

**SCHOOL DISTRICT OF THE
BOROUGH OF PALISADES PARK
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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, 2018

Comprehensive Annual Financial Report

of the

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

Year Ended June 30, 2018

Prepared by

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

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INTRODUCTORY SECTION

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*Dr. Joseph Cirillo
Superintendent of Schools*

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

November 8, 2018

February 11, 2019

*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, 2018, 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 applicable 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 1,698 students, which is a 2.91% increase from 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>
2013-2014	1,614	1.0%
2014-2015	1,609	-0.9%
2015-2016	1,674	+1.14%
2016-2017	1,650	-1.45%
2017-2018	1,698	+2.91%

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 38.15%% Asian, 45.03% Hispanic, 14.62% White, 1.64% Black, 0.56% Other. 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, 2018.

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 2018 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.*

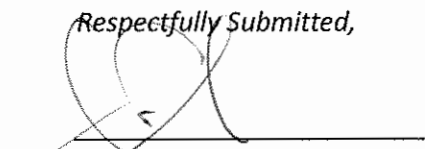
In addition to meeting the requirements as set forth in State statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance) and State Treasury 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 Cirillo
Superintendent of Schools



Mrs. Angela Spasevski
Business Administrator

Board of Education

**Board Secretary:
Diane Montemurro**

**Chief School Administrator:
Dr. Joseph Cirillo**

**Business Administrator:
Angela Spasveski**

Administrative Staff

**Junior/Senior High School Principal:
Frank Donohue**

**Junior/Senior High School Vice Principal:
Patrick Bott**

Junior/Senior High School Staff

Elementary School Principal: Toni Bongard

**Elementary School Vice Principal:
Laura Pieratos**

Elementary Staff

**Early Childhood Center Principal:
Jillian Vivanco**

Early Childhood Staff

Director of Special Services: Dr. Sandy Vazquez

Special Services Staff

**PALISADES PARK BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2018**

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Jeffrey Woo, President	2020
Paul Kim, Vice-President	2018
Ken Bruno	2018
Connie Hwang	2018
Stephanie Jang	2020
Jason Kim	2019
John Mattessich	2019
Barnabas Woo	2020
Thomas Matarazzo	2018

OTHER OFFICIALS

Dr. Joseph Cirillo, Superintendent of Schools

Angela Spasevski, Business Administrator

Diane Montemurro, Board Secretary

**Palisades Park Board of Education
Consultants and Advisors**

Board Auditors

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

Legal Counsel

*Louis M. Flora, Esq.
109 Sunrise Drive
Gillette, New Jersey 07933*

Bond Counsel

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

Architects

*Parette Somjen Architects
439 Route 46 East
Rockaway, New Jersey 07866*

Official Depositories

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

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

FINANCIAL SECTION

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

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

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INDEPENDENT AUDITOR'S REPORT

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

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, 2018, 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.

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, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, in 2018, the Board adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). Our opinions are not modified with respect to this matter.

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, Schedules Related to Accounting and Reporting for Pensions, and Other Post Employment Benefits 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.

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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2019 on our consideration of the Borough of Palisades Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope 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

February 11, 2019

**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, 2018**

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, 2018. 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 \$371,692. Net position of governmental activities decreased by \$314,285 and net position of business-type activity decreased by \$57,407.
- General revenues accounted for \$31,108,840 in revenue or 92 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 \$2,488,621 or 8 percent of total revenues of \$33,597,461.
- The School District had \$33,969,153 in expenses related to governmental activities; only \$1,485,154 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$28,701,141 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, 2018
(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, 2018
(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, 2018
(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, 2018
(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 \$9,797,956 at June 30, 2018 and \$10,169,648 at June 30, 2017. 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 2018 compared to 2017 (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, 2018
(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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current and Other Assets	3,007,753	3,155,709	347,005	367,365	3,354,758	3,523,074
Capital Assets	<u>16,406,094</u>	<u>16,707,727</u>	<u>38,378</u>	<u>42,211</u>	<u>16,444,472</u>	<u>16,749,938</u>
Total Assets	<u>19,413,847</u>	<u>19,863,436</u>	<u>385,383</u>	<u>409,576</u>	<u>19,799,230</u>	<u>20,273,012</u>
Deferred Outflows of Resources						
Deferred Outflows of Resources Related to PERS	<u>1,683,019</u>	<u>2,328,603</u>	_____	_____	<u>1,683,019</u>	<u>2,328,603</u>
Liabilities						
Other Liabilities	554,220	351,364	101,757	68,543	655,977	419,907
Noncurrent Liabilities	<u>9,506,600</u>	<u>11,803,932</u>	_____	_____	<u>9,506,600</u>	<u>11,803,932</u>
Total Liabilities	<u>10,060,820</u>	<u>12,155,296</u>	<u>101,757</u>	<u>68,543</u>	<u>10,162,577</u>	<u>12,223,839</u>
Deferred Inflows of Resources						
Deferred Inflows of Resources Related to PERS	<u>1,521,716</u>	<u>208,128</u>	_____	_____	<u>1,521,716</u>	<u>208,128</u>
Net Investment in Capital						
Assets						
Restricted	16,406,094	16,707,727	38,378	42,211	16,444,472	16,749,938
Unrestricted	2,263,139	2,717,241	_____	_____	2,263,139	2,717,241
	<u>(9,154,903)</u>	<u>(9,596,353)</u>	<u>245,248</u>	<u>298,822</u>	<u>(8,909,655)</u>	<u>(9,297,531)</u>
Total Net Position	<u>9,514,330</u>	<u>9,828,615</u>	<u>283,626</u>	<u>341,033</u>	<u>9,797,956</u>	<u>10,169,648</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2018 compared to 2017.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues:						
Charges for Services and Sales			471,480	479,662	471,480	479,662
Operating Grants and Contributions	1,485,154	1,144,036	531,987	506,861	2,017,141	1,650,897
General Revenues:						
Taxes:						
Property taxes, levied for general purposes	22,690,643	22,018,486			22,690,643	22,018,486
Property taxes levied for debt service	112,506	271,624			112,506	271,624
Federal and State Aid not Restricted	8,237,269	5,064,472			8,237,269	5,064,472
Tuition	165,166	108,519			165,166	108,519
Miscellaneous Income	35,380	52,636			35,380	52,636
Investment Earnings	638	251	195	14	833	265
Other Financing Sources (Uses):						
Loss on Disposal of Fixed Assets	(3,431)				(3,431)	
Transfer from After School Child Care	129,526				129,526	
Transfer to General Fund			(129,526)		(129,526)	
Refund of Disallowed Costs	<u>(129,526)</u>	<u> </u>	<u> </u>	<u> </u>	<u>(129,526)</u>	<u> </u>
Total Revenues and Transfers	<u>32,723,325</u>	<u>28,660,024</u>	<u>874,136</u>	<u>986,537</u>	<u>33,597,461</u>	<u>29,646,561</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Functions/Program Expenses						
Instruction:						
Regular	12,237,293	11,487,024			12,237,293	11,487,024
Special Instruction	2,819,475	2,779,715			2,819,475	2,779,715
Other Special Instruction	1,082,831	1,023,609			1,082,831	1,023,609
Other Instruction	562,925	429,877			562,925	429,877
Support Services:						
Tuition	1,462,839	1,098,530			1,462,839	1,098,530
Attendance & Social Work	2,453	2,000			2,453	2,000
Health Services	289,594	232,561			289,594	232,561
Student & Instruction						
Related Services	2,707,516	2,292,088			2,707,516	2,292,088
School Administrative						
Services	1,521,676	1,442,504			1,521,676	1,442,504
General Administrative						
Services	885,459	877,883			885,459	877,883
Central Services	259,505	261,395			259,505	261,395
Plant Operations and						
Maintenance	234,217	1,782,125			234,217	1,782,125
Pupil Transportation	1,986,627	385,142			1,986,627	385,142
Administration of Infor-						
mation Technology	397,734	170,964			397,734	170,964
Unallocated Benefits	6,215,623	4,231,356			6,215,623	4,231,356
Transfer of Funds to Charter						
Schools	34,363	37,291			34,363	37,291
Capital Outlay - Non-						
Depreciable	47,399	41,812			47,399	41,812
Debt Service:						
Interest and Other Charges	9,879	15,263			9,879	15,263
Unallocated Depreciation	280,202	280,202			280,202	280,202
Food Service			806,638	812,485	806,638	812,485
After School Child Care			<u>124,905</u>	<u>116,355</u>	<u>124,905</u>	<u>116,355</u>
Total Expenses and Transfers	<u>33,037,610</u>	<u>28,871,341</u>	<u>931,543</u>	<u>928,840</u>	<u>33,969,153</u>	<u>29,800,181</u>
Increase or (Decrease) in						
Net Position	<u>(314,285)</u>	<u>(211,317)</u>	<u>(57,407)</u>	<u>57,697</u>	<u>(371,692)</u>	<u>(153,620)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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 \$33,969,153. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$22,803,149 because some of the cost was paid by those who benefitted from the programs \$471,480 by other governments and organizations who subsidized certain programs with grants and contributions \$10,419,576, and by miscellaneous sources \$36,213.

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 \$67,709.
- ✓ After school child care revenues exceeded expenses by \$4,215.
- ✓ Charges for services provided totaled \$471,480. 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 \$531,987.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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, 2018, 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 \$28,594,011. That amount is \$3,767,167 above the final amended budget of \$24,826,844. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$3,563,481 for TPAF social security reimbursements and on-behalf pension payments, \$91,778 of excess extraordinary aid and \$111,908 of excess in miscellaneous revenues.

The actual expenditures of the general fund were \$28,935,889, including transfers which is \$3,099,186 above the final amended budget of \$25,836,703. The variance between the actual expenditures and final budget was due to non-budgeted on-behalf TPAF social security and pension payments of \$3,563,481 and \$464,295 of unexpended budgeted funds.

The General fund had total revenues of \$28,594,011 and total expenditures including transfers of \$28,935,889 with an ending fund balance of \$2,821,570 on the budgetary basis.

Special Revenue Fund

The special revenue fund actual revenue was \$1,604,889. That amount is above the original budget estimate of \$1,250,321 and below the final amended budget of \$1,861,549. The \$611,228 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 \$256,660 variance between the final amended budget and the June 30, 2018 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, 2018
(CONTINUED)**

Special Revenue Fund, (continued)

The actual expenditures of the special revenue fund were \$1,604,889, which is above the original budget of \$1,250,321 and below the final amended budget of \$1,861,549. The \$611,228 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 \$256,660 variance between the final amended budget and the June 30, 2018 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 2018 the School District had \$24,697,528 invested in land, buildings and building improvements, machinery and equipment. Of this amount, \$8,253,056 in depreciation has been taken over the years. We currently have a net book value of \$16,444,472. Total depreciable additions for the year were \$17,075 which consisted mainly of various instructional equipment purchases. Table 3 shows fiscal year 2018 balances compared to 2017.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	9,613,650	9,613,650			9,613,650	9,613,650
Land Improvements	110,619	115,990			110,619	115,990
Buildings and Improvements	6,575,356	6,850,187	32,482	35,434	6,607,838	6,885,621
Furniture, Equipment and Vehicles	<u>106,469</u>	<u>127,900</u>	<u>5,896</u>	<u>6,777</u>	<u>112,365</u>	<u>134,677</u>
	<u>16,406,094</u>	<u>16,707,727</u>	<u>38,378</u>	<u>42,211</u>	<u>16,444,472</u>	<u>16,749,938</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION, (continued)

Debt Administration

At June 30, 2018, the District had \$9,506,600 in long term debt. Of this amount, \$3,528,415 is for compensated absences, \$327,000 is for refunding serial bonds to fund the District's unfunded pension liability with the State of New Jersey, and \$5,651,185 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 2018-2019 school year that is slightly higher than the level of the 2017-2018 school year.

The following factors were considered in preparing the 2018-2019 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:

Angela Spasevski
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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	1,084,106	204,525	1,288,631
Receivables, net	686,878	29,159	716,037
Internal balances	(107,222)	107,222	-
Inventory		6,099	6,099
Restricted assets:			
Capital reserve account - cash	1,343,991		1,343,991
Capital assets:			
Land and construction in progress	9,613,650		9,613,650
Other Capital assets, net	6,792,444	38,378	6,830,822
Total Assets	<u>19,413,847</u>	<u>385,383</u>	<u>19,799,230</u>
Deferred Outflow of Resources:			
Deferred outflows of resources related to PERS	<u>1,683,019</u>	<u>-</u>	<u>1,683,019</u>
Total Deferred Outflows	<u>1,683,019</u>	<u>-</u>	<u>1,683,019</u>
LIABILITIES			
Accounts payable and accrued liabilities	413,313	101,757	515,070
Payable to federal government	5,422		5,422
Payable to state government	41,510		41,510
Unearned Revenue	91,772		91,772
Interfund Payable	2,203		2,203
Noncurrent liabilities:			
Due within one year	359,812		359,812
Due beyond one year	9,146,788		9,146,788
Total liabilities	<u>10,060,820</u>	<u>101,757</u>	<u>10,162,577</u>
Deferred Inflow of Resources:			
Deferred inflows of resources related to PERS	<u>1,521,716</u>		<u>1,521,716</u>
Total Deferred Inflows	<u>1,521,716</u>	<u>-</u>	<u>1,521,716</u>
NET POSITION			
Net Investment in Capital Assets	16,406,094	38,378	16,444,472
Restricted for:			
Capital projects	1,259,786		1,259,786
Other purposes	1,003,353		1,003,353
Unrestricted (Deficit)	<u>(9,154,903)</u>	<u>245,248</u>	<u>(8,909,655)</u>
Total net position	<u><u>9,514,330</u></u>	<u><u>283,626</u></u>	<u><u>9,797,956</u></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, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	10,021,867	2,215,426		1,322,864		(10,914,429)		(10,914,429)
Special education	2,218,752	600,723				(2,819,475)		(2,819,475)
Other special instruction	853,466	229,365				(1,082,831)		(1,082,831)
Other instruction	464,516	98,409				(562,925)		(562,925)
Support services:								
Tuition	1,462,839					(1,462,839)		(1,462,839)
Attendance & Social Work	1,925	528				(2,453)		(2,453)
Health Services	229,902	59,692				(289,594)		(289,594)
Student & instruction related services	2,355,105	352,411		162,290		(2,545,226)		(2,545,226)
School administrative services	1,212,307	309,369				(1,521,676)		(1,521,676)
General administrative services	800,466	84,993				(885,459)		(885,459)
Central Services	214,751	44,754				(259,505)		(259,505)
Information Technology	192,178	42,039				(234,217)		(234,217)
Plant operations and maintenance	1,757,747	228,880				(1,986,627)		(1,986,627)
Pupil transportation	397,734					(397,734)		(397,734)
Unallocated benefits	6,215,623					(6,215,623)		(6,215,623)
Transfer to Charter Schools	34,363					(34,363)		(34,363)
Capital outlay - non-depreciable	47,399					(47,399)		(47,399)
Interest on long term debt	9,879					(9,879)		(9,879)
Unallocated depreciation	280,202					(280,202)		(280,202)
Total governmental activities	28,771,021	4,266,589	-	1,485,154	-	(31,552,456)	-	(31,552,456)
Business-type activities:								
Food Service	806,638		342,360	531,987			67,709	67,709
After School Child Care	124,905		129,120				4,215	4,215
Total business-type activities	931,543		471,480	531,987			71,924	71,924
Total primary government	29,702,564		471,480	2,017,141		(31,552,456)	71,924	(31,480,532)
General revenues:								
Taxes:								
Property taxes, levied for general purposes						22,690,643		22,690,643
Taxes levied for debt service						112,506		112,506
Federal and State aid not restricted						8,237,269		8,237,269
Tuition						165,166		165,166
Investment Earnings						638	195	833
Miscellaneous Income						35,380		35,380
Other Financing Sources (Uses)						(3,431)		(3,431)
Loss on Disposal of Fixed Assets						129,526		129,526
Transfer from After School Child Care							(129,526)	(129,526)
Transfer to General Fund								
Refund of Disallowed Costs						(129,526)		(129,526)
Total general revenues, special items, extraordinary items and transfers						31,238,171	(129,331)	31,108,840
Change in Net Position						(314,285)	(57,407)	(371,692)
Net Position—beginning						9,828,615	341,033	10,169,648
Net Position—ending						9,514,330	283,626	9,797,956

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, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	1,042,734		41,372	1,084,106
Accounts Receivable -				
Intergovernmental - State	198,867			198,867
Intergovernmental - Federal		430,602		430,602
Intergovernmental - Other				-
Interfund receivables	303,453			303,453
Restricted cash and cash equivalents	1,343,991			1,343,991
Total assets	2,889,045	430,602	41,372	3,361,019
LIABILITIES AND FUND BALANCES				
Liabilities:				
Unearned Revenue	12,500			12,500
Deferred Revenue	79,272			79,272
Accounts payable	37,082	138,203		175,285
Intergovernmental accounts payable:				
State		40,933	577	41,510
Federal		5,422		5,422
Interfund payables	109,425	246,044		355,469
Total liabilities	238,279	430,602	577	669,458
Fund Balances:				
Restricted for:				
Excess Surplus - current year	194,526			194,526
Excess Surplus - prior year - designated for subsequent year's expenditures	528,660			528,660
Maintenance reserve	125,000			125,000
Capital reserve	1,218,991			1,218,991
Assigned to:				
Year End Encumbrances	110,164			110,164
Designated by the Board of Education for Subsequent year's expenditures	45,003			45,003
Capital projects			40,795	40,795
Unassigned:				
General fund	428,422			428,422
Total Fund balances	2,650,766	-	40,795	2,691,561
Total liabilities and fund balances	2,889,045	430,602	41,372	-

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$24,523,177 and the accumulated depreciation is \$8,117,083.	16,406,094
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	(2,543)
Accounts payable for subsequent Pension payment is not a payable in the funds	(235,485)
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	1,683,019
Deferred inflows of resources related to PERS Pension Liability	(1,521,716)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds	(9,506,600)
Net position of governmental activities	9,514,330

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, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local tax levy	22,690,643			112,506	22,803,149
Tuition	165,166				165,166
Interest Earned on Capital Reserve Funds	638				638
Miscellaneous	35,380				35,380
Total - Local Sources	<u>22,891,827</u>	<u>-</u>	<u>-</u>	<u>112,506</u>	<u>23,004,333</u>
State sources	5,656,637	245,407			5,902,044
Federal sources	43,602	1,239,747			1,283,349
Total revenues	<u>28,592,066</u>	<u>1,485,154</u>	<u>-</u>	<u>112,506</u>	<u>30,189,726</u>
EXPENDITURES					
Current:					
Regular instruction	8,691,077	1,322,864			10,013,941
Special education instruction	2,218,752				2,218,752
Other special instruction	853,466				853,466
School sponsored/other instructional	464,516				464,516
Support services and undistributed costs:					
Tuition	1,462,839				1,462,839
Attendance & Social Work	1,925				1,925
Health services	229,902				229,902
Student & instruction related services	2,183,660	162,290			2,345,950
School administrative services	1,201,583				1,201,583
General administrative services	800,466				800,466
Central services	214,751				214,751
Information technology	192,178				192,178
Plant operations and maintenance	1,750,477				1,750,477
Pupil transportation	397,734				397,734
Unallocated benefits	4,610,245				4,610,245
On-behalf contributions	3,563,481				3,563,481
Debt Service:					
Principal				102,000	102,000
Interest and other charges				10,506	10,506
Transfer to Charter Schools	34,363				34,363
Capital outlay	64,474				64,474
Total expenditures	<u>28,935,889</u>	<u>1,485,154</u>	<u>-</u>	<u>112,506</u>	<u>30,533,549</u>
Excess (Deficiency) of revenues over expenditures	<u>(343,823)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(343,823)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in - After School Child Care	129,526				129,526
Operating transfers out - Refund of Disallowed Costs - No Child Left Behind Fiscal Review	<u>(129,526)</u>				<u>(129,526)</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(343,823)	-	-	-	(343,823)
Fund balance—July 1	<u>2,994,589</u>	<u>-</u>	<u>40,795</u>	<u>-</u>	<u>3,035,384</u>
Fund balance—June 30	<u>2,650,766</u>	<u>-</u>	<u>40,795</u>	<u>-</u>	<u>2,691,561</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, 2018

Total net change in fund balances - governmental funds (from B-2) (343,823)

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	(315,277)	
Loss on Disposal of Fixed Assets	(3,431)	
Depreciable Capital outlays	<u>17,075</u>	
		(301,633)

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	102,000
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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	3,170
Current year	<u>(2,543)</u>

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Decrease in compensated absences payable	611,539
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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	224,896	
Less: Pension Expense	<u>(607,891)</u>	
Increase in Pension Expense		(382,995)

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	3,047,583
Increase in On-behalf TPAF Pension Expense	<u>(3,047,583)</u>

Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF post employment medical 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 Post Employment Medical Revenue	2,537,030
Increase in On-behalf State Aid TPAF Post Employment Medical Expense	<u>(2,537,030)</u>

Change in net position of governmental activities (314,285)

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, 2018

	Food Service Program	After School Child Care	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	118,952	85,573	204,525
Accounts receivable:			
State	643		643
Federal	28,516		28,516
Interfund	107,222		107,222
Inventories	6,099		6,099
Total current assets	261,432	85,573	347,005
Noncurrent assets:			
Capital assets:			
Equipment	115,301		115,301
Site Improvements	59,050		59,050
Less accumulated depreciation:			
Equipment	(109,405)		(109,405)
Site Improvements	(26,568)		(26,568)
Total capital assets (net of accumulated depreciation)	38,378	-	38,378
Total assets	299,810	85,573	385,383
LIABILITIES			
Current liabilities:			
Accounts payable	101,757		101,757
Total current liabilities	101,757	-	101,757
NET POSITION			
Net Investment in Capital Assets	38,378	-	38,378
Unrestricted	159,675	85,573	245,248
Total net position	198,053	85,573	283,626

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, 2018

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	339,702		339,702
Daily sales - non-reimbursable programs	2,658		2,658
Tuition fees		129,120	129,120
Total operating revenues	<u>342,360</u>	<u>129,120</u>	<u>471,480</u>
Operating expenses:			
Cost of sales - reimbursable programs	321,353		321,353
Cost of sales - non-reimbursable programs	32,537		32,537
Salaries	250,258	119,696	369,954
Supplies and materials	33,670	5,209	38,879
Employee benefits	90,313		90,313
Cleaning repair & maintenance	25,493		25,493
Legal and professional services	2,137		2,137
Purchased services	33,580		33,580
Miscellaneous	13,465		13,465
Depreciation	3,832		3,832
Total Operating Expenses	<u>806,638</u>	<u>124,905</u>	<u>931,543</u>
Operating income (loss)	<u>(464,278)</u>	<u>4,215</u>	<u>(460,063)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	10,437		10,437
State school lunch program - Prior year additional aid	8,761		8,761
Federal sources:			
National school lunch program	404,211		404,211
National school breakfast program	46,131		46,131
Food distribution program	62,447		62,447
Interest and investment revenue	195		195
Total nonoperating revenues (expenses)	<u>532,182</u>	<u>-</u>	<u>532,182</u>
Income (loss) before contributions & transfers	<u>67,904</u>	<u>4,215</u>	<u>72,119</u>
Transfers in (out)		(129,526)	(129,526)
Change in net position	<u>67,904</u>	<u>(125,311)</u>	<u>(57,407)</u>
Total net position—beginning	<u>130,149</u>	<u>210,884</u>	<u>341,033</u>
Total net position—ending	<u><u>198,053</u></u>	<u><u>85,573</u></u>	<u><u>283,626</u></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, 2018

	Food Service Program	After School Child Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	342,360	129,120	471,480
Payments to employees		(119,696)	(119,696)
Payments to Outside Food Service Management Company	(663,236)		(663,236)
Payments for repairs, maintenance	(34,980)		(34,980)
Payments for supplies	(1,048)	(5,209)	(6,257)
Payments for miscellaneous expenditures	(7,103)		(7,103)
Net cash provided by (used for) operating activities	<u>(364,007)</u>	<u>4,215</u>	<u>(359,792)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	8,081		8,081
Additional State Aid - Prior Year	8,761		8,761
Federal Sources	348,230		348,230
Net cash provided by (used for) non-capital financing activities	<u>365,072</u>	<u>-</u>	<u>365,072</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	195		195
Net cash provided by (used for) investing activities	<u>195</u>	<u>-</u>	<u>195</u>
Net increase (decrease) in cash and cash equivalents	1,260	4,215	5,475
Transfers in (out)		(129,526)	(129,526)
Balances—beginning of year	117,692	210,884	328,576
Balances—end of year	<u>118,952</u>	<u>85,573</u>	<u>204,525</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(464,278)	4,215	(460,063)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	3,832		3,832
Food Distribution Program	62,447		62,447
(Increase) decrease in inventories	777		777
(Increase) decrease in accounts payable	33,215		33,215
Total adjustments	<u>100,271</u>	<u>-</u>	<u>100,271</u>
Net cash provided by (used for) operating activities	<u>(364,007)</u>	<u>4,215</u>	<u>(359,792)</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, 2018

	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	27,050	246,462
Interfund Receivable - General Fund		2,203
Interfund Receivable - Payroll Agency	<u>52,322</u>	
Total assets	<u><u>79,372</u></u>	<u><u>248,665</u></u>
LIABILITIES		
Payable to student groups		136,230
Payroll deductions and withholdings		2,704
Interfund Payable - General Fund		57,409
Interfund Payable - Unemployment Compensation Trust		<u>52,322</u>
Total liabilities	<u>-</u>	<u><u>248,665</u></u>
NET POSITION		
Held in trust for unemployment claims and other purposes	<u><u>79,372</u></u>	

PALISADES PARK BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2018

	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS	
Contributions:	
Employee Deductions	27,206
Total Contributions	<u>27,206</u>
Investment earnings:	
Interest	72
Net investment earnings	<u>72</u>
Total additions	<u>27,278</u>
DEDUCTIONS	
Unemployment assessment billings	890
Unemployment claims	32,219
Total deductions	<u>33,109</u>
Change in net position	(5,831)
Net position—beginning of the year	<u>85,203</u>
Net position—end of the year	<u><u>79,372</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, 2018**

NOTE 1. 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. 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.

B. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. 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, 2018**

NOTE 1. 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, 2018**

NOTE 1. 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.

C. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

D. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

E. 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. During 2017-2018, the District appropriated additional fund balance of \$20,000 from unbudgeted extraordinary aid to regular program/other purchased services.

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.

F. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

G. 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.

H. 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.

I. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

J. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2018, 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.

K. 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.

L. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

M. 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.

N. 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 1(F) regarding the special revenue fund.

O. 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.

P. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

P. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Q. 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.

R. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

R. 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.

S. 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.

T. 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.

U. 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.

V. 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

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

V. Allocation of Indirect Expenses: (continued)

program. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

W. 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.

X. Recent Accounting Pronouncements:

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 and was implemented by the District for the year ended June 30, 2018.

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 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

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

X. Recent Accounting Pronouncements:(continued)

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 implemented this Statement for the year ended June 30, 2018.

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 had no transactions of this type for the year ended June 30, 2018.

In June 2017, the Government Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District is currently reviewing what effect, if any, this Statement may have on future financial statements.

In March 2018, Government Accounting Standards Board issued GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement is effective for reporting periods beginning after June 15, 2018. The District believes this may impact the disclosures relating to debt in the notes to the financial statements.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 2. 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, 2018, \$-0- of the District's bank balance of \$1,730,084 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.

Concentration of Credit Risk

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

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 3. RECEIVABLES:

Receivables at June 30, 2018, 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>
State Aid	\$198,867	\$643	\$199,510
Federal Aid	430,602	28,516	459,118
Interfund Receivables	<u>303,453</u>	<u>107,222</u>	<u>57,409</u>
Gross Receivables	932,922	136,381	716,037
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u><u>\$932,922</u></u>	<u><u>\$136,381</u></u>	<u><u>\$716,037</u></u>

NOTE 4. INTERFUND BALANCES AND ACTIVITY:

Balances due to/from other funds at June 30, 2018, consist of the following:

\$2,203	Due to the Net Payroll Account from the General Fund for net payroll adjustments deposited in the General Fund in error.
246,044	Due to the General Fund from the Special Revenue Fund for short term loans.
107,222	Due to the Proprietary Fund from the General Fund for Subsidy Reimbursements Revenue not transferred.
52,322	Due to the Unemployment Trust Fund from the Payroll Agency Fund for prior year employee deductions not turned over.
<u>57,409</u>	Due to the General Fund from the Payroll Agency Account for duplicate payroll transfers.
<u><u>\$465,200</u></u>	

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 5. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance 6/30/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/18</u>
Governmental Activities				
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	159,551			159,551
Buildings and Building Improvements	14,128,267			14,128,267
Machinery and Equipment	<u>1,309,322</u>	<u>17,075</u>	<u>(704,688)</u>	<u>621,709</u>
Totals at Historical Cost	<u>15,597,140</u>	<u>17,075</u>	<u>(704,688)</u>	<u>14,909,527</u>
Less Accumulated Depreciation:				
Land Improvements	(43,561)	(5,371)		(48,932)
Buildings and Building Improvements	(7,278,080)	(274,831)		(7,552,911)
Machinery and Equipment	<u>(1,181,422)</u>	<u>(35,075)</u>	<u>701,257</u>	<u>(515,240)</u>
Total Accumulated Depreciation	<u>(8,503,063)</u>	<u>(315,277)</u>	<u>701,257</u>	<u>(8,117,083)</u>
Total Capital Assets Being Depreciated, Net of accumulated depreciation	<u>7,094,077</u>	<u>(298,202)</u>	<u>(3,431)</u>	<u>6,792,444</u>
Governmental Activities Capital Assets, Net	<u>\$16,707,727</u>	<u>(\$298,202)</u>	<u>(\$3,431)</u>	<u>\$16,406,094</u>
	<u>Balance 6/30/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/18</u>
Business-Type Activities				
Equipment	115,301	\$ _____	\$ _____	115,301
Site Improvements	<u>59,050</u>	_____	_____	<u>59,050</u>
Totals at Historical Cost	<u>174,351</u>	_____	_____	<u>174,351</u>
Less Accumulated Depreciation for:				
Equipment	(108,524)	(881)		(109,405)
Site Improvements	<u>(23,616)</u>	<u>(2,952)</u>	_____	<u>(26,568)</u>
Total Accumulated Depreciation	<u>(132,140)</u>	<u>(3,833)</u>	_____	<u>(135,973)</u>
Business-Type Activity Capital Assets, Net	<u>\$42,211</u>	<u>(\$3,833)</u>	<u>\$ _____</u>	<u>\$38,378</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, 2018**

NOTE 5. CAPITAL ASSETS: (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$7,926
Support Services:	
Student & instruction related services	9,155
School Administration	10,724
Plant Operations and Maintenance	7,270
Unallocated Depreciation	<u>280,202</u>
	<u><u>\$315,277</u></u>

NOTE 6. 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>
Governmental Activities:						
Long-term Debt Obligations:						
General Bond Obligation Debt	\$429,000	_____	\$102,000	\$327,000	\$105,000	\$222,000
Total Bonds Payable	<u>429,000</u>	_____	<u>102,000</u>	<u>327,000</u>	<u>105,000</u>	<u>222,000</u>
Other Liabilities:						
Compensated Absences Payable	4,139,954	193,860	805,399	3,528,415	20,000	3,508,415
Net Pension Liability PERS	<u>7,234,978</u>	_____	<u>1,583,793</u>	<u>5,651,185</u>	<u>234,812</u>	<u>5,416,373</u>
Total Other Liabilities	<u>11,374,932</u>	<u>193,860</u>	<u>2,389,192</u>	<u>9,179,600</u>	<u>254,812</u>	<u>8,924,788</u>
	<u>\$11,803,932</u>	<u>\$193,860</u>	<u>\$2,491,192</u>	<u>\$9,506,600</u>	<u>\$359,812</u>	<u>\$9,146,788</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, 2018**

NOTE 6. LONG-TERM OBLIGATIONS: (continued)

Outstanding bonds payable at June 30, 2018 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, 2018</u>
2012 School Refunding Bonds	05/17/2012	.43%-2.959%	03/15/2021	<u>\$327,000</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>
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>\$327,000</u>	<u>\$18,304</u>	<u>\$345,304</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2018 the Board has no authorized but not issued bonds.

NOTE 7. 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, 2018 were \$262,659. Future minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$87,254
2020	87,254
2021	84,663
2022	81,759
2023	<u>4,489</u>
Total Minimum lease payments	<u>\$345,419</u>

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. PENSION PLANS

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

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

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

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. PENSION PLANS, (continued)

Service retirement benefits of 1/55th 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 1/60th 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.

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:

<u>Tier</u>	<u>Definition</u>
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

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. PENSION PLANS, (continued)

Service retirement benefits of 1/55th 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 1/60th 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.

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	PERS	DCRP
<u>Ending</u>		
6/30/18	\$224,896	\$583
6/30/17	217,018	78
6/30/16	208,873	0

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. PENSION PLANS, (continued)

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	NCGI	Long-Term
<u>Ending</u>	<u>Contributions</u>	<u>Medical</u>	<u>Premium</u>	<u>Disability</u>
		<u>Contributions</u>		<u>Insurance</u>
6/30/18	\$1,591,182	\$1,052,650	\$38,614	\$2,750
6/30/17	1,087,011	938,545	39,385	2,760
6/30/16	784,907	981,163	39,099	

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 \$878,285 during the year ended June 30, 2018 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.

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

Public Employees Retirement System (PERS)

At June 30, 2018, the District had a liability of \$5,651,185 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the District's proportion was .0242765167 percent, which was a decrease of .00015183 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$607,891. At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. PENSION PLANS, (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$133,066	\$
Changes of assumptions	1,138,519	1,134,345
Net difference between projected and actual earnings on pension plan investments	38,481	
Changes in proportion and differences between District contributions and proportionate share of contributions	137,468	179,243
District contributions subsequent to the measurement date	<u>235,485</u>	<u> </u>
Total	<u>\$1,683,019</u>	<u>\$1,313,588</u>

The \$235,485 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, 2018, the plan measurement date is June 30, 2017) 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:	
2018	\$133,034
2019	200,752
2020	121,646
2021	(161,789)
2022	(117,922)

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 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014 amounts, respectively.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. PENSION PLANS, (continued)

Additional Information

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$6,424,455,842	\$8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
District's Proportion	.0242765167%	.0242951347%

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2016 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

Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018

NOTE 8. PENSION PLANS, (continued)

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 (7.00% at June 30, 2017) 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 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. PENSION PLANS, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 employer contributed 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2017, 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, 2017		
	1% Decrease	At Current Discount Rate	1% Increase
District's proportionate share of the pension liability	<u>4.00%</u> \$7,010,679	<u>5.00%</u> \$5,651,185	<u>6.00%</u> \$4,518,558

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.

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

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. PENSION PLANS, (continued)

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, 2018 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>67,519,067</u>
	<u>\$67,519,067</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. 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, 2017, the proportion of the TPAF net pension liability associated with the District was .1001415840%.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$4,677,379 from actuarial report, employer pension expense and related revenue for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. PENSION PLANS, (continued)

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, 2016 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 (7.00% at June 30, 2017) 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 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. PENSION PLANS, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.22% and 4.13% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, 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 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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 9. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

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. 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.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 9. POST-RETIREMENT BENEFITS, (continued)

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 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.

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

Employees covered by benefits terms. At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State Contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level for the State Health Benefit Local Education Retired Employee's Plan and is not specific to the board of education/board of trustees, and could be found at <https://www.state.nj.us/treasury/pensions/GASBnotices> OPEB.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2018 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>49,633,709</u>
	<u>\$49,633,709</u>

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 9. POST-RETIREMENT BENEFITS: (continued)

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PFRS, respectively.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 9. POST-RETIREMENT BENEFITS: (continued)

(a) *Health Care Trend Assumptions*

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

(b) *Discount Rate*

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

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

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2018, the board of education/board of trustees recognized on-behalf OPEB expense of \$3,589,680 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Borough of Palisades Park School District's proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 10. 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

NOTE 11. 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>
2017-2018	72	\$27,206	\$33,109	\$79,372
2016-2017	23	35,280	34,675	85,203
2015-2016	7	26,370	8,457	84,575

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 12. 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, 2018 is \$1,218,991.

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

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$1,093,353
Increased by:	
Interest earnings	638
Transfer approved by Board Resolution, June 27, 2018	<u>125,000</u>
Ending balance, June 30, 2018	<u>\$1,218,991</u>

NOTE 13. MAINTENANCE RESERVE:

The maintenance reserve is used to accumulate funds for the required maintenance of a facility in accordance with the EFCRA (*N.J.A.A. 18A:7G-9*). EFCFA is amended by P.L. 2004, c.73 (S1701). Districts may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by deposits of any unanticipated revenue or unexpended line-tem appropriation by board resolution at year end.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 13. MAINTENANCE RESERVE: (continued)

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ -0-
Increased by:	
Board Transfer, June 27, 2018	<u>125,000</u>
Ending balance, June 30, 2018	<u>\$125,000</u>

NOTE 14. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$2,650,766 General Fund balance at June 30, 2018, \$110,164 is reserved for encumbrances; \$723,186 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$528,660 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2019); \$1,218,991 has been reserved in the Capital Reserve Account; \$125,000 has been reserved in the maintenance reserve account; \$45,003 has been appropriated and included as anticipated revenue for the year ending June 30, 2019; and \$428,422 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, 2018 is \$723,186. Of this amount, \$194,526 is the result of the current year's operations.

NOTE 16. INVENTORY:

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food	\$4,674
Supplies	<u>1,425</u>
	<u>\$6,099</u>

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

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

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 February 11, 2019, 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, 2018

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
General Fund:					
Revenues from Local Sources:					
Local Tax Levy	22,690,643		22,690,643	22,690,643	
Tuition	60,000		60,000	148,296	88,296
Tuition - Summer School				16,870	16,870
Interest Earned on Capital Reserve Funds	325		325	638	313
Unrestricted Miscellaneous Revenues	40,000		40,000	35,380	(4,620)
Total - Local Sources	<u>22,790,968</u>		<u>22,790,968</u>	<u>22,891,827</u>	<u>100,859</u>
Revenues from State Sources:					
Categorical Special Education Aid	958,764	704	959,468	959,468	
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	
Lead Testing for Schools				1,849	1,849
Extraordinary Aid	65,000		65,000	156,778	91,778
TPAF Pension (On-Behalf - Non-Budgeted)				1,591,182	1,591,182
TPAF Post Retirement Benefits (On-Behalf - Non-Budgeted)				1,052,650	1,052,650
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				38,614	38,614
TPAF LTDI (On-Behalf - Non-Budgeted)				2,750	2,750
Reimbursed TPAF Social Security Contributions (non-budgeted)				878,285	878,285
Total - State Sources	<u>2,000,770</u>	<u>704</u>	<u>2,001,474</u>	<u>5,658,582</u>	<u>3,657,108</u>
Revenues from Federal Sources:					
Special Education Medicaid Initiative	34,402		34,402	43,602	9,200
Total - Federal Sources	<u>34,402</u>		<u>34,402</u>	<u>43,602</u>	<u>9,200</u>
TOTAL REVENUES	<u>24,826,140</u>	<u>704</u>	<u>24,826,844</u>	<u>28,594,011</u>	<u>3,767,167</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	563,231	(37,887)	525,344	520,219	5,125
Grades 1-5 - Salaries of Teachers	3,222,137	(3,226)	3,218,911	3,213,786	5,125
Grades 6-8 - Salaries of Teachers	835,460	(55,726)	779,734	774,609	5,125
Grades 9-12 - Salaries of Teachers	3,288,355	23,962	3,312,317	3,307,191	5,126
General Supplies					
Regular Programs - Home Instruction:					
Salaries of Teachers	15,000		15,000	1,907	13,093
Purchased Professional-Educational Services		2,937	2,937	2,936	1
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	145,500	97,275	242,775	242,774	1
Purchased Technical Services	78,000	(14,468)	63,532	63,035	497
Other Purchased Services (400-500 series)	139,871	77,390	217,261	212,853	4,408
General Supplies	303,209	55,494	358,703	334,358	24,345
Textbooks	18,000	(913)	17,087	16,424	663
Other Objects	1,000		1,000	985	15
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>8,609,763</u>	<u>144,838</u>	<u>8,754,601</u>	<u>8,691,077</u>	<u>63,524</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	175,016		175,016	164,069	10,947
Other Salaries for Instruction	104,838	128,680	233,518	233,518	
General Supplies	4,000	11,932	15,932	11,120	4,812
Total Learning and/or Language Disabilities	<u>283,854</u>	<u>140,612</u>	<u>424,466</u>	<u>408,707</u>	<u>15,759</u>
Multiple Disabilities					
General Supplies		400	400	350	50
Total Multiple Disabilities		<u>400</u>	<u>400</u>	<u>350</u>	<u>50</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,387,480	(179,932)	1,207,548	1,207,547	1
Other Salaries for Instruction	99,731	(38,493)	61,238	61,237	1
Total Resource Room/Resource Center	<u>1,487,211</u>	<u>(218,425)</u>	<u>1,268,786</u>	<u>1,268,784</u>	<u>2</u>

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Preschool Disabilities- Full-Time:					
Salaries of Teachers	223,624	104,809	328,433	328,432	1
Other Salaries for Instruction	269,000	(74,146)	194,854	194,853	1
Professional Svcs-Educational Services	11,550		11,550	10,375	1,175
General Supplies	6,000	24	6,024	5,711	313
Total Preschool Disabilities - Full-Time	<u>510,174</u>	<u>30,687</u>	<u>540,861</u>	<u>539,371</u>	<u>1,490</u>
Home Instruction:					
Salaries of Teachers	26,000	(24,460)	1,540	1,540	
Total Home Instruction	<u>26,000</u>	<u>(24,460)</u>	<u>1,540</u>	<u>1,540</u>	
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>2,307,239</u>	<u>(71,186)</u>	<u>2,236,053</u>	<u>2,218,752</u>	<u>17,301</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	87,934	(18,633)	69,301	69,301	
General Supplies	17,500	500	18,000	14,439	3,561
Total Basic Skills/Remedial - Instruction	<u>105,434</u>	<u>(18,133)</u>	<u>87,301</u>	<u>83,740</u>	<u>3,561</u>
Bilingual Education - Instruction					
Salaries of Teachers	699,984	67,345	767,329	767,329	
General Supplies	5,800	(1,000)	4,800	2,070	2,730
Textbooks	1,500		1,500	327	1,173
Total Bilingual Education - Instruction	<u>707,284</u>	<u>66,345</u>	<u>773,629</u>	<u>769,726</u>	<u>3,903</u>
School-Sponsored Cocurricular Activities - Instruction					
Salaries	109,695	(15,395)	94,300	75,785	18,515
Purchased Services (300-500 series)	1,000	813	1,813	(4,982)	6,795
Supplies and Materials	16,275	(813)	15,462	9,432	6,030
Total School-Sponsored Cocurricular Activities - Instruction	<u>126,970</u>	<u>(15,395)</u>	<u>111,575</u>	<u>80,235</u>	<u>31,340</u>
School-Sponsored Athletics - Instruction					
Salaries	235,566	41,395	276,961	276,960	1
Purchased Services (300-500 series)	79,000	(26,000)	53,000	53,000	
Supplies and Materials	55,000		55,000	48,109	6,891
Total School-Sponsored Athletics - Instruction	<u>369,566</u>	<u>15,395</u>	<u>384,961</u>	<u>378,069</u>	<u>6,892</u>
Before/After School Programs - Instruction					
Salaries of Teachers	20,000		20,000	6,212	13,788
Total Before/After School Programs - Instruction	<u>20,000</u>		<u>20,000</u>	<u>6,212</u>	<u>13,788</u>
Summer School - Instruction					
Salaries of Teachers	65,000		65,000		65,000
Total Summer School - Instruction	<u>65,000</u>		<u>65,000</u>		<u>65,000</u>
TOTAL INSTRUCTION	<u>12,311,256</u>	<u>121,864</u>	<u>12,433,120</u>	<u>12,227,811</u>	<u>205,309</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular		13,699	13,699	13,699	
Tuition to Other LEAs Within the State - Special	501,542	(60,897)	440,645	440,644	1
Tuition to County Voc. School Dist. - Regular	527,586	(46,824)	480,762	480,762	
Tuition to CSSD & Regional Day Schools	144,820	25,485	170,305	170,305	
Tuition to Private Schools for the Handicapped - Within State	387,671	(23,940)	363,731	357,429	6,302
Total Undistributed Expenditures - Instruction:	<u>1,561,619</u>	<u>(92,477)</u>	<u>1,469,142</u>	<u>1,462,839</u>	<u>6,303</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	4,500		4,500	1,925	2,575
Total Undistributed Expend. - Attend. & Social Work	<u>4,500</u>		<u>4,500</u>	<u>1,925</u>	<u>2,575</u>
Undist. Expend. - Health Services					
Salaries	224,949	(7,215)	217,734	217,733	1
Purchased Prof. & Tech Svc.	3,500	2,799	6,299	4,754	1,545
Supplies and Materials	10,083	(1,267)	8,816	7,415	1,401
Total Undistributed Expenditures - Health Services	<u>238,532</u>	<u>(5,683)</u>	<u>232,849</u>	<u>229,902</u>	<u>2,947</u>
Undist. Expend. - Speech, OT, PT & Related Services					
Purchased Prof. Services-Educational Services	346,842	370,634	717,476	717,475	1
Total Undist. Expend. - Speech, OT, PT & Related Serv.	<u>346,842</u>	<u>370,634</u>	<u>717,476</u>	<u>717,475</u>	<u>1</u>
Other Support Services - Students - Extra Svc					
Purchased Prof. Services-Educational Services	70,000	63,286	133,286	133,285	1
Total Other Support Services - Students - Extra Svc.	<u>70,000</u>	<u>63,286</u>	<u>133,286</u>	<u>133,285</u>	<u>1</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	272,819	(15,996)	256,823	256,823	
Salaries of Secretarial and Clerical Assistants	49,613	1,965	51,578	51,578	
Supplies and Materials	5,000		5,000	3,953	1,047
Total Undist. Expend. - Guidance	<u>327,432</u>	<u>(14,031)</u>	<u>313,401</u>	<u>312,354</u>	<u>1,047</u>

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	690,638	(19,216)	671,422	671,421	1
Salaries of Secretarial and Clerical Assistants	145,142	(1,560)	143,582	142,657	925
Supplies and Materials	10,741	1,408	12,149	9,847	2,302
Other Objects	580		580	212	368
Total Undist. Expend. - Child Study Teams	<u>847,101</u>	<u>(19,368)</u>	<u>827,733</u>	<u>824,137</u>	<u>3,596</u>
Undist. Expend. - Improvement of Instructional Services					
Other Purchased Professional and Technical Services	500	(500)			
Other Purch Services (400-500)	11,100	500	11,600	10,291	1,309
Total Undist. Expend. - Improvement of Inst. Services	<u>11,600</u>		<u>11,600</u>	<u>10,291</u>	<u>1,309</u>
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	157,946	5,030	162,976	162,975	1
Supplies and Materials	18,000	1,481	19,481	19,051	430
Total Undist. Expend. - Educational Media Serv./Sch. Library	<u>175,946</u>	<u>6,511</u>	<u>182,457</u>	<u>182,026</u>	<u>431</u>
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services	2,500	1,593	4,093	4,092	1
Total Undist. Expend. - Instructional Staff Training Serv.	<u>2,500</u>	<u>1,593</u>	<u>4,093</u>	<u>4,092</u>	<u>1</u>
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	350,159	(40,138)	310,021	310,021	
Legal Services	100,025	(18,111)	81,914	81,913	1
Audit Fees	42,000		42,000	42,000	
Other Purchased Professional Services	81,797	1,400	83,197	82,707	490
Architectural/Engineering Services	10,000	(8,180)	1,820	1,820	
Communications/Telephone	119,500	125,196	244,696	186,363	58,333
BOE Other Purchased Services	4,500		4,500	4,238	262
Misc. Purch Services (400-500 Series)	84,000	(10,752)	73,248	73,247	1
General Supplies	1,100	(1,100)			
Judgements Against the School District	5,000	(1,127)	3,873	3,708	165
Misc. Expenditures	2,050		2,050	1,314	736
BOE Membership Dues and Fees	13,800		13,800	13,135	665
Total Undist. Expend. - Supp. Serv. - General Administration	<u>813,931</u>	<u>47,188</u>	<u>861,119</u>	<u>800,466</u>	<u>60,653</u>
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	578,989		578,989	578,989	
Salaries of Other Professional Staff	130,132	11,222	141,354	141,354	
Salaries of Secretarial and Clerical Assistants	419,334	(11,222)	408,112	408,111	1
Purchased Prof. and Tech. Services	12,500		12,500	5,936	6,564
Other Purchased Services (400-500 series)	2,980		2,980	2,257	723
Supplies and Materials	34,565		34,565	33,256	1,309
Other Objects	36,700		36,700	31,680	5,020
Total Undist. Expend. - Support Serv. - School Administration	<u>1,215,200</u>		<u>1,215,200</u>	<u>1,201,583</u>	<u>13,617</u>
Undist. Expend. - Support Serv. - Central Services					
Salaries	178,807	1	178,808	163,244	15,564
Purchased Professional Services	2,520		2,520	2,520	
Purchased Technical Services	31,678		31,678	28,962	2,716
Misc. Pur Services (400-500 Series)	28,900	(3)	28,897	6,193	22,704
Supplies and Materials	5,629	1,044	6,673	6,672	1
Miscellaneous Expenditures	11,912	(244)	11,668	9,680	1,988
Total Undist. Expend. - Support Serv. - Central Services	<u>259,446</u>	<u>798</u>	<u>260,244</u>	<u>214,751</u>	<u>45,493</u>
Undist. Expend. - Admin Info. Technology					
Information Technology					
Salaries	161,805		161,805	153,340	8,465
Purchased Technical Services	40,429		40,429	34,138	6,291
Supplies and Materials	8,000		8,000	4,700	3,300
Total Undist. Expend. - Support Serv. - Administrative Information Technology	<u>210,234</u>		<u>210,234</u>	<u>192,178</u>	<u>18,056</u>
Undist. Expend. - Required Maint. for School Facilities (261)					
Cleaning, Repair and Maintenance Services	100,000	(53,992)	46,008	31,894	14,114
General Supplies	10,000		10,000	7,999	2,001
Total Undist. Expend. - Required Maint. for School Facilities	<u>110,000</u>	<u>(53,992)</u>	<u>56,008</u>	<u>39,893</u>	<u>16,115</u>

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Custodial Services (262)					
Salaries	738,420	51,242	789,662	789,661	1
Salaries of Non-Instructional Aides	47,540		47,540	45,203	2,337
Cleaning, Repair and Maintenance Services	144,021	34,999	179,020	173,071	5,949
Other Purchased Property Services	44,500	10,600	55,100	53,073	2,027
Insurance	133,170	(18,008)	115,162	115,153	9
General Supplies	116,266	(127)	116,139	114,762	1,377
Energy (Natural Gas)	220,500	(108,881)	111,619	111,619	
Energy (Electricity)	208,000	8,836	216,836	216,836	
Energy (Gasoline)	26,415	(5,900)	20,515	13,191	7,324
Total Undist. Expend. - Custodial Services (262)	<u>1,678,832</u>	<u>(27,239)</u>	<u>1,651,593</u>	<u>1,632,569</u>	<u>19,024</u>
Security					
Purchased Professional and Technical Services	70,000		70,000	57,728	12,272
General Supplies	1,000	20,000	21,000	20,287	713
Total Undistributed Expenditures - Security	<u>71,000</u>	<u>20,000</u>	<u>91,000</u>	<u>78,015</u>	<u>12,985</u>
Undist. Expend. - Student Transportation Services					
Other Purchased Prof. and Tech. Services		1,600	1,600	1,440	160
Cleaning, Repair and Maintenance Services		4,647	4,647	4,646	1
Contract Services (Bet. Home and Sch.) - Vendors	30,000		30,000	21,649	8,351
Contract Services (Other than Between Home & School)-Vendors	60,000	15,000	75,000	75,000	
Contract Services (Sp. Ed. Students)-Vendors	330,800	(54,681)	276,119	268,119	8,000
Contract Services (Spl. Ed. Students)-Joint Agreements		26,880	26,880	26,880	
Total Undist. Expend. - Student Transportation Services	<u>420,800</u>	<u>(6,554)</u>	<u>414,246</u>	<u>397,734</u>	<u>16,512</u>
UNALLOCATED BENEFITS					
Social Security Contributions	320,965	(4,356)	316,609	311,733	4,876
Other Retirement Contributions-PERS	249,150	(8,741)	240,409	232,319	8,090
Unemployment Compensation	5,000	(5,000)			
Workmen's Compensation	132,112	(26,545)	105,567	103,447	2,120
Health Benefits	4,233,390	(373,895)	3,859,495	3,851,408	8,087
Tuition Reimbursement	27,000		27,000	18,721	8,279
Other Employee Benefits	60,983	11,634	72,617	72,617	
Unused Sick Payment to Terminated/Retired Staff	33,000	(11,635)	21,365	20,000	1,365
TOTAL UNALLOCATED BENEFITS	<u>5,061,600</u>	<u>(418,538)</u>	<u>4,643,062</u>	<u>4,610,245</u>	<u>32,817</u>
TPAF Pension (On-Behalf - Non-Budgeted)				1,591,182	(1,591,182)
TPAF Post Retirement Benefits (On-Behalf - Non-Budgeted)				1,052,650	(1,052,650)
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				38,614	(38,614)
TPAF LTDI (On-Behalf - Non-Budgeted)				2,750	(2,750)
Reimbursed TPAF Social Security Contributions (non-budgeted)				878,285	(878,285)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>3,563,481</u>	<u>(3,563,481)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>5,061,600</u>	<u>(418,538)</u>	<u>4,643,062</u>	<u>8,173,726</u>	<u>(3,530,664)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>13,427,115</u>	<u>(127,872)</u>	<u>13,299,243</u>	<u>16,609,241</u>	<u>(3,309,998)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>25,738,371</u>	<u>(6,008)</u>	<u>25,732,363</u>	<u>28,837,052</u>	<u>(3,104,689)</u>
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Kindergarten		11,273	11,273	11,273	
Grades 1-5		10,266	10,266	10,265	1
Total Equipment		<u>21,539</u>	<u>21,539</u>	<u>21,538</u>	<u>1</u>
Facilities Acquisition and Construction Services					
Construction Services	30,335		30,335	30,335	
Assessment for Debt Service on SDA Funding	12,601		12,601	12,601	
Total Facilities Acquisition and Construction Services	<u>42,936</u>		<u>42,936</u>	<u>42,936</u>	
TOTAL CAPITAL OUTLAY	<u>42,936</u>	<u>21,539</u>	<u>64,475</u>	<u>64,474</u>	<u>1</u>
Transfer of Funds to Charter Schools	<u>34,367</u>	<u>5,498</u>	<u>39,865</u>	<u>34,363</u>	<u>5,502</u>
TOTAL EXPENDITURES	<u>25,815,674</u>	<u>21,029</u>	<u>25,836,703</u>	<u>28,935,889</u>	<u>(3,099,186)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(989,534)</u>	<u>(20,325)</u>	<u>(1,009,859)</u>	<u>(341,878)</u>	<u>667,981</u>

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/(Uses):					
Operating Transfer In:					
After School Child Care				129,526	(129,526)
Operating Transfers Out:					
Refund of Disallowed Costs - No Child Left Behind Fiscal Review				(129,526)	129,526
Total Other Financing Sources/(Uses):					
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Sources (Uses)	(989,534)	(20,325)	(1,009,859)	(341,878)	667,981
Fund Balance, July 1	3,163,448		3,163,448	3,163,448	771,224
Fund Balance, June 30	<u>2,173,914</u>	<u>(20,325)</u>	<u>2,153,589</u>	<u>2,821,570</u>	<u>1,439,205</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(508,035)		(508,035)	(508,035)	
Increase in Maintenance Reserve:				125,000	(125,000)
Increase in Capital Reserve:					
Principal				125,000	(125,000)
Interest Deposit to Capital Reserve	325	(325)		638	(638)
Withdrawal from Capital Reserve					
Budgeted Fund Balance	<u>(481,824)</u>	<u>(20,000)</u>	<u>(501,824)</u>	<u>(84,481)</u>	<u>918,619</u>
	<u>(989,534)</u>	<u>(20,325)</u>	<u>(1,009,859)</u>	<u>(341,878)</u>	<u>667,981</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				1,218,991	
Maintenance Reserve				125,000	
Excess Surplus - Designated for Subsequent Years' Expenditures				528,660	
Excess Surplus - Current Year				194,526	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				45,003	
Year-end Encumbrances				110,164	
Unassigned Fund Balance				<u>599,226</u>	
				2,821,570	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				(170,804)	
Total Fund Balance per Governmental Funds (GAAP)				<u>2,650,766</u>	

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	202,000	327,160	529,160	245,682	(283,478)
Federal Sources	1,048,321	284,068	1,332,389	1,359,207	26,818
Total Revenues	1,250,321	611,228	1,861,549	1,604,889	(256,660)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	551,860	82,779	634,639	512,158	122,481
Purchased Professional and Technical Services		-			-
Purchased Professional - Educational Services	148,300	57,070	205,370	174,241	31,129
Other Purchased Services (400-500 series)	279,080	125,054	404,134	404,134	-
General Supplies	48,569	266,981	315,550	284,322	31,228
Textbooks	16,000	1,913	17,913	17,913	-
Total instruction	1,043,809	533,797	1,577,606	1,392,768	184,838
Support services:					
Salaries of Program Directors	7,000	2,083	9,083		9,083
Salaries of Other Professional Staff	44,200	4,448	48,648	36,819	11,829
Personal Services - Employee Benefits	51,991	(6,199)	45,792	39,223	6,569
Purchased Professional - Technical Services	27,208	10,992	38,200	20,200	18,000
Purchased Professional - Educational Services	52,305	34,420	86,725	68,460	18,265
Other Purchased Services	9,808	15,586	25,394	18,879	6,515
Travel	3,000	2,576	5,576	4,045	1,531
Supplies & Materials	11,000	13,525	24,525	24,495	30
Total support services	206,512	77,431	283,943	212,121	71,822
Total Expenditures	1,250,321	611,228	1,861,549	1,604,889	256,660
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

**PALISADES PARK BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information - Part II
Fiscal Year Ended June 30, 2018**

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

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2]	28,594,011	1,604,889
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			(119,735)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		168,859	
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).		(170,804)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	28,592,066	1,485,154
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	28,935,889	1,604,889
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			(119,735)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	28,935,889	1,485,154

**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 Covered	District's	District's	Plan Fiduciary
	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Payroll - PERS Employee's	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Proportionate Share of the Net Pension Liability	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%	
2018	0.0242765167%	\$ 5,651,185	\$ 1,721,717	328.23%	48.10%	

* 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	(213,991)	\$ -	\$ 1,700,413	12.58%	
2016	208,873	(208,873)	(208,873)	-	1,712,076	12.20%	
2017	217,018	(217,018)	(217,018)	-	1,608,685	13.49%	
2018	224,896	(224,896)	(224,896)	-	1,721,717	13.06%	

* 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	District's	State's	District's	District's	District's	Plan Fiduciary
	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Share of the Net Pension Liability Associated with the District (Asset)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	District's Covered Payroll - TPAF 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	0.1030691358%	\$ 55,087,099	\$	0.00%	10,216,526	0.00%	33.64%
2016	0.1077074691%	68,075,720		0.00%	11,180,935	0.00%	28.71%
2017	0.1029186239%	80,962,342		0.00%	11,883,703	0.00%	22.33%
2018	0.1001415840%	67,519,067		0.00%	12,039,990	0.00%	25.41%

* 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, 2018

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.

PALISADES PARK BOARD OF EDUCATION
Schedule of Required Supplementary Information
Schedule of Changes in the District's Proportionate Share of the State OPEB Liability
*Last 10 Fiscal Years**

	2018
Total OPEB Liability	
Service Costs	\$ 2,687,346
Interest on Total OPEB Liability	1,580,742
Changes in Assumptions	(6,854,117)
Gross Benefit Payments	(1,149,622)
Contribution from the Member	42,332
Net Changes in total Share of OPEB Liability	(3,693,319)
Total OPEB Liability - Beginning	53,327,028
Total OPEB Liability - Ending	\$ 49,633,709
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	49,633,709
Total OPEB Liability - Ending	\$ 49,633,709
District's Covered Employee Payroll	\$ 13,761,707
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%

Notes to Schedule:

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

Change in benefit terms None

Change in assumptions Assumptions used in calculating the OPEB liability are presented
in Note 8.

* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Supplementary Schedules

SPECIAL REVENUE FUND

PALISADES PARK BOARD OF EDUCATION
 Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 June 30, 2018

	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 2018
REVENUES							
State Sources	132,945	17,913	30,723	17,445	21,658	24,998	245,682
Federal Sources	1,359,207						1,359,207
Total Revenues	1,492,152	17,913	30,723	17,445	21,658	24,998	1,604,889
EXPENDITURES:							
Instruction:							
Salaries of Teachers	481,435		30,723				512,158
Purchased Professional - Educational Services	110,140			17,445	21,658	24,998	174,241
Other Purchased Services (400-500 series)	404,134						404,134
General Supplies	284,322						284,322
Textbooks	-	17,913					17,913
Total instruction	1,280,031	17,913	30,723	17,445	21,658	24,998	1,392,768
Support services:							
Salaries of Program Directors	-						-
Salaries of Other Professional Staff	36,819						36,819
Personal Services - Employee Benefits	39,223						39,223
Purchased Professional - Technical Services	20,200						20,200
Purchased Professional - Educational Services	68,460						68,460
Other Purchased Professional Services	18,879						18,879
Travel	4,045						4,045
Supplies & Materials	24,495						24,495
Total support services	212,121	-	-	-	-	-	212,121
Facilities acquisition and const. serv.:							
Construction Services	-						-
Total facilities acquisition and const. serv.	-	-	-	-	-	-	-
Total Expenditures	1,492,152	17,913	30,723	17,445	21,658	24,998	1,604,889
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

PALISADES PARK BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 Fiscal Year Ended June 30, 2018

	Total Brought Forward (Ex. F-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			
REVENUES						
State Sources	24,495	70,867	25,565	12,018	495,314	132,945
Federal Sources	863,893					1,359,207
Total Revenues	888,388	70,867	25,565	12,018	495,314	1,492,152
EXPENDITURES:						
Instruction:						
Salaries of Teachers	226,467				254,968	481,435
Purchased Professional - Educational Services	13,708	70,867	25,565			110,140
Other Purchased Services (400-500 series)	404,134			12,018	214,574	404,134
General Supplies	57,730					284,322
Textbooks	-					-
Total instruction	702,039	70,867	25,565	12,018	469,542	1,280,031
Support services:						
Salaries of Program Directors	-					-
Salaries of Other Professional Staff	36,819					36,819
Personal Services - Employee Benefits	14,369				24,854	39,223
Purchased Professional - Technical Services	20,200					20,200
Other Purchased Professional Services	17,961				918	18,879
Travel	4,045					4,045
Supplies & Materials	24,495					24,495
Total support services	186,349	-	-	-	25,772	212,121
Facilities acquisition and const. serv.:						
Construction Services	-					-
Total facilities acquisition and const. serv.	-	-	-	-	-	-
Total Expenditures	888,388	70,867	25,565	12,018	495,314	1,492,152
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

PALISADES PARK BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 Fiscal Year Ended June 30, 2018

	Total Brought Forward (Ex. E-1c)	Title II, Part A Teacher and Principal Training and Recruiting Fund	Title III - Immigrant	Title II, English Language Acquisition and Language Enhancement	Title IV, Student Support & Academic Enrichment	I.D.E.A Part B, Basic	Total Carried Forward
REVENUES							
State Sources	24,495						24,495
Federal Sources	325,599	36,497	14,873	70,927	10,000	405,997	863,893
Total Revenues	350,094	36,497	14,873	70,927	10,000	405,997	888,388
EXPENDITURES:							
Instruction:							
Salaries of Teachers	212,967		12,500	1,000			226,467
Purchased Professional - Educational Services	7,750	5,958					13,708
Other Purchased Services (400-500 series)	22,672				10,000	371,462	404,134
General Supplies	823		1,417	55,490			57,730
Textbooks	-						-
Total instruction	244,212	5,958	13,917	56,490	10,000	371,462	702,039
Support services:							
Salaries of Program Directors	-						-
Salaries of Other Professional Staff	36,819						36,819
Personal Services - Employee Benefits	13,337		956	76			14,369
Purchased Professional - Technical Services	20,200						20,200
Purchased Professional - Educational Services	5,000	14,925		14,000		34,535	68,460
Other Purchased Professional Services	1,986	15,614		361			17,961
Travel	4,045						4,045
Supplies & Materials	24,495						24,495
Total support services	105,882	30,539	956	14,437	-	34,535	186,349
Facilities acquisition and const. serv.:							
Construction Services	-						-
Total facilities acquisition and const. serv.	-	-	-	-	-	-	-
Total Expenditures	350,094	36,497	14,873	70,927	10,000	405,997	888,388
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

PALISADES PARK BOARD OF EDUCATION

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis

Fiscal Year Ended June 30, 2018

	Total Brought Forward (Ex. E-1d)	I.D.E.A Part B, Preschool	21st Century Community Learning Centers Grant	21st Century Community Learning Center Grants - IDEA Supp. Spec. Ed.	Emergency Impact Aid	N.J. Nonpublic Security Aid	Total Carried Forward
REVENUES							
State Sources	-	17,342	274,450	13,307	20,500	24,495	24,495
Federal Sources	-	-	-	-	-	-	325,599
Total Revenues	-	17,342	274,450	13,307	20,500	24,495	350,094
EXPENDITURES:							
Instruction:							
Salaries of Teachers	-	-	179,160	13,307	20,500	-	212,967
Purchased Professional - Educational Services	-	-	7,750	-	-	-	7,750
Other Purchased Services (400-500 series)	-	17,342	5,330	-	-	-	22,672
General Supplies	-	-	823	-	-	-	823
Textbooks	-	-	-	-	-	-	-
Total instruction	-	17,342	193,063	13,307	20,500	-	244,212
Support services:							
Salaries of Program Directors	-	-	36,819	-	-	-	36,819
Salaries of Other Professional Staff	-	-	13,337	-	-	-	13,337
Personal Services - Employee Benefits	-	-	20,200	-	-	-	20,200
Purchased Professional - Technical Services	-	-	5,000	-	-	-	5,000
Purchased Professional - Educational Services	-	-	1,986	-	-	-	1,986
Other Purchased Professional Services	-	-	4,045	-	-	-	4,045
Travel	-	-	-	-	-	-	-
Supplies & Materials	-	-	-	-	-	24,495	24,495
Total support services	-	-	81,387	-	-	24,495	105,882
Facilities acquisition and const. serv.:							
Construction Services	-	-	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-	-	-
Total Expenditures	-	17,342	274,450	13,307	20,500	24,495	350,094
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

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, 2018

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, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues				
State Sources - SCC Grant	1,000,000		1,000,000	
Certificates of Participation	1,500,000		1,500,000	
Sale of Property			-	
Transfers from Capital Reserve			-	
Transfers from Capital Outlay			-	
Donations			-	
	2,500,000	-	2,500,000	-
Expenditures				
Purchased professional and technical services			-	
Land and improvements			-	
Construction services	2,499,795		2,499,795	
Equipment purchases			-	
	2,499,795	-	2,499,795	-
Excess (deficiency) of revenues over (under) expenditures	205	-	205	-
Additional project information:				
Project number				
Grant Date	1997			
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	2,500,000			
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, 2018

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

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Early Childhood Center
Fiscal Year Ended June 30, 2018

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

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Board Office Conversion to Classrooms
Fiscal Year Ended June 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues				
State Sources - SCC Grant			-	
Certificates of Participation			-	
Sale of Property			-	
Transfers from Capital Reserve	55,137		55,137	
Transfers from Capital Outlay			-	
Transfers from Food Service Fund			-	
Donations			-	
	<hr/>	<hr/>	<hr/>	<hr/>
	55,137	-	55,137	-
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
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/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	23,985	-	23,985	-
Additional project information:				
Project number				
Grant Date	N/A			
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	55,137			
Additional authorized cost				
Revised authorized cost	55,137			
Percentage increase over original authorized cost	-			
Percentage completion	56%			
Original target completion date				
Revised target completion date				

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Summary Statement of Project Expenditures
Fiscal Year Ended June 30, 2018

Project Title/Issue	Date	Appropriations	Expenditures to Date		Cancelled	Unexpended Balance June 30, 2018
			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>
<i>Analysis</i>						
						<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, 2018

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	118,952	85,573	204,525
Accounts receivable:			
State	643		643
Federal	28,516		28,516
Interfund	107,222		107,222
Inventories	6,099		6,099
Total current assets	<u>261,432</u>	<u>85,573</u>	<u>347,005</u>
Noncurrent assets:			
Capital assets:			
Equipment	115,301		115,301
Site Improvements	59,050		59,050
Less accumulated depreciation:			
Equipment	(109,405)		(109,405)
Site Improvements	(26,568)		(26,568)
Total capital assets (net of accumulated depreciation)	<u>38,378</u>	<u>-</u>	<u>38,378</u>
Total assets	<u>299,810</u>	<u>85,573</u>	<u>385,383</u>
LIABILITIES			
Current liabilities:			
Accounts payable	101,757		101,757
Total current liabilities	<u>101,757</u>	<u>-</u>	<u>101,757</u>
NET POSITION			
Net Investment in Capital Assets	38,378	-	38,378
Unrestricted	159,675	85,573	245,248
Total net position	<u>198,053</u>	<u>85,573</u>	<u>283,626</u>

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2018

	Food Service Program	After School Child Care	Totals
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	339,702		339,702
Daily sales - non-reimbursable programs	2,658		2,658
Tuition fees		129,120	129,120
Total operating revenues	<u>342,360</u>	<u>129,120</u>	<u>471,480</u>
Operating expenses:			
Cost of sales - reimbursable programs	321,353		321,353
Cost of sales - non-reimbursable programs	32,537		32,537
Salaries	250,258	119,696	369,954
Supplies and materials	33,670	5,209	38,879
Employee benefits	90,313		90,313
Cleaning repair & maintenance	25,493		25,493
Legal and professional services	2,137		2,137
Purchased services	33,580		33,580
Miscellaneous	13,465		13,465
Depreciation	3,832		3,832
Total Operating Expenses	<u>806,638</u>	<u>124,905</u>	<u>931,543</u>
Operating income (loss)	<u>(464,278)</u>	<u>4,215</u>	<u>(460,063)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	10,437		10,437
State school lunch program - Prior year additional Aid	8,761		8,761
Federal sources:			
National school lunch program	404,211		404,211
National school breakfast program	46,131		46,131
Food distribution program	62,447		62,447
Interest and investment revenue	195		195
Total nonoperating revenues (expenses)	<u>532,182</u>	<u>-</u>	<u>532,182</u>
Income (loss) before contributions & transfers	<u>67,904</u>	<u>4,215</u>	<u>72,119</u>
Transfers in (out)		(129,526)	(129,526)
Change in net position	<u>67,904</u>	<u>(125,311)</u>	<u>(57,407)</u>
Total net position—beginning	<u>130,149</u>	<u>210,884</u>	<u>341,033</u>
Total net position—ending	<u><u>198,053</u></u>	<u><u>85,573</u></u>	<u><u>283,626</u></u>

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2018

	Food Service Program	After School Child Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	342,360	129,120	471,480
Payments to employees		(119,696)	(119,696)
Payments to outside food service management company	(663,236)		(663,236)
Payments for repairs, maintenance	(34,980)		(34,980)
Payments for supplies	(1,048)	(5,209)	(6,257)
Payments for miscellaneous expenditures	(7,103)		(7,103)
Net cash provided by (used for) operating activities	<u>(364,007)</u>	<u>4,215</u>	<u>(359,792)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	8,081		8,081
Additional State Aid - Prior Year	8,761		8,761
Federal Sources	348,230		348,230
Net cash provided by (used for) non-capital financing activities	<u>365,072</u>	<u>-</u>	<u>365,072</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	195		195
Net cash provided by (used for) investing activities	<u>195</u>	<u>-</u>	<u>195</u>
Net increase (decrease) in cash and cash equivalents	1,260	4,215	5,475
Transfers in (out)		(129,526)	(129,526)
Balances—beginning of year	117,692	210,884	328,576
Balances—end of year	<u>118,952</u>	<u>85,573</u>	<u>204,525</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(464,278)	4,215	(460,063)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	3,832		3,832
Food Distribution Program	62,447		62,447
(Increase) decrease in inventories	777		777
Increase (decrease) in accounts payable	33,215		33,215
Total adjustments	<u>100,271</u>	<u>-</u>	<u>100,271</u>
Net cash provided by (used for) operating activities	<u>(364,007)</u>	<u>4,215</u>	<u>(359,792)</u>

FIDUCIARY FUND

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Unemployment Compensation Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	27,050	246,462
Interfund Receivable - General Fund		2,203
Interfund Receivable - Payroll Agency	<u>52,322</u>	
Total assets	<u><u>79,372</u></u>	<u><u>248,665</u></u>
LIABILITIES		
Payable to student groups		136,230
Payroll deductions and withholdings		2,704
Interfund Payable - General Fund		57,409
Interfund Payable - Unemployment Compensation Trust		<u>52,322</u>
Total liabilities	<u>-</u>	<u><u>248,665</u></u>
NET POSITION		
Held in trust for unemployment claims and other purposes	<u><u>79,372</u></u>	

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2018

	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS	
Contributions:	
Employee Deductions	27,206
Total Contributions	<u>27,206</u>
Investment earnings:	
Interest	72
Net investment earnings	<u>72</u>
Total additions	<u>27,278</u>
DEDUCTIONS	
Unemployment assessment billings	890
Unemployment claims	32,219
Total deductions	<u>33,109</u>
Change in net position	(5,831)
Net position—beginning of the year	<u>85,203</u>
Net position—end of the year	<u><u>79,372</u></u>

PALISADES PARK BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2018

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2018</u>
Elementary Schools:				
Lindbergh School	15,034	55,176	50,742	19,468
Total Elementary Schools	<u>15,034</u>	<u>55,176</u>	<u>50,742</u>	<u>19,468</u>
High School:				
High School	46,880	102,682	101,262	48,300
Student Aid	21,716	34,050	22,300	33,466
Athletic Fund	2,570	153,011	132,837	22,744
Cultural Arts	13,371	5,560	6,679	12,252
Total High School	<u>84,537</u>	<u>295,303</u>	<u>263,078</u>	<u>116,762</u>
Total All Schools	<u><u>99,571</u></u>	<u><u>350,479</u></u>	<u><u>313,820</u></u>	<u><u>136,230</u></u>

PALISADES PARK BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2018

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2018</u>
Net Payroll	5,713	9,820,221	9,823,338	2,596
Payroll Deductions and Withholdings	14,357	7,611,424	7,625,673	108
Interfund - Unemployment Compensation Trust	25,116	27,206		52,322
Interfund - General Fund		57,409		57,409
Interfund - General Fund	(6,042)	3,839		(2,203)
	<u>39,144</u>	<u>17,520,099</u>	<u>17,449,011</u>	<u>110,232</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, 2018

SERIES	Amount of Original Issues	Annual Maturities		Interest Rate Payable	Amount Outstanding on July 1, 2017	Retired in Current Year	Amount Outstanding on June 30, 2018
		Date	Amount				
2012 Refunding Bonds - Bergen County Improvement Authority - Unfunded Pension Liability	827,000	03/15/19	105,000	2.358%	429,000	102,000	327,000
		03/15/20	109,000	2.659%			
		03/15/21	113,000	2.959%			
TOTAL					\$ 429,000	102,000	327,000

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	112,506	-	112,506	112,506	-
Total - State Sources	112,506	-	112,506	112,506	-
Total Revenues	112,506	-	112,506	112,506	-
EXPENDITURES:					
Regular Debt Service:					
Interest on Early Retirement Bonds	10,506	-	10,506	10,506	-
Redemption of Principal - Early Retirement Bonds	102,000	-	102,000	102,000	-
Total Regular Debt Service	112,506	-	112,506	112,506	-
Total expenditures	112,506	-	112,506	112,506	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-		-	-	-
Fund Balance, June 30	-		-	-	-
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	-		-	-	-

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net Investment in Capital Assets										
Restricted	\$ 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	\$ 16,406,094
Unrestricted	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	2,263,139
Total governmental activities net position	<u>(1,295,155)</u>	<u>(1,283,380)</u>	<u>(1,858,590)</u>	<u>(1,713,404)</u>	<u>(1,479,517)</u>	<u>(4,009,752)</u>	<u>(8,479,601)</u>	<u>(8,860,937)</u>	<u>(9,596,353)</u>	<u>(9,154,903)</u>
	\$ 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	\$ 9,514,330
Business-type activities										
Net Investment in Capital Assets										
Restricted	\$ 28,241	\$ 82,578	\$ 55,457	\$ 52,276	\$ 49,093	\$ 45,910	\$ 42,727	\$ 39,544	\$ 42,211	\$ 38,378
Unrestricted	142,947	94,483	120,564	170,521	210,101	279,719	243,529	244,442	298,822	245,248
Total business-type activities net position	<u>171,188</u>	<u>177,061</u>	<u>176,021</u>	<u>222,797</u>	<u>259,194</u>	<u>325,629</u>	<u>286,256</u>	<u>283,986</u>	<u>341,033</u>	<u>283,626</u>
	\$ 28,241	\$ 82,578	\$ 55,457	\$ 52,276	\$ 49,093	\$ 45,910	\$ 42,727	\$ 39,544	\$ 42,211	\$ 38,378
District-wide										
Net Investment in Capital Assets										
Restricted	\$ 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	\$ 16,444,472
Unrestricted	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	2,263,139
Total district net position	<u>(1,152,208)</u>	<u>(1,188,897)</u>	<u>(1,738,026)</u>	<u>(1,542,883)</u>	<u>(1,269,416)</u>	<u>(3,730,033)</u>	<u>(8,236,072)</u>	<u>(8,616,495)</u>	<u>(9,297,531)</u>	<u>(8,909,655)</u>
	\$ 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	\$ 9,797,956

Source: CAFR Schedule A-1

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 12,237,293
Special education	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	2,819,475
Other special education	965,848	1,164,576	1,151,586	1,057,891	1,130,595	987,753	864,562	860,482	1,023,609	1,082,831
Other instruction	507,996	494,334	428,209	373,956	463,745	435,634	407,524	441,448	429,877	562,925
Support Services:										
Tuition	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	1,462,839
Attendance & Social Work							3,324	3,319	2,000	2,453
Health Services							292,826	268,640	232,561	289,594
Student & instruction related services	2,045,320	2,284,324	1,993,473	1,687,292	1,911,931	2,131,185	2,061,899	2,058,446	2,292,088	2,707,516
School administrative services	1,204,795	1,201,204	1,153,278	1,190,789	1,292,560	1,241,805	1,298,130	1,412,144	1,442,504	1,521,676
General administrative services	752,281	835,720	601,294	544,426	620,596	707,186	700,945	896,399	877,883	885,459
Central Services	368,210	387,439	459,071	421,032	424,693	390,943	401,785	291,514	261,395	259,505
Plant operations and maintenance	1,922,907	1,774,299	1,776,438	1,776,438	1,878,796	1,744,208	1,709,712	1,769,579	1,782,125	1,986,627
Pupil transportation	369,724	286,031	394,176	352,095	305,943	305,563	311,896	333,313	385,142	397,734
Administration of Information Technology							106,058	126,676	170,964	234,217
Unallocated Benefits	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	6,215,623
Charter Schools	24,441	3,404			28,679	50,333	51,148	50,809	37,291	34,363
Interest on long-term debt	175,293	118,314	147,782	147,657	74,445	37,860	42,421	26,409	15,263	9,879
Unallocated depreciation	230,793	273,438	227,607	230,796	246,553	277,747	277,747	277,747	280,202	280,202
Capital Outlay - nondepreciable	3,729	106,710	50,237	19,507	18,094	15,455	32,533	27,021	41,812	47,399
Total governmental activities expenses	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	33,037,610
Business-type activities:										
Food service	585,342	631,152	643,513	676,450	685,672	696,434	724,018	762,950	812,485	806,638
After School Child Care	93,243	93,978	91,453	82,784	84,307	82,508	83,894	90,073	116,355	124,905
Total business-type activities expense	678,585	725,130	734,966	759,234	769,979	778,942	807,912	853,023	928,840	931,543
Total district expenses	\$ 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	\$ 33,969,153
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)										
Pupil transportation										
Business and other support services										
Operating grants and contributions	1,030,317	1,524,653	1,269,808	917,517	932,275	975,368	1,210,627	1,429,135	1,144,036	1,485,154
Capital grants and contributions										
Total governmental activities program revenues	1,030,317	1,524,653	1,269,808	917,517	932,275	975,368	1,210,627	1,429,135	1,144,036	1,485,154

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services										
Food service	359,548	350,902	354,310	367,758	328,595	341,732	320,233	309,782	354,426	342,360
Child care	100,725	92,452	99,095	107,554	113,264	135,641	101,740	111,285	125,236	129,120
Operating grants and contributions	210,633	287,581	300,134	330,682	364,346	367,996	346,558	429,680	506,861	531,987
Capital grants and contributions										
Total business type activities program revenues	670,906	730,935	753,539	805,994	806,205	845,369	768,531	850,747	986,523	1,003,467
Total district program revenues	\$ 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	\$ 2,488,621
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (31,552,456)
Business-type activities	(7,679)	5,805	18,573	46,760	36,226	66,427	(39,381)	(2,276)	57,683	71,924
Total district-wide net expense	\$ (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)	\$ (31,480,532)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 22,690,643
Taxes levied for debt service	549,366	449,078	451,048	557,377	557,377	752,448	611,767	439,987	271,624	112,506
Unrestricted grants and contributions	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	8,237,269
Tuition Received									108,519	165,166
Investment earnings	14,053	3,903	1,885	1,093	1,513	1,158	907	593	251	638
Miscellaneous income	103,763	114,712	136,258	102,082	140,770	85,076	140,861	193,164	52,636	35,380
Loss on Disposal of Fixed Assets										(3,431)
Additional Debt Issued via Refinancing				(59,000)						
Tax Levy Receivable Cancelled				(91,630)						
Transfer from After School Child Care										
Refund of Disallowed Costs										129,526
Total governmental activities	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	31,238,171
Business-type activities:										
Investment earnings	138	68	19	16	171	8	8	6	14	195
Transfers										(129,526)
Total business-type activities	138	68	19	16	171	8	8	6	14	(129,331)
Total district-wide	\$ 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	\$ 31,108,840
Change in Net Position										
Governmental activities	\$ 367,166	\$ (249,365)	\$ 360,138	\$ 1,510,435	\$ 191,602	\$ (1,916,417)	\$ 273,841	\$ 325,399	\$ (211,317)	\$ (314,285)
Business-type activities	(7,541)	5,873	18,592	46,776	36,397	66,435	(39,373)	(2,270)	57,697	(57,407)
Total district	\$ 359,625	\$ (243,490)	\$ 378,730	\$ 1,557,211	\$ 227,999	\$ (1,849,982)	\$ 234,468	\$ 323,129	\$ (153,620)	\$ (371,692)

Source: CAFR Schedule A-2

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	201,938	313,192								
Unreserved	872,420	566,523	667,812	1,224,442	1,198,030	1,161,610	1,308,731	1,789,560	2,103,837	2,067,177
Restricted			562,895	757,659						
Committed				182,306	390,417	343,310	121,010	285,896	508,035	155,167
Assigned			456,678	359,674	333,938	274,289	349,492	375,524	382,717	428,422
Unassigned										
Total general fund	\$ 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	\$ 2,650,766
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund		16,810								
Capital projects fund	16,810									
Debt service fund	113,221	(1,325)								
Assigned, reported in:										
Capital projects fund			40,795	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	\$ 130,031	\$ 15,485	\$ (72,425)	\$ (72,424)	\$ (138,315)	\$ (25,096)	\$ 40,795	\$ 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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 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	\$ 22,803,149
Tuition				1,093	1,513	1,158	907	593	108,519	165,166
Interest earnings	117,816	118,615	270,469	152,082	140,770	85,076	140,861	193,164	52,636	638
Miscellaneous	3,948,752	3,636,606	3,194,675	3,619,220	4,403,617	4,002,070	4,530,719	4,863,745	5,235,611	35,380
State sources	874,595	1,601,248	1,168,883	770,107	774,003	809,893	1,068,970	1,240,564	972,897	5,902,044
Federal sources	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	1,283,349
Total revenue										
Expenditures										
Instruction										
Regular instruction	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	10,013,941
Special education instruction	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	2,218,752
Other special instruction	770,973	911,093	890,677	841,743	900,166	785,828	692,297	679,368	813,629	853,466
Other instruction	427,533	414,660	350,729	319,126	391,780	368,463	345,893	371,422	366,169	464,516
Support Services:										
Tuition	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	1,462,839
Attendance & Social Work							2,650	2,600	2,000	1,925
Health services	214,082	201,925	199,143	218,320	236,322	233,023	235,731	212,118	232,561	229,902
Student & instruction related services	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	2,345,950
School Administrative services	969,207	946,006	895,278	945,191	1,029,631	986,468	1,034,403	1,108,504	1,138,907	1,201,583
General administrative services	677,534	755,516	525,364	508,287	590,662	663,021	653,230	810,236	796,030	800,466
Central services	299,736	315,056	381,756	351,369	353,051	318,668	330,959	238,442	216,535	214,751
Plant operations and maintenance	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	1,750,477
Pupil transportation	369,724	286,031	394,176	352,095	305,943	303,563	311,896	333,313	385,142	397,734
Administration of Information Technology							84,560	104,572	144,844	192,178
Business and other support services										
Unallocated employee benefits	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	4,610,245
TPAF Pension / Social Security	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	3,563,481
Charter Schools	24,441	3,404			28,679	50,333	51,148	50,809	37,291	34,363
Capital outlay	100,603	169,753	73,029	377,408	465,471	442,059	50,009	91,042	121,601	64,474
Debt service:										
Principal	380,299	398,351	415,161	427,718	542,219	577,327	503,228	413,235	255,884	102,000
Interest and other charges	181,822	165,273	147,782	129,658	81,049	61,902	42,648	26,752	15,740	10,506
Bond issuance costs										
Total expenditures	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	30,533,549
Excess (Deficiency) of revenues over (under) expenditures	247,413	(309,189)	719,760	928,327	(667,587)	(29,957)	65,915	671,747	543,609	(343,823)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding debt	-	-	-	-	-	-	-	-	-	-
Payment of Unfunded Pension Liability	-	-	-	-	-	-	-	-	-	-
Par amount of bonds	-	-	-	-	-	-	-	-	-	-
Original issue premium	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Deposit to escrow fund	-	-	-	-	-	-	-	-	-	-
Costs of issuance	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Cancellation of tax levy receivable	-	-	-	(91,630)	-	-	-	-	-	-
Transfers in	-	-	55,137	-	254,590	383,630	-	-	-	129,526
Transfers out	-	-	(55,137)	-	(254,590)	(383,630)	-	-	-	(129,526)
Total other financing sources (uses)	-	-	-	(91,630)	-	-	-	-	-	-
Net change in fund balances	\$ 247,413	\$ (309,189)	\$ 719,760	\$ 836,697	\$ (667,587)	\$ (29,957)	\$ 65,915	\$ 671,747	\$ 543,609	\$ (343,823)
Debt service as a percentage of noncapital expenditures	2.4%	2.3%	2.4%	2.4%	2.5%	2.6%	2.1%	1.6%	1.0%	0.4%

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

**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
2018	165,166	35,380	-	-	-	638	-	-	-	201,184

Source: District Records

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

Year Ended Dec. 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)	% of Net Assessed to Estimated Full Cash Valuations
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	2,569,744,732	84.38%
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	2,795,287,869	78.37%
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	2,937,607,951	75.19%

Source: Municipal Tax Assessor
(1) - Revaluation

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

(rate per \$100 of assessed value)

Year Ended Dec. 31,	Palisades Park Board of Education		Overlapping Rates		Total Direct and Overlapping Tax Rate
	General		Borough of Palisades Park	Bergen County	
	Basic Rate ^a	Obligation Debt Service ^b			
2008*	0.705	0.022	0.497	0.190	1.414
2009	0.720	0.018	0.504	0.201	1.443
2010	0.842	0.021	0.599	0.236	1.698
2011	0.840	0.028	0.607	0.228	1.703
2012	0.840	0.028	0.626	0.228	1.722
2013	0.853	0.028	0.637	0.266	1.784
2014	0.861	0.033	0.634	0.249	1.777
2015	0.915	0.030	0.660	0.256	1.861
2016	0.935	0.020	0.677	0.269	1.901
2017	0.964	0.005	0.689	0.301	1.959

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	2018			2009		
	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%			
Bld East Association, LTD	7,404,900	6	0.34%			
Dream USA Unlimited Corp	7,363,200	7	0.33%			
Pine Tree Enterprise LLC	7,001,500	8	0.32%			
Ruby Realty Company	7,000,000	9	0.32%			
27 Fairview LLC	5,321,600	10	0.24%			
Leems Associates				\$ 17,733,700	1	0.73%
Marino Enterprises				13,375,900	2	0.55%
BSJ Realty LLC				13,231,400	3	0.55%
Tarragon Dev. Corp.				12,200,000	4	0.51%
ParkLane Inc.				10,615,800	5	0.44%
Ruby Realty Co.				10,161,300	6	0.42%
411 Brinkerhoff Ave. LLC				9,500,000	7	0.39%
Bld. East Associates Ltd.				8,326,200	8	0.34%
Dream USA Unlimited Corp.				7,072,800	9	0.29%
Bonanno Real Estate Group				6,877,000	10	0.28%
Total	\$ 85,732,800		3.88%	\$ 109,094,100		4.52%

Net Assessed Valuation: \$ 2,208,711,350 \$ 2,414,116,485

Source: Municipal Tax Assessor.

Exhibit J-9

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

Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2018	\$22,803,149	\$22,882,421	100.35%	(\$79,272)

Source: Municipal Tax Collector

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	Bonds Payable ^b	Loans Payable	Certificates of Participation	Capital Leases	Capital Leases	Total District		
2009	1,030,000	266,871		2,606,250	-	3,903,121	0.32%	\$ 62
2010	970,000	217,016		2,317,754	-	3,504,770	0.27%	\$ 54
2011	907,000	165,501		2,017,107	-	3,089,608	0.24%	\$ 47
2012	899,000	112,246		1,709,647	-	2,720,893	0.20%	\$ 39
2013	810,000	57,110		1,311,564	-	2,178,674	0.16%	\$ 31
2014	717,000	-		884,347	-	1,601,347	0.11%	\$ 22
2015	624,000	-		474,119	-	1,098,119	0.07%	\$ 14
2016	529,000	-		155,884	-	684,884	0.04%	\$ 9
2017	429,000	-		-	-	429,000	Not Available	Not Available
2018	327,000	-		-	-	327,000	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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
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%	\$ 77,187
2017	429,000	-	429,000	0.02%	Not Available
2018	327,000	-	327,000	0.01%	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, 2018**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of School District as of June 30, 2018		\$	327,000
Net overlapping debt of School District:			
Borough of Palisades Park	100.000%	\$ 11,801,832	
Bergen County Utilities Authority	3.002%	4,815,830	
County of Bergen - Borough's share	1.501%	<u>15,720,267</u>	
Subtotal, overlapping debt			<u>32,337,929</u>
Total direct and overlapping debt		\$	<u><u>32,664,929</u></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 2018

Equalized valuation basis	
2017	\$ 2,937,607,951
2016	\$ 2,795,287,869
2015	\$ 2,569,744,732
[A]	<u>\$ 8,302,640,552</u>
Average equalized valuation of taxable property	[A/3] \$ 2,767,546,851
Debt limit (4 % of average equalization value)	[B] 110,701,874 ^a
Net bonded school debt	[C] 327,000
Legal debt margin	[B-C] <u>\$ 110,374,874</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 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	\$ 110,701,874
Total net debt applicable to limit	<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>	<u>327,000</u>
Legal debt margin	<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>	<u>\$ 110,374,874</u>
Total net debt applicable to the limit as a percentage of debt limit	1.30%	1.15%	1.02%	0.99%	0.86%	0.72%	0.62%	0.53%	0.41%	0.30%

Source: Abstract of Ratables and District Records.

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

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

Year	Population ^a	Personal Income		Unemployment Rate ^d
		(thousands of dollars) ^b	Per Capita Personal Income ^c	
2008	19,266	\$ 1,320,645,768	68,548	5.20%
2009	19,421	\$ 1,254,033,391	64,571	9.20%
2010	19,647	\$ 1,282,457,925	65,275	9.50%
2011	19,752	\$ 1,347,955,488	68,244	9.30%
2012	19,936	\$ 1,423,031,680	71,380	9.50%
2013	20,288	\$ 1,430,263,424	70,498	6.60%
2014	20,579	\$ 1,513,297,344	73,536	3.30%
2015	20,743	\$ 1,573,335,807	75,849	3.10%
2016	20,753	\$ 1,601,861,811	77,187	2.90%
2017	20,988	Not Available	Not Available	2.60%
2018	Not Available	Not Available	Not Available	Not Available

Source:

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

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

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

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

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

Employer	2018			2009		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
	-		0.00%	-		0.00%

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

Source: Borough of Palisades Park

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

<u>Function/Program</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	133	132	132	130	132	133	136	137	138	136
Special education	24	24	24	24	27	40	48	49	49	65
Other special education					10	10	10	10	10	11
Vocational										
Other instruction	4	4	4	4	4	4	4	4	4	2
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	5
Student/Instr Related Services: Speech										
Student/Instr Related Services: Extraord										
Student/Instr Related Services: Guidance	4	4	4	3	3	4	3	4	4	5
Student/Instr Related Services: CST	8	8	8	6	6	9	10	10	10	12
Student/Instr Related Services: Curriculum	1	1	1	1	1	1	1	1	1	1
Student/Instr Related Services: Media	2	2	2	1	1	2	2	1	1	6
General administrative services	8	8	8	8	8	1	3	3	3	3
School administrative services	2	2	2	2	2	13	6	6	6	5
Business administrative services	9	9	9	9	9	3	2	2	2	2
Plant operations and maintenance	18	18	18	18	20	20	21	23	23	31
Lunchroom/Playground Aides					3	7	3	3	6	6
Pupil transportation										
Special Schools										
Food Service										
Child Care										
Total	217	216	216	210	230	251	253	257	261	291

Source: District Personnel Records

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

Palisades Park Board of Education
Operating Statistics
Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
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%	
2018	1,696	30,356,569	17,899	8.27%	214			1,717	1,626	2.30%	94.69%	

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Buildings</u>										
<u>Elementary</u>										
Lindbergh School	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584
Square Feet	621	621	621	621	621	621	621	621	621	621
Capacity: FES (students)	523	669	669	669	669	669	669	738	808	808
Enrollment										
<u>High School</u>										
Palisades Park High School	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626
Square Feet	493	493	493	493	493	493	493	493	493	493
Capacity: FES (students)	639	556	556	556	556	556	556	560	659	681
Enrollment										
<u>Early Childhood Center</u>										
Charles Smith Early Childhood Center	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600
Square Feet	360	360	360	360	360	360	360	360	360	360
Capacity: FES (students)	259	274	274	274	274	274	274	337	202	216
Enrollment										
<u>Other</u>										
Administration Building	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Square Feet										

Number of Schools at June 30, 2018
 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)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Palisades Park High School	N/A	15,167	18,284	59,036	40,010	58,046	53,700	48,165	16,803	25,560	26,376
Lindbergh School	N/A	24,127	17,870	44,724	36,183	19,901	51,932	26,544	11,202	17,040	17,584
Early Childhood Center	N/A	599	12,787	12,423	18,590	9,004	33,819	2,920	3,111	4,733	4,884
Grand Total		39,893	48,941	116,183	94,783	86,951	139,451	77,629	31,116	47,333	48,844

**Palisades Park Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2018
Unaudited**

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Fund			
	Property - Building, Contents & Valuable Papers	500,000,000/occurrence	
	Extra Expense	50,000,000	
	Newly Acquired Property	25,000,000	
	Builders Risk (New Construction)	25,000,000	
	Property in Transit	25,000,000	
	Unnamed Locations	25,000,000	
	Demolition	25,000,000	
	Earthquake	25,000,000/occurrence	
	Flood		
	Excluding Zones A&V	10,000,000/occurrence	
		50,000,000 annual aggregate	
	In Flood Zone A&V	25,000,000/occurrence	
		50,000,000 annual aggregate	
	Accounts Receivable	2,500,000	
	Fine Arts	2,500,000	
	Loss of Rents	500,000	
		2,500,000 aggregate	
	Terrorism	100,000,000/occurrence	
		200,000,000 annual aggregate	
	Boiler & Machinery		
	Property Damage	100,000,000/occurrence	2,500
	Cyber Liability		
	Liability Limit	2,000,000	10,000
	Crime and Fidelity		
	Employee Dishonesty w/faithful performance		
	Each Loss	500,000	1,000
	Money & Securities (Inside and Out)	100,000	1,000
	Comprehensive General Liability	5,000,000/occurrence	
		30,000,000 fund aggregate	
		100,000/occurrence	
	Automobile Liability	5,000,000/occurrence	
		30,000,000 fund aggregate	
		100,000/occurrence	
	Employee Benefits	5,000,000/occurrence	1,000
		30,000,000 fund aggregate	
		100,000/occurrence	10,000
	Abuse or Molestation	100,000/occurrence	
	Real Property	100,000/occurrence	
	Liability and Fire	100,000/occurrence	
	Workers Compensation	5,000,000	
	Foreign Travel Liability	1,000,000	

**Palisades Park Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2018
Unaudited**

Company	Type of Coverage	Coverage	Deductible
	Environmental Impairment Liability	1,000,000/occurrence 25,000,000 annual aggregate	10,000
	Student Accident Insurance	1,000,000	
	School Leaders		
	Liability & Employment Practices Liability	5,000,000/claim 10,000,000 aggregate/occurrence	5,000
	IEP Hearing Limit of Liability	100,000/claim limit of liability	5,000
	Crisis Fund	25,000/member sublimit of liability	
	Excess Liability	32,050,000	
	Accidental Death, Dismemberment & Paralysis	100,000	

Source: District Records

SINGLE AUDIT SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Palisades Park School District, in the County of Bergen, New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 11, 2019.

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 February 11, 2019.

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. 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

February 11, 2019

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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, 2018. 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, 2018.

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 or significant deficiencies.

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.

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

February 11, 2019

BOROUGH OF PALISADES PARK SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2018

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, 2017	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Refunded to Grantor	Balance at June 30, 2018		MEMO Cumulative Total Expenditures
					From	To						(Accounts Receivable)	Deferred Revenue/ Interfund Payable	
US Department of Education														
General Fund														
Medical Assistance Program (SEMI)	93.778	1705NJ5M/AP	N/A	43,602	7/1/2017	6/30/2018			43,602	43,602				43,602
Total General Fund														
US Department of Education														
Passed Through State Dept of Education:														
Special Revenue Fund														
Title I, Part A - Improving Basic Programs	84.010A	S010A170030	ESEA391018	487,566	7/1/17	6/30/18	\$	(276,269)	484,742	495,314		(286,841)		495,314
Title I, Part A - Improving Basic Programs	84.010A	S010A160030	NCLB391017	442,819	7/1/16	6/30/17		276,269						365,319
Title I, Part A - Improving Basic Programs	84.010A	S010A150030	NCLB391016	458,819	7/1/15	6/30/16	6,349			6,349				469,228
Title I, Part A - Improving Basic Programs	84.010A	S010A170030	NCLB391018	63,284	7/1/17	6/30/18								
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	S367A170029	ESEA391018	31,752	7/1/17	6/30/18		(27,074)	40,891	36,497		(22,680)		36,497
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	S367A160029	NCLB391017	60,389	7/1/16	6/30/17	(26,302)	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	661			661				65,922
Title III, English Language Acquisition and Language Enhancement	84.365A	S365A170030	ESEA391018	66,493	7/1/17	6/30/18		(53,504)	85,593	70,927		(38,838)		70,927
Title III, English Language Acquisition and Language Enhancement	84.365A	S365A160030	NCLB391017	67,954	7/1/16	6/30/17	(52,654)	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	2,347			2,347				56,721
Title III, Immigrant Language Enhancement	84.365	S365A170030	ESEA391018	14,610	7/1/17	6/30/18		(15,112)	15,847	14,873		(14,138)		14,873
Title III, Immigrant Language Enhancement	84.365	S365A160030	NCLB391017	15,379	7/1/16	6/30/17	(15,112)	15,112						15,112
Title IV, Student Support/Academic Enrichment IDEA, Part B-Basic	84.424	S424A170031	ESEA391018	10,000	7/1/17	6/30/18				10,000		(10,000)		10,000
IDEA, Part B-Basic	84.027	H027A170100	IDEA391018	391,749	7/1/17	6/30/18		(104,979)	395,936	405,997		(115,040)		405,997
IDEA, Part B-Basic	84.027	H027A160100	IDEA391017	386,301	7/1/16	6/30/17	(104,979)	104,979						367,800
IDEA, Part B-Preschool	84.173	H173A170114	IDEA391018	9,442	7/1/17	6/30/18		(1,500)	10,922	17,342		(7,920)		17,342
IDEA, Part B-Preschool	84.173	H173A160114	IDEA391017	9,442	7/1/16	6/30/17	(1,500)	1,500						1,500
21st Century Community Learning Centers	84.287C	S287C170030	S287C150030	250,000	7/1/17	6/30/18		(9,875)	259,044	274,450		(25,281)		274,450
21st Century Community Learning Centers	84.287C	S287C160030	S287C150030	250,000	7/1/16	6/30/17	(6,075)	9,875					3,800	174,858
21st Century Community Learning Centers - IDEA Supplemental Special Education Emergency Impact Aid	84.287C 84.938C	S287C170030 S938C18005	S287C150030	35,000 20,500	7/1/17 7/1/17	6/30/18 6/30/18		4,208	4,208	13,307 20,500		(9,099) (20,500)		13,307 20,500
Total Special Revenue Fund														
							(473,534)	1,297,183	1,359,207	9,357	9,357	(550,337)	5,422	2,989,949
US Department of Agriculture														
Passed Through State Dept of Education:														
Enterprise Fund														
Food Distribution Program (formally USDA Commodities Program)	10.550	171NJ309N1096	N/A	62,447	7/1/17	6/30/18			62,447	62,447				62,447
National School Breakfast Program	10.553	171NJ304N1099	N/A	46,414	7/1/16	6/30/17	(3,631)	3,631						46,414
National School Breakfast Program	10.553	16161NJ304N1099	N/A	46,131	7/1/17	6/30/18		43,245	46,131			(2,886)		46,131
National School Lunch Program	10.555	171NJ304N1099	N/A	385,733	7/1/16	6/30/17	(23,995)	23,995						385,733
National School Lunch Program	10.555	16161NJ304N1099	N/A	404,211	7/1/17	6/30/18		378,581	404,211			(25,630)		404,211
Total Enterprise Fund														
							(27,626)	511,899	512,789	9,357	9,357	(28,516)		944,936
Total Federal Financial Assistance														
							\$ (501,160)	1,852,684	1,915,598	9,357	9,357	(578,853)	5,422	3,978,487

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, 2018

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2017			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Adjustments	Repayment Prior Yrs Balances	Balance at June 30, 2018		Memo		
			From	To	Deferred Revenue (Assets Receivable)	Due to Grantor	(Accounts Receivable)						Deferred Revenue/ Interfund Payable	Due to Grantor at	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:																	
General Fund																	
Equalization Aid	18-495-034-5120-078	\$ 711,969	7/1/2017	6/30/2018	\$			649,171	711,969						*	62,798	711,969
Special Education Categorical Aid	18-495-034-5120-089	959,468	7/1/2017	6/30/2018				874,839	959,468						*	84,629	959,468
Transportation Aid	18-495-034-5120-014	15,944	7/1/2017	6/30/2018				14,538	15,944						*	1,406	15,944
Security Aid	18-495-034-5120-084	75,469	7/1/2017	6/30/2018				68,812	75,469						*	6,657	75,469
Adjustment Aid	18-495-034-5120-085	103,133	7/1/2017	6/30/2018				92,239	103,133						*	894	103,133
Under Adequacy Aid	18-495-034-5120-096	103,841	7/1/2017	6/30/2018				94,682	103,841						*	9,159	103,841
Additional Adjustment Aid	18-495-034-5120-085	9,220	7/1/2017	6/30/2018				8,407	9,220						*	813	9,220
PARCC Readiness Aid	18-495-034-5120-098	16,770	7/1/2017	6/30/2018				15,291	16,770						*	1,479	16,770
Per Pupil Growth Aid	18-495-034-5120-097	16,770	7/1/2017	6/30/2018				15,291	16,770						*	1,479	16,770
Professional Learning Community Aid	18-495-034-5120-101	16,890	7/1/2017	6/30/2018				15,400	16,890						*	1,490	16,890
Lead Testing for Schools	18-495-034-5120-104	1,849	7/1/2017	6/30/2018				1,849	1,849						*		1,849
Extraordinary Aid	18-495-034-5120-044	156,778	7/1/2017	6/30/2018				141,093	156,778						*		156,778
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	18-495-034-5094-001	1,052,650	7/1/2017	6/30/2018				1,052,650	1,052,650						*		1,052,650
On Behalf TPAF NCGI Premium	18-495-034-5095-004	38,614	7/1/2017	6/30/2018				38,614	38,614						*		38,614
On Behalf TPAF LTDI	18-495-034-5095-002	2,750	7/1/2017	6/30/2018				2,750	2,750						*		2,750
On Behalf TPAF Pension - Contribution	18-495-034-5095-002	1,591,182	7/1/2017	6/30/2018				1,591,182	1,591,182						*		1,591,182
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	878,285	7/1/2017	6/30/2018				835,698	878,285		498				*		878,285
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	858,910	7/1/2016	6/30/2017			(42,576)	42,576							*		858,910
Total General Fund							(183,669)	5,472,082	5,658,582		498		(198,867)		*	170,804	6,658,585
Special Revenue Fund																	
NJ NonPublic Aid:																	
Textbook Aid	18-100-034-5120-064	17,913	7/1/2017	6/30/2018				17,913	17,913						*		17,913
Textbook Aid	17-100-034-5120-064	17,292	7/1/2016	6/30/2017							68				*		17,224
Nursing Services	18-100-034-5120-070	31,719	7/1/2017	6/30/2018		68		31,719	30,723					996	*		30,723
Nursing Services	17-100-034-5120-070	27,000	7/1/2016	6/30/2017			2,869				2,869				*		24,131
Security Aid	18-100-034-5120-509	24,525	7/1/2017	6/30/2018				24,525	24,495					30	*		24,495
Technology Aid	18-100-034-5120-373	12,099	7/1/2017	6/30/2018				12,099	12,018					81	*		12,018
Technology Aid	17-100-034-5120-373	7,800	7/1/2016	6/30/2017			18				18				*		7,782
Auxiliary Services (Chapter 192):																	
Compensatory Education	18-100-034-5120-067	88,584	7/1/2017	6/30/2018				88,584	70,867						*		70,867
Compensatory Education	17-100-034-5120-067	85,101	7/1/2016	6/30/2017				31,436			3,214			17,717	*		81,887
English as a Second Language	18-100-034-5120-067	32,704	7/1/2017	6/30/2018				31,436	25,565					5,871	*		25,565
English as a Second Language	17-100-034-5120-067	32,704	7/1/2016	6/30/2017							3,929				*		28,775
Handicapped Services (Chapter 193):																	
Examination & Classification	18-100-034-5120-068	26,935	7/1/2017	6/30/2018				26,935	21,658						*		21,658
Examination & Classification	17-100-034-5120-068	18,014	7/1/2016	6/30/2017							1,981			5,277	*		16,033
Corrective Speech	18-100-034-5120-066	29,731	7/1/2017	6/30/2018				29,731	24,998					4,733	*		24,998
Corrective Speech	17-100-034-5120-066	26,682	7/1/2016	6/30/2017							1,856				*		24,826
Supplementary Inst.	18-100-034-5120-066	20,934	7/1/2017	6/30/2018				20,934	17,445					3,489	*		17,445
Supplementary Inst.	17-100-034-5120-068	21,971	7/1/2016	6/30/2017							2,589				*		19,382
Discretionary Grants:																	
NJ Achievement Coaches Competitive Grant	15-100-034-5068-049	35,000	11/1/2014	6/30/2015										2,739	*		32,240
														40,933	*		497,962
Total Special Revenue Fund							19,263	283,876	245,682		16,524		(198,867)		*	170,804	6,658,585

BOROUGH OF PALISADES PARK SCHOOL DISTRICT

Schedule of Expenditures of State Financial Awards

Year ended June 30, 2018

State Grantor/Program Titles	Grant or State Project Number	Grant Period		Award Amount	From	To	Balance at June 30, 2017		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Adjustments	Repayment Prior Yrs. Balances	Balance at June 30, 2018		Memo
		Deferred Revenue (Assets Receivable)	Due to Grantor				(Accounts Receivable)	Deferred Revenue/ Interfund Payable						Due to Grantor at		
Enterprise Fund																
State Department of Agriculture																
National School Lunch Program (State Share)	17-100-010-3350-023		7/1/2016	9,541	7/1/2016	6/30/2017	(585)			585	10,437					9,541
National School Lunch Program (State Share)	18-100-010-3350-023		7/1/2017	10,437	7/1/2017	6/30/2018			9,794					(643)		10,437
Total Enterprise Fund							(585)		10,379		10,437			(643)		19,978
Total State Financial Assistance							\$ (184,254)	19,263		5,766,337	5,914,701	498	16,524	(199,510)	40,933	7,176,525
Less: On-Behalf TPAF Pension System Contributions																
On Behalf TPAF Pension - Post Retirement	18-495-034-5095-001		7/1/2017	1,052,650	7/1/2017	6/30/2018					1,052,650					
On Behalf TPAF NCGI Premium	18-495-034-5095-004		7/1/2017	38,614	7/1/2017	6/30/2018					38,614					
On Behalf TPAF LTDI	18-495-034-5095-002		7/1/2017	2,750	7/1/2017	6/30/2018					2,750					
On Behalf TPAF Pension - Contribution	18-495-034-5095-002		7/1/2017	1,591,182	7/1/2017	6/30/2018					1,591,182					
Total for State Financial Assistance - Major Program Determination											2,685,196					
											3,229,505					

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 1(D) and 1(E) 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 \$(1,945) for the general fund and \$(119,735) 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	\$43,602	\$5,656,637	\$5,700,239
Special Revenue Fund	1,239,747	245,682	1,485,429
Food Service Fund	<u>512,789</u>	<u>10,437</u>	<u>523,226</u>
Total Awards and Financial	<u>\$1,796,138</u>	<u>\$5,912,756</u>	<u>\$7,708,894</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, 2018. 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, 2018.

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 \$2,685,196 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.

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance); amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the school district:

<u>Program</u>	<u>Total</u>
Title I, Part A: <i>Grants to Local Educational Agencies</i>	\$495,314
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	36,497
Title III: <i>English Language Acquisition State Grants</i>	70,927
Title III: <i>Immigrant Grants</i>	14,873
Title IV: <i>Student Support and Academic Enrichment Grants</i>	<u>10,000</u>
 Total	 <u>\$627,611</u>

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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? _____ yes X 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? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.287</u>	(B) <u>S287C150030</u>	<u>Twenty-First Century Community Learning Centers</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? _____ X yes _____ no

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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>18-495-034-5120-078/089/084/085/096/098/097/101</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, Professional Learning Community Aid
<u>18-495-034-5094-003</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, 2018**

Section II – Financial Statement Findings

NONE

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

NONE

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

STATUS OF PRIOR YEAR FINDINGS:

Finding #2017:01:

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.

Current Status:

Corrective action was taken.