

**SCHOOL DISTRICT OF THE
BOROUGH OF PALISADES PARK
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

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, 2019

Comprehensive Annual Financial Report

of the

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

Year Ended June 30, 2019

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: 973-388-2975*

November 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, 2019, 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 1,817 students, which is an 7.01% increase from the previous year's enrollment. The following chart details the changes in student enrollment over the last five (5) years:

AVERAGE DAILY ENROLLMENT

<u>FISCAL YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>PERCENTAGE CHANGE</u>
2014-2015	1,609	- 0.9%
2015-2016	1,674	+1.14%
2016-2017	1,650	-1.45%
2017-2018	1,698	+2.91%
2018-2019	1,817	+7.01%

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 36.82% Asian, 47.50% Hispanic, 13.65% White, 1.54% Black, 0.49% 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 reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial 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, 2019.

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 an 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 2019 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.

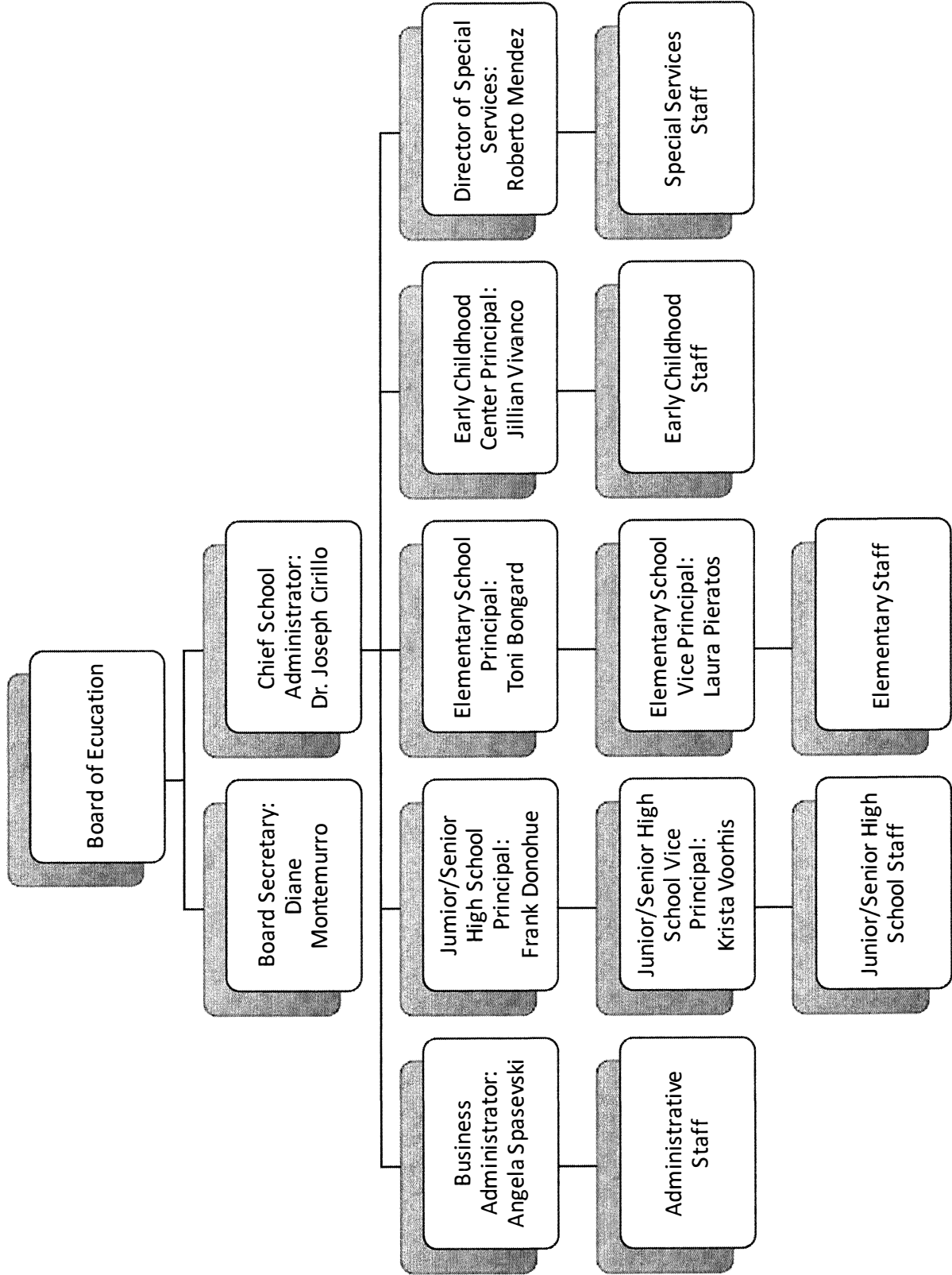
Respectfully Submitted,



Dr. Joseph Cirillo
Superintendent of Schools



Mrs. Angela Spasevski
Business Administrator



**PALISADES PARK BOARD OF
EDUCATION ROSTER OF
OFFICIALS
JUNE 30, 2019**

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Thomas Matarazzo, President	2020
Stephanie Jang, Vice-President	2020
Jeffrey Woo	2020
Timothy Yang	2021
Rebekah (Hyun) Lee	2021
Jason Kim	2019
John Mattessich	2019
Barnabas Woo	2020
Eun Min	2021

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, Wielkocz, Cerullo & Cuva, P.A.
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442

Legal Counsel

King and Petracca, Esqs.
51 Gibraltar Drive
Morris Plains, New Jersey 07950

The Choi Law Group, LLC – from 7/31/2019
Benjamin Choi
Overpeck Corporate Centre
100 Challenger Road, Suite 302
Ridgefield Park, New Jersey 07660

Architects

Parette Somjen Architects, LLC
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Rockaway, New Jersey 07866

Bond Counsel

Rogut McCarthy PC
37 Alden Street
Cranford, New Jersey 07016

Official Depositories

PNC Bank
246 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

Certified Public Accountants
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Fax 973-835-6631

Newton Office
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Newton, NJ 07860
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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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, 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 November 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

November 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, 2019**

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, 2019. The intent of this discussion and analysis is to look at the District’s financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District’s revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net position increased by \$403,190. Net position of governmental activities increased by \$345,559 and net position of business-type activity increased by \$57,631.
- General revenues accounted for \$33,135,915 in revenue or 93 percent of all governmental and business-type activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,433,037 or 7 percent of total revenues of \$35,568,952.
- The School District had \$34,275,170 in expenses related to governmental activities; only \$1,485,718 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$33,135,011 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, 2019
(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, 2019
(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, 2019
(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, 2019
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

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

DISTRICT-WIDE FINANCIAL ANALYSIS

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

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

The School District's net positions were \$10,201,146 at June 30, 2019 and \$9,797,956 at June 30, 2018. 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 2019 compared to 2018 (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, 2019
(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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets						
Current and Other Assets	3,138,148	3,007,753	304,914	347,005	3,443,062	3,354,758
Capital Assets	<u>16,289,159</u>	<u>16,406,094</u>	<u>42,980</u>	<u>38,378</u>	<u>16,332,139</u>	<u>16,444,472</u>
Total Assets	<u>19,427,307</u>	<u>19,413,847</u>	<u>347,894</u>	<u>385,383</u>	<u>19,775,201</u>	<u>19,799,230</u>
Deferred Outflows of Resources						
Deferred Outflows of Resources Related to PERS	<u>1,173,994</u>	<u>1,683,019</u>	_____	_____	<u>1,173,994</u>	<u>1,683,019</u>
Liabilities						
Other Liabilities	615,607	554,220	6,637	101,757	622,244	655,977
Noncurrent Liabilities	<u>8,338,666</u>	<u>9,506,600</u>	_____	_____	<u>8,338,666</u>	<u>9,506,600</u>
Total Liabilities	<u>8,954,273</u>	<u>10,060,820</u>	<u>6,637</u>	<u>101,757</u>	<u>8,960,910</u>	<u>10,162,577</u>
Deferred Inflows of Resources						
Deferred Inflows of Resources Related to PERS	<u>1,787,139</u>	<u>1,521,716</u>	_____	_____	<u>1,787,139</u>	<u>1,521,716</u>
Net Investment in Capital						
Assets	16,289,159	16,406,094	42,980	38,378	16,332,139	16,444,472
Restricted	2,215,933	2,263,139			2,215,933	2,263,139
Unrestricted	<u>(8,645,203)</u>	<u>(9,154,903)</u>	<u>298,277</u>	<u>245,248</u>	<u>(8,346,926)</u>	<u>(8,909,655)</u>
Total Net Position	<u>9,859,889</u>	<u>9,514,330</u>	<u>341,257</u>	<u>283,626</u>	<u>10,201,146</u>	<u>9,797,956</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2019 compared to 2018.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues:						
Charges for Services and Sales			419,387	471,480	419,387	471,480
Operating Grants and Contributions	1,485,718	1,485,154	527,932	531,987	2,013,650	2,017,141
General Revenues:						
Taxes:						
Property taxes, levied for general purposes	23,253,255	22,690,643			23,253,255	22,690,643
Property taxes levied for debt service	113,718	112,506			113,718	112,506
Federal and State Aid not Restricted	9,495,682	8,237,269			9,495,682	8,237,269
Federal and State Aid Restricted	9,000				9,000	0
Tuition	131,060	165,166			131,060	165,166
Miscellaneous Income	129,531	35,380			129,531	35,380
Investment Earnings	2,765	638	904	195	3,669	833
Other Financing Sources (Uses):						0
Loss on Disposal of Fixed Assets		(3,431)			0	(3,431)
Transfer from After School Child Care		129,526			0	129,526
Transfer to General Fund				(129,526)	0	(129,526)
Refund of Disallowed Costs		(129,526)			0	(129,526)
Total Revenues and Transfers	<u>34,620,729</u>	<u>32,723,325</u>	<u>948,223</u>	<u>874,136</u>	<u>35,568,952</u>	<u>33,597,461</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Functions/Program Expenses						
Instruction:						
Regular	12,955,509	12,237,293			12,955,509	12,237,293
Special Instruction	3,355,386	2,819,475			3,355,386	2,819,475
Other Special Instruction	1,171,257	1,082,831			1,171,257	1,082,831
Other Instruction	592,432	562,925			592,432	562,925
Support Services:						
Tuition	1,461,072	1,462,839			1,461,072	1,462,839
Attendance & Social Work	4,379	2,453			4,379	2,453
Health Services	323,339	289,594			323,339	289,594
Student & Instruction						
Related Services	2,867,883	2,707,516			2,867,883	2,707,516
School Administrative						
Services	1,661,232	1,521,676			1,661,232	1,521,676
General Administrative						
Services	1,035,893	885,459			1,035,893	885,459
Central Services	327,560	259,505			327,560	259,505
Plant Operations and						
Maintenance	1,936,785	234,217			1,936,785	234,217
Pupil Transportation	523,293	1,986,627			523,293	1,986,627
Administration of Infor-						
mation Technology	182,646	397,734			182,646	397,734
Unallocated Benefits	5,514,211	6,215,623			5,514,211	6,215,623
Transfer of Funds to Charter						
Schools	45,642	34,363			45,642	34,363
Capital Outlay - Non-						
Depreciable	12,601	47,399			12,601	47,399
Debt Service:						
Interest and Other Charges	7,996	9,879			7,996	9,879
Unallocated Depreciation	296,054	280,202			296,054	280,202
Food Service			791,427	806,638	791,427	806,638
After School Child Care			<u>99,165</u>	<u>124,905</u>	<u>99,165</u>	<u>124,905</u>
Total Expenses and Transfers	<u>34,275,170</u>	<u>33,037,610</u>	<u>890,592</u>	<u>931,543</u>	<u>35,165,762</u>	<u>33,969,153</u>
Increase or (Decrease) in						
Net Position	<u>345,559</u>	<u>(314,285)</u>	<u>57,631</u>	<u>(57,407)</u>	<u>403,190</u>	<u>(371,692)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 \$35,165,762. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$23,366,973 because some of the cost was paid by those who benefitted from the programs \$419,387 by other governments and organizations who subsidized certain programs with grants and contributions \$11,649,392, and by miscellaneous sources \$133,200.

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 \$82,282.
- ✓ After school child care expenses exceeded revenues by \$25,555.
- ✓ Charges for services provided totaled \$419,387. 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 \$527,932.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019, 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 \$30,102,877. That amount is \$4,618,606 above the final amended budget of \$25,484,271. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$4,214,900 for TPAF social security reimbursements and on-behalf pension payments, \$208,385 of excess extraordinary aid and \$195,321 of excess in miscellaneous revenues.

The actual expenditures of the general fund were \$30,024,727, including transfers which is \$3,856,629 above the final amended budget of \$26,168,098. The variance between the actual expenditures and final budget was due to non-budgeted on-behalf TPAF social security and pension payments of \$4,214,900 and \$358,271 of unexpended budgeted funds.

The General fund had total revenues of \$30,102,877 and total expenditures including transfers of \$30,024,727 with an ending fund balance of \$2,899,720 on the budgetary basis.

Special Revenue Fund

The special revenue fund actual revenue was \$1,605,985. That amount is above the original budget estimate of \$1,278,289 and below the final amended budget of \$2,043,189. The \$764,900 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 \$437,204 variance between the final amended budget and the June 30, 2019 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, 2019
(CONTINUED)**

Special Revenue Fund, (continued)

The actual expenditures of the special revenue fund were \$1,605,985, which is above the original budget of \$1,278,289 and below the final amended budget of \$2,043,189. The \$764,900 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 \$437,204 variance between the final amended budget and the June 30, 2019 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 2019 the School District had \$24,930,476 invested in land, buildings and building improvements, machinery and equipment. Of this amount, \$8,598,337 in depreciation has been taken over the years. We currently have a net book value of \$16,332,139. Total depreciable additions for the year were \$222,405 which consisted mainly of land improvements, building and building improvements, and machinery and equipment purchases. Table 3 shows fiscal year 2019 balances compared to 2018.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	9,613,650	9,613,650			9,613,650	9,613,650
Land Improvements	107,858	110,619			107,858	110,619
Buildings and Improvements	6,436,040	6,575,356	29,530	32,482	6,465,570	6,607,838
Furniture, Equipment and Vehicles	<u>131,611</u>	<u>106,469</u>	<u>13,450</u>	<u>5,896</u>	<u>145,061</u>	<u>112,365</u>
	<u>16,289,159</u>	<u>16,406,094</u>	<u>42,980</u>	<u>38,378</u>	<u>16,332,139</u>	<u>16,444,472</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION, (continued)

Debt Administration

At June 30, 2019, the District had \$8,338,666 in long term debt. Of this amount, \$3,455,271 is for compensated absences, \$222,000 is for refunding serial bonds to fund the District's unfunded pension liability with the State of New Jersey, and \$4,661,395 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 2019-2020 school year that is slightly higher than the level of the 2018-2019 school year.

The following factors were considered in preparing the 2019-2020 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, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	530,367	269,404	799,771
Receivables, net	1,014,727	25,555	1,040,282
Internal balances	(3,702)	3,702	-
Inventory		6,253	6,253
Restricted assets:			
Capital reserve account - cash	1,346,756		1,346,756
Maintenance reserve account - cash	250,000		
Capital assets:			
Land and construction in progress	9,613,650		9,613,650
Other Capital assets, net	6,675,509	42,980	6,718,489
Total Assets	<u>19,427,307</u>	<u>347,894</u>	<u>19,525,201</u>
Deferred Outflow of Resources:			
Deferred outflows of resources related to PERS	<u>1,173,994</u>	<u>-</u>	<u>1,173,994</u>
Total Deferred Outflows	<u>1,173,994</u>	<u>-</u>	<u>1,173,994</u>
LIABILITIES			
Accounts payable and accrued liabilities	566,911	6,637	573,548
Payable to federal government	5,422		5,422
Payable to state government	39,782		39,782
Unearned Revenue	3,492		3,492
Interfund Payable			-
Noncurrent liabilities:			
Due within one year	109,000		109,000
Due beyond one year	8,229,666		8,229,666
Total liabilities	<u>8,954,273</u>	<u>6,637</u>	<u>8,960,910</u>
Deferred Inflow of Resources:			
Deferred inflows of resources related to PERS	<u>1,787,139</u>		<u>1,787,139</u>
Total Deferred Inflows	<u>1,787,139</u>	<u>-</u>	<u>1,787,139</u>
NET POSITION			
Net Investment in Capital Assets	16,289,159	42,980	16,332,139
Restricted for:			
Capital projects	1,387,551		1,387,551
Other purposes	828,382		828,382
Unrestricted (Deficit)	<u>(8,645,203)</u>	<u>298,277</u>	<u>(8,346,926)</u>
Total net position	<u>9,859,889</u>	<u>341,257</u>	<u>10,201,146</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, 2019

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	9,809,109	3,146,400		1,275,613		(11,679,896)		(11,679,896)
Special education	2,420,721	934,665				(3,355,386)		(3,355,386)
Other special instruction	846,346	324,911				(1,171,257)		(1,171,257)
Other instruction	459,437	132,995				(592,432)		(592,432)
Support services:								
Tuition	1,461,072					(1,461,072)		(1,461,072)
Attendance & Social Work	3,150	1,229				(4,379)		(4,379)
Health Services	236,996	86,343				(323,339)		(323,339)
Student & instruction related services	2,390,127	477,756		210,105		(2,657,778)		(2,657,778)
School administrative services	1,214,961	446,271				(1,661,232)		(1,661,232)
General administrative services	896,003	139,890				(1,035,893)		(1,035,893)
Central Services	250,970	76,590				(327,560)		(327,560)
Information Technology	140,625	42,021				(182,646)		(182,646)
Plant operations and maintenance	1,614,596	322,189				(1,936,785)		(1,936,785)
Pupil transportation	486,213	37,080				(523,293)		(523,293)
Unallocated benefits	5,514,211					(5,514,211)		(5,514,211)
Transfer to Charter Schools	45,642					(45,642)		(45,642)
Capital outlay - non-depreciable	12,601					(12,601)		(12,601)
Interest on long term debt	7,996					(7,996)		(7,996)
Unallocated depreciation	296,054					(296,054)		(296,054)
Total governmental activities	28,106,830	6,168,340	-	1,485,718	-	(32,789,452)	-	(32,789,452)
Business-type activities:								
Food Service	791,427		345,777	527,932			82,282	82,282
After School Child Care	99,165		73,610				(25,555)	(25,555)
Total business-type activities	890,592		419,387	527,932			56,727	56,727
Total primary government	28,997,422		419,387	2,013,650		(32,789,452)	56,727	(32,732,725)
General revenues:								
Taxes:								
Property taxes, levied for general purposes						23,253,255		23,253,255
Taxes levied for debt service						113,718		113,718
Federal and State aid not restricted						9,495,682		9,495,682
Federal and State aid - restricted - capital outlay						9,000		9,000
Tuition						131,060	904	131,060
Investment Earnings						2,765		3,669
Miscellaneous Income						129,531		129,531
Total general revenues, special items, extraordinary items and transfers						33,135,011	904	33,135,915
Change in Net Position						345,559	57,631	403,190
Net Position—beginning						9,514,330	283,626	9,797,956
Net Position—ending						9,859,889	341,257	10,201,146

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, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	488,995		41,372	530,367
Accounts Receivable -				
Intergovernmental - State	351,741			351,741
Intergovernmental - Federal		608,765		608,765
Intergovernmental - Other	54,221			54,221
Interfund receivables	481,597			481,597
Restricted cash and cash equivalents:				
Capital Reserve	1,346,756			1,346,756
Maintenance Reserve	250,000			250,000
Total assets	<u>2,973,310</u>	<u>608,765</u>	<u>41,372</u>	<u>3,623,447</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Unearned Revenue	2,500			2,500
Deferred Revenue		992		992
Accounts payable	249,889	81,549		331,438
Intergovernmental accounts payable:				
State		39,205	577	39,782
Federal		5,422		5,422
Interfund payables	3,702	481,597		485,299
Total liabilities	<u>256,091</u>	<u>608,765</u>	<u>577</u>	<u>865,433</u>
Fund Balances:				
Restricted for:				
Excess Surplus - current year	270,786			270,786
Excess Surplus - prior year - designated for subsequent year's expenditures	194,526			194,526
Maintenance reserve	250,000			250,000
Capital reserve	1,346,756			1,346,756
Assigned to:				
Year End Encumbrances	35,003			35,003
Designated by the Board of Education for Subsequent year's expenditures	78,067			78,067
Capital projects			40,795	40,795
Unassigned:				
General fund	542,081			542,081
Total Fund balances	<u>2,717,219</u>	<u>-</u>	<u>40,795</u>	<u>2,758,014</u>
Total liabilities and fund balances	<u>2,973,310</u>	<u>608,765</u>	<u>41,372</u>	<u>-</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$24,745,582 and the accumulated depreciation is \$8,456,423.	16,289,159
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	(1,821)
Accounts payable for subsequent Pension payment is not a payable in the funds	(233,652)
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	1,173,994
Deferred inflows of resources related to PERS Pension Liability	(1,787,139)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds	<u>(8,338,666)</u>
Net position of governmental activities	<u>9,859,889</u>

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

PALISADES PARK BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2019

	<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	23,253,255			113,718	23,366,973
Tuition	131,060				131,060
Interest Earned on Capital Reserve Funds	2,765				2,765
Miscellaneous	129,531				129,531
Total - Local Sources	<u>23,516,611</u>	-	-	<u>113,718</u>	<u>23,630,329</u>
Local sources		11,663			11,663
State sources	6,507,511	254,050			6,761,561
Federal sources	67,058	1,229,005			1,296,063
Total revenues	<u>30,091,180</u>	<u>1,494,718</u>	-	<u>113,718</u>	<u>31,699,616</u>
EXPENDITURES					
Current:					
Regular instruction	8,602,154	1,275,613			9,877,767
Special education instruction	2,420,721				2,420,721
Other special instruction	846,346				846,346
School sponsored/other instructional	459,437				459,437
Support services and undistributed costs:					
Tuition	1,461,072				1,461,072
Attendance & Social Work	3,150				3,150
Health services	236,996				236,996
Student & instruction related services	2,160,883	210,105			2,370,988
School administrative services	1,206,704				1,206,704
General administrative services	896,003				896,003
Central services	250,970				250,970
Information technology	140,625				140,625
Plant operations and maintenance	1,743,453				1,743,453
Pupil transportation	486,213				486,213
Unallocated benefits	4,836,857				4,836,857
On-behalf contributions	4,214,900				4,214,900
Debt Service:					
Principal				105,000	105,000
Interest and other charges				8,718	8,718
Transfer to Charter Schools	45,642				45,642
Capital outlay	12,601	9,000			21,601
Total expenditures	<u>30,024,727</u>	<u>1,494,718</u>	-	<u>113,718</u>	<u>31,633,163</u>
Excess (Deficiency) of revenues over expenditures	<u>66,453</u>	-	-	-	<u>66,453</u>
Net change in fund balances	66,453	-	-	-	66,453
Fund balance—July 1	<u>2,650,766</u>	-	40,795	-	<u>2,691,561</u>
Fund balance—June 30	<u>2,717,219</u>	-	<u>40,795</u>	-	<u>2,758,014</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, 2019

Total net change in fund balances - governmental funds (from B-2)	66,453
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	(339,340)
Loss on Disposal of Fixed Assets	
Depreciable Capital outlays	<u>222,405</u>
	(116,935)
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	105,000
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	2,543
Current year	(1,821)
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	73,144
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	235,485
Less: Pension Expense	<u>(18,310)</u>
Decrease in Pension Expense	217,175
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	1,707,321
Increase in On-behalf TPAF Pension Expense	<u>(1,707,321)</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	1,213,792
Increase in On-behalf State Aid TPAF Post Employment Medical Expense	<u>(1,213,792)</u>
Change in net position of governmental activities	<u>345,559</u>

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

PALISADES PARK BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2019

	Food Service Program	After School Child Care	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	209,386	60,018	269,404
Accounts receivable:			
State	555		555
Federal	25,000		25,000
Interfund	3,702		3,702
Inventories	6,253		6,253
Total current assets	244,896	60,018	304,914
Noncurrent assets:			
Capital assets:			
Equipment	125,844		125,844
Site Improvements	59,050		59,050
Less accumulated depreciation:			
Equipment	(112,394)		(112,394)
Site Improvements	(29,520)		(29,520)
Total capital assets (net of accumulated depreciation)	42,980	-	42,980
Total assets	287,876	60,018	347,894
LIABILITIES			
Current liabilities:			
Accounts payable	6,637		6,637
Total current liabilities	6,637	-	6,637
NET POSITION			
Net Investment in Capital Assets	42,980	-	42,980
Unrestricted	238,259	60,018	298,277
Total net position	281,239	60,018	341,257

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, 2019

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	343,381		343,381
Daily sales - non-reimbursable programs	2,396		2,396
Tuition fees		73,610	73,610
Total operating revenues	<u>345,777</u>	<u>73,610</u>	<u>419,387</u>
Operating expenses:			
Cost of sales - reimbursable programs	320,966		320,966
Cost of sales - non-reimbursable programs	35,164		35,164
Salaries	250,356	96,807	347,163
Supplies and materials	32,359	2,358	34,717
Employee benefits	89,946		89,946
Cleaning repair & maintenance	11,237		11,237
Purchased services	34,600		34,600
Miscellaneous	10,858		10,858
Depreciation	5,941		5,941
Total Operating Expenses	<u>791,427</u>	<u>99,165</u>	<u>890,592</u>
Operating income (loss)	<u>(445,650)</u>	<u>(25,555)</u>	<u>(471,205)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	10,263		10,263
Federal sources:			
National school lunch program	411,153		411,153
National school breakfast program	35,738		35,738
Food distribution program	70,778		70,778
Interest and investment revenue	904		904
Total nonoperating revenues (expenses)	<u>528,836</u>	<u>-</u>	<u>528,836</u>
Income (loss) before contributions & transfers	<u>83,186</u>	<u>(25,555)</u>	<u>57,631</u>
Transfers in (out)			-
Change in net position	<u>83,186</u>	<u>(25,555)</u>	<u>57,631</u>
Total net position—beginning	<u>198,053</u>	<u>85,573</u>	<u>283,626</u>
Total net position—ending	<u>281,239</u>	<u>60,018</u>	<u>341,257</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, 2019

	Food Service Program	After School Child Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	345,777	73,610	419,387
Payments to employees		(96,807)	(96,807)
Payments to Outside Food Service Management Company	(795,734)		(795,734)
Payments for repairs, maintenance	(12,764)		(12,764)
Payments for supplies	(742)	(2,358)	(3,100)
Payments for miscellaneous expenditures	(742)		(742)
Net cash provided by (used for) operating activities	<u>(464,205)</u>	<u>(25,555)</u>	<u>(489,760)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	12,649		12,649
Federal Sources	551,629		551,629
Net cash provided by (used for) non-capital financing activities	<u>564,278</u>	<u>-</u>	<u>564,278</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(10,543)		(10,543)
Net cash provided by (used for) capital and related financing activities	<u>(10,543)</u>	<u>-</u>	<u>(10,543)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	904		904
Net cash provided by (used for) investing activities	<u>904</u>	<u>-</u>	<u>904</u>
Net increase (decrease) in cash and cash equivalents	90,434	(25,555)	64,879
Balances—beginning of year	<u>118,952</u>	<u>85,573</u>	<u>204,525</u>
Balances—end of year	<u>209,386</u>	<u>60,018</u>	<u>269,404</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(445,650)	(25,555)	(471,205)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	5,941		5,941
Food Distribution Program	70,778		70,778
(Increase) decrease in inventories	(154)		(154)
(Increase) decrease in accounts payable	(95,120)		(95,120)
Total adjustments	<u>(18,555)</u>	<u>-</u>	<u>(18,555)</u>
Net cash provided by (used for) operating activities	<u>(464,205)</u>	<u>(25,555)</u>	<u>(489,760)</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, 2019

	Unemployment Compensation Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	47,933	184,678
Interfund Receivable - Payroll Agency	23,556	
Total assets	71,489	184,678
LIABILITIES		
Payable to student groups		151,476
Payroll deductions and withholdings		9,646
Accounts payable	9,386	
Interfund Payable - Unemployment Compensation Trust		23,556
Total liabilities	9,386	184,678
NET POSITION		
Held in trust for unemployment claims and other purposes	62,103	

PALISADES PARK BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2019

	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS	
Contributions:	
Employee Deductions	27,991
Total Contributions	<u>27,991</u>
Investment earnings:	
Interest	252
Net investment earnings	<u>252</u>
Total additions	<u>28,243</u>
DEDUCTIONS	
Unemployment claims	45,512
Total deductions	<u>45,512</u>
Change in net position	(17,269)
Net position—beginning of the year	<u>79,372</u>
Net position—end of the year	<u><u>62,103</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, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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.

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, 2019**

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, 2019**

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

J. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2019, 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, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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. New Accounting Standards:

During fiscal year 2019, the District adopted the following GASB Statements:

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.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 84, *Fiduciary Activities.* This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

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. .

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

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

X. New Accounting Standards: (continued)

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the end of a Construction. The objectives of this Statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 31, 2018.

GASB Statement No. 91, Conduit Debt Obligations. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020.

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, 2019, \$-0- of the District’s bank balance of \$3,312,108 was, exposed to custodial credit risk.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

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

Concentration of Credit Risk

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

NOTE 3. RECEIVABLES:

Receivables at June 30, 2019, 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	\$351,741	\$555	\$352,296
Federal Aid	608,765	25,000	633,765
Other Aid - Local Taxes	54,221		54,221
Interfund Receivables	<u>481,597</u>	<u>3,702</u>	
Gross Receivables	1,496,324	29,257	1,040,282
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u><u>\$1,496,324</u></u>	<u><u>\$29,257</u></u>	<u><u>\$1,040,282</u></u>

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 4. INTERFUND BALANCES AND ACTIVITY:

Balances due to/from other funds at June 30, 2019, consist of the following:

\$481,597	Due to the General Fund from the Special Revenue Fund for short term loans.
3,702	Due to the Proprietary Fund from the General Fund for Subsidy Reimbursements Revenue not transferred.
<u>23,556</u>	Due to the Unemployment Trust Fund from the Payroll Agency Fund for employee deductions not turned over.
<u>\$508,855</u>	

NOTE 5. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance <u>6/30/18</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/19</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	2,900		162,451
Buildings and Building Improvements	14,128,267	143,502		14,271,769
Machinery and Equipment	<u>621,709</u>	<u>65,426</u>		<u>687,135</u>
Totals at Historical Cost	<u>14,909,527</u>	<u>211,828</u>		<u>15,121,355</u>
Less Accumulated Depreciation:				
Land Improvements	(48,932)	(5,661)		(54,593)
Buildings and Building Improvements	(7,552,911)	(282,818)		(7,835,729)
Machinery and Equipment	<u>(515,240)</u>	<u>(48,746)</u>		<u>(563,986)</u>
Total Accumulated Depreciation	<u>(8,117,083)</u>	<u>(337,225)</u>		<u>(8,454,308)</u>
Total Capital Assets Being Depreciated, Net of accumulated depreciation	<u>6,792,444</u>	<u>(125,397)</u>		<u>6,667,047</u>
Governmental Activities Capital Assets, Net	<u>\$16,406,094</u>	<u>(\$125,397)</u>	<u>\$ _____</u>	<u>\$16,280,697</u>

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 5. CAPITAL ASSETS: (continued)

	<u>Balance 6/30/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/19</u>
Business-Type Activities				
Equipment	115,301	\$10,543	\$	125,844
Site Improvements	<u>59,050</u>	<u> </u>	<u> </u>	<u>59,050</u>
Totals at Historical Cost	<u>174,351</u>	<u>10,543</u>	<u> </u>	<u>184,894</u>
Less Accumulated Depreciation for:				
Equipment	(109,405)	(2,989)		(112,394)
Site Improvements	<u>(26,568)</u>	<u>(2,952)</u>	<u> </u>	<u>(29,520)</u>
Total Accumulated Depreciation	<u>(135,973)</u>	<u>(5,941)</u>	<u> </u>	<u>(141,914)</u>
Business-Type Activity Capital Assets, Net	<u>\$38,378</u>	<u>\$4,602</u>	<u>\$ </u>	<u>\$42,980</u>

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

Depreciation expense was charged to governmental functions as follows:

Instruction	\$6,505
Support Services:	
Student & instruction related services	19,139
School Administration	8,257
Plant Operations and Maintenance	7,270
Unallocated Depreciation	<u>301,995</u>
	<u>\$343,166</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	<u>\$327,000</u>	<u>\$ </u>	<u>\$105,000</u>	<u>\$222,000</u>	<u>\$109,000</u>	<u>\$113,000</u>
Total Bonds Payable	<u>327,000</u>	<u> </u>	<u>105,000</u>	<u>222,000</u>	<u>109,000</u>	<u>113,000</u>
Other Liabilities:						
Compensated Absences Payable	3,528,415	301,186	374,330	3,455,271		
Net Pension Liability PERS	<u>5,651,185</u>	<u> </u>	<u>989,790</u>	<u>4,661,395</u>		<u>4,661,395</u>
Total Other Liabilities	<u>9,179,600</u>	<u>301,186</u>	<u>1,364,120</u>	<u>8,116,666</u>		<u>4,661,395</u>
	<u>\$9,506,600</u>	<u>\$301,186</u>	<u>\$1,469,120</u>	<u>\$8,338,666</u>	<u>\$109,000</u>	<u>\$4,774,395</u>

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 6. LONG-TERM OBLIGATIONS: (continued)

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.

Outstanding bonds payable at June 30, 2019 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, 2019</u>
2012 School Refunding Bonds	05/17/2012	.43%-2.959%	03/15/2021	<u>\$222,000</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>
2020	\$109,000	\$6,242	\$115,242
2021	<u>113,000</u>	<u>3,344</u>	<u>116,344</u>
	<u>\$222,000</u>	<u>\$9,586</u>	<u>\$231,586</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2019 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 2022. Total operating lease payments made during the year ended June 30, 2019 were \$87,254. Future minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$87,253
2021	84,663
2022	81,759
2023	<u>4,489</u>
Total Minimum lease payments	<u>\$258,164</u>

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

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, 2019**

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 55 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, 2019**

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 55 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	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/19	\$235,485	\$2,342
6/30/18	224,896	583
6/30/17	217,018	78

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

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>
6/30/19	\$2,252,739	\$1,043,229	\$47,156	\$2,847
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

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 \$868,929 during the year ended June 30, 2019 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, 2019, the District had a liability of \$4,661,395 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the District's proportion was .02367452 percent, which was a decrease of .00060200 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$18,310. At June 30, 2019, 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, 2019**

NOTE 8. PENSION PLANS, (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$88,894	\$24,036
Changes of assumptions	768,121	1,490,466
Net difference between projected and actual earnings on pension plan investments		43,724
Changes in proportion and differences between District contributions and proportionate share of contributions	83,327	228,913
District contributions subsequent to the measurement date	<u>233,652</u>	<u> </u>
Total	<u>\$1,173,994</u>	<u>\$1,787,139</u>

The \$233,652 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, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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:	
2019	\$32,352
2020	(44,792)
2021	(321,198)
2022	(278,420)
2023	(89,154)

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 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 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, 2019**

NOTE 8. PENSION PLANS, (continued)

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
District's Proportion	.0236745200%	.0242765167%

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. 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, 2017 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, 2019**

NOTE 8. PENSION PLANS, (continued)

generational approach based on the Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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, 2019**

NOTE 8. PENSION PLANS, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 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, 2018, 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, 2018		
	1% Decrease	At Current Discount Rate	1% Increase
District's proportionate share of the pension liability	<u>4.66%</u> \$5,861,167	<u>5.66%</u> \$4,661,395	<u>6.66%</u> \$3,654,863

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, 2019**

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, 2019 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>68,738,526</u>
	<u>\$68,738,526</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018. 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, 2018, the proportion of the TPAF net pension liability associated with the District was .1080491144%.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue of \$4,007,216 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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary Increases:	
2011-2026	1.55%-4.55%
Thereafter	2.00%-5.45%
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, 2019**

NOTE 8. PENSION PLANS, (continued)

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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, 2019**

NOTE 8. PENSION PLANS, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.86% and 4.25% as of June 30, 2018 and 2017, 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 3.87% and 3.58% as of June 30, 2018 and 2017, 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 50% 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 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 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

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 9. POST-RETIREMENT BENEFITS, (continued)

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

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.

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, 2019 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>41,853,070</u>
	<u>\$41,853,070</u>

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 9. POST-RETIREMENT BENEFITS: (continued)

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2018 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, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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%	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2006 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-2006 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-2006 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, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 9. POST-RETIREMENT BENEFITS: (continued)

(a) Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven 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, 2018 was 3.87%. 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, 2019, the board of education/board of trustees recognized on-behalf OPEB expense of \$2,257,021 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, 2019**

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	Security Benefit
Aspire	

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>
2018-2019	\$252	\$27,991	\$45,512	\$62,103
2017-2018	72	27,206	33,109	79,372
2016-2017	23	35,280	34,675	85,203

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

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, 2019 is \$1,346,756.

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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$1,218,991
Increased by:	
Interest earnings	2,765
Transfer approved by Board Resolution, June 26, 2019	<u>125,000</u>
Ending balance, June 30, 2019	<u>\$1,346,756</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, 2019**

NOTE 13. MAINTENANCE RESERVE: (continued)

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$125,000
Increased by:	
Board Transfer, June 26, 2019	<u>125,000</u>
Ending balance, June 30, 2019	<u>\$250,000</u>

NOTE 14. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$2,717,219 General Fund balance at June 30, 2019, \$35,003 is reserved for encumbrances; \$465,312 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$194,526 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2020); \$1,346,756 has been reserved in the Capital Reserve Account; \$250,000 has been reserved in the maintenance reserve account; \$78,067 has been appropriated and included as anticipated revenue for the year ending June 30, 2020; and \$542,081 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, 2019 is \$465,312. Of this amount, \$270,786 is the result of the current year’s operations.

NOTE 16. INVENTORY:

Inventory in the Food Service Fund at June 30, 2019 consisted of the following:

Food	\$5,483
Supplies	<u>770</u>
	<u>\$6,253</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, 2019**

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 November 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, 2019

	<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	23,253,255		23,253,255	23,253,255	
Tuition	60,000		60,000	100,710	40,710
Tuition - Summer School				30,350	30,350
Interest Earned on Capital Reserve Funds	325		325	2,765	2,440
Unrestricted Miscellaneous Revenues	40,000		40,000	129,531	89,531
Total - Local Sources	<u>23,353,580</u>		<u>23,353,580</u>	<u>23,516,611</u>	<u>163,031</u>
Revenues from State Sources:					
Categorical Special Education Aid	959,468		959,468	959,468	
Equalization Aid	711,969		711,969	711,969	
Categorical Security Aid	212,501		212,501	212,501	
Categorical Transportation Aid	101,852		101,852	101,852	
Adjustment Aid	10,133		10,133	10,133	
Extraordinary Aid	100,000		100,000	308,385	208,385
TPAF Pension (On-Behalf - Non-Budgeted)				2,252,739	2,252,739
TPAF Post Retirement Benefits (On-Behalf - Non-Budgeted)				1,043,229	1,043,229
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				47,156	47,156
TPAF LTDI (On-Behalf - Non-Budgeted)				2,847	2,847
Reimbursed TPAF Social Security Contributions (non-budgeted)				868,929	868,929
Total - State Sources	<u>2,095,923</u>		<u>2,095,923</u>	<u>6,519,208</u>	<u>4,423,285</u>
Revenues from Federal Sources:					
Special Education Medicaid Initiative	34,768		34,768	67,058	32,290
Total - Federal Sources	<u>34,768</u>		<u>34,768</u>	<u>67,058</u>	<u>32,290</u>
TOTAL REVENUES	<u>25,484,271</u>		<u>25,484,271</u>	<u>30,102,877</u>	<u>4,618,606</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	493,223	38,989	532,212	532,212	
Grades 1-5 - Salaries of Teachers	3,165,901	(20,821)	3,145,080	3,145,080	
Grades 6-8 - Salaries of Teachers	878,107	(55,430)	822,677	822,677	
Grades 9-12 - Salaries of Teachers	3,238,000	141,193	3,379,193	3,379,193	
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000	3,886	13,886	13,886	
Purchased Professional-Educational Services	5,000	(2,281)	2,719	2,719	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	161,000	11,925	172,925	172,925	
Purchased Professional-Educational Services		2,636	2,636		2,636
Purchased Technical Services	138,997	21,135	160,132	160,132	
Other Purchased Services (400-500 series)	91,920	7,688	99,608	97,010	2,598
General Supplies	274,722	1,141	275,863	264,550	11,313
Textbooks	18,000	(7,000)	11,000	10,770	230
Other Objects	1,000		1,000	1,000	
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>8,475,870</u>	<u>143,061</u>	<u>8,618,931</u>	<u>8,602,154</u>	<u>16,777</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	166,148	50,596	216,744	216,744	
Other Salaries for Instruction	97,268	140,038	237,306	237,306	
General Supplies	17,300		17,300	15,798	1,502
Total Learning and/or Language Disabilities	<u>280,716</u>	<u>190,634</u>	<u>471,350</u>	<u>469,848</u>	<u>1,502</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,486,940		1,486,940	1,330,572	156,368
Other Salaries for Instruction	60,500	35,114	95,614	95,613	1
Total Resource Room/Resource Center	<u>1,547,440</u>	<u>35,114</u>	<u>1,582,554</u>	<u>1,426,185</u>	<u>156,369</u>

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019

	<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	227,085	89,966	317,051	317,051	
Other Salaries for Instruction	290,880	(94,979)	195,901	195,901	
Professional Svcs-Educational Services	11,000	(5,343)	5,657	5,657	
General Supplies	6,000	(2,800)	3,200	3,200	
Total Preschool Disabilities - Full-Time	<u>534,965</u>	<u>(13,156)</u>	<u>521,809</u>	<u>521,809</u>	
Home Instruction:					
Salaries of Teachers	16,000	(13,121)	2,879	2,879	
Total Home Instruction	<u>16,000</u>	<u>(13,121)</u>	<u>2,879</u>	<u>2,879</u>	
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>2,379,121</u>	<u>199,471</u>	<u>2,578,592</u>	<u>2,420,721</u>	<u>157,871</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	68,170	(5,907)	62,263	35,325	26,938
General Supplies	15,500	(3,238)	12,262	11,179	1,083
Total Basic Skills/Remedial - Instruction	<u>83,670</u>	<u>(9,145)</u>	<u>74,525</u>	<u>46,504</u>	<u>28,021</u>
Bilingual Education - Instruction					
Salaries of Teachers	783,830	13,774	797,604	797,604	
General Supplies	2,799		2,799	2,065	734
Textbooks	1,673		1,673	173	1,500
Total Bilingual Education - Instruction	<u>788,302</u>	<u>13,774</u>	<u>802,076</u>	<u>799,842</u>	<u>2,234</u>
School-Sponsored Cocurricular Activities - Instruction					
Salaries	95,000		95,000	68,965	26,035
Purchased Services (300-500 series)	4,957		4,957	2,869	2,088
Supplies and Materials	11,500	8,196	19,696	10,489	9,207
Total School-Sponsored Cocurricular Activities - Instruction	<u>111,457</u>	<u>8,196</u>	<u>119,653</u>	<u>82,323</u>	<u>37,330</u>
School-Sponsored Athletics - Instruction					
Salaries	205,000	(7,972)	197,028	197,028	
Purchased Services (300-500 series)	45,000	10,000	55,000	55,000	
Supplies and Materials	50,913	(290)	50,623	50,136	487
Total School-Sponsored Athletics - Instruction	<u>300,913</u>	<u>1,738</u>	<u>302,651</u>	<u>302,164</u>	<u>487</u>
Before/After School Programs - Instruction					
Salaries of Teachers	20,000	(13,875)	6,125	6,125	
Total Before/After School Programs - Instruction	<u>20,000</u>	<u>(13,875)</u>	<u>6,125</u>	<u>6,125</u>	
Summer School - Instruction					
Salaries of Teachers	50,000	19,000	69,000	68,825	175
Total Summer School - Instruction	<u>50,000</u>	<u>19,000</u>	<u>69,000</u>	<u>68,825</u>	<u>175</u>
TOTAL INSTRUCTION	<u>12,209,333</u>	<u>362,220</u>	<u>12,571,553</u>	<u>12,328,658</u>	<u>242,895</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	15,000	(15,000)			
Tuition to Other LEAs Within the State - Special	686,539	(259,720)	426,819	407,182	19,637
Tuition to County Voc. School Dist. - Regular	483,912	(25,666)	458,246	458,246	
Tuition to CSSD & Regional Day Schools	149,020	35,493	184,513	184,513	
Tuition to Private Schools for the Handicapped - Within State	320,329	97,000	417,329	411,131	6,198
Total Undistributed Expenditures - Instruction:	<u>1,654,800</u>	<u>(167,893)</u>	<u>1,486,907</u>	<u>1,461,072</u>	<u>25,835</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	3,500	(350)	3,150	3,150	
Total Undistributed Expend. - Attend. & Social Work	<u>3,500</u>	<u>(350)</u>	<u>3,150</u>	<u>3,150</u>	
Undist. Expend. - Health Services					
Salaries	232,135	(10,791)	221,344	221,344	
Purchased Prof. & Tech Svc.	17,080	(7,415)	9,665	9,663	2
Supplies and Materials	9,500	(2,855)	6,645	5,989	656
Total Undistributed Expenditures - Health Services	<u>258,715</u>	<u>(21,061)</u>	<u>237,654</u>	<u>236,996</u>	<u>658</u>
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	207,885	(124,469)	83,416	83,416	
Purchased Prof. Services-Educational Services	325,000	449,971	774,971	771,621	3,350
Total Undist. Expend. - Speech, OT, PT & Related Serv.	<u>532,885</u>	<u>325,502</u>	<u>858,387</u>	<u>855,037</u>	<u>3,350</u>
Other Support Services - Students - Extra Srvc					
Purchased Prof. Services-Educational Services	117,000	11,112	128,112	124,996	3,116
Total Other Support Services - Students - Extra Srvc.	<u>117,000</u>	<u>11,112</u>	<u>128,112</u>	<u>124,996</u>	<u>3,116</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	264,348	5,775	270,123	270,123	
Salaries of Secretarial and Clerical Assistants	52,010	(43,000)	9,010	8,668	342
Supplies and Materials	4,500	(686)	3,814	3,814	
Total Undist. Expend. - Guidance	<u>320,858</u>	<u>(37,911)</u>	<u>282,947</u>	<u>282,605</u>	<u>342</u>

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019

	<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	500,108	120,759	620,867	620,867	
Salaries of Secretarial and Clerical Assistants	97,570	5,975	103,545	103,545	
Supplies and Materials	16,000	(5,343)	10,657	9,334	1,323
Other Objects	1,000	(33)	967	967	
Total Undist. Expend. - Child Study Teams	<u>614,678</u>	<u>121,358</u>	<u>736,036</u>	<u>734,713</u>	<u>1,323</u>
Undist. Expend. - Improvement of Instructional Services					
Other Purchased Professional and Technical Services	500	161	661		661
Other Purch Services (400-500)	9,600	(1,420)	8,180	6,442	1,738
Total Undist. Expend. - Improvement of Inst. Services	<u>10,100</u>	<u>(1,259)</u>	<u>8,841</u>	<u>6,442</u>	<u>2,399</u>
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	164,135	(26,003)	138,132	138,132	
Supplies and Materials	20,000	(3,000)	17,000	16,883	117
Total Undist. Expend. - Educational Media Serv./Sch. Library	<u>184,135</u>	<u>(29,003)</u>	<u>155,132</u>	<u>155,015</u>	<u>117</u>
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services	2,500		2,500	2,075	425
Total Undist. Expend. - Instructional Staff Training Serv.	<u>2,500</u>		<u>2,500</u>	<u>2,075</u>	<u>425</u>
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	343,500	15,117	358,617	358,617	
Legal Services	65,000	22,932	87,932	84,814	3,118
Audit Fees	45,000		45,000	44,393	607
Other Purchased Professional Services	84,500	14,700	99,200	99,128	72
Architectural/Engineering Services	10,000		10,000	8,572	1,428
Communications/Telephone	173,032	2,724	175,756	172,817	2,939
BOE Other Purchased Services	4,500	355	4,855	3,874	981
Misc. Purch Services (400-500 Series)	82,276	22,820	105,096	104,097	999
General Supplies	1,000		1,000	950	50
Judgements Against the School District	5,000		5,000	3,708	1,292
Misc. Expenditures	2,050		2,050	1,411	639
BOE Membership Dues and Fees	13,800		13,800	13,622	178
Total Undist. Expend. - Supp. Serv. - General Administration	<u>829,658</u>	<u>78,648</u>	<u>908,306</u>	<u>896,003</u>	<u>12,303</u>
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	601,253	(27,720)	573,533	573,533	
Salaries of Other Professional Staff	220,006	(109,995)	110,011	110,011	
Salaries of Secretarial and Clerical Assistants	425,539	34,959	460,498	460,498	
Purchased Prof. and Tech. Services	12,500	(1,191)	11,309	11,309	
Other Purchased Services (400-500 series)	500	90	590	589	1
Supplies and Materials	30,500	(6,447)	24,053	23,382	671
Other Objects	32,600	(1,466)	31,134	27,382	3,752
Total Undist. Expend. - Support Serv. - School Administration	<u>1,322,898</u>	<u>(111,770)</u>	<u>1,211,128</u>	<u>1,206,704</u>	<u>4,424</u>
Undist. Expend. - Support Serv. - Central Services					
Salaries	177,045	19,299	196,344	196,344	
Purchased Professional Services	2,500		2,500		2,500
Purchased Technical Services	31,500	(623)	30,877	30,156	721
Misc. Pur Services (400-500 Series)	8,600	(359)	8,241	7,192	1,049
Supplies and Materials	5,600	1,419	7,019	6,733	286
Miscellaneous Expenditures	10,900	726	11,626	10,545	1,081
Total Undist. Expend. - Support Serv. - Central Services	<u>236,145</u>	<u>20,462</u>	<u>256,607</u>	<u>250,970</u>	<u>5,637</u>
Undist. Expend. - Admin Info. Technology					
Information Technology					
Salaries	168,505	(44,783)	123,722	107,722	16,000
Purchased Technical Services	45,827	(14,225)	31,602	31,602	
Supplies and Materials	7,000	(5,539)	1,461	1,301	160
Total Undist. Expend. - Support Serv. - Administrative Information Technology	<u>221,332</u>	<u>(64,547)</u>	<u>156,785</u>	<u>140,625</u>	<u>16,160</u>
Undist. Expend. - Required Maint. for School Facilities (261)					
Cleaning, Repair and Maintenance Services	82,925	3,266	86,191	83,892	2,299
General Supplies	10,000	(9,993)	7		7
Total Undist. Expend. - Required Maint. for School Facilities	<u>92,925</u>	<u>(6,727)</u>	<u>86,198</u>	<u>83,892</u>	<u>2,306</u>

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019

	<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	832,008	(39,665)	792,343	792,343	
Salaries of Non-Instructional Aides	32,515	1,094	33,609	33,609	
Cleaning, Repair and Maintenance Services	121,500	69,967	191,467	189,901	1,566
Other Purchased Property Services	45,000	(9,898)	35,102	35,102	
Insurance	138,376	(18,092)	120,284	120,284	
Misc. Purchased Services					
General Supplies	100,057	(15,350)	84,707	82,263	2,444
Energy (Natural Gas)	210,000	(87,084)	122,916	122,916	
Energy (Electricity)	207,000	(4,218)	202,782	202,782	
Energy (Gasoline)	26,798	(15,352)	11,446	11,446	
Other Objects	3,000	(1,950)	1,050	1,050	
Total Undist. Expend. - Custodial Services (262)	<u>1,716,254</u>	<u>(120,548)</u>	<u>1,595,706</u>	<u>1,591,696</u>	<u>4,010</u>
Security					
Purchased Professional and Technical Services	120,087	(56,569)	63,518	63,518	
General Supplies	10,000	(3,500)	6,500	4,347	2,153
Total Undistributed Expenditures - Security	<u>130,087</u>	<u>(60,069)</u>	<u>70,018</u>	<u>67,865</u>	<u>2,153</u>
Undist. Expend. - Student Transportation Services					
Salaries of Non-Instructional Aides	20,000	75,055	95,055	95,055	
Other Purchased Prof. and Tech. Services	1,600	128	1,728	1,728	
Cleaning, Repair and Maintenance Services	4,000	3,745	7,745	7,744	1
Contract Services (Bet. Home and Sch.) - Vendors	30,000	(10,000)	20,000	16,000	4,000
Contract Services (Other than Between Home & School)-Vendors	60,000	10,000	70,000	70,000	
Contract Services (Sp. Ed. Students)-Vendors	346,800	(47,066)	299,734	295,669	4,065
Contract Services (Spl. Ed. Students)-Joint Agreements					
Other Objects	500	(128)	372	17	355
Total Undist. Expend. - Student Transportation Services	<u>462,900</u>	<u>31,734</u>	<u>494,634</u>	<u>486,213</u>	<u>8,421</u>
UNALLOCATED BENEFITS					
Social Security Contributions	300,000	39,974	339,974	339,974	
Other Retirement Contributions-PERS	250,000	(12,600)	237,400	237,326	74
Unemployment Compensation	5,000		5,000		5,000
Workmen's Compensation	130,000	(26,553)	103,447	103,447	
Health Benefits	4,325,749	(303,038)	4,022,711	4,017,598	5,113
Tuition Reimbursement	27,000		27,000	19,022	7,978
Other Employee Benefits	70,000	9,490	79,490	79,490	
Unused Sick Payment to Terminated/Retired Staff	76,846	(36,846)	40,000	40,000	
TOTAL UNALLOCATED BENEFITS	<u>5,184,595</u>	<u>(329,573)</u>	<u>4,855,022</u>	<u>4,836,857</u>	<u>18,165</u>
TPAF Pension (On-Behalf - Non-Budgeted)				2,252,739	(2,252,739)
TPAF Post Retirement Benefits (On-Behalf - Non-Budgeted)				1,043,229	(1,043,229)
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				47,156	(47,156)
TPAF LTDI (On-Behalf - Non-Budgeted)				2,847	(2,847)
Reimbursed TPAF Social Security Contributions (non-budgeted)				868,929	(868,929)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>4,214,900</u>	<u>(4,214,900)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>5,184,595</u>	<u>(329,573)</u>	<u>4,855,022</u>	<u>9,051,757</u>	<u>(4,196,735)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>13,895,965</u>	<u>(361,895)</u>	<u>13,534,070</u>	<u>17,637,826</u>	<u>(4,103,756)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>26,105,298</u>	<u>325</u>	<u>26,105,623</u>	<u>29,966,484</u>	<u>(3,860,861)</u>
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Construction Services					
Interest Deposit to Capital Reserve					
Assessment for Debt Service on SDA Funding	12,601		12,601	12,601	
Total Facilities Acquisition and Construction Services	<u>12,601</u>		<u>12,601</u>	<u>12,601</u>	
TOTAL CAPITAL OUTLAY	<u>12,601</u>		<u>12,601</u>	<u>12,601</u>	
Transfer of Funds to Charter Schools	49,874		49,874	45,642	4,232
TOTAL EXPENDITURES	<u>26,167,773</u>	<u>325</u>	<u>26,168,098</u>	<u>30,024,727</u>	<u>(3,856,629)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(683,502)</u>	<u>(325)</u>	<u>(683,827)</u>	<u>78,150</u>	<u>761,977</u>

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund Balance, July 1	2,821,570		2,821,570	2,821,570	
Fund Balance, June 30	<u>2,138,068</u>	<u>(325)</u>	<u>2,137,743</u>	<u>2,899,720</u>	<u>761,977</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(110,164)		(110,164)	(110,164)	
Increase in Maintenance Reserve:				125,000	(125,000)
Increase in Capital Reserve:					
Principal				125,000	(125,000)
Interest Deposit to Capital Reserve	325	(325)		2,765	(2,765)
Withdrawal from Capital Reserve					
Budgeted Fund Balance	<u>(573,663)</u>		<u>(573,663)</u>	<u>(64,451)</u>	<u>1,014,742</u>
	<u>(683,502)</u>	<u>(325)</u>	<u>(683,827)</u>	<u>78,150</u>	<u>761,977</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				1,346,756	
Maintenance Reserve				250,000	
Excess Surplus - Designated for Subsequent Years' Expenditures				194,526	
Excess Surplus - Current Year				270,786	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				78,067	
Year-end Encumbrances				35,003	
Unassigned Fund Balance				<u>724,582</u>	
				2,899,720	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				(182,501)	
Total Fund Balance per Governmental Funds (GAAP)				<u>2,717,219</u>	

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		13,120	13,120	12,128	(992)
State Sources	219,000	76,604	295,604	278,979	(16,625)
Federal Sources	1,059,289	675,176	1,734,465	1,314,878	(419,587)
Total Revenues	1,278,289	764,900	2,043,189	1,605,985	(437,204)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	470,088	226,315	696,403	553,694	142,709
Purchased Services	165,300	110,095	275,395	206,421	68,974
Other Purchased Services (400-500 series)	294,634	105,002	399,636	380,916	18,720
General Supplies	102,727	200,999	303,726	191,784	111,942
Textbooks	16,000	2,209	18,209	18,149	60
Total instruction	1,048,749	644,620	1,693,369	1,350,964	342,405
Support services:					
Salaries of Program Directors		15,550	15,550	2,402	13,148
Salaries of Other Professional Staff	51,200	11,304	62,504	53,477	9,027
Personal Services - Employee Benefits	38,074	63,886	101,960	51,997	49,963
Purchased Professional - Technical Services	124,351	(50,639)	73,712	71,723	1,989
Other Purchased Services	1,900	30,202	32,102	12,686	19,416
Travel	3,015	827	3,842	2,586	1,256
Supplies & Materials	11,000	40,150	51,150	51,150	-
Total support services	229,540	111,280	340,820	246,021	94,799
Facilities acquisition and const. serv.:					
Instructional Equipment		9,000	9,000	9,000	-
Total facilities acquisition and const. serv.	-	9,000	9,000	9,000	-
Total Expenditures	1,278,289	764,900	2,043,189	1,605,985	437,204
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, 2019

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]	30,102,877	1,605,985
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			(111,267)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		170,804	
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).		(182,501)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	30,091,180	1,494,718
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	30,024,727	1,605,985
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			(111,267)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	30,024,727	1,494,718

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

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

Fiscal Year Ending June 30,	District's	District's	District's	District's	District's	Plan Fiduciary
	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll - PERS Employee's	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Net Position as a Percentage of the Total Pension Liability
2015	0.0259576351%	\$ 4,859,979	\$ 1,700,413	285.81%	52.08%	
2016	0.0242951347%	\$ 5,453,771	\$ 1,712,076	318.55%	47.93%	
2017	0.0244283531%	\$ 7,234,978	\$ 1,608,685	449.74%	40.14%	
2018	0.0242765167%	\$ 5,651,185	\$ 1,721,717	328.23%	48.10%	
2019	0.0236745200%	\$ 4,661,395	\$ 1,717,252	271.45%	52.41%	

* 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
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
2015	\$ 213,991	\$ (213,991)	-	\$ 1,700,413	12.58%
2016	208,873	(208,873)	-	1,712,076	12.20%
2017	217,018	(217,018)	-	1,608,685	13.49%
2018	224,896	(224,896)	-	1,721,717	13.06%
2019	235,485	(235,485)	-	1,717,252	13.71%

* 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 Covered	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)	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	\$ 10,216,526	0.00%	33.64%
2016	0.1077074691%		68,075,720	11,180,935	0.00%	28.71%
2017	0.1029186239%		80,962,342	11,883,703	0.00%	22.33%
2018	0.1001415840%		67,519,067	12,039,990	0.00%	25.41%
2019	0.1080491144%		68,738,526	12,073,861	0.00%	26.49%

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

PALISADES PARK BOARD OF EDUCATION
Note to Required Schedules of Supplementary Information - Part III
Fiscal Year Ended June 30, 2019

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 (3.58%) to the current measurement date (3.87%), resulting in a change in the discount rate from 5.00% to 5.66%. 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 (3.58%) to the current measurement date (3.87%), resulting in a change in the discount rate from 4.25% to 4.86%. 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**

	2019	2018
Total OPEB Liability		
Service Costs	2,219,564	\$ 2,687,346
Interest on Total OPEB Liability	1,837,177	1,580,742
Differences between Expected and Actual Experiences	(5,954,074)	
Changes in Assumptions	(4,802,849)	(6,854,117)
Gross Benefit Payments	(1,119,136)	(1,149,622)
Contribution from the Member	38,679	42,332
Net Changes in total Share of OPEB Liability	(7,780,639)	(3,693,319)
Total OPEB Liability - Beginning	\$ 49,633,709	53,327,028
Total OPEB Liability - Ending	\$ 41,853,070	\$ 49,633,709
District's Proportionate Share of OPEB Liability		\$ -
State's Proportionate Share of OPEB Liability	\$ 41,853,070	49,633,709
Total OPEB Liability - Ending	\$ 41,853,070	\$ 49,633,709
District's Covered Employee Payroll	\$ 13,789,094	\$ 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, 2019

	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 2019
REVENUES							
Local Sources	12,128						12,128
State Sources	173,477	18,149	33,077	12,133	14,198	27,945	278,979
Federal Sources	1,314,878						1,314,878
Total Revenues	1,500,483	18,149	33,077	12,133	14,198	27,945	1,605,985
EXPENDITURES:							
Instruction:							
Salaries of Teachers	520,617		33,077				553,694
Purchased Services	152,145			12,133	14,198	27,945	206,421
Other Purchased Services (400-500 series)	380,916						380,916
General Supplies	191,784						191,784
Textbooks	-	18,149					18,149
Total instruction	1,245,462	18,149	33,077	12,133	14,198	27,945	1,350,964
Support services:							
Salaries of Program Directors	2,402						2,402
Salaries of Other Professional Staff	53,477						53,477
Personal Services - Employee Benefits	51,997						51,997
Purchased Professional - Technical Services	71,723						71,723
Other Purchased Services	12,686						12,686
Travel	2,586						2,586
Supplies & Materials	51,150						51,150
Total support services	246,021	-	-	-	-	-	246,021
Facilities acquisition and const. serv.:							
Instructional Equipment	9,000						9,000
Total facilities acquisition and const. serv.	9,000	-	-	-	-	-	9,000
Total Expenditures	1,500,483	18,149	33,077	12,133	14,198	27,945	1,605,985
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, 2019

	Total Brought Forward (Ex. E-1b)	N.J. Nonpublic Auxiliary Services, Chp. 192		N.J. Nonpublic Technology Aid	Title I, Improving Basic Skills	Total Carried Forward
		Compensatory Education	English as a Second Language			
REVENUES						
Local Sources	12,128					12,128
State Sources	51,150	84,685	25,366	12,276		173,477
Federal Sources	882,153				432,725	1,314,878
Total Revenues	945,431	84,685	25,366	12,276	432,725	1,500,483
EXPENDITURES:						
Instruction:						
Salaries of Teachers	202,536				318,081	520,617
Purchased Services	42,094	84,685	25,366			152,145
Other Purchased Services (400-500 series)	380,916					380,916
General Supplies	109,204			12,276	70,304	191,784
Textbooks	-					-
Total instruction	734,750	84,685	25,366	12,276	388,385	1,245,462
Support services:						
Salaries of Program Directors	2,402					2,402
Salaries of Other Professional Staff	53,477					53,477
Personal Services - Employee Benefits	27,456				24,541	51,997
Purchased Professional - Technical Services	61,723				10,000	71,723
Other Purchased Services	11,887				799	12,686
Travel	2,586					2,586
Supplies & Materials	51,150					51,150
Total support services	210,681	-	-	-	35,340	246,021
Facilities acquisition and const. serv.:						
Instructional Equipment	-				9,000	9,000
Total facilities acquisition and const. serv.	-	-	-	-	9,000	9,000
Total Expenditures	945,431	84,685	25,366	12,276	432,725	1,500,483
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, 2019

	Title I - SIA Part A	Title II, Part A Teacher and Principal Training and Recruiting Fund	Title III, English Language Acquisition and Language Enhancement	Title IV, Student Support & Academic Enrichment	Total Carried Forward
REVENUES					
Local Sources	12,128				12,128
State Sources	51,150				51,150
Federal Sources	69,093	17,829	58,750	25,843	882,153
Total Revenues	69,093	17,829	58,750	25,843	945,431
EXPENDITURES:					
Instruction:					
Salaries of Teachers	44,129				202,536
Purchased Services				11,394	42,094
Other Purchased Services (400-500 series)					380,916
General Supplies	6,100		53,045	14,449	109,204
Textbooks					-
Total instruction	50,229	-	53,045	25,843	734,750
Support services:					
Salaries of Program Directors	2,402				2,402
Salaries of Other Professional Staff					53,477
Personal Services - Employee Benefits	16,462				27,456
Purchased Professional - Technical Services		10,122	5,325		61,723
Other Purchased Services		7,707	380		11,887
Travel					2,586
Supplies & Materials					51,150
Total support services	18,864	17,829	5,705	-	210,681
Facilities acquisition and const. serv.:					
Instructional Equipment					-
Total facilities acquisition and const. serv.	-	-	-	-	-
Total Expenditures	69,093	17,829	58,750	25,843	945,431
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, 2019

	Total Brought Forward (Ex. E-1d)	I.D.E.A Part B, Basic	I.D.E.A Part B, Preschool	21st Century Community Learning Centers Grant	N.J. Nonpublic Security Aid	Total Carried Forward
REVENUES						
Local Sources	12,128					12,128
State Sources	-				51,150	51,150
Federal Sources	-	390,469	9,947	296,175		696,591
Total Revenues	12,128	390,469	9,947	296,175	51,150	759,869
EXPENDITURES:						
Instruction:						
Salaries of Teachers	6,000			152,407		158,407
Purchased Services	-			30,700		30,700
Other Purchased Services (400-500 series)	-	370,969	9,947			380,916
General Supplies	6,128			15,435		21,563
Textbooks	-					-
Total instruction	12,128	370,969	9,947	198,542	-	591,586
Support services:						
Salaries of Program Directors	-					-
Salaries of Other Professional Staff	-			53,477		53,477
Personal Services - Employee Benefits	-			10,994		10,994
Purchased Professional - Technical Services	-	19,500		26,776		46,276
Other Purchased Services	-			3,800		3,800
Travel	-			2,586		2,586
Supplies & Materials	-				51,150	51,150
Total support services	-	19,500	-	97,633	51,150	168,283
Facilities acquisition and const. serv.:						
Instructional Equipment	-					-
Total facilities acquisition and const. serv.	-	-	-	-	-	-
Total Expenditures	12,128	390,469	9,947	296,175	51,150	759,869
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, 2019

	Donation - Greenhouse Church	Korean Consulate	Total Carried Forward
REVENUES			
Local Sources	1,523	10,605	12,128
State Sources			-
Federal Sources			-
Total Revenues	1,523	10,605	12,128
EXPENDITURES:			
Instruction:			
Salaries of Teachers		6,000	6,000
Purchased Services			-
Other Purchased Services (400-500 series)			-
General Supplies	1,523	4,605	6,128
Textbooks			-
Total instruction	1,523	10,605	12,128
Support services:			
Salaries of Program Directors			-
Salaries of Other Professional Staff			-
Personal Services - Employee Benefits			-
Purchased Professional - Technical Services			-
Other Purchased Services			-
Travel			-
Supplies and Materials			-
Total support services	-	-	-
Facilities acquisition and const. serv.:			
Instructional Equipment			-
Total facilities acquisition and const. serv.	-	-	-
Total Expenditures	1,523	10,605	12,128
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, 2019

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, 2019

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

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Jr./Sr. High School Roof Replacement
Fiscal Year Ended June 30, 2019

	<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			-	
	<u>252,058</u>	<u>-</u>	<u>252,058</u>	<u>-</u>
Expenditures				
Purchased professional and technical services	-		-	
Land and improvements			-	
Construction services	252,021		252,021	
Equipment purchases			-	
	<u>252,021</u>	<u>-</u>	<u>252,021</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37</u>	<u>-</u>	<u>37</u>	<u>-</u>
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, 2019

	<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, 2019

	<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			-	
	<u>55,137</u>	<u>-</u>	<u>55,137</u>	<u>-</u>
Expenditures				
Purchased professional and technical services	15,656		15,656	
Land and improvements			-	
Construction services	15,496		15,496	
Equipment purchases			-	
	<u>31,152</u>	<u>-</u>	<u>31,152</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,985</u>	<u>-</u>	<u>23,985</u>	<u>-</u>
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, 2019

Project Title/Issue	Date	Appropriations	Expenditures to Date		Cancelled	Unexpended Balance June 30, 2019
			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, 2019

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	209,386	60,018	269,404
Accounts receivable:			
State	555		555
Federal	25,000		25,000
Interfund	3,702		3,702
Inventories	6,253		6,253
Total current assets	<u>244,896</u>	<u>60,018</u>	<u>304,914</u>
Noncurrent assets:			
Capital assets:			
Equipment	125,844		125,844
Site Improvements	59,050		59,050
Less accumulated depreciation:			
Equipment	(112,394)		(112,394)
Site Improvements	(29,520)		(29,520)
Total capital assets (net of accumulated depreciation)	<u>42,980</u>	<u>-</u>	<u>42,980</u>
Total assets	<u>287,876</u>	<u>60,018</u>	<u>347,894</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,637		6,637
Total current liabilities	<u>6,637</u>	<u>-</u>	<u>6,637</u>
NET POSITION			
Net Investment in Capital Assets	42,980	-	42,980
Unrestricted	238,259	60,018	298,277
Total net position	<u>281,239</u>	<u>60,018</u>	<u>341,257</u>

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2019

	Food Service Program	After School Child Care	Totals
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	343,381		343,381
Daily sales - non-reimbursable programs	2,396		2,396
Tuition fees		73,610	73,610
Total operating revenues	<u>345,777</u>	<u>73,610</u>	<u>419,387</u>
Operating expenses:			
Cost of sales - reimbursable programs	320,966		320,966
Cost of sales - non-reimbursable programs	35,164		35,164
Salaries	250,356	96,807	347,163
Supplies and materials	32,359	2,358	34,717
Employee benefits	89,946		89,946
Cleaning repair & maintenance	11,237		11,237
Legal and professional services			-
Purchased services	34,600		34,600
Miscellaneous	10,858		10,858
Depreciation	5,941		5,941
Total Operating Expenses	<u>791,427</u>	<u>99,165</u>	<u>890,592</u>
Operating income (loss)	<u>(445,650)</u>	<u>(25,555)</u>	<u>(471,205)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	10,263		10,263
State school lunch program - Prior year additional Aid			-
Federal sources:			
National school lunch program	411,153		411,153
National school breakfast program	35,738		35,738
Food distribution program	70,778		70,778
Interest and investment revenue	904		904
Total nonoperating revenues (expenses)	<u>528,836</u>	<u>-</u>	<u>528,836</u>
Income (loss) before contributions & transfers	<u>83,186</u>	<u>(25,555)</u>	<u>57,631</u>
Transfers in (out)			-
Change in net position	<u>83,186</u>	<u>(25,555)</u>	<u>57,631</u>
Total net position—beginning	<u>198,053</u>	<u>85,573</u>	<u>283,626</u>
Total net position—ending	<u><u>281,239</u></u>	<u><u>60,018</u></u>	<u><u>341,257</u></u>

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2019

	Food Service Program	After School Child Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	345,777	73,610	419,387
Payments to employees		(96,807)	(96,807)
Payments to outside food service management company	(795,734)		(795,734)
Payments for repairs, maintenance	(12,764)		(12,764)
Payments for supplies	(742)	(2,358)	(3,100)
Payments for miscellaneous expenditures	(742)		(742)
Net cash provided by (used for) operating activities	<u>(464,205)</u>	<u>(25,555)</u>	<u>(489,760)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	12,649		12,649
Additional State Aid - Prior Year			-
Federal Sources	551,629		551,629
Net cash provided by (used for) non-capital financing activities	<u>564,278</u>	<u>-</u>	<u>564,278</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(10,543)		(10,543)
Net cash provided by (used for) capital and related financing activities	<u>(10,543)</u>	<u>-</u>	<u>(10,543)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	904		904
Net cash provided by (used for) investing activities	<u>904</u>	<u>-</u>	<u>904</u>
Net increase (decrease) in cash and cash equivalents	90,434	(25,555)	64,879
Transfers in (out)			-
Balances—beginning of year	118,952	85,573	204,525
Balances—end of year	<u>209,386</u>	<u>60,018</u>	<u>269,404</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(445,650)	(25,555)	(471,205)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	5,941		5,941
Food Distribution Program	70,778		70,778
(Increase) decrease in inventories	(154)		(154)
Increase (decrease) in accounts payable	(95,120)		(95,120)
Total adjustments	<u>(18,555)</u>	<u>-</u>	<u>(18,555)</u>
Net cash provided by (used for) operating activities	<u>(464,205)</u>	<u>(25,555)</u>	<u>(489,760)</u>

FIDUCIARY FUND

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Unemployment Compensation Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	47,933	184,678
Interfund Receivable - Payroll Agency	23,556	
Total assets	<u>71,489</u>	<u>184,678</u>
LIABILITIES		
Payable to student groups		151,476
Payroll deductions and withholdings		9,646
Accounts payable	9,386	
Interfund Payable - Unemployment Compensation Trust		23,556
Total liabilities	<u>9,386</u>	<u>184,678</u>
NET POSITION		
Held in trust for unemployment claims and other purposes	<u>62,103</u>	

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2019

	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS	
Contributions:	
Employee Deductions	27,991
Total Contributions	<u>27,991</u>
Investment earnings:	
Interest	252
Net investment earnings	<u>252</u>
Total additions	<u>28,243</u>
DEDUCTIONS	
Unemployment claims	45,512
Total deductions	<u>45,512</u>
Change in net position	(17,269)
Net position—beginning of the year	<u>79,372</u>
Net position—end of the year	<u><u>62,103</u></u>

**PALISADES PARK BOARD OF EDUCATION
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 Fiscal Year Ended June 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2019</u>
Elementary Schools:				
Lindbergh School	19,468	73,427	68,649	24,246
Total Elementary Schools	<u>19,468</u>	<u>73,427</u>	<u>68,649</u>	<u>24,246</u>
High School:				
High School	48,300	118,753	119,964	47,089
Student Aid	33,466	28,050	30,050	31,466
Athletic Fund	22,744	141,229	128,293	35,680
Cultural Arts	12,252	7,088	6,345	12,995
Total High School	<u>116,762</u>	<u>295,120</u>	<u>284,652</u>	<u>127,230</u>
Total All Schools	<u><u>136,230</u></u>	<u><u>368,547</u></u>	<u><u>353,301</u></u>	<u><u>151,476</u></u>

**PALISADES PARK BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2018</u>
Net Payroll	2,596	10,276,810	10,270,824	8,582
Payroll Deductions and Withholdings	108	7,830,144	7,829,188	1,064
Interfund - Unemployment Compensation Trust	52,322	23,556	52,322	23,556
Interfund - General Fund	57,409		57,409	-
Interfund - General Fund	<u>(2,203)</u>	<u>2,203</u>		<u>-</u>
	<u><u>110,232</u></u>	<u><u>18,132,713</u></u>	<u><u>18,209,743</u></u>	<u><u>33,202</u></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, 2019

SERIES	Amount of Original Issues	Annual Maturities		Interest Rate Payable	Amount Outstanding on July 1, 2018	Retired in Current Year	Amount Outstanding on June 30, 2019
		Date	Amount				
2012 Refunding Bonds - Bergen County Improvement Authority - Unfunded Pension Liability	827,000	03/15/20 03/15/21	109,000 113,000	2.659% 2.959%	327,000	105,000	222,000
TOTAL					\$ 327,000	105,000	222,000

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	113,718	-	113,718	113,718	-
Total - State Sources	113,718	-	113,718	113,718	-
Total Revenues	113,718	-	113,718	113,718	-
EXPENDITURES:					
Regular Debt Service:					
Interest on Early Retirement Bonds	8,718	-	8,718	8,718	-
Redemption of Principal - Early Retirement Bonds	105,000	-	105,000	105,000	-
Total Regular Debt Service	113,718	-	113,718	113,718	-
Total expenditures	113,718	-	113,718	113,718	-
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

J SERIES

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.	

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/Position
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
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Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net Investment in Capital Assets	\$ 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	\$ 16,289,159
Restricted	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	2,215,933
Unrestricted	(1,283,380)	(1,858,590)	(1,713,404)	(1,479,517)	(4,009,752)	(8,479,601)	(8,860,937)	(9,596,353)	(9,154,903)	(8,645,203)
Total governmental activities net position	\$ 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	\$ 9,859,889
Business-type activities										
Net Investment in Capital Assets	\$ 82,578	\$ 55,457	\$ 52,276	\$ 49,093	\$ 45,910	\$ 42,727	\$ 39,544	\$ 42,211	\$ 38,378	\$ 42,980
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	94,483	120,564	170,521	210,101	279,719	243,529	244,442	298,822	245,248	298,277
Total business-type activities net position	\$ 177,061	\$ 176,021	\$ 222,797	\$ 259,194	\$ 325,629	\$ 286,256	\$ 283,986	\$ 341,033	\$ 283,626	\$ 341,257
District-wide										
Net Investment in Capital Assets	\$ 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	\$ 16,332,139
Restricted	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	2,215,933
Unrestricted	(1,188,897)	(1,738,026)	(1,542,883)	(1,269,416)	(3,730,033)	(8,236,072)	(8,616,495)	(9,297,531)	(8,909,655)	(8,346,926)
Total district net position	\$ 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	\$ 10,201,146

Source: CAFR Schedule A-1

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 12,955,509
Special education	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	3,355,386
Other special education	1,164,576	1,151,586	1,057,891	1,130,595	987,753	864,562	860,482	1,023,609	1,082,831	1,171,257
Other instruction	494,334	428,209	373,956	463,745	435,634	407,524	441,448	429,877	562,925	592,432
Support Services:										
Tuition	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	1,461,072
Attendance & Social Work						3,324	3,319	2,000	2,453	4,379
Health Services						292,826	268,640	232,561	289,594	323,339
Student & instruction related services	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	2,867,883
School administrative services	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	1,661,232
General administrative services	835,720	601,294	544,426	620,596	707,186	700,945	896,399	877,883	885,459	1,035,893
Central Services	387,439	459,071	421,032	424,693	390,943	401,785	291,514	261,395	259,505	327,560
Plant operations and maintenance	1,774,299	1,746,031	1,776,438	1,878,796	1,744,208	1,709,712	1,769,579	1,782,125	1,986,627	1,936,785
Pupil transportation	286,031	394,176	352,095	305,943	305,563	311,896	333,313	385,142	397,734	523,293
Administration of Information Technology						106,058	126,676	170,964	234,217	182,646
Unallocated Benefits	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	5,514,211
Charter Schools	3,404			28,679	50,333	51,148	50,809	37,291	34,363	45,642
Interest on long-term debt	118,314	147,782	147,657	74,445	37,860	42,421	26,409	15,263	9,879	7,996
Unallocated depreciation	273,438	227,607	230,796	246,553	277,747	277,747	277,747	280,202	280,202	296,054
Capital Outlay - nondepreciable	106,710	50,237	19,507	18,094	15,455	32,533	27,021	41,812	47,399	12,601
Total governmental activities expenses	24,427,314	24,055,558	22,769,435	25,016,299	27,100,371	28,512,835	31,170,907	28,871,941	33,037,610	34,275,170
Business-type activities:										
Food service	631,152	643,513	676,450	685,672	696,434	724,018	762,950	812,485	806,638	791,427
After School Child Care	93,978	91,453	82,784	84,307	82,508	83,894	90,073	116,355	124,905	99,165
Total business-type activities expense	725,130	734,966	759,234	769,979	778,942	807,912	853,023	928,840	931,543	890,592
Total district expenses	\$ 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	\$ 35,165,762
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)										
Pupil transportation										
Business and other support services										
Operating grants and contributions	1,524,653	1,269,808	917,517	932,275	975,368	1,210,627	1,429,135	1,144,036	1,485,154	1,485,718
Capital grants and contributions										
Total governmental activities program revenues	1,524,653	1,269,808	917,517	932,275	975,368	1,210,627	1,429,135	1,144,036	1,485,154	1,485,718

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services										
Food service	350,902	354,310	367,758	328,595	341,732	320,233	309,782	354,426	342,360	345,777
Child care	92,452	99,095	107,554	113,264	135,641	101,740	111,285	125,236	129,120	73,610
Operating grants and contributions	287,581	300,134	330,682	364,346	367,996	346,558	429,680	506,861	531,987	527,932
Capital grants and contributions										
Total business type activities program revenues	730,935	753,539	805,994	806,205	845,369	768,531	850,747	986,523	1,003,467	947,319
Total district program revenues	\$ 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	\$ 2,433,037
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (32,789,452)
Business-type activities	5,805	18,573	46,760	36,226	66,427	(39,381)	(2,276)	57,683	71,924	56,727
Total district-wide net expense	\$ (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)	\$ (32,732,725)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 23,253,255
Taxes levied for debt service	449,078	451,048	557,377	557,377	752,448	611,767	439,987	271,624	112,506	113,718
Unrestricted grants and contributions	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	9,495,682
Restricted grants and contributions - Capital Outlay										9,000
Tuition Received								108,519	165,166	131,060
Payments in lieu of taxes										
Investment earnings	3,903	1,885	1,093	1,513	1,158	907	593	251	638	2,765
Miscellaneous income	114,712	136,258	102,082	140,770	85,076	140,861	193,164	52,636	35,380	129,531
Loss on Disposal of Fixed Assets									(3,431)	
State Aid- State Facilities Grant										
Retirement of Debt - Refinancing Credit										
Additional Debt Issued via Refinancing			(59,000)							
Tax Levy Receivable Cancelled			(91,630)							
Transfer from After School Child Care									129,526	
Refund of Disallowed Costs									(129,526)	
Total governmental activities	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	33,135,011
Business-type activities:										
Investment earnings	68	19	16	171	8	8	6	14	195	904
Transfers									(129,526)	
Total business-type activities	68	19	16	171	8	8	6	14	(129,526)	904
Total district-wide	\$ 22,653,366	\$ 23,145,907	\$ 23,362,369	\$ 24,275,797	\$ 24,208,594	\$ 27,576,057	\$ 30,067,177	\$ 27,516,002	\$ 31,108,645	\$ 33,135,915
Change in Net Position										
Governmental activities	\$ (249,363)	\$ 360,138	\$ 1,510,435	\$ 191,602	\$ (1,916,417)	\$ 273,841	\$ 325,399	\$ (211,317)	\$ (314,285)	\$ 345,559
Business-type activities	5,873	18,592	46,776	36,397	66,435	(39,373)	(2,270)	57,697	(57,407)	57,631
Total district	\$ (243,490)	\$ 378,730	\$ 1,557,211	\$ 227,999	\$ (1,849,982)	\$ 234,468	\$ 323,129	\$ (153,620)	\$ (371,692)	\$ 403,190

Source: CAFR Schedule A-2

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	313,192									
Unreserved	566,523									
Restricted		667,812	1,224,442	1,198,030	1,161,610	1,308,731	1,789,560	2,103,837	2,067,177	2,062,068
Committed		562,895	757,659	390,417	343,310	121,010	285,896	508,035	155,167	113,070
Assigned		456,678	182,306	333,938	274,289	349,492	375,524	382,717	428,422	542,081
Unassigned			359,674							
Total general fund	\$ 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	\$ 2,717,219
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund	16,810									
Capital projects fund	(1,325)									
Debt service fund										
Assigned, reported in:										
Capital projects fund		40,795	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	\$ 15,485	\$ (72,425)	\$ (72,424)	\$ (138,315)	\$ (25,096)	\$ 40,795	\$ 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**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	\$ 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	23,366,973
Tuition			1,093	1,513	1,158	907	593	108,519	165,166	131,060
Interest earnings		270,469	1,52,082	140,770	85,076	140,861	193,164	251	638	2,765
Miscellaneous								52,636	35,380	129,531
Local sources										11,663
State sources	3,636,606	3,194,675	3,619,220	4,403,617	4,002,070	4,530,719	4,863,745	5,235,611	5,902,044	6,761,561
Federal sources	1,601,248	1,168,883	770,107	774,003	809,893	1,068,970	1,240,564	972,897	1,283,349	1,296,063
Total revenue	24,177,951	24,415,696	24,430,500	25,207,901	25,183,954	26,418,772	28,163,676	28,660,024	30,189,726	31,699,616
Expenditures										
Instruction										
Regular Instruction	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	9,877,767
Special education instruction	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	2,420,721
Other special instruction	911,093	890,677	841,743	900,166	785,828	692,297	679,368	813,629	853,466	846,346
Other instruction	414,660	350,729	319,126	391,780	368,463	345,893	371,422	366,169	464,516	459,437
Support Services:										
Tuition	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	1,461,072
Attendance & Social Work						2,650	2,600	2,000	1,925	3,150
Health services	201,925	199,143	218,320	236,322	233,023	235,731	212,118	232,561	229,902	236,996
Student & instruction related services	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	2,370,988
School Administrative services	946,006	895,278	945,191	1,029,631	986,468	1,034,403	1,108,504	1,138,907	1,201,583	1,206,704
General administrative services	755,516	525,364	508,287	590,662	663,021	653,230	810,236	796,030	800,466	896,003
Central services	315,056	381,756	351,369	353,051	318,668	330,959	238,442	216,535	214,751	250,970
Plant operations and maintenance	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	1,743,453
Pupil transportation	286,031	394,176	352,095	305,943	305,563	311,896	333,313	385,142	397,734	486,213
Administration of Information Technology						84,560	104,572	144,844	192,178	140,625
Business and other support services										
Unallocated employee benefits	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	4,836,857
TPAF Pension / Social Security	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	4,214,900
Charter Schools	3,404			28,679	50,333	51,148	50,809	37,291	34,363	45,642
Capital outlay	169,753	73,029	377,408	465,471	442,059	50,009	91,042	121,601	64,474	21,601
Debt service:										
Principal	398,351	415,161	427,718	542,219	577,327	503,228	413,235	255,884	102,000	105,000
Interest and other charges	165,273	147,782	129,658	81,049	61,902	42,648	26,752	15,740	10,506	8,718
Bond issuance costs										
Total expenditures	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	31,633,163
Excess (Deficiency) of revenues over (under) expenditures	(309,189)	719,760	928,327	(667,587)	(29,957)	65,915	671,747	543,609	(343,823)	66,453

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	\$ (309,189)	\$ 719,760	\$ 836,697	\$ (667,587)	\$ (29,957)	\$ 65,915	\$ 671,747	\$ 543,609	\$ (343,823)	\$ 66,453
Debt service as a percentage of noncapital expenditures	2.3%	2.4%	2.4%	2.5%	2.6%	2.1%	1.6%	1.0%	0.4%	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
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
2019	131,060	71,300	882	381		2,765	56,968			263,356

Source: District Records

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

Year Ended Dec. 31,	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
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment						
2009	21,408,800	1,951,482,900	-	-	309,748,700	92,777,100	175,104,500	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	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	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	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	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	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	160,350,800	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	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	144,734,700	645,152	2,208,711,350	0.969	2,937,607,951	75.19%
2018	15,641,600	1,823,466,500	-	-	289,818,898	83,876,100	161,763,400	141,388,700	621,995	2,233,799,793	0.984	2,977,015,199	75.03%

Source: Municipal Tax Assessor

(1) - Revaluation

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Exhibit J-7

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

(rate per \$100 of assessed value)

Year Ended Dec. 31,	Palisades Park Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation		Borough of Palisades Park	Bergen County	
		Debt Service ^b	Total Direct			
2009	0.720	0.018	0.738	0.504	0.201	1.443
2010	0.842	0.021	0.863	0.599	0.236	1.698
2011	0.840	0.028	0.868	0.607	0.228	1.703
2012	0.840	0.028	0.868	0.626	0.228	1.722
2013	0.853	0.028	0.881	0.637	0.266	1.784
2014	0.861	0.033	0.894	0.634	0.249	1.777
2015	0.915	0.030	0.945	0.660	0.256	1.861
2016	0.935	0.020	0.955	0.677	0.269	1.901
2017	0.964	0.005	0.969	0.689	0.301	1.959
2018	0.979	0.005	0.984	0.689	0.306	1.979

Source: District Records and Municipal Tax Collector

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable. (Divide debt payment by total)

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	2019			2010		
	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	0.72%			
Marino Enterprises	\$ 12,250,000	2	0.55%			
Blvd East Association, LTD	9,344,900	3	0.42%			
BJS Realty LLC	8,250,000	4	0.37%			
Smart City Real Estate LLC	7,900,000	5	0.35%			
200 Roosevelt Place LLC	7,712,300	6	0.35%			
D&W Shin Realty Corp	7,675,300	7	0.34%			
Star Ridge Management Corp	7,651,600	8	0.34%			
Pine Tree Enterprise LLC	7,001,500	9	0.31%			
Ruby Realty Company	7,000,000	10	0.31%			
Tarragon Dev. Corp., Block 429				\$ 32,892,200		1.53%
Leems Inc.				16,062,600		0.75%
411 Brinkerhoff Ave., LLC				13,645,300		0.63%
BSJ Realty LLC				13,499,700		0.63%
Marino Enterprises C/O LML Supermkt				13,360,900		0.62%
Bommano Real Estate Group				10,998,200		0.51%
ParkLane, Inc.				10,565,800		0.49%
Ruby Realty Co.				10,353,300		0.48%
NWHF Palisades Park LLC				10,307,900		0.48%
Peter Mangnone				10,234,400		0.48%
Total	\$ 90,848,200		4.07%	\$ 141,920,300		6.59%

Net Assessed Valuation: \$ 2,233,799,793 \$ 2,153,134,698

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	
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)
2019	\$23,366,973	\$23,312,752	99.77%	\$54,221

Source: Municipal Tax Collector

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	
	Bonds Payable ^b	Loans Payable	Certificates of Participation	Capital Leases	Capital Leases	Total District	Income ^a	Per Capita ^a
2010	970,000	217,016		2,317,754	-	3,504,770	0.27%	\$ 65,992
2011	907,000	165,501		2,017,107	-	3,089,608	0.23%	\$ 68,865
2012	899,000	112,246		1,709,647	-	2,720,893	0.19%	\$ 71,789
2013	810,000	57,110		1,311,564	-	2,178,674	0.15%	\$ 71,100
2014	717,000	-		884,347	-	1,601,347	0.11%	\$ 73,637
2015	624,000	-		474,119	-	1,098,119	0.07%	\$ 76,821
2016	529,000	-		155,884	-	684,884	0.04%	\$ 77,901
2017	429,000	-		-	-	429,000	0.03%	\$ 81,203
2018	327,000	-		-	-	327,000	Not Available	Not Available
2019	222,000	-		-	-	222,000	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			
2010	1,187,017	-	1,187,017	0.05%	\$ 65,992
2011	1,072,501	-	1,072,501	0.05%	\$ 68,865
2012	1,011,246	-	1,011,246	0.05%	\$ 71,789
2013	867,110	-	867,110	0.04%	\$ 71,100
2014	717,000	-	717,000	0.03%	\$ 73,637
2015	624,000	-	624,000	0.03%	\$ 76,821
2016	529,000	-	529,000	0.02%	\$ 77,901
2017	429,000	-	429,000	0.02%	\$ 81,203
2018	327,000	-	327,000	0.01%	Not Available
2019	222,000	-	222,000	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, 2019

<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, 2019		\$	222,000
Net overlapping debt of School District:			
Borough of Palisades Park	100.000%	\$ 11,763,774	
Bergen County Utilities Authority	2.940%	4,397,342	
County of Bergen - Borough's share	1.495%	13,089,481	
Subtotal, overlapping debt			<u>29,250,597</u>
Total direct and overlapping debt			<u>\$ 29,472,597</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 2019

Equalized valuation basis	
2018	\$ 2,977,015,199
2017	\$ 2,937,607,951
2016	\$ 2,795,287,869
[A]	<u>\$ 8,709,911,019</u>
[A/3]	\$ 2,903,303,673
[B]	116,132,147 ^a
[C]	<u>222,000</u>
[B-C]	<u>\$ 115,910,147</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 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	\$ 116,132,147
Total net debt applicable to limit	<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>	<u>222,000</u>
Legal debt margin	<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>	<u>\$ 115,910,147</u>
Total net debt applicable to the limit as a percentage of debt limit	1.15%	1.02%	0.99%	0.86%	0.72%	0.62%	0.53%	0.41%	0.30%	0.19%

Source: Abstract of Ratables and District Records.

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita		Unemployment Rate ^d
			Personal Income ^c	Personal Income ^c	
2010	19,627	\$ 1,295,224,984	65,992	65,992	9.50%
2011	19,799	\$ 1,363,458,135	68,865	68,865	9.30%
2012	20,059	\$ 1,440,015,551	71,789	71,789	9.50%
2013	20,319	\$ 1,444,680,900	71,100	71,100	6.60%
2014	20,357	\$ 1,499,028,409	73,637	73,637	3.30%
2015	20,466	\$ 1,572,218,586	76,821	76,821	3.10%
2016	20,518	\$ 1,598,372,718	77,901	77,901	2.90%
2017	20,650	\$ 1,676,841,950	81,203	81,203	2.60%
2018	20,820	Not Available	Not Available	Not Available	2.30%
2019	Not Available	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 ****

2019		2010				
Employer	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>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction										
Regular	132	132	130	132	133	136	137	138	136	133
Special education	24	24	24	27	40	48	49	49	65	36
Other special education				10	10	10	10	10	11	18
Vocational										
Other instruction	4	4	4	4	4	4	4	4	2	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	5	4
Student/Instr Related Services: Speech										3
Student/Instr Related Services: Extraord										
Student/Instr Related Services: Guidance	4	4	3	3	4	3	4	4	5	6
Student/Instr Related Services: CST	8	8	6	6	9	10	10	10	12	8
Student/Instr Related Services: Curriculum	1	1	1	1	1	1	1	1	1	1
Student/Instr Related Services: Media	2	2	1	1	2	2	1	1	6	4
General administrative services	8	8	8	8	1	3	3	3	3	3
School administrative services	2	2	2	2	13	6	6	6	5	5
Business administrative services	9	9	9	9	3	2	2	2	2	2
Plant operations and maintenance	18	18	18	20	20	21	23	23	31	10
Lunchroom/Playground Aides				3	7	3	3	6	6	7
Pupil transportation										
Special Schools										
Food Service										
Child Care										
Total	216	216	210	230	251	253	257	261	291	243

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

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Middle School	High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2019	1,700	31,497,844	18,528	3.51%	189				1,710	1,610	-0.39%	94.15%

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Buildings</u>										
<u>Elementary</u>										
Lindbergh School										
Square Feet	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584
Capacity: FES (students)	621	621	621	621	621	621	621	621	621	621
Enrollment	669	669	669	669	669	669	738	808	808	809
<u>High School</u>										
Palisades Park High School										
Square Feet	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626
Capacity: FES (students)	493	493	493	493	493	493	493	493	493	493
Enrollment	556	556	556	556	556	556	560	659	681	692
<u>Early Childhood Center</u>										
Charles Smith Early Childhood Center										
Square Feet	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600
Capacity: FES (students)	360	360	360	360	360	360	360	360	360	360
Enrollment	274	274	274	274	274	274	337	202	216	199
<u>Other</u>										
Administration Building										
Square Feet	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500

Number of Schools at June 30, 2019
 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)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Palisades Park High School	N/A	44,993	15,167	18,284	59,036	40,010	58,046	53,700	48,165	16,803	25,560
Lindbergh School	N/A	30,206	24,127	17,870	44,724	36,183	19,901	51,932	26,544	11,202	17,040
Early Childhood Center	N/A	8,693	599	12,787	12,423	18,590	9,004	33,819	2,920	3,111	4,733
Grand Total		83,892	39,893	48,941	116,183	94,783	86,951	139,451	77,629	31,116	47,333

Palisades Park Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2019
Unaudited

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Fund			
	Property - Building, Contents & Valuable Papers	500,000,000/occurrence	2,500
	Extra Expense	50,000,000	2,500
	Newly Acquired Property	25,000,000	2,500
	Builders Risk (New Construction)	25,000,000	2,500
	Property in Transit	25,000,000	2,500
	Unnamed Locations	25,000,000	2,500
	Demolition	25,000,000	2,500
	Earthquake	25,000,000/occurrence	2,500
	Flood		
	Excluding Zones A&V	10,000,000/occurrence	2,500
		50,000,000 annual aggregate	
	In Flood Zone A&V	25,000,000/occurrence	2,500
		50,000,000 annual aggregate	
	Accounts Receivable	2,500,000	2,500
	Fine Arts	2,500,000	2,500
	Loss of Rents	500,000	2,500
		2,500,000 aggregate	
	Terrorism	100,000,000/occurrence	2,500
		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	
	Sexual Molesation Coverage	10,000,000/occurrence	
		30,000,000 fund aggregate	
	Automobile Liability	5,000,000/occurrence	
		30,000,000 fund aggregate	
	Additional Excess Liability (Auto & General)	5,000,000/claim	
	Employee Benefits	5,000,000/occurrence	1,000
		30,000,000 fund aggregate	
		100,000/occurrence	1,000
	Abuse or Molestation	100,000/occurrence	
	Real Property	100,000/occurrence	
	Liability and Fire	100,000/occurrence	

**Palisades Park Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2019
Unaudited**

Company	Type of Coverage	Coverage	Deductible
	Workers Compensation	5,000,000/occurrence	
	Foreign Travel Liability	1,000,000/occurrence 1,000,000 aggregate	
	Student Accident Insurance	1,000,000/occurrence	
	School Leaders Liability & Employment Practices Liability	5,000,000/claim 10,000,000 aggregate/occurrence	5,000
	IEP Hearing Limit of Liability Crisis Fund	100,000/claim limit of liability 25,000/member sublimit of liability	5,000
	NJUEP Excess Liability	30,000,000	
Illinois Union Insurane Co.	Environmental Impairment Liability	1,000,000/occurrence 25,000,000 annual aggregate	10,000
Gerber Life	Accidental Death, Dismemberment & Paralysis	100,000 500,000 Aggregate Limit	

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 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 November 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. Wielkocz

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

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

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

November 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, 2019. 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, 2019.

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

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Licensed Public School Accountant
No. 816

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

November 11, 2019

BOROUGH OF PALLISADES PARK SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2019

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable)	Due to Grantor at	Balance at June 30, 2019
					From	To							
US Department of Education													
General Fund													
Medical Assistance Program (SEMI)	93.778	1905NJ5MAP	N/A	67,058	7/1/2018	6/30/2019		67,058	67,058				
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	S010A180030	ESEA391019	491,437	7/1/18	6/30/19	\$	434,546	432,725	(5,695)	(290,715)		
Title I, Part A - Improving Basic Programs	84.010A	S010A170030	ESEA391018	487,566	7/1/17	6/30/18					(286,841)		
Title I, Part A - Improving Basic Programs	84.010A	S010A180030	ESEA391019	103,490	7/1/18	6/30/19		15,870	69,093		(53,223)		
Title I, Part A - Improving Basic Programs	84.010A	S010A170030	ESEA391018	63,284	7/1/17	6/30/18							
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	S367A180029	ESEA391019	31,893	7/1/18	6/30/19		31,868	17,829	2,588	(6,053)		
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	S367A170029	ESEA391018	31,752	7/1/17	6/30/18							
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	S367A160029	ESEA391017	60,389	7/1/16	6/30/17	772						
Title III, English Language Acquisition and Language Enhancement	84.365A	S365A180030	ESEA391019	73,877	7/1/18	6/30/19		86,865	58,750	850	(9,873)		
Title III, English Language Acquisition and Language Enhancement	84.365A	S365A170030	ESEA391018	66,493	7/1/17	6/30/18	(38,838)						
Title III, English Language Acquisition and Language Enhancement	84.365A	S365A160030	NCLB391017	67,954	7/1/16	6/30/17	850						
Title III, Immigrant	84.365	S365A180030	ESEA391019	20,012	7/1/18	6/30/19		949	14,047		(27,236)		
Title III, Immigrant	84.365	S365A170030	ESEA391018	14,610	7/1/17	6/30/18	(14,138)						
Title IV, Student Support/Academic Enrichment	84.424	S424A180031	ESEA391019	26,888	7/1/18	6/30/19		22,600	25,843		(13,243)		
Title IV, Student Support/Academic Enrichment	84.424	S424A170031	ESEA391018	10,000	7/1/17	6/30/18	(10,000)						
IDEA, Part B-Basic	84.027	H027A180100	IDEA391019	399,951	7/1/18	6/30/19		367,802	390,469	(7)	(137,714)		
IDEA, Part B-Basic	84.027	H027A170100	IDEA391018	391,749	7/1/17	6/30/18	(115,040)						
IDEA, Part B-PreSchool	84.173	H173A180114	IDEA391019	9,447	7/1/18	6/30/19		17,867	9,947				
IDEA, Part B-PreSchool	84.173	H173A170114	IDEA391018	9,442	7/1/17	6/30/18	(7,920)						
21st Century Community Learning Centers	84.287C	S287C180030	S287C150030	325,000	7/1/18	6/30/19	(25,281)	114,200	296,175	25,281	(181,975)		
21st Century Community Learning Centers	84.287C	S287C170030	S287C150030	250,000	7/1/17	6/30/18	(25,281)						
21st Century Community Learning Centers - IDEA Supplemental Special Education	84.287C	S287C160030	S287C150030	250,000	7/1/16	6/30/17	(6,075)						3,800
	84.287C	S287C170030	S287C150030	35,000	7/1/17	6/30/18	(9,099)			9,099			
Total Special Revenue Fund													
US Department of Agriculture													
Passed Through State Dept of Education:													
Enterprise Fund													
Food Distribution Program (formally USDA Commodities Program)	10.550	191NJ309N1096	N/A	70,778	7/1/18	6/30/19		70,778	70,778				
National School Breakfast Program	10.553	181NJ304N1099	N/A	46,131	7/1/17	6/30/18	(2,886)	2,886					
National School Breakfast Program	10.553	191NJ304N1099	N/A	35,738	7/1/18	6/30/19		33,485	35,738		(2,253)		
National School Lunch Program	10.555	181NJ304N1099	N/A	404,211	7/1/17	6/30/18	(25,630)	25,630					
National School Lunch Program	10.555	191NJ304N1099	N/A	411,153	7/1/18	6/30/19		388,406	411,153		(22,747)		
Total Enterprise Fund													
Total Federal Financial Assistance													
				\$			\$	1,680,810	1,899,605	32,116	(745,032)		5,422

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, 2019

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2018			Balance at June 30, 2019			Memo		
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures Pass Through Funds	Repayment Prior Yrs. Balances	(Accounts Receivable)		Deferred Revenue/ Interfund Payable	Due to Grantor at
Enterprise Fund													
State Department of Agriculture													
National School Lunch Program (State Share)	19-100-010-3350-023	10,263	7/1/2018	6/30/2019					9,708				*
National School Lunch Program (State Share)	18-100-010-3350-023	10,437	7/1/2017	6/30/2018	(643)			643		(555)			*
Total Enterprise Fund					(643)			10,351		(555)			*
Total State Financial Assistance					(199,510)		40,933	6,509,629		(352,296)		39,205	*
								6,808,450	38,194				
Local Sources:													
Special Revenue Fund:													
Donation - Korean Consulate - High School	N/A	4,788	7/1/2018	6/30/2019				4,605		183			*
Donation - Korean Consulate - Lindbergh	N/A	6,000	7/1/2018	6/30/2019				6,000					*
Donation - Greenhouse Church	N/A	2,332	7/1/2018	6/30/2019				1,523		809			*
Total Local Sources								12,128		992			*
Total State and Local Financial Assistance								6,820,578	38,194	(352,296)		39,205	*
Less: On-Behalf TPAF Pension System Contributions													
On Behalf TPAF Pension - Post Retirement	19-495-034-5094-001	1,043,229	7/1/2018	6/30/2019				1,043,229					*
On Behalf TPAF NCGI Premium	19-495-034-5095-004	47,156	7/1/2018	6/30/2019				47,156					*
On Behalf TPAF LTDI	19-495-034-5095-002	2,847	7/1/2018	6/30/2019				2,847					*
On Behalf TPAF Pension - Contribution	19-495-034-5095-002	2,252,739	7/1/2018	6/30/2019				2,252,739					*
Total for State Financial Assistance - Major Program Determination								3,345,971					*
								3,462,479					*

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 \$(11,697) for the general fund and \$(111,267) 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>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$67,058	\$6,507,511	\$6,507,511
Special Revenue Fund	11,663	1,229,005	254,050	1,494,718
Food Service Fund		<u>517,669</u>	<u>10,263</u>	<u>527,932</u>
Total Awards and Financial Assistance	<u>\$11,663</u>	<u>\$1,813,732</u>	<u>\$6,771,824</u>	<u>\$8,597,219</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, 2019. 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, 2019.

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 \$3,345,971 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>	\$501,818
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	17,829
Title III: <i>English Language Acquisition State Grants</i>	58,750
Title III: <i>Immigrant Grants</i>	14,047
Title IV: <i>Student Support and Academic Enrichment Grants</i>	<u>25,843</u>
Total	<u>\$618,287</u>

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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>84.010</u>	(B) <u>S010A180030</u>	<u>Title I: Improving Basic Programs</u>
<u>10.553/10.555</u>	(B) <u>191NJ304N1099</u>	<u>Child Nutrition Cluster: 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, 2019
(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>19-495-034-5120-078/089/084/085/096/098/097/101</u> (A)	State Aid Public Cluster: Equalization Aid, Special Education Categorical Aid, Security Aid, Adjustment Aid

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, 2019**

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, 2019**

STATUS OF PRIOR YEAR FINDINGS:

NONE