														
<b>US Department of Agriculture</b>														
<b>Passed Through State Dept of Education:</b>														
<b>Enterprise Fund</b>														
Food Distribution Program (formerly USDA Commodities Program)	10.550	171N1309N1096	N/A	64,796	7/1/16	6/30/17			64,796	64,796				64,796
National School Breakfast Program	10.553	171N1304N1099	N/A	46,414	7/1/16	6/30/17			42,783	46,414	(3,631)			46,414
National School Breakfast Program	10.553	16161N1304N1099	N/A	38,438	7/1/15	6/30/16	(2,588)		2,588					38,438
National School Lunch Program	10.555	171N1304N1099	N/A	385,733	7/1/16	6/30/17			361,738	385,733	(23,995)			385,733
National School Lunch Program	10.555	16161N1304N1099	N/A	355,607	7/1/15	6/30/16	(19,083)		19,083					355,607
<b>Total Enterprise Fund</b>														
<b>Total Federal Financial Assistance</b>														
				\$			\$		1,468,797	1,601,715	(515,939)		14,779	3,312,757

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, 2017**

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2016		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Repayment Prior Yrs. Balances	Balance at June 30, 2017		Memo		
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor at	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>															
<b>General Fund</b>															
Equalization Aid	17-495-034-5120-078	\$ 711,969	7/1/2016	6/30/2017	\$	649,863	711,969					62,106	711,969		
Special Education Categorical Aid	17-495-034-5120-089	958,764	7/1/2016	6/30/2017		875,130	958,764					83,634	958,764		
Transportation Aid	17-495-034-5120-014	15,944	7/1/2016	6/30/2017		14,553	15,944					1,391	15,944		
Security Aid	17-495-034-5120-084	75,469	7/1/2016	6/30/2017		68,886	75,469					6,583	75,469		
Adjustment Aid	17-495-034-5120-085	10,133	7/1/2016	6/30/2017		9,249	10,133					884	10,501		
Under Adequacy Aid	17-495-034-5120-096	103,841	7/1/2016	6/30/2017		94,783	103,841					9,058	103,841		
Additional Adjustment Aid	17-495-034-5120-085	9,220	7/1/2016	6/30/2017		8,416	9,220					804	9,220		
PARCC Readiness Aid	17-495-034-5120-098	16,770	7/1/2016	6/30/2017		15,307	16,770					1,463	16,770		
Per Pupil Growth Aid	17-495-034-5120-097	16,770	7/1/2016	6/30/2017		15,307	16,770					1,463	16,770		
Professional Learning Community Aid	17-495-034-5120-101	16,890	7/1/2016	6/30/2017		15,417	16,890					1,473	16,890		
Extraordinary Aid	16-495-034-5120-044	121,416	7/1/2015	6/30/2016		(121,416)					(141,093)		121,416		
Extraordinary Aid	17-495-034-5120-044	141,093	7/1/2016	6/30/2017			141,093						141,093		
On Behalf TPAF Pension - Post Retirement	17-495-034-5095-001	938,545	7/1/2016	6/30/2017		938,545	938,545						938,545		
On Behalf TPAF NCGI Premium	17-495-034-5095-004	39,385	7/1/2016	6/30/2017		2,760	39,385						39,385		
On Behalf TPAF LTDI	17-495-034-5095-002	2,760	7/1/2016	6/30/2017		2,760	2,760						2,760		
On Behalf TPAF Pension - Contribution	17-495-034-5095-002	1,087,011	7/1/2016	6/30/2017		1,087,011	1,087,011						1,087,011		
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	814,445	7/1/2015	6/30/2016		(39,863)	39,863						814,445		
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	858,910	7/1/2016	6/30/2017		816,334	858,910				(42,576)		858,910		
<b>Total General Fund</b>						(161,279)	4,812,225	5,003,474			(183,669)	168,859	5,939,703		
<b>Special Revenue Fund</b>															
<b>NJ NonPublic Aid:</b>															
Textbook Aid	17-100-034-5120-064	17,292	7/1/2016	6/30/2017			17,224						17,224		
Nursing Services	17-100-034-5120-070	27,000	7/1/2016	6/30/2017		27,000	24,131						24,131		
Security Aid	17-100-034-5120-509	15,000	7/1/2016	6/30/2017		15,000	15,000						15,000		
Technology Aid	17-100-034-5120-373	7,800	7/1/2016	6/30/2017		7,800	7,782						7,782		
<b>Auxiliary Services (Chapter 192):</b>															
Compensatory Education	16-100-034-5120-067	82,911	7/1/2015	6/30/2016		3,976						3,976			
Compensatory Education	17-100-034-5120-067	85,101	7/1/2016	6/30/2017		85,101	81,887						81,887		
English as a Second Language	16-100-034-5120-067	23,726	7/1/2015	6/30/2016		1,467							1,467		
English as a Second Language	17-100-034-5120-067	32,704	7/1/2016	6/30/2017		32,704	28,775						28,775		
<b>Handicapped Services (Chapter 193):</b>															
Examination & Classification	16-100-034-5120-066	23,866	7/1/2015	6/30/2016		6,136						6,136			
Examination & Classification	17-100-034-5120-068	18,014	7/1/2016	6/30/2017		18,014	16,033						16,033		
Corrective Speech	16-100-034-5120-066	25,501	7/1/2015	6/30/2016		2,676							2,676		
Corrective Speech	17-100-034-5120-068	26,682	7/1/2016	6/30/2017		26,682	24,826						24,826		
Supplementary Inst.	16-100-034-5120-066	18,936	7/1/2015	6/30/2016		2,005							2,005		
Supplementary Inst.	17-100-034-5120-068	21,971	7/1/2016	6/30/2017		21,971	19,382						19,382		
<b>Discretionary Grants:</b>															
NJ Achievement Coaches Competitive Grant	15-100-034-5068-049	35,000	11/1/2014	6/30/2015		2,739							2,739		
<b>Total Special Revenue Fund</b>						18,999	251,564	235,040			16,260	19,263	427,941		

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT**

Schedule of Expenditures of State Financial Awards

Year ended June 30, 2017

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2016		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Repayment Prior Yrs. Balances	Balance at June 30, 2017		Memo		
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Budgetary Receivable	Cumulative Total Expenditures	
<b>Enterprise Fund</b>															
<b>State Department of Agriculture</b>															
National School Lunch Program (State Share)	17-100-010-3350-023	9,541	7/1/2016	6/30/2017				8,956	9,541			(585)			9,541
National School Lunch Program (State Share)	16-100-010-3350-023	8,655	7/1/2015	6/30/2016			478								8,655
<b>Total Enterprise Fund</b>								9,434	9,541			(585)			18,196
<b>Total State Financial Assistance</b>							\$ (142,758)	5,073,223	5,248,055	16,260	(184,254)		168,859		6,385,840
<b>Less: On-Behalf TPAF Pension System Contributions</b>															
On Behalf TPAF Pension - Post Retirement	17-495-034-5095-001	938,545	7/1/2016	6/30/2017					938,545						
On Behalf TPAF NCGI Premium	17-495-034-5095-004	39,385	7/1/2016	6/30/2017					39,385						
On Behalf TPAF LTDI	17-495-034-5095-002	2,760	7/1/2016	6/30/2017					2,760						
On Behalf TPAF Pension - Contribution	17-495-034-5095-002	1,087,011	7/1/2016	6/30/2017					1,087,011						
									2,067,701						
<b>Total for State Financial Assistance - Major Program Determination</b>									3,180,354				19,263		6,385,840

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© and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 \$(2,903) for the general fund and \$(131,875) 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	\$63,901	\$5,000,571	\$5,064,472
Special Revenue Fund	908,996	235,040	1,144,036
Food Service Fund	496,943	9,541	506,484
Total Awards and Financial	<u>\$1,469,840</u>	<u>\$5,245,152</u>	<u>\$6,714,992</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**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. 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, 2017. 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, 2017.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, the amount of \$2,067,701 of on-behalf payments is excluded from major program determination.

**NOTE 7. INDIRECT COST RATE**

The Borough of Palisades Park School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*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  no
2. Material weakness(es) identified? \_\_\_\_\_ yes  X  none reported

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?  X  yes \_\_\_\_\_ no
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 2 CFR 200 section .516(a) of the Uniform Guidance?  X  yes \_\_\_\_\_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010A</u>	(B) <u>S010A160030</u>	<u>Title I, Part A - Improving Basic Programs</u>
<u>84.027/84.173</u>	(B) <u>H027A150100</u>	<u>I.D.E.A. Part B/I.D.E.A. Part B - Preschool</u>
<u>10.553/10.555</u>	(B) <u>16161NJ304N1099</u>	<u>National School Lunch and Breakfast Program</u>

Note: (B) Tested as Major Type B Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  X  no

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(continued)**

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

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:     \$ 750,000

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 15-08, as applicable?            yes       X   no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>17-495-034-5120-078/089/084/085/096/098/097</u> (A)	State Aid Public Cluster: Equalization Aid, Special Education Categorical Aid, Security Aid, Adjustment Aid, Additional Adjustment Aid, Under Adequacy Aid, Per Pupil Growth Aid, PARCC Readiness
<u>17-495-034-5094-003</u> (A)	<u>Reimbursed TPAF Social Security Contributions</u>

Note: (A) Tested as Major Type A Program

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Section II – Financial Statement Findings*

NONE

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(continued)**

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

**FEDERAL AWARDS**

**Finding 2017-01:**

**Information on the federal program:**

School Breakfast Program, CFDA # 10.553, Grant Period 7/1/16 – 6/30/17.  
National School Lunch Program, CFDA # 10.555, Grant Period 7/1/16 – 6/30/17.

**Criteria or specific requirement:**

According to the OMB Circular A-133 Compliance Supplement, a child's eligibility for free or reduced price meals under a Child Nutrition Cluster program may be established by the submission of an annual application or statement which furnishes such information as family income and family size.

**Condition:**

There were instances in which free and reduced priced meals were served to students whose applications for free and reduced priced meals were either incomplete and or erroneously approved.

**Questioned costs:**

\$1,339

**Context:**

Per the Federal OMB A-133 Circular Compliance Supplement, controls should be in place to provide reasonable assurance that only eligible individuals and organizations receive assistance under Federal award programs, that subawards are made only to eligible recipients, and that amounts provided to or on behalf of eligible individuals or groups of individuals were calculated in accordance with program requirements.

**Effect:**

By failing to ensure that applications were complete and/or approved in accordance with *The USDA Eligibility Manual for School Meals*, it was determined that there were free and reduced priced meals served to students that were later determined to be ineligible to receive those benefits.

**Cause:**

There were errors made in the determination of student eligibility and/or students' eligibility status was incorrectly listed on the Master List.

**Management's response:**

The District's eligibility coordinator for the School Nutrition Cluster programs will monitor program eligibility determination more closely to ensure compliance with all required grant requirements.

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATUS OF PRIOR YEAR FINDINGS:**

NONE