

**SCHOOL DISTRICT OF THE  
BOROUGH OF PALISADES PARK  
COUNTY OF BERGEN, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

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, 2015**

# Comprehensive Annual Financial Report

of the

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

**Year Ended June 30, 2015**

**Prepared by**

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

# OUTLINE OF CAFR

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*Palisades Park Public Schools  
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Palisades Park, N.J. 07650  
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*Dr. Joseph Cirillo  
Superintendent of Schools*

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

*December 1, 2015*

*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, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.*

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

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

*The Financial Section includes the general purpose financial statements and schedules, as well as the auditor's report thereon.*

*The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.*

The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-144, "Audits of State and Local Governments". And the State of Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with appliance laws and the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Kindergarten through 12. These include regular, vocational, as well as special education for students with special needs. The District completed the school year with an enrollment of 1,609 students, which is 7.16% more than the previous year's enrollment. The following chart details the changes in student enrollment over the last five (5) years:

<u>AVERAGE DAILY ENROLLMENT</u>		
<u>FISCAL YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>PERCENTAGE CHANGE</u>
2010-2011	1,601	7.16%
2011-2012	1,599	- 0.9%
2012-2013	1,609	1.0%
2013-2014	1,614	1.0%
2014-2015	1,609	- 0.9%

- 2.) **Economic Conditions and Outlook:** Within the last five (5) years the population of the District has shifted from predominately English speaking students to a student population comprised of 48.4% Asian, 33.4% Hispanic, 15.5% English-speaking, 2.3% Black and 0.4% Others. The local population continues to grow mostly from overseas arrivals adding a strain to the school system's Bilingual, ESL, and Special Education programs.

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

**4.) Internal Accounting Controls:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonably, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial aid, the District also is responsible for ensuring that an adequate internal control structure is in place to guarantee compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

**5.) Budgetary Controls:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are accounted for in the capital projects fund. The final budget amount amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of a fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reserves of a fund balance as of June 30, 2015.

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

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

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

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

*As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis for the School District. This discussion is located in the financial section of this report following the audit opinion and provides an assessment of the school district's finances for 2015 and a discussion of current issues that affect the outlook for the future.*

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

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

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

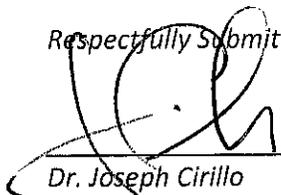
*In addition to meeting the requirements as set forth in State statutes, the audit also was designed to meet the requirements of OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB.*

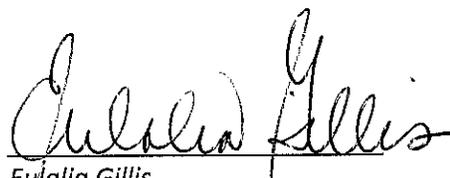
*The auditor's report on the general purpose financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.*

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

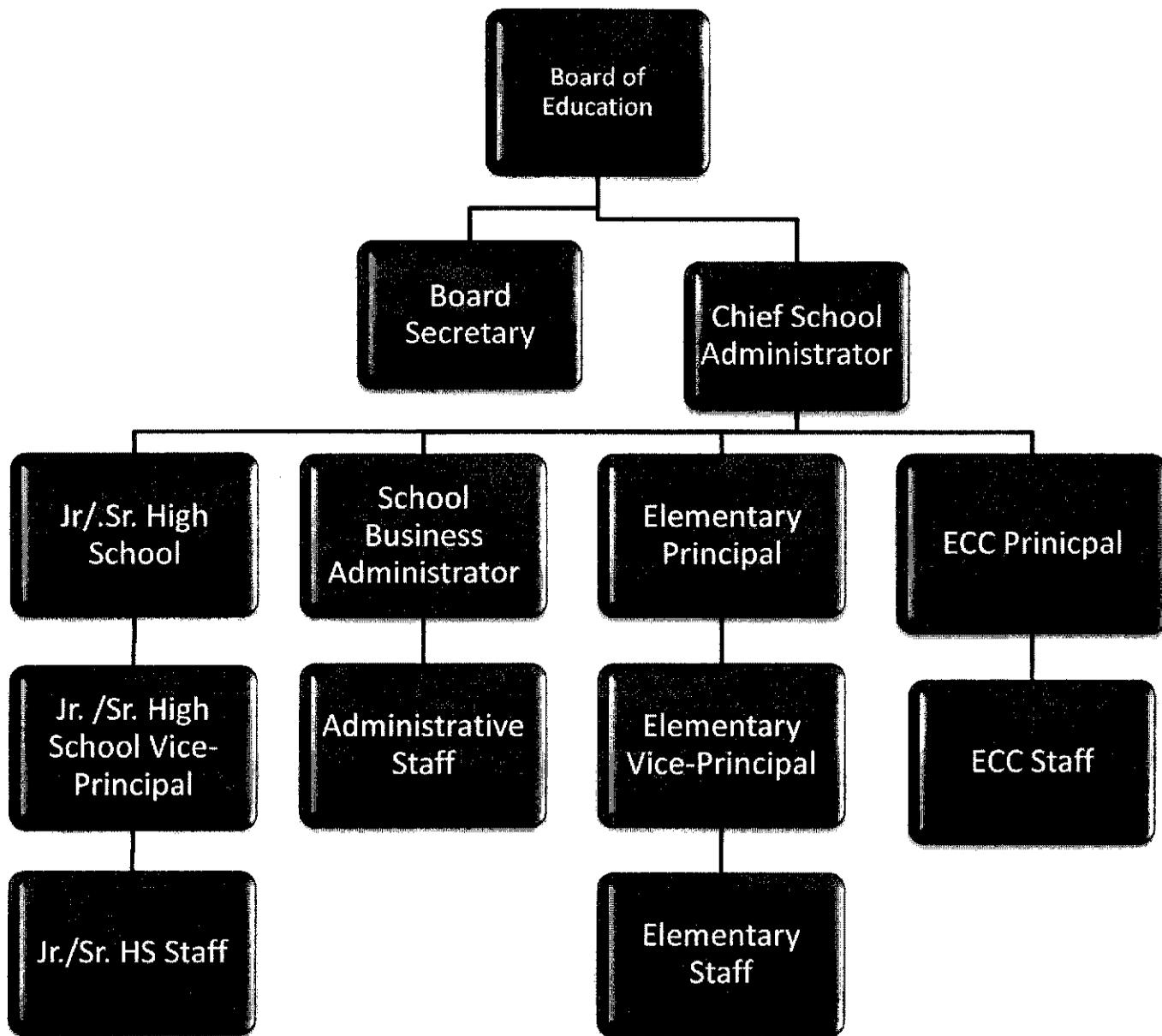
*The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.*

Respectfully Submitted,

  
\_\_\_\_\_  
Dr. Joseph Cirillo  
Superintendent of Schools

  
\_\_\_\_\_  
Eulalia Gillis  
Business Administrator

# Organizational Chart



**PALISADES PARK BOARD OF EDUCATION**  
**ROSTER OF OFFICIALS - JUNE 30, 2015**

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

<i>Jeffrey Woo, President</i>	<i>2017</i>
<i>Howard Donovan, Vice-President</i>	<i>2017</i>
<i>Maria Alvarez</i>	<i>2017</i>
<i>George Beck, Jr.</i>	<i>2016</i>
<i>Kenneth Bruno</i>	<i>2018</i>
<i>Angela Burns</i>	<i>2016</i>
<i>Connie Hwang</i>	<i>2018</i>
<i>Chong (Paul) Kim</i>	<i>2018</i>
<i>John Mattessich</i>	<i>2016</i>

**OTHER OFFICIALS**

*Joseph Cirillo, Superintendent of Schools*  
*Eulalia Gillis, Business Administrator*  
*Diane Montemurro, Board Secretary*

**Palisades Park Board of Education  
Consultants and Advisors  
2015/2016**

**Board Auditors**

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

**Legal Counsel**

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

**Bond Counsel**

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

**Architects/Engineers**

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

**Official Depositories**

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

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

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

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

Certified Public Accountants  
401 Wanaque Avenue  
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Fax 973-835-6631

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973-579-3212  
Fax 973-579-7128

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Palisades Park School District, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2015, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Palisades Park Board of Education, in the County of Bergen, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information and schedules related to accounting and reporting for pensions (GASB 68) identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Palisades Park Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by New Jersey OMB's Circular(s) 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by New Jersey OMB's Circular(s) 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by New Jersey OMB's Circular(s) 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2015 on our consideration of the Borough of Palisades Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

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

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

*Steven D. Wielkocz*

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

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

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

October 15, 2015

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

The discussion and analysis of the Palisades Park Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. 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 \$234,468. Net position of governmental activities increased by \$273,841 and net position of business-type activity decreased by \$39,373.
- General revenues accounted for \$27,576,057 in revenue or 94 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,993,151 or 6 percent of total revenues of \$29,569,208.
- The School District had \$28,526,828 in expenses related to governmental activities; only \$1,224,620 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$27,576,049 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, 2015  
UNAUDITED (CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

**District-Wide Financial Statements**

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

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

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

- Governmental Activities – All of the school district’s programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service Enterprise and After School Child Care funds are reported as business activities.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

**Fund Financial Statements**

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

**Governmental Funds**

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

**Proprietary Funds**

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

**Fiduciary Funds**

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

**Notes to the Financial Statements**

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

**Other Information**

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

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

**DISTRICT-WIDE FINANCIAL ANALYSIS**

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

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

The School District's net positions were \$10,000,789 at June 30, 2015 and \$9,766,321 at June 30, 2014. 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 2015 compared to 2014 (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, 2015  
UNAUDITED (CONTINUED)**

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

**Table 1**

**Net Position  
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Assets</b>						
Current and Other Assets	1,869,595	1,959,120	318,985	287,256	2,188,580	2,246,376
Capital Assets	<u>17,197,717</u>	<u>17,497,923</u>	<u>42,726</u>	<u>45,910</u>	<u>17,240,443</u>	<u>17,543,833</u>
Total Assets	<u>19,067,312</u>	<u>19,457,043</u>	<u>361,711</u>	<u>333,166</u>	<u>19,429,023</u>	<u>19,790,209</u>
<b>Deferred Outflows of Resources</b>						
Deferred Outflows of Resources Related to PERS	<u>630,372</u>	_____	_____	_____	<u>630,372</u>	_____
<b>Liabilities</b>						
Other Liabilities	262,430	712,452	9,011	7,537	271,441	719,989
Noncurrent Liabilities	<u>9,431,093</u>	<u>9,303,899</u>	_____	_____	<u>9,431,093</u>	<u>9,303,899</u>
Total Liabilities	<u>9,693,523</u>	<u>10,016,351</u>	<u>9,011</u>	<u>7,537</u>	<u>9,702,534</u>	<u>10,023,888</u>
<b>Deferred Inflows of Resources</b>						
Deferred Inflows of Resources Related to PERS	<u>289,628</u>	_____	_____	_____	<u>289,628</u>	_____
<b>Net Investment in Capital</b>						
Assets	16,723,598	16,613,576	42,727	45,910	16,766,325	16,659,486
Restricted	1,470,536	1,479,824	_____	_____	1,470,536	1,479,824
Unrestricted	<u>(8,479,601)</u>	<u>(8,652,708)</u>	<u>243,529</u>	<u>279,719</u>	<u>(8,236,072)</u>	<u>(8,372,989)</u>
Total Net Position	<u>9,714,533</u>	<u>9,440,692</u>	<u>286,256</u>	<u>325,629</u>	<u>10,000,789</u>	<u>9,766,321</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

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

Table 2 below shows the changes in net position for fiscal year 2015 compared to 2014.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services and Sales			421,973	477,373	421,973	477,373
Operating Grants and Contributions	1,224,620	975,368	346,558	367,996	1,571,178	1,343,364
General Revenues:						
Taxes:						
Property taxes, levied for general purposes	20,065,548	19,533,309			20,065,548	19,533,309
Property taxes levied for debt service	611,767	752,448			611,767	752,448
Federal and State Aid not Restricted	6,756,966	3,836,595			6,756,966	3,836,595
Miscellaneous Income	140,861	85,076			140,861	85,076
Investment Earnings	<u>907</u>	<u>1,158</u>	<u>8</u>	<u>8</u>	<u>915</u>	<u>1,166</u>
Total Revenues and Transfers	<u>28,800,669</u>	<u>25,183,954</u>	<u>768,539</u>	<u>845,377</u>	<u>29,569,208</u>	<u>26,029,331</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Functions/Program Expenses</b>						
Instruction:						
Regular	11,525,979	10,861,600			11,525,979	10,861,600
Special Instruction	2,507,327	2,271,235			2,507,327	2,271,235
Other Special Instruction	864,562	987,753			864,562	987,753
Other Instruction	407,524	435,634			407,524	435,634
Support Services:						
Tuition	1,151,383	1,083,590			1,151,383	1,083,590
Attendance & Social Work	3,324				3,324	
Health Services	292,826				292,826	
Student & Instruction						
Related Services	2,075,892	2,131,185			2,075,892	2,131,185
School Administrative						
Services	1,298,130	1,241,805			1,298,130	1,241,805
General Administrative						
Services	700,945	707,186			700,945	707,186
Central Services	401,785	390,943			401,785	390,943
Plant Operations and						
Maintenance	1,709,712	1,744,208			1,709,712	1,744,208
Pupil Transportation	311,896	305,563			311,896	305,563
Administration of Infor-						
mation Technology	106,058				106,058	
Unallocated Benefits	4,765,636	4,558,274			4,765,636	4,558,274
Transfer of Funds to Charter						
Schools	51,148	50,333			51,148	50,333
Capital Outlay - Non-						
Depreciable	32,533	15,455			32,533	15,455
Debt Service:						
Interest and Other Charges	42,421	37,860			42,421	37,860
Unallocated Depreciation	277,747	277,747			277,747	277,747
Food Service			724,018	696,434	724,018	696,434
After School Child Care			<u>83,894</u>	<u>82,508</u>		<u>82,508</u>
Total Expenses and Transfers	<u>28,526,828</u>	<u>27,100,371</u>	<u>807,912</u>	<u>778,942</u>	<u>29,334,740</u>	<u>27,879,313</u>
Increase or (Decrease) in						
Net Position	<u>273,841</u>	<u>(1,916,417)</u>	<u>(39,373)</u>	<u>66,435</u>	<u>234,468</u>	<u>(1,849,982)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

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

Governmental and Business- Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$29,334,740. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$20,677,315 because some of the cost was paid by those who benefitted from the programs \$421,973 by other governments and organizations who subsidized certain programs with grants and contributions \$8,328,144, and by miscellaneous sources \$141,776.

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 expenses exceeded revenues by \$57,219.
- ✓ After school child care revenues exceeded expenses by \$17,846.
- ✓ Charges for services provided totaled \$421,973. 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 \$346,558.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS**

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

During the fiscal year ended June 30, 2015, 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 \$24,597,222. That amount is \$2,535,544 above the final amended budget of \$22,061,678. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$2,327,158 for TPAF social security reimbursements and on-behalf pension payments, \$78,464 of anticipated extraordinary aid and \$129,922 of various unanticipated revenues.

The actual expenditures of the general fund were \$24,582,361, including transfers which is \$1,938,738 above the final amended budget of \$22,649,347. The variance between the actual expenditures and final budget was due to non-budgeted on-behalf TPAF social security and pension payments of \$2,327,158 and \$388,420 of unexpended budgeted funds.

The General fund had total revenues of \$24,597,222 and total expenditures including transfers of \$24,582,361 with an ending fund balance of \$1,953,309 on the budgetary basis.

**Special Revenue Fund**

The special revenue fund actual revenue was \$1,381,504. That amount is above the original budget estimate of \$887,313 and below the final amended budget of \$1,452,615. The \$565,302 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 \$71,111 variance between the final amended budget and the June 30, 2015 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, 2015  
UNAUDITED (CONTINUED)**

**Special Revenue Fund, (continued)**

The actual expenditures of the special revenue fund were \$1,381,504, which is above the original budget of \$887,313 and below the final amended budget of \$1,452,615. The \$565,302 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 \$71,111 variance between the final amended budget and the June 30, 2015 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 2015 the School District had \$25,234,831 invested in land, buildings and building improvements, machinery and equipment. Of this amount, \$7,994,387 in depreciation has been taken over the years. We currently have a net book value of \$17,240,444. Total depreciable additions for the year were \$17,476 which consisted mainly of various instructional equipment purchases. Table 3 shows fiscal year 2015 balances compared to 2014.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	9,613,650	9,613,650			9,613,650	9,613,650
Land Improvements	116,127	120,993			116,127	120,993
Buildings and Improvements	7,358,899	7,631,780	41,338	47,242	7,400,237	7,679,022
Furniture, Equipment and Vehicles	<u>109,041</u>	<u>131,500</u>	<u>1,389</u>	<u>1,851</u>	<u>110,430</u>	<u>133,351</u>
	<u>17,197,717</u>	<u>17,497,923</u>	<u>42,727</u>	<u>49,093</u>	<u>17,240,444</u>	<u>17,547,016</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

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

**Debt Administration**

At June 30, 2015, the District had \$9,431,093 in long term debt. Of this amount, \$3,472,995 is for compensated absences, \$474,119 is for certificates of participation used to finance the construction of additions and renovations of the existing school buildings, \$624,000 is for refunding serial bonds to fund the District's unfunded pension liability with the State of New Jersey, and \$4,859,979 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 2015-2016 school year that is slightly higher than the level of the 2014-2015 school year.

The following factors were considered in preparing the 2015-2016 fiscal year budget:

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

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

**REQUESTS FOR INFORMATION**

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

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

**PALISADES PARK BOARD OF EDUCATION**  
**Statement of Net Position**  
**June 30, 2015**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	970,915	210,856	1,181,771
Receivables, net	341,603	64,776	406,379
Internal balances	(34,492)	34,492	-
Inventory		8,861	8,861
Restricted assets:			
Capital reserve account - cash	591,569		591,569
Capital assets:			
Land and construction in progress	9,613,650		9,613,650
Other Capital assets, net	7,584,067	42,726	7,626,793
Total Assets	<u>19,067,312</u>	<u>361,711</u>	<u>19,429,023</u>
Deferred Outflow of Resources:			
Deferred outflows of resources related to PERS	630,372	-	630,372
Total Deferred Outflows	<u>630,372</u>	<u>-</u>	<u>630,372</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	213,577	75,455	289,032
Payable to federal government	9,357		9,357
Payable to state government	34,201		34,201
Advanced revenue	5,295		5,295
Noncurrent liabilities:			
Due within one year	589,346		589,346
Due beyond one year	8,841,747		8,841,747
Total liabilities	<u>9,693,523</u>	<u>75,455</u>	<u>9,768,978</u>
Deferred Inflow of Resources:			
Deferred inflows of resources related to PERS	289,628		289,628
Total Deferred Inflows	<u>289,628</u>	<u>-</u>	<u>289,628</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	16,723,598	42,727	16,766,325
Restricted for:			
Capital projects	632,364		632,364
Other purposes	838,172		838,172
Unrestricted (Deficit)	(8,479,601)	243,529	(8,236,072)
Total net position	<u>9,714,533</u>	<u>286,256</u>	<u>10,000,789</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, 2015

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	9,495,434	2,030,545		913,316		(10,612,663)		(10,612,663)
Special education	2,005,694	501,633				(2,507,327)		(2,507,327)
Other special instruction	692,297	172,265				(864,562)		(864,562)
Other instruction	345,893	61,631				(407,524)		(407,524)
Support services:								
Tuition	1,151,383					(1,151,383)		(1,151,383)
Attendance & Social Work	2,650	674				(3,324)		(3,324)
Health Services	235,731	57,095				(292,826)		(292,826)
Student & instruction related services	1,767,015	308,877	311,304			(1,764,588)		(1,764,588)
School administrative services	1,034,403	263,727				(1,298,130)		(1,298,130)
General administrative services	653,230	47,715				(700,945)		(700,945)
Central Services	330,959	70,826				(401,785)		(401,785)
Information Technology	84,560	21,498				(106,058)		(106,058)
Plant operations and maintenance	1,486,887	222,825				(1,709,712)		(1,709,712)
Pupil transportation	311,896					(311,896)		(311,896)
Unallocated benefits	4,765,636					(4,765,636)		(4,765,636)
Transfer to Charter Schools	51,148					(51,148)		(51,148)
Capital outlay - non-depreciable	32,533					(32,533)		(32,533)
Interest on long term debt	42,421					(42,421)		(42,421)
Unallocated depreciation	277,747					(277,747)		(277,747)
Total governmental activities	24,767,517	3,759,311	-	1,224,620	-	(27,302,208)	-	(27,302,208)
Business-type activities:								
Food Service	724,018		320,233	346,558			(57,227)	(57,227)
After School Child Care	83,894		101,740				17,846	17,846
Total business-type activities	807,912		421,973	346,558			(39,381)	(39,381)
Total primary government	25,575,429		421,973	1,571,178			(27,341,589)	(27,341,589)
General revenues:								
Taxes:								
Property taxes, levied for general purposes						20,065,548		20,065,548
Taxes levied for debt service						611,767		611,767
Federal and State aid not restricted						6,756,966		6,756,966
Investment Earnings						907	8	915
Miscellaneous Income						140,861		140,861
Total general revenues, special items, extraordinary items and transfers						27,576,049	8	27,576,057
Change in Net Position						273,841	(39,373)	234,468
Net Position—beginning (restated)						9,440,692	325,629	9,766,321
Net Position—ending						9,714,533	286,256	10,000,789

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

**PALISADES PARK BOARD OF EDUCATION**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	929,543		41,372		970,915
Accounts Receivable -					
Intergovernmental - State	157,464	10,000			167,464
Intergovernmental - Federal		139,621			139,621
Interfund receivables	135,814				135,814
Restricted cash and cash equivalents	591,569				591,569
Total assets	<u>1,814,390</u>	<u>149,621</u>	<u>41,372</u>	<u>-</u>	<u>2,005,383</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	665	49			714
Intergovernmental accounts payable:					
State		33,624	577		34,201
Federal		9,357			9,357
Interfund payables	34,492	101,296			135,788
Advanced revenue		5,295			5,295
Total liabilities	<u>35,157</u>	<u>149,621</u>	<u>577</u>	<u>-</u>	<u>185,355</u>
Fund Balances:					
Restricted for:					
Excess Surplus - current year	390,574				390,574
Excess Surplus - prior year - designated for subsequent year's expenditures	326,588				326,588
Capital reserve	591,569				591,569
Assigned to:					
Year End Encumbrances	121,010				121,010
Capital projects			40,795		40,795
Unassigned:					
General fund	349,492				349,492
Total Fund balances	<u>1,779,233</u>	<u>-</u>	<u>40,795</u>	<u>-</u>	<u>1,820,028</u>
Total liabilities and fund balances	<u>1,814,390</u>	<u>149,621</u>	<u>41,372</u>	<u>-</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$25,066,980 and the accumulated depreciation is \$7,869,263.	17,197,717
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds	(3,990)
Accounts payable for subsequent Pension payment is not a payable in the funds	(208,873)
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	630,372
Deferred inflows of resources related to PERS Pension Liability	(289,628)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds	(9,431,093)
Net position of governmental activities	<u>9,714,533</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, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local sources:					
Local tax levy	20,065,548			611,767	20,677,315
Interest Earned on Capital Reserve Funds	907				907
Miscellaneous	140,861				140,861
Total - Local Sources	<u>20,207,316</u>	-	-	<u>611,767</u>	<u>20,819,083</u>
State sources	4,331,232	199,487			4,530,719
Federal sources	43,837	1,025,133			1,068,970
Total revenues	<u>24,582,385</u>	<u>1,224,620</u>	-	<u>611,767</u>	<u>26,418,772</u>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	8,582,118	913,316			9,495,434
Special education instruction	2,005,694				2,005,694
Other special instruction	692,297				692,297
School sponsored/other instructional	345,893				345,893
Support services and undistributed costs:					
Tuition	1,151,383				1,151,383
Attendance & Social Work	2,650				2,650
Health services	235,731				235,731
Student & instruction related services	1,455,711	311,304			1,767,015
School administrative services	1,034,403				1,034,403
General administrative services	653,230				653,230
Central services	330,959				330,959
Information technology	84,560				84,560
Plant operations and maintenance	1,486,887				1,486,887
Pupil transportation	311,896				311,896
Unallocated benefits	3,780,634				3,780,634
On-behalf contributions	2,327,158				2,327,158
Debt Service:					
Principal				503,228	503,228
Interest and other charges				42,648	42,648
Transfer to Charter Schools	51,148				51,148
Capital outlay	50,009				50,009
Total expenditures	<u>24,582,361</u>	<u>1,224,620</u>	-	<u>545,876</u>	<u>26,352,857</u>
Excess (Deficiency) of revenues over expenditures	<u>24</u>	-	-	<u>65,891</u>	<u>65,915</u>
Net change in fund balances	24	-	-	65,891	65,915
Fund balance—July 1	<u>1,779,209</u>	-	<u>40,795</u>	<u>(65,891)</u>	<u>1,754,113</u>
Fund balance—June 30	<u>1,779,233</u>	-	<u>40,795</u>	-	<u>1,820,028</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, 2015**

<b>Total net change in fund balances - governmental funds (from B-2)</b>		<b>65,915</b>
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>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.</p>		
Depreciation expense	(317,682)	
Depreciable Capital outlays	17,476	(300,206)
<p>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:</p>		
Principal Payments on Bond Obligations	93,000	
Principal Payments on Capital Leases	410,228	503,228
<p>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.</p>		
Prior year		4,217
Current year		(3,990)
<p>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 (+).</p>		
Increase in compensated absences payable		89,829
<p>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.</p>		
District Pension Contributions	213,991	
Less: Pension Expense	(299,143)	(85,152)
<p>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.</p>		
Increase in On-behalf State Aid TPAF Pension		2,381,897
Increase in On-behalf TPAF Pension Expense		(2,381,897)
<b>Change in net position of governmental activities</b>		<b>273,841</b>

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, 2015**

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	30,065	180,791	210,856
Accounts receivable:			
State	1,509		1,509
Federal	63,267		63,267
Interfund	34,492		34,492
Inventories	8,861		8,861
Total current assets	<u>138,194</u>	<u>180,791</u>	<u>318,985</u>
Noncurrent assets:			
Capital assets:			
Equipment	108,801		108,801
Site Improvements	59,050		59,050
Less accumulated depreciation:			
Equipment	(107,412)		(107,412)
Site Improvements	(17,713)		(17,713)
Total capital assets (net of accumulated depreciation)	<u>42,726</u>	<u>-</u>	<u>42,726</u>
Total assets	<u>180,920</u>	<u>180,791</u>	<u>361,711</u>
<b>LIABILITIES</b>			
Current liabilities:			
Subsidy Reimbursement Overclaim Payable	66,444		66,444
Accounts payable	9,011		9,011
Total current liabilities	<u>75,455</u>	<u>-</u>	<u>75,455</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	42,726	-	42,726
Unrestricted	62,739	180,791	243,530
Total net position	<u>105,465</u>	<u>180,791</u>	<u>286,256</u>

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

**PALISADES PARK BOARD OF EDUCATION**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Fiscal Year Ended June 30, 2015**

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	318,833		318,833
Daily sales - non-reimbursable programs	1,400		1,400
Tuition fees		101,740	101,740
Total operating revenues	<u>320,233</u>	<u>101,740</u>	<u>421,973</u>
Operating expenses:			
Cost of sales	327,784		327,784
Salaries	223,413	81,455	304,868
Supplies and materials	23,278	2,439	25,717
Employee benefits	82,742		82,742
Cleaning repair & maintenance	17,538		17,538
Purchased services	32,155		32,155
Miscellaneous	13,925		13,925
Depreciation	3,183		3,183
Total Operating Expenses	<u>724,018</u>	<u>83,894</u>	<u>807,912</u>
Operating income (loss)	<u>(403,785)</u>	<u>17,846</u>	<u>(385,939)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	8,178		8,178
Federal sources:			
National school lunch program	240,515		240,515
National school breakfast program	38,256		38,256
Food distribution program	59,609		59,609
Interest and investment revenue	8		8
Total nonoperating revenues (expenses)	<u>346,566</u>	<u>-</u>	<u>346,566</u>
Change in net position	<u>(57,219)</u>	<u>17,846</u>	<u>(39,373)</u>
Total net position—beginning	<u>162,684</u>	<u>162,945</u>	<u>325,629</u>
Total net position—ending	<u><u>105,465</u></u>	<u><u>180,791</u></u>	<u><u>286,256</u></u>

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

**PALISADES PARK BOARD OF EDUCATION**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Fiscal Year Ended June 30, 2015**

	<b>Food Service Program</b>	<b>After School Child Care</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	320,233	101,740	421,973
Receipt of prior year interfund	870		870
Payments to Outside Food Service Management Company	(640,525)	(81,455)	(721,980)
Payments for repairs, maintenance	(17,538)		(17,538)
Payments for supplies	(2,154)	(2,439)	(4,593)
Net cash provided by (used for) operating activities	<u>(339,114)</u>	<u>17,846</u>	<u>(321,268)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	8,646		8,646
Federal Sources	310,594		310,594
Net cash provided by (used for) non-capital financing activities	<u>319,240</u>	<u>-</u>	<u>319,240</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	8		8
Net cash provided by (used for) investing activities	<u>8</u>	<u>-</u>	<u>8</u>
Net increase (decrease) in cash and cash equivalents	<u>(19,866)</u>	<u>17,846</u>	<u>(2,020)</u>
Balances—beginning of year	<u>49,931</u>	<u>162,945</u>	<u>212,876</u>
Balances—end of year	<u><u>30,065</u></u>	<u><u>180,791</u></u>	<u><u>210,856</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	(403,785)	17,846	(385,939)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	3,183		3,183
Food Distribution Program	59,609		59,609
(Increase) decrease in accounts receivable, net	870		870
(Increase) decrease in inventories	(464)		(464)
(Increase) decrease in accounts payable	1,473		1,473
Total adjustments	<u>64,671</u>	<u>-</u>	<u>64,671</u>
Net cash provided by (used for) operating activities	<u><u>(339,114)</u></u>	<u><u>17,846</u></u>	<u><u>(321,268)</u></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, 2015**

	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	65,220	331,355
Interfund Receivable - Payroll Agency	1,435	
Total assets	<u>66,655</u>	<u>331,355</u>
<b>LIABILITIES</b>		
Payable to student groups		114,626
Payroll deductions and withholdings		180,776
Interfund Payable - General Fund		34,518
Interfund Payable - Unemployment Compensation Trust		1,435
Total liabilities	<u>-</u>	<u>331,355</u>
<b>NET POSITION</b>		
Held in trust for unemployment claims and other purposes	<u>66,655</u>	

**PALISADES PARK BOARD OF EDUCATION**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Fiscal Year Ended June 30, 2015**

	<u><b>Unemployment Compensation Trust Fund</b></u>
<b>ADDITIONS</b>	
Contributions:	
Employee Deductions	16,310
Total Contributions	<u>16,310</u>
Investment earnings:	
Interest	6
Net investment earnings	<u>6</u>
Total additions	<u>16,316</u>
<b>DEDUCTIONS</b>	
Unemployment assessment billings	6,425
Unemployment claims	21,610
Total deductions	<u>28,035</u>
Change in net position	(11,719)
Net position—beginning of the year	<u>78,374</u>
Net position—end of the year	<u><u>66,655</u></u>

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

The Board of Education (“Board”) of the Borough of Palisades Park School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Palisades Park School District is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-12. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

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

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

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Board of Education of the Borough of Palisades Park School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board’s accounting policies are described below.

**A. Basis of Presentation:**

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**A. Basis of Presentation: (continued)**

**District-wide Financial Statements:**

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

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

**Fund Financial Statements:**

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

**GOVERNMENTAL FUNDS**

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**GOVERNMENTAL FUNDS, (continued)**

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

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

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

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

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

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

**PROPRIETARY FUNDS**

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**PROPRIETARY FUNDS, (continued)**

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

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

**FIDUCIARY FUNDS**

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

**B. Measurement Focus:**

**District-wide Financial Statements**

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

**Fund Financial Statements**

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

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**C. Basis of Accounting:**

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

**Revenues - Exchange and Non-exchange Transactions**

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

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

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

**Expenses/Expenditures**

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

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**D. Budgets/Budgetary Control:**

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**E. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**F. Cash, Cash Equivalents and Investments:**

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

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

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

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

**G. Tuition Revenues/Receivable:**

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

**H. Inventories:**

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

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**I. Prepaid Items:**

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**J. Short-Term Interfund Receivables/Payables:**

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

**K. Capital Assets:**

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

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

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

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**L. Compensated Absences:**

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

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

**M. Advanced Revenue:**

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

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

**N. Accrued Liabilities and Long-term Obligations:**

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

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

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

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

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

transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

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, 2015**

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

**P. 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.
- **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.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**Q. 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.

**R. 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.

**S. 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.

**T. Allocation of Indirect Expenses:**

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**U. 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.

**V. Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”. This statement, which is effective for fiscal periods beginning after June 15, 2014 and was implemented by the District for the year ended June 30, 2015.

The Governmental Accounting Standards Board (GASB) issued Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date-an-amendment of GASB Statement No. 68”. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014 and was implemented by the District for the year ended June 30, 2015.

The Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

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

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

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

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

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS:**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2015, \$-0- of the District's bank balance of \$3,343,176 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

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

**Credit Risk**

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**Concentration of Credit Risk**

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

**NOTE 4. RECEIVABLES:**

Receivables at June 30, 2015, 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	\$167,464	\$1,509	\$168,973
Federal Aid	139,621	63,267	202,888
Interfund Receivables	<u>135,814</u>	<u>          </u>	<u>34,518</u>
Gross Receivables	442,899	64,776	406,379
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$442,899</u>	<u>\$64,776</u>	<u>\$406,379</u>

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

Balances due to/from other funds at June 30, 2015, consist of the following:

\$34,518	Due from the Net Payroll Account to the General Fund for prior year checks voided by resolution.
34,492	Due to Proprietary Fund from the General Fund for Subsidy Reimbursements Revenue not transferred.
<u>1,435</u>	Due to Unemployment Trust Fund from the Payroll Agency Fund for prior year employee deductions not turned over.
<u>\$70,445</u>	

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

**NOTE 6. CAPITAL ASSETS:**

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance <u>6/30/14</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/15</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Land	\$9,613,650	\$ _____	\$ _____	\$9,613,650
Total Capital Assets Not Being Depreciated	<u>9,613,650</u>	_____	_____	<u>9,613,650</u>
Land Improvements	149,451			149,451
Buildings and Improvements	14,089,267			14,089,267
Machinery and Equipment	<u>1,197,136</u>	<u>17,476</u>	_____	<u>1,214,612</u>
Totals at Historical Cost	<u>15,435,854</u>	<u>17,476</u>	_____	<u>15,453,330</u>
Less Accumulated Depreciation:				
Land Improvements	(28,458)	(4,866)		(33,324)
Buildings and Improvements	(6,457,487)	(272,881)		(6,730,368)
Machinery and Equipment	<u>(1,065,636)</u>	<u>(39,935)</u>	_____	<u>(1,105,571)</u>
Total Accumulated Depreciation	<u>(7,551,581)</u>	<u>(317,682)</u>	_____	<u>(7,869,263)</u>
Total Capital Assets Being Depreciated, Net of accumulated depreciation	<u>7,884,273</u>	<u>(300,206)</u>	_____	<u>7,584,067</u>
Governmental Activities Capital Assets, Net	<u>\$17,497,923</u>	<u>(\$300,206)</u>	<u>\$ _____</u>	<u>\$17,197,717</u>
<b>Business-Type Activities</b>				
Equipment	108,801			108,801
Site Improvements	<u>59,050</u>	_____	_____	<u>59,050</u>
Totals at Historical Cost	<u>167,851</u>	_____	_____	<u>167,851</u>
Less Accumulated Depreciation for:				
Equipment	(107,181)	(231)		(107,412)
Site Improvements	<u>(14,760)</u>	<u>(2,952)</u>	_____	<u>(17,712)</u>
Total Accumulated Depreciation	<u>(121,941)</u>	<u>(3,183)</u>	_____	<u>(125,124)</u>
Business-Type Activity Capital Assets, Net	<u>\$45,910</u>	<u>(\$3,183)</u>	<u>\$ _____</u>	<u>\$42,727</u>

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

Depreciation expense was charged to governmental functions as follows:

Instruction	\$10,875
Support Services:	
Student & instruction related services	6,303
School Administration	11,398
Plant Operations and Maintenance	11,359
Unallocated Depreciation	<u>277,747</u>
	<u>\$317,682</u>

**NOTE 7. LONG-TERM OBLIGATIONS:**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Long-term Portion</u>
<b>Governmental Activities:</b>						
Long-term Debt Obligations:						
General Loan Obligation Debt	\$	\$	\$	\$	\$	\$
General Bond Obligation Debt	<u>717,000</u>	<u>      </u>	<u>93,000</u>	<u>624,000</u>	<u>95,000</u>	<u>529,000</u>
Total Bonds Payable	<u>717,000</u>	<u>      </u>	<u>93,000</u>	<u>624,000</u>	<u>95,000</u>	<u>529,000</u>
Other Liabilities:						
Certificates of Participation	884,347		410,228	474,119	318,235	155,884
Compensated Absences Payable	3,562,824	134,527	224,356	3,472,995	176,111	3,296,884
Net Pension Liability	<u>4,642,956</u>	<u>217,023</u>	<u>      </u>	<u>4,859,979</u>	<u>      </u>	<u>4,859,979</u>
Total Other Liabilities	<u>9,090,127</u>	<u>351,550</u>	<u>634,584</u>	<u>8,807,093</u>	<u>494,346</u>	<u>8,312,747</u>
	<u>\$9,807,127</u>	<u>\$351,550</u>	<u>\$727,584</u>	<u>\$9,431,093</u>	<u>\$589,346</u>	<u>\$8,841,747</u>

**A. Bonds Payable:**

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

Outstanding bonds payable at June 30, 2015 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, 2015</u>
2012 School Refunding Bonds	05/17/2012	.43%-2.959%	03/15/2021	<u>\$624,000</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>
2016	\$95,000	\$13,680	\$108,680
2017	100,000	12,505	112,505
2018	102,000	10,868	112,868
2019	105,000	8,718	113,718
2020-2021	<u>222,000</u>	<u>9,586</u>	<u>231,586</u>
	<u>\$624,000</u>	<u>\$55,357</u>	<u>\$679,357</u>

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

As of June 30, 2015 the Board has no authorized but not issued bonds.

**C. Lease Purchase Agreements**

On May 1, 2007, the Board of Education entered into a lease purchase agreement with All Points Public Funding, LLC to refinance the outstanding certificates of participation of \$1,305,000 originally issued in 1993 and \$1,840,000 originally issued in 1997. The Board, pursuant to satisfying all legal requirements for a lease purchase transaction set forth in N.J.S.A. 18A:20-4.2(f) and N.J.A.C. 6:22A-1.2, including the conducting of public hearings, the solicitation of proposals for an underwriter and a lessor, the adoption of resolutions

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

approving a maximum funding level and endorsing the lease purchase financing and the receipt of approvals for the financing from the New Jersey Department of Education and the Local Finance Board in the Division of Local Government Services, New Jersey Department of Community Affairs; approved the final official statement for Certificates of Participation in the par amount of \$3,087,069.

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

Future Minimum Lease Payments: Future minimum lease payments under the lease purchase agreements along with the present value of the minimum lease payments as of June 30, 2015 are:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2016	\$331,307
2017	<u>159,119</u>
Total minimum lease payments	490,426
Less amount representing interest	<u>(16,307)</u>
Present value of lease payments	<u>\$474,119</u>

**Optional Prepayment**

The Certificate maturities due prior to August 1, 2013 are not subject to redemption prior to maturity. The Certificate maturities due on or after May 1, 2014 are subject to redemption at the option of the Board on or after August 1, 2013, at a redemption price equal to 101% of the principal amount thereof plus accrued interest, if any.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

**NOTE 8. OPERATING LEASES:**

The District has commitments to lease copying equipment and computers under operating leases which expire in October 2020. Total operating lease payments made during the year ended June 30, 2015 were \$139,986. Future minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$126,881
2017	126,881
2018	126,881
2019	53,170
2020	<u>17,724</u>
Total Minimum lease payments	<u>\$451,537</u>

**NOTE 9. PENSION PLANS:**

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

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

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

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**Defined Contribution Retirement Program (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

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

During the year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board’s contribution to PERS 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>		
6/30/15	\$213,991	\$ -0-
6/30/14	191,956	-0-
6/30/13	197,655	-0-

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

**NOTE 9. 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:

<u>Year</u> <u>Ending</u>	<u>Pension</u> <u>Contributions</u>	<u>Post-Retirement</u> <u>Medical</u> <u>Contributions</u>	<u>NCGI</u> <u>Premium</u>
6/30/15	\$543,224	\$924,411	\$39,082
6/30/14	400,660	714,916	35,365
6/30/13	661,994	787,933	34,830

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 \$820,441 during the year ended June 30, 2015 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, 2015, the District reported a liability of \$4,859,979 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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 school districts, actuarially determined. At June 30, 2014, the District's proportion was .0259576351 percent, which was an increase of .0000166421 percent from its proportion measured as of June 30, 2013.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

For the year ended June 30, 2015, the District recognized pension expense of \$299,143. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$152,824	\$
Net difference between projected and actual earnings on pension plan investments		289,628
Changes in proportion and differences between District contributions and proportionate share of contributions	268,675	
District contributions subsequent to the measurement date	<u>208,873</u>	<u>          </u>
Total	<u>\$630,372</u>	<u>\$289,628</u>

The \$208,873 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, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$(44,313)
2017	(44,313)
2018	(44,313)
2019	28,093
Thereafter	12,361

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**Additional Information**

Local Group Collective balances at December 31, 2014 and 2013 are as follows:

	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Collective deferred outflows of resources	\$952,194,675	Not Available
Collective deferred inflows of resources	1,479,224,662	Not Available
Collective net pension liability	\$18,722,735,003	\$19,111,986,911
District's Proportion	.0259576351%	.0242934256%

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which rolled forward to June 30, 2014. The total pension liability for the July 1, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.01 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**Mortality Rates**

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bond	1.00%	2.49%
Intermediate Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Returns	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, 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 average of the last five years of contributions made in relation to the last five years of recommended 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

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

The following presents the collective net pension liability of the participating employers as of June 30, 2014 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:

	<u>June 30, 2014</u>		
	<u>1%</u> Decrease <u>4.39%</u>	<u>At Current</u> Discount Rate <u>5.39%</u>	<u>1%</u> Increase <u>6.39%</u>
District's proportionate share of the pension liability	\$6,114,019	\$4,859,979	\$3,806,905

**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).

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

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2015 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>55,087,099</u>
	<u>\$55,087,099</u>

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. 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, 2014, the proportion of the TPAF net pension liability associated with the District was .103069135800%.

For the year ended June 30, 2015, the District recognized on-behalf pension expense and revenue of \$2,964,203 for contributions provided by the State in the District-Wide Financial Statements.

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

**Mortality Rates**

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
	<u>100.00%</u>	

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

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

**Discount Rate**

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, 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 average of the last five years. 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, 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 10. POST-RETIREMENT BENEFITS:**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

**NOTE 11. DEFERRED COMPENSATION:**

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

Equitable	Great American
Mass Mutual	Valic
Metropolitan Life	

**NOTE 12. RISK MANAGEMENT:**

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

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

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

**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>
2014-2015	\$ 6	\$16,310	\$28,035	\$66,655
2013-2014	6	23,146	4,732	78,374
2012-2013	4	23,700	23,504	59,954

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

**NOTE 13. CAPITAL RESERVE ACCOUNT:**

A capital reserve account was established by the Borough of Palisades Park Board of Education by inclusion of \$1.00 on October 18, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The balance at June 30, 2015 is \$591,569.

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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$590,663
Interest earnings	<u>907</u>
Ending balance, June 30, 2015	<u>\$591,569</u>

**NOTE 14. FUND BALANCE APPROPRIATED:**

**General Fund [Exhibit B-1]** - Of the \$1,779,233 General Fund balance at June 30, 2015, \$121,010 reserved for encumbrances; \$717,162 is reserved as excess surplus in accordance with *N.J.S.A. 18A:7F-7* (\$326,588 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2016); \$591,569 has been reserved in the Capital Reserve Account; and \$349,492 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, 2015 is \$717,162. Of this amount, \$390,574 is the result of the current year’s operations.

**Borough of Palisades Park School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2015**

**NOTE 16. INVENTORY:**

Inventory in the Food Service Fund at June 30, 2015 consisted of the following:

Food	\$7,256
Supplies	<u>1,605</u>
	<u>\$8,861</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.

**NOTE 17. RESTATEMENT:**

Net position for June 30, 2014 was restated in the amount of \$(4,642,956) to reflect the net pension liability at June 30, 2013 for the Public Employee Retirement System (PERS) as per Governmental Accounting Standards Board ("GASB") number 68. This resulted in restatement of net position as of June 30, 2014 as follows:

	<u>Governmental Activities</u>
Net Position at June 30, 2014	\$14,083,648
Prior Period Adjustment for Net Pension Liability	<u>(4,642,956)</u>
Net Position at June 30, 2014 - Restated	<u>\$9,440,692</u>

**NOTE 18. 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 19. SUBSEQUENT EVENTS:**

The District has evaluated subsequent events through October 15, 2015, the date which the financial statements were available to be issued and no other items were noted for disclosure.

Exhibit C-1

**PALISADES PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
<b>General Fund:</b>					
Revenues from Local Sources:					
Local Tax Levy	20,065,548		20,065,548	20,065,548	
Interest Earned on Capital Reserve Funds				907	907
Unrestricted Miscellaneous Revenues	40,000		40,000	140,861	100,861
<b>Total - Local Sources</b>	<u>20,105,548</u>		<u>20,105,548</u>	<u>20,207,316</u>	<u>101,768</u>
Revenues from State Sources:					
Categorical Special Education Aid	941,377		941,377	941,377	
Equalization Aid	725,995		725,995	725,995	
Categorical Security Aid	61,651		61,651	61,651	
Categorical Transportation Aid	14,322		14,322	14,322	
Adjustment Aid	10,501		10,501	10,501	
Additional Adjustment Aid	9,220		9,220	9,220	
Under Adequacy Aid	103,841		103,841	103,841	
PARCC Readiness Aid	16,770		16,770	16,770	
Per Pupil Growth Aid	16,770		16,770	16,770	
Extraordinary Aid	40,000		40,000	118,464	78,464
TPAF Pension (On-Behalf - Non-Budgeted)				582,306	582,306
TPAF Post Retirement Benefits (On-Behalf - Non-Budgeted)				924,411	924,411
Reimbursed TPAF Social Security Contributions (non-budgeted)				820,441	820,441
<b>Total - State Sources</b>	<u>1,940,447</u>		<u>1,940,447</u>	<u>4,346,069</u>	<u>2,405,622</u>
Revenues from Federal Sources:					
Special Education Medicaid Initiative - FY13 Settlement				34,818	34,818
ARRA-Medical Assistance Program (SEMI)				9,019	9,019
Special Education Medicaid Initiative	15,683		15,683		(15,683)
<b>Total - Federal Sources</b>	<u>15,683</u>		<u>15,683</u>	<u>43,837</u>	<u>28,154</u>
<b>TOTAL REVENUES</b>	<u>22,061,678</u>		<u>22,061,678</u>	<u>24,597,222</u>	<u>2,535,544</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	418,279	118,389	536,668	536,668	
Grades 1-5 - Salaries of Teachers	3,108,188	44,196	3,152,384	3,152,384	
Grades 6-8 - Salaries of Teachers	841,108	58,688	899,796	899,796	
Grades 9-12 - Salaries of Teachers	3,156,574	111,789	3,268,363	3,268,363	
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	41,672	4,888	46,560	44,460	2,100
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	67,209	(24,826)	42,383	42,383	
Purchased Technical Services	150,209	(24,025)	126,184	110,866	15,318
Other Purchased Services (400-500 series)	95,500	45,950	141,450	141,450	
General Supplies	347,333	19,487	366,820	366,529	291
Textbooks	21,000	(4,102)	16,898	16,898	
Other Objects	1,000	1,321	2,321	2,321	
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>8,248,072</u>	<u>351,755</u>	<u>8,599,827</u>	<u>8,582,118</u>	<u>17,709</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	477,182	159,444	636,626	636,626	
General Supplies	4,168	(1,466)	2,702	2,702	
<b>Total Learning and/or Language Disabilities</b>	<u>481,350</u>	<u>157,978</u>	<u>639,328</u>	<u>639,328</u>	
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	686,957	54,125	741,082	741,082	
Other Salaries for Instruction	155,500	(17,886)	137,614	137,614	
<b>Total Resource Room/Resource Center</b>	<u>842,457</u>	<u>36,239</u>	<u>878,696</u>	<u>878,696</u>	

Exhibit C-1

**PALISADES PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Preschool Disabilities- Full-Time:</b>					
Salaries of Teachers	262,970	7,578	270,548	270,548	
Other Salaries for Instruction	235,000	(47,774)	187,226	187,226	
Professional Svcs-Educational Services	13,950	10,535	24,485	24,485	
General Supplies	5,000	411	5,411	5,411	
<b>Total Preschool Disabilities - Full-Time</b>	<u>516,920</u>	<u>(29,250)</u>	<u>487,670</u>	<u>487,670</u>	
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>1,840,727</u>	<u>164,967</u>	<u>2,005,694</u>	<u>2,005,694</u>	
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	115,552	5,013	120,565	120,565	
General Supplies	26,070	(20,232)	5,838	5,838	
<b>Total Basic Skills/Remedial - Instruction</b>	<u>141,622</u>	<u>(15,219)</u>	<u>126,403</u>	<u>126,403</u>	
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	627,604	(70,592)	557,012	557,012	
General Supplies	6,278	866	7,144	7,144	
Textbooks	1,500	238	1,738	1,738	
<b>Total Bilingual Education - Instruction</b>	<u>635,382</u>	<u>(69,488)</u>	<u>565,894</u>	<u>565,894</u>	
<b>School-Sponsored Cocurricular Activities - Instruction</b>					
Salaries	102,000	(42,311)	59,689	59,689	
Purchased Services (300-500 series)	1,000	(510)	490	490	
Supplies and Materials	16,523	(567)	15,956	11,216	4,740
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<u>119,523</u>	<u>(43,388)</u>	<u>76,135</u>	<u>71,395</u>	<u>4,740</u>
<b>School-Sponsored Athletics - Instruction</b>					
Salaries	218,856	(35,999)	182,857	182,725	132
Purchased Services (300-500 series)	46,000	3,000	49,000	48,000	1,000
Supplies and Materials	45,000	450	45,450	43,773	1,677
<b>Total School-Sponsored Athletics - Instruction</b>	<u>309,856</u>	<u>(32,549)</u>	<u>277,307</u>	<u>274,498</u>	<u>2,809</u>
<b>TOTAL INSTRUCTION</b>	<u>11,295,182</u>	<u>356,078</u>	<u>11,651,260</u>	<u>11,626,002</u>	<u>25,258</u>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Special	227,826	33,138	260,964	260,964	
Tuition to County Voc. School Dist. - Regular	282,744	3,332	286,076	286,076	
Tuition to CSSD & Regional Day Schools	262,100	(42,884)	219,216	219,216	
Tuition to Private Schools for the Handicapped - Within State	406,573	(10,196)	396,377	380,627	15,750
Tuition-Other	4,500	4,500	4,500	4,500	
<b>Total Undistributed Expenditures - Instruction:</b>	<u>1,179,243</u>	<u>(12,110)</u>	<u>1,167,133</u>	<u>1,151,383</u>	<u>15,750</u>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	3,000	(350)	2,650	2,650	
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<u>3,000</u>	<u>(350)</u>	<u>2,650</u>	<u>2,650</u>	
<b>Undist. Expend. - Health Services</b>					
Salaries	235,990	(11,414)	224,576	224,576	
Purchased Prof. & Tech Svc.	1,258	958	2,216	2,216	
Supplies and Materials	9,500	(365)	9,135	8,939	196
<b>Total Undistributed Expenditures - Health Services</b>	<u>246,748</u>	<u>(10,821)</u>	<u>235,927</u>	<u>235,731</u>	<u>196</u>
<b>Undist. Expend. - Speech, OT, PT &amp; Related Services</b>					
Purchased Prof. Services-Educational Services	268,110	(19,985)	248,125	189,684	58,441
<b>Total Undist. Expend. - Speech, OT, PT &amp; Related Serv.</b>	<u>268,110</u>	<u>(19,985)</u>	<u>248,125</u>	<u>189,684</u>	<u>58,441</u>
<b>Other Support Services - Students - Extra Srvc</b>					
Purchased Prof. Services-Educational Services	47,902	47,902	47,902	42,178	5,724
<b>Total Other Support Services - Students - Extra Srvc.</b>	<u>47,902</u>	<u>47,902</u>	<u>47,902</u>	<u>42,178</u>	<u>5,724</u>
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	193,492	12,370	205,862	205,862	
Salaries of Secretarial and Clerical Assistants	46,775	(4,670)	42,105	42,105	
Supplies and Materials	3,000	(676)	2,324	2,324	
<b>Total Undist. Expend. - Guidance</b>	<u>243,267</u>	<u>7,024</u>	<u>250,291</u>	<u>250,291</u>	
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	684,192	(63,490)	620,702	620,702	
Salaries of Secretarial and Clerical Assistants	121,504	10,827	132,331	132,331	
Supplies and Materials	11,422	(4,571)	6,851	6,754	97
<b>Total Undist. Expend. - Child Study Teams</b>	<u>817,118</u>	<u>(57,234)</u>	<u>759,884</u>	<u>759,787</u>	<u>97</u>

Exhibit C-1

**PALISADES PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undist. Expend. - Improvement of Instructional Services</b>					
Other Purchased Professional and Technical Services	500	(97)	403		403
Other Purch Services (400-500)	4,000	1,172	5,172	3,394	1,778
<b>Total Undist. Expend. - Improvement of Inst. Services</b>	<u>4,500</u>	<u>1,075</u>	<u>5,575</u>	<u>3,394</u>	<u>2,181</u>
<b>Undist. Expend. - Educational Media Serv./Sch. Library</b>					
Salaries	153,406	35,720	189,126	189,126	
Supplies and Materials	21,556	(305)	21,251	21,251	
<b>Total Undist. Expend. - Educational Media Serv./Sch. Library</b>	<u>174,962</u>	<u>35,415</u>	<u>210,377</u>	<u>210,377</u>	
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Purchased Professional - Educational Services	10,000	(1,172)	8,828		8,828
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<u>10,000</u>	<u>(1,172)</u>	<u>8,828</u>		<u>8,828</u>
<b>Undist. Expend. - Supp. Serv. - General Administration</b>					
Salaries	192,495	(4,817)	187,678	187,678	
Legal Services	63,000	18,133	81,133	81,133	
Audit Fees	37,500	1,500	39,000	39,000	
Other Purchased Professional Services	85,000	9,130	94,130	94,130	
Communications/Telephone	84,000	7,675	91,675	91,675	
BOE Other Purchased Services	4,700	(588)	4,112	3,952	160
Misc. Purch Services (400-500 Series)	117,000	22,975	139,975	139,975	
General Supplies	1,000		1,000	894	106
Misc. Expenditures	5,000	(3,682)	1,318	1,318	
BOE Membership Dues and Fees	13,000	475	13,475	13,475	
<b>Total Undist. Expend. - Supp. Serv. - General Administration</b>	<u>602,695</u>	<u>50,801</u>	<u>653,496</u>	<u>653,230</u>	<u>266</u>
<b>Undist. Expend. - Support Serv. - School Administration</b>					
Salaries of Principals/Assistant Principals	568,182	1,907	570,089	570,089	
Salaries of Other Professional Staff	124,818	(73,670)	51,148	49,563	1,585
Salaries of Secretarial and Clerical Assistants	335,763	37,081	372,844	372,844	
Purchased Prof. and Tech. Services	10,500	165	10,665	10,665	
Other Purchased Services (400-500 series)	7,500		7,500	853	6,647
Supplies and Materials	30,130	(4,598)	25,532	5,972	19,560
Other Objects	32,859	7,540	40,399	24,417	15,982
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<u>1,109,752</u>	<u>(31,575)</u>	<u>1,078,177</u>	<u>1,034,403</u>	<u>43,774</u>
<b>Undist. Expend. - Support Serv. - Central Services</b>					
Salaries	287,583	(8,999)	278,584	278,584	
Purchased Professional Services	25,500	6,696	32,196	32,196	
Purchased Technical Services	2,500		2,500	2,500	
Misc. Pur Services (400-500 Series)	1,250	(50)	1,200	1,200	
Supplies and Materials	5,085	493	5,578	5,578	
Other Objects	4,000	9,133	13,133	10,901	2,232
Miscellaneous Expenditures	9,312	(9,312)			
<b>Total Undist. Expend. - Support Serv. - Central Services</b>	<u>335,230</u>	<u>(2,039)</u>	<u>333,191</u>	<u>330,959</u>	<u>2,232</u>
<b>Undist. Expend. - Admin Info. Technology</b>					
<b>Information Technology</b>					
Salaries		84,560	84,560	84,560	
<b>Total Undist. Expend. - Support Serv. - Administrative Information Technology</b>		<u>84,560</u>	<u>84,560</u>	<u>84,560</u>	
<b>Undist. Expend. - Required Maint. for School Facilities (261)</b>					
Cleaning, Repair and Maintenance Services	123,948	2,033	125,981	93,974	32,007
General Supplies	10,000		10,000	809	9,191
<b>Undist. Expend. - Required Maint. for School Facilities</b>	<u>133,948</u>	<u>2,033</u>	<u>135,981</u>	<u>94,783</u>	<u>41,198</u>
<b>Undist. Expend. - Custodial Services (262)</b>					
Salaries	829,827		829,827	821,860	7,967
Salaries of Non-Instructional Aides	40,335		40,335	9,908	30,427
Cleaning, Repair and Maintenance Services	187,343	(127,748)	59,595	41,550	18,045
Other Purchased Property Services	34,000	5,811	39,811	39,811	
Insurance	75,600		75,600	52,918	22,682
General Supplies	106,456		106,456	84,275	22,181
Energy (Natural Gas)	200,000	5,656	205,656	205,656	
Energy (Electricity)	222,129	(85,403)	136,726	129,069	7,657
Energy (Gasoline)	12,000		12,000	7,057	4,943
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>	<u>1,707,690</u>	<u>(201,684)</u>	<u>1,506,006</u>	<u>1,392,104</u>	<u>113,902</u>
<b>Undist. Expend. - Student Transportation Services (270)</b>					
Contract Services (Other than Between Home & School)-Vendors	70,000		70,000	70,000	
Contract Services (Sp. Ed. Students)-Vendors	290,048	(33,026)	257,022	241,896	15,126
<b>Total Undist. Expend. - Student Transportation Services</b>	<u>360,048</u>	<u>(33,026)</u>	<u>327,022</u>	<u>311,896</u>	<u>15,126</u>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	270,300	41,643	311,943	297,950	13,993
Other Retirement Contributions-PERS	223,926	(9,935)	213,991	213,991	

Exhibit C-1

**PALISADES PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Unemployment Compensation	10,000	(10,000)			
Workmen's Compensation	104,991	4,768	109,759	109,759	
Health Benefits	3,412,430	(314,754)	3,097,676	3,097,676	
Tuition Reimbursement	7,500	13,652	21,152	21,152	
Other Employee Benefits	30,000	10,106	40,106	40,106	
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>4,059,147</u>	<u>(264,520)</u>	<u>3,794,627</u>	<u>3,780,634</u>	<u>13,993</u>
TPAF Pension (On-Behalf - Non-Budgeted)				582,306	(582,306)
TPAF Post Retirement Benefits (On-Behalf - Non-Budgeted)				924,411	(924,411)
Reimbursed TPAF Social Security Contributions (non-budgeted)				820,441	(820,441)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<u>2,327,158</u>	<u>(2,327,158)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>4,059,147</u>	<u>(264,520)</u>	<u>3,794,627</u>	<u>6,107,792</u>	<u>(2,313,165)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>11,255,458</u>	<u>(405,706)</u>	<u>10,849,752</u>	<u>12,855,202</u>	<u>(2,011,174)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>22,550,640</u>	<u>(49,628)</u>	<u>22,501,012</u>	<u>24,481,204</u>	<u>(1,985,916)</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Regular Programs - Instruction:</b>					
Kindergarten	2,000	(2,000)			
Grades 1-5	6,200	(4,009)	2,191	2,191	
Grades 6-8	2,000	(2,000)			
Grades 9-12	4,000	11,285	15,285	15,285	
<b>Special Education - Instruction:</b>					
Equipment		19,932	19,932	19,932	
<b>Vocational Programs:</b>					
School Sponsored Athletics		32,999	32,999		32,999
<b>Total Equipment</b>	<u>14,200</u>	<u>56,207</u>	<u>70,407</u>	<u>37,408</u>	<u>32,999</u>
<b>Facilities Acquisition and Construction Services</b>					
Assessment for Debt Service on SDA Funding	12,601		12,601	12,601	
<b>Total Facilities Acquisition and Construction Services</b>	<u>12,601</u>		<u>12,601</u>	<u>12,601</u>	
<b>TOTAL CAPITAL OUTLAY</b>	<u>26,801</u>	<u>56,207</u>	<u>83,008</u>	<u>50,009</u>	<u>32,999</u>
Transfer of Funds to Charter Schools	71,906	(6,579)	65,327	51,148	14,179
<b>TOTAL EXPENDITURES</b>	<u>22,649,347</u>		<u>22,649,347</u>	<u>24,582,361</u>	<u>(1,938,738)</u>
<b>Excess (Deficiency) of Revenues</b>					
Over (Under) Expenditures	<u>(587,669)</u>		<u>(587,669)</u>	<u>14,861</u>	<u>602,530</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources</b>					
Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(587,669)</u>		<u>(587,669)</u>	<u>14,861</u>	<u>602,530</u>

Exhibit C-1

**PALISADES PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Fund Balance, July 1</b>	1,938,448		1,938,448	1,938,448	771,224
<b>Fund Balance, June 30</b>	<u>1,350,779</u>		<u>1,350,779</u>	<u>1,953,309</u>	<u>1,373,754</u>
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Adjustment for Prior Year Encumbrances	(301,366)		(301,366)	(301,366)	
Increase in Capital Reserve:					
Interest Deposit to Capital Reserve				907	907
Withdrawal from Capital Reserve					
Budgeted Fund Balance	<u>(286,303)</u>		<u>(286,303)</u>	<u>301,327</u>	<u>587,630</u>
	<u>(587,669)</u>		<u>(587,669)</u>	<u>868</u>	<u>588,537</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				591,569	
Excess Surplus - Designated for Subsequent Years' Expenditures				326,588	
Excess Surplus - Current Year				390,574	
<b>Assigned Fund Balance:</b>					
Year-end Encumbrances				121,010	
<b>Unassigned Fund Balance</b>				<u>523,568</u>	
				1,953,309	
<b>Recapitulation to Governmental Fund Statement (GAAP):</b>					
Less: Last State Aid Payment not Recognized GAAP Basis				<u>(174,076)</u>	
<b>Total Fund Balance per Governmental Funds (GAAP)</b>				<u>1,779,233</u>	

**PALISADES PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State Sources	154,714	103,515	258,229	221,845	(36,384)
Federal Sources	732,599	461,787	1,194,386	1,159,659	(34,727)
<b>Total Revenues</b>	<b>887,313</b>	<b>565,302</b>	<b>1,452,615</b>	<b>1,381,504</b>	<b>(71,111)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	447,904	141,211	589,115	589,115	-
Other Purchased Services (400-500 series)	297,394	12,406	309,800	309,800	-
General Supplies	5,160	60,659	65,819	65,745	74
Textbooks	14,151	1,876	16,027	16,027	-
<b>Total instruction</b>	<b>764,609</b>	<b>216,152</b>	<b>980,761</b>	<b>980,687</b>	<b>74</b>
<b>Support services:</b>					
Salaries of Supervisors of Instruction	-	-	602	-	-
Salaries of Program Directors	602	32,320	32,320	602	3,000
Salaries of Other Professional Staff	32,320	32,240	32,240	29,320	-
Other Salaries	85,059	85,059	85,059	32,240	-
Personal Services - Employee Benefits	157,667	157,667	280,371	57,490	27,569
Purchased Professional - Educational Services	122,704	11,716	242,747	242,747	37,624
Other Purchased Services	-	11,716	11,716	10,586	1,130
Travel	-	3,287	3,287	1,867	1,420
Supplies & Materials	-	26,259	26,259	25,965	294
<b>Total support services</b>	<b>122,704</b>	<b>349,150</b>	<b>471,854</b>	<b>400,817</b>	<b>71,037</b>
<b>Total Expenditures</b>	<b>887,313</b>	<b>565,302</b>	<b>1,452,615</b>	<b>1,381,504</b>	<b>71,111</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PALISADES PARK BOARD OF EDUCATION**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to Required Supplementary Information - Part II**  
**Fiscal Year Ended June 30, 2015**

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

		General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	24,597,222	1,381,504
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			(156,884)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		159,239	
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).		(174,076)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	24,582,385	1,224,620
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	24,582,361	1,381,504
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			(156,884)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	24,582,361	1,224,620

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

	<b>2015</b>
Districts proportion of the net pension liability (asset)	0.0259576351%
District's proportionate share of the net pension liability (asset)	\$ 4,859,979
District's covered payroll - PERS	\$ 1,700,413
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	285.81%
Plan fiduciary net position as a percentage of the total pension liability	52.08%

\* 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\**

	<b>2015</b>
Contractually required contribution	\$ 213,991.00
Contributions in relation to the contractually required contribution	\$ (213,991.00)
Contribution deficiency (excess)	\$ -
District's covered payroll - PERS	\$ 1,700,413
Contributions as a percentage of covered payroll	12.58%

\* 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\**

	<b>2015</b>
District's proportionate share of the net pension liability (asset)	0.103069135800%
District's proportionate share of the net pension liability (asset)	\$ -
State's proportionate share of the net pension liability Associated with the District (asset)	\$ 55,087,099
District's covered payroll - TPAF	\$ 10,216,526
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%

\* 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, 2015**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.63%) to the current measurement date (4.29%), resulting in a change in the discount rate from 5.55% to 5.39%. 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 (4.63%) to the current measurement date (4.29%), resulting in a change in the discount rate from 4.95% to 4.68%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

**PALISADES PARK BOARD OF EDUCATION**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 June 30, 2015

	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 2015
<b>REVENUES</b>							
State Sources	127,051	16,027	25,515	16,086	21,793	15,373	221,845
Federal Sources	1,159,659						1,159,659
<b>Total Revenues</b>	<b>1,286,710</b>	<b>16,027</b>	<b>25,515</b>	<b>16,086</b>	<b>21,793</b>	<b>15,373</b>	<b>1,381,504</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	563,600		25,515				589,115
Other Purchased Services (400-500 series)	309,800						309,800
General Supplies	65,745						65,745
Textbooks	-	16,027					16,027
<b>Total instruction</b>	<b>939,145</b>	<b>16,027</b>	<b>25,515</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>980,687</b>
<b>Support services:</b>							
Salaries of Program Directors	602						602
Salaries of Other Professional Staff	29,320						29,320
Other Salaries	32,240						32,240
Personal Services - Employee Benefits	57,490						57,490
Purchased Professional - Educational Services	189,495			16,086	21,793	15,373	242,747
Other Purchased Professional Services	10,586						10,586
Travel	1,867						1,867
Supplies & Materials	25,965						25,965
<b>Total support services</b>	<b>347,565</b>	<b>-</b>	<b>-</b>	<b>16,086</b>	<b>21,793</b>	<b>15,373</b>	<b>400,817</b>
<b>Total Expenditures</b>	<b>1,286,710</b>	<b>16,027</b>	<b>25,515</b>	<b>16,086</b>	<b>21,793</b>	<b>15,373</b>	<b>1,381,504</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PALISADES PARK BOARD OF EDUCATION**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**Fiscal Year Ended June 30, 2015**

	N.J. Nonpublic Auxiliary Services, Chp. 192		N.J. Nonpublic Technology Aid	Title I, Improving Basic Skills	Total Carried Forward
	Compensatory Education	English as a Second Language			
<b>REVENUES</b>					
State Sources	32,240	19,914	8,608		127,051
Federal Sources	835,883			323,776	1,159,659
<b>Total Revenues</b>	<b>868,123</b>	<b>19,914</b>	<b>8,608</b>	<b>323,776</b>	<b>1,286,710</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	267,600			296,000	563,600
Other Purchased Services (400-500 series)	309,800				309,800
General Supplies	50,239		8,608	6,898	65,745
Textbooks	-				-
<b>Total instruction</b>	<b>627,639</b>	<b>-</b>	<b>8,608</b>	<b>302,898</b>	<b>939,145</b>
<b>Support services:</b>					
Salaries of Program Directors	602				602
Salaries of Other Professional Staff	29,320				29,320
Other Salaries	32,240				32,240
Personal Services - Employee Benefits	36,716			20,774	57,490
Purchased Professional - Educational Services	103,292	19,914			189,495
Other Purchased Professional Services	10,586				10,586
Travel	1,867				1,867
Supplies & Materials	25,861			104	25,965
<b>Total support services</b>	<b>240,484</b>	<b>19,914</b>	<b>-</b>	<b>20,878</b>	<b>347,565</b>
<b>Total Expenditures</b>	<b>868,123</b>	<b>19,914</b>	<b>8,608</b>	<b>323,776</b>	<b>1,286,710</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PALISADES PARK BOARD OF EDUCATION**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**Fiscal Year Ended June 30, 2015**

	Title II, Part A Teacher and Principal Training and Recruiting Fund	Title III - Immigrant	Title III, English Language Acquisition and Language Enhancement	I.D.E.A. Part B, Basic	I.D.E.A. Part B Preschool	Total Carried Forward
<b>REVENUES</b>						
Local Sources	-					-
State Sources	32,240		57,584	370,325	8,496	32,240
Federal Sources	302,667	32,566				835,883
<b>Total Revenues</b>	<b>334,907</b>	<b>32,566</b>	<b>57,584</b>	<b>370,325</b>	<b>8,496</b>	<b>868,123</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	158,600	25,000	40,000			267,600
Other Purchased Services (400-500 series)	9,800			300,000		309,800
General Supplies	35,820	750	6,948	6,721		50,239
Textbooks	-					-
<b>Total instruction</b>	<b>204,220</b>	<b>25,750</b>	<b>46,948</b>	<b>306,721</b>	<b>-</b>	<b>627,639</b>
<b>Support services:</b>						
Salaries of Program Directors	602					602
Salaries of Other Professional Staff	29,320					29,320
Other Salaries	32,240					32,240
Personal Services - Employee Benefits	13,993	5,400	8,640			36,716
Purchased Professional - Educational Services	28,400	1,000	1,000	57,604	8,496	103,292
Other Purchased Professional Services	1,670	416	500	4,000		10,586
Travel	1,867					1,867
Supplies & Materials	22,595		496	2,000		25,861
<b>Total support services</b>	<b>130,687</b>	<b>6,816</b>	<b>10,636</b>	<b>63,604</b>	<b>8,496</b>	<b>240,484</b>
<b>Total Expenditures</b>	<b>334,907</b>	<b>32,566</b>	<b>57,584</b>	<b>370,325</b>	<b>8,496</b>	<b>868,123</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

PALISADES PARK BOARD OF EDUCATION

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
Fiscal Year Ended June 30, 2015

	Title I, Improving Basic Skills Carryover	I.D.E.A Part B, Basic Carryover	21st Century Community Learning Centers Grant	NJ Achievement Coaches Competitive Grant	Total Carried Forward
<b>REVENUES</b>					
State Sources	37,961	24,330	240,376	32,240	32,240
Federal Sources					302,667
<b>Total Revenues</b>	<b>37,961</b>	<b>24,330</b>	<b>240,376</b>	<b>32,240</b>	<b>334,907</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	30,000		128,600		158,600
Other Purchased Services (400-500 series)			9,800		9,800
General Supplies	7,359	1,735	26,726		35,820
Textbooks					-
<b>Total instruction</b>	<b>37,359</b>	<b>1,735</b>	<b>165,126</b>	<b>-</b>	<b>204,220</b>
<b>Support services:</b>					
Salaries of Program Directors	602				602
Salaries of Other Professional Staff			29,320		29,320
Other Salaries				32,240	32,240
Personal Services - Employee Benefits			13,993		13,993
Purchased Professional - Educational Services			28,400		28,400
Other Purchased Professional Services			1,670		1,670
Travel			1,867		1,867
Supplies & Materials		22,595			22,595
<b>Total support services</b>	<b>602</b>	<b>22,595</b>	<b>75,250</b>	<b>32,240</b>	<b>130,687</b>
<b>Total Expenditures</b>	<b>37,961</b>	<b>24,330</b>	<b>240,376</b>	<b>32,240</b>	<b>334,907</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PALISADES PARK BOARD OF EDUCATION**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance-Budgetary Basis**  
**Fiscal Year Ended June 30, 2015**

<b>Revenues</b>	
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	-
	-
	-
<b>Expenditures</b>	
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
<b><u>Analysis of Fund Balance</u></b>	
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, 2015**

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

**PALISADES PARK BOARD OF EDUCATION**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis**  
**Jr./Sr. High School Roof Replacement**  
**Fiscal Year Ended June 30, 2015**

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

**PALISADES PARK BOARD OF EDUCATION**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis**  
**Early Childhood Center**  
**Fiscal Year Ended June 30, 2015**

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

**PALISADES PARK BOARD OF EDUCATION**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis**  
**Board Office Conversion to Classrooms**  
**Fiscal Year Ended June 30, 2015**

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

**PALISADES PARK BOARD OF EDUCATION**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis**  
**Lindbergh School Façade Project**  
**Fiscal Year Ended June 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues</b>				
State Sources - SCC Grant			-	
Certificates of Participation			-	
Sale of Property			-	
Transfers from Capital Reserve	528,797		528,797	
Transfers from Capital Outlay			-	
Transfers from Food Service Fund			-	
Donations			-	
	528,797	-	528,797	-
<b>Expenditures</b>				
Purchased professional and technical services			-	
Land and improvements			-	
Construction services	528,797		528,797	
Equipment purchases			-	
	528,797	-	528,797	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>Additional project information:</b>				
Project number				
Grant Date	N/A			
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	254,590			
Additional authorized cost	274,207			
Revised authorized cost	528,797			
Percentage increase over original authorized cost	1.08			
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 Classroom Renovations**  
**Fiscal Year Ended June 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues</b>				
State Sources - SCC Grant			-	
Certificates of Participation			-	
Sale of Property			-	
Transfers from Capital Reserve	109,423		109,423	
Transfers from Capital Outlay			-	
Transfers from Food Service Fund			-	
Donations			-	
	109,423	-	109,423	-
<b>Expenditures</b>				
Purchased professional and technical services			-	
Land and improvements			-	
Construction services	109,423		109,423	
Equipment purchases			-	
	109,423	-	109,423	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>Additional project information:</b>				
Project number				
Grant Date	N/A			
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	109,423			
Additional authorized cost	-			
Revised authorized cost	109,423			
Percentage increase over original authorized cost	-			
Percentage completion	100%			
Original target completion date				
Revised target completion date				

**PALISADES PARK BOARD OF EDUCATION**  
**Capital Projects Fund**  
**Summary Statement of Project Expenditures**  
**Fiscal Year Ended June 30, 2015**

Project Title/Issue	Date	Appropriations	Expenditures to Date		Cancelled	Unexpended Balance June 30, 2015
			Prior Years	Current Year		
1997 - School renovation project	1997	2,500,000	2,499,795			205
Roof Replacement - Jr./Sr. High School	2004	252,058	252,021			37
Early Childhood Center	2005	5,577,959	5,367,391			210,568
Board Office Conversion to Classrooms	2011	55,137	31,152			23,985
Lindbergh School Façade Project	2012, 2013	528,797	528,797			-
Early Childhood Center Classroom Renovations	2013	109,423	109,423			-
		<u>9,023,374</u>	<u>8,788,579</u>	<u>-</u>	<u>-</u>	<u>234,795</u>
<i>Analysis</i>						
						<u>234,795</u>
						<u>(194,000)</u>
						<u>40,795</u>

**PALISADES PARK BOARD OF EDUCATION**  
**Combining Statement of Net Position**  
**Enterprise Funds**  
**June 30, 2015**

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	30,065	180,791	210,856
Accounts receivable:			
State	1,509		1,509
Federal	63,267		63,267
Interfund	34,492		34,492
Inventories	8,861		8,861
Total current assets	<u>138,194</u>	<u>180,791</u>	<u>318,985</u>
Noncurrent assets:			
Capital assets:			
Equipment	108,801		108,801
Site Improvements	59,050		59,050
Less accumulated depreciation:			
Equipment	(107,412)		(107,412)
Site Improvements	(17,713)		(17,713)
Total capital assets (net of accumulated depreciation)	<u>42,726</u>	<u>-</u>	<u>42,726</u>
Total assets	<u><u>180,920</u></u>	<u><u>180,791</u></u>	<u><u>361,711</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Subsidy Reimbursement Overclaim Payable	66,444		66,444
Accounts payable	9,011		9,011
Total current liabilities	<u>75,455</u>	<u>-</u>	<u>75,455</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	42,726	-	42,726
Unrestricted	62,739	180,791	243,530
Total net position	<u><u>105,465</u></u>	<u><u>180,791</u></u>	<u><u>286,256</u></u>

**PALISADES PARK BOARD OF EDUCATION**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Enterprise Funds**  
**Fiscal Year Ended June 30, 2015**

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	318,833		318,833
Daily sales - non-reimbursable programs	1,400		1,400
Tuition fees		101,740	101,740
Total operating revenues	<u>320,233</u>	<u>101,740</u>	<u>421,973</u>
Operating expenses:			
Cost of sales	327,784		327,784
Salaries	223,413	81,455	304,868
Supplies and materials	23,278	2,439	25,717
Employee benefits	82,742		82,742
Cleaning repair & maintenance	17,538		17,538
Purchased services	32,155		32,155
Miscellaneous	13,925		13,925
Depreciation	3,183		3,183
Total Operating Expenses	<u>724,018</u>	<u>83,894</u>	<u>807,912</u>
Operating income (loss)	<u>(403,785)</u>	<u>17,846</u>	<u>(385,939)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	8,178		8,178
Federal sources:			
National school lunch program	240,515		240,515
National school breakfast program	38,256		38,256
Food distribution program	59,609		59,609
Interest and investment revenue	8		8
Total nonoperating revenues (expenses)	<u>346,566</u>	<u>-</u>	<u>346,566</u>
Income (loss) before contributions & transfers	<u>(57,219)</u>	<u>17,846</u>	<u>(39,373)</u>
Transfers in (out)			
Change in net position			-
Total net position—beginning	<u>(57,219)</u>	<u>17,846</u>	<u>(39,373)</u>
Total net position—ending	<u>162,684</u>	<u>162,945</u>	<u>325,629</u>
	<u>105,465</u>	<u>180,791</u>	<u>286,256</u>

**PALISADES PARK BOARD OF EDUCATION**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**Fiscal Year Ended June 30, 2015**

	<b>Food Service Program</b>	<b>After School Child Care</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	320,233	101,740	421,973
Receipt of prior year interfund	870		870
Payments to employees		(81,455)	(81,455)
Payments to Outside Food Service Management Company	(640,525)		(640,525)
Payments for repairs, maintenance	(17,538)		(17,538)
Payments for supplies	(2,154)	(2,439)	(4,593)
Net cash provided by (used for) operating activities	<u>(339,114)</u>	<u>17,846</u>	<u>(321,268)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	8,646		8,646
Federal Sources	310,594		310,594
Net cash provided by (used for) non-capital financing activities	<u>319,240</u>	<u>-</u>	<u>319,240</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Prior year voided checks			-
Interest and dividends	8		8
Net cash provided by (used for) investing activities	<u>8</u>	<u>-</u>	<u>8</u>
Net increase (decrease) in cash and cash equivalents	(19,866)	17,846	(2,020)
Balances—beginning of year	49,931	162,945	212,876
Balances—end of year	<u>30,065</u>	<u>180,791</u>	<u>210,856</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	(403,785)	17,846	(385,939)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	3,183		3,183
Food Distribution Program	59,609		59,609
(Increase) decrease in accounts receivable, net	870		870
(Increase) decrease in inventories	(464)		(464)
Increase (decrease) in accounts payable	1,473		1,473
Total adjustments	<u>64,671</u>	<u>-</u>	<u>64,671</u>
Net cash provided by (used for) operating activities	<u>(339,114)</u>	<u>17,846</u>	<u>(321,268)</u>

**PALISADES PARK BOARD OF EDUCATION**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	<b>Unemployment Compensation Trust Fund</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	65,220	331,355
Interfund Receivable - Payroll Agency	1,435	
Total assets	<u>66,655</u>	<u>331,355</u>
<b>LIABILITIES</b>		
Payable to student groups		114,626
Payroll deductions and withholdings		180,776
Interfund Payable - General Fund		34,518
Interfund Payable - Unemployment Compensation Trust		1,435
Total liabilities	<u>-</u>	<u>331,355</u>
<b>NET POSITION</b>		
Held in trust for unemployment claims and other purposes	<u>66,655</u>	

**PALISADES PARK BOARD OF EDUCATION**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Fiscal Year Ended June 30, 2015**

	<b><u>Unemployment Compensation Trust Fund</u></b>
<b>ADDITIONS</b>	
Contributions:	
Employee Deductions	16,310
Total Contributions	<u>16,310</u>
Investment earnings:	
Interest	6
Net investment earnings	<u>6</u>
Total additions	<u>16,316</u>
<b>DEDUCTIONS</b>	
Unemployment assessment billings	6,425
Unemployment claims	21,610
Total deductions	<u>28,035</u>
Change in net position	(11,719)
Net position—beginning of the year	<u>78,374</u>
Net position—end of the year	<u><u>66,655</u></u>

**PALISADES PARK BOARD OF EDUCATION**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**Fiscal Year Ended June 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> <u>June 30, 2015</u>
Elementary Schools:				
Lindbergh School	9,032	32,555	29,742	11,845
Total Elementary Schools	<u>9,032</u>	<u>32,555</u>	<u>29,742</u>	<u>11,845</u>
High School:				
High School	59,567	74,908	76,966	57,509
Student Aid	35,307	21,107	30,150	26,264
Athletic Fund	35	131,105	121,853	9,287
Cultural Arts	10,197	6,750	7,226	9,721
Total High School	<u>105,106</u>	<u>233,870</u>	<u>236,195</u>	<u>102,781</u>
Total All Schools	<u><u>114,138</u></u>	<u><u>266,425</u></u>	<u><u>265,937</u></u>	<u><u>114,626</u></u>

**PALISADES PARK BOARD OF EDUCATION**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**Fiscal Year Ended June 30, 2015**

	Balance July 1, 2014	Cash Receipts	Cash Disbursed	Balance June 30, 2015
Net Payroll	5,489	9,336,979	9,338,877	3,591
Payroll Deductions and Withholdings	2,572	7,348,672	7,174,059	177,185
Interfund - Unemployment Compensation Trust	1,435			1,435
Interfund - General Fund		34,518		34,518
	<u>9,496</u>	<u>16,720,169</u>	<u>16,512,936</u>	<u>216,729</u>

**PALISADES PARK BOARD OF EDUCATION**  
**General Long Term Debt Account Group**  
**Statement of Obligations under Bonds and Loans Payable**  
**June 30, 2015**

SERIES	Amount of Original Issues	Annual Maturities		Interest Rate Payable	Amount Outstanding on July 1, 2014	Retired in Current Year	Amount Outstanding on June 30, 2015
		Date	Amount				
2012 Refunding Bonds - Bergen County Improvement Authority - Unfunded Pension Liability	827,000	03/15/16	95,000	1.237%	717,000	93,000	624,000
		03/15/17	100,000	1.637%			
		03/15/18	102,000	2.108%			
		03/15/19	105,000	2.358%			
		03/15/20	109,000	2.659%			
		03/15/21	113,000	2.959%			
					\$ 717,000	93,000	624,000
TOTAL							

**PALISADES PARK BOARD OF EDUCATION**  
**General Long Term Debt Account Group**  
**Statement of Obligations under Capital Leases**  
**June 30, 2015**

SERIES	Amount of Original Issues	Annual Maturities		Interest Rate Payable	Amount Outstanding on July 1, 2014	Retired in Current Year	Amount Outstanding on June 30, 2015
		Date	Amount				
2007 School Renovations	3,084,069	08/01/15	318,235	4.150%	884,347	410,228	474,119
		08/01/16	155,884				
<b>TOTAL</b>					<u>884,347</u>	<u>410,228</u>	<u>474,119</u>

**PALISADES PARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Miscellaneous	-	-	611,767	611,767	-
Local Tax Levy	611,767	-	611,767	-	-
Total - State Sources	611,767	-	611,767	611,767	-
<b>Total Revenues</b>	<b>611,767</b>	<b>-</b>	<b>611,767</b>	<b>611,767</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Princ. Payments - Comm. Approved Lease Purchase Agrm.	410,228	-	410,228	410,228	-
Int for Commissioner Approved Lease Purchase Agrm.	28,188	-	28,188	28,188	-
Interest on Early Retirement Bonds	14,460	-	14,460	14,460	-
Redemption of Principal - Early Retirement Bonds	93,000	-	93,000	93,000	-
Redemption of Principal	65,891	-	65,891	-	(65,891)
Total Regular Debt Service	611,767	-	611,767	545,876	(65,891)
<b>Total expenditures</b>	<b>611,767</b>	<b>-</b>	<b>611,767</b>	<b>545,876</b>	<b>(65,891)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	65,891	65,891
Fund Balance, July 1	(65,891)		(65,891)	(65,891)	-
Fund Balance, June 30	(65,891)	-	(65,891)	-	65,891
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted Fund Balance	-	-	-	-	-

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Net Investment in Capital Assets	\$ 13,557,604	\$ 13,873,642	\$ 14,625,782	\$ 14,764,638	\$ 14,892,593	\$ 14,998,336	\$ 15,429,884	\$ 16,029,450	\$ 16,613,576	\$ 16,723,598
Restricted	934,617	590,342	399,811	717,770	328,677	1,158,282	2,091,983	1,450,132	1,479,824	1,470,536
Unrestricted	(678,270)	(744,311)	(1,205,505)	(1,295,155)	(1,283,380)	(1,858,590)	(1,713,404)	(1,479,517)	(4,009,752)	(8,479,601)
Total governmental activities net position	\$ 13,813,951	\$ 13,719,673	\$ 13,820,088	\$ 14,187,253	\$ 13,937,890	\$ 14,298,028	\$ 15,808,463	\$ 16,000,065	\$ 14,083,648	\$ 9,714,533
<b>Business-type activities</b>										
Net Investment in Capital Assets	\$ 42,294	\$ 36,850	\$ 32,545	\$ 28,241	\$ 82,578	\$ 55,457	\$ 52,276	\$ 49,093	\$ 45,910	\$ 42,727
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	243,972	116,254	146,184	142,947	94,483	120,564	170,521	210,101	279,719	243,529
Total business-type activities net position	\$ 286,266	\$ 153,104	\$ 178,729	\$ 171,188	\$ 177,061	\$ 176,021	\$ 222,797	\$ 259,194	\$ 325,629	\$ 286,256
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 13,599,898	\$ 13,910,492	\$ 14,658,327	\$ 14,792,879	\$ 14,975,171	\$ 15,053,793	\$ 15,482,160	\$ 16,078,543	\$ 16,659,486	\$ 16,766,325
Restricted	934,617	590,342	399,811	717,770	328,677	1,158,282	2,091,983	1,450,132	1,479,824	1,470,536
Unrestricted	(434,298)	(628,057)	(1,059,321)	(1,152,208)	(1,188,897)	(1,738,026)	(1,542,883)	(1,269,416)	(3,730,033)	(8,236,072)
Total district net position	\$ 14,100,217	\$ 13,872,777	\$ 13,998,817	\$ 14,358,441	\$ 14,114,951	\$ 14,474,049	\$ 16,031,260	\$ 16,259,259	\$ 14,409,277	\$ 10,000,789

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 8,149,147	\$ 8,927,524	\$ 9,006,133	\$ 9,667,485	\$ 10,920,716	\$ 10,684,872	\$ 10,341,592	\$ 10,965,082	\$ 10,861,600	\$ 11,525,979
Special education	1,307,026	1,492,617	1,450,922	1,885,490	1,654,498	1,868,859	2,054,862	2,349,262	2,271,235	2,507,327
Other special education	729,410	728,079	772,078	965,848	1,164,576	1,151,586	1,057,891	1,130,595	987,753	864,562
Other instruction	455,218	463,660	506,913	507,996	494,334	428,209	373,956	463,745	435,634	407,524
Support Services:										
Tuition	1,720,517	1,310,242	1,992,515	1,448,076	1,205,163	1,115,096	1,005,019	1,125,426	1,083,590	1,151,383
Attendance & Social Work										3,324
Health Services										292,826
Student & instruction related services	1,193,639	1,660,142	1,938,727	2,045,320	2,284,324	1,993,473	1,687,292	1,911,931	2,131,185	2,061,899
School administrative services	977,885	982,470	1,163,737	1,204,795	1,201,204	1,153,278	1,190,789	1,292,560	1,241,805	1,298,130
General administrative services	723,899	793,932	695,312	752,281	835,720	601,294	544,426	620,596	707,186	700,945
Central Services	294,401	337,486	322,929	368,210	387,439	459,071	421,032	424,693	390,943	401,785
Plant operations and maintenance	1,673,920	1,808,035	1,727,801	1,922,907	1,774,299	1,746,031	1,776,438	1,878,796	1,744,208	1,709,712
Pupil transportation	486,130	442,928	565,985	369,724	286,031	394,176	352,095	305,943	305,563	311,896
Administration of Information Technology										106,058
Unallocated Benefits	1,345,116	2,043,981	2,196,636	1,473,091	1,717,144	2,033,987	1,566,083	2,179,899	4,558,274	4,765,636
Charter Schools	16,610	17,305	18,644	24,441	3,404	3,404		28,679	50,333	51,148
Interest on long-term debt	292,352	266,767	206,478	175,293	118,314	147,782	147,657	74,445	37,860	42,421
Unallocated depreciation	152,215	310,681	292,619	230,793	273,438	227,607	230,796	246,553	277,747	277,747
Capital Outlay - nondepreciable	112,703	152,047		3,729	106,710	50,237	19,507	18,094	15,455	32,533
Total governmental activities expenses	19,630,188	21,737,896	22,857,429	23,045,479	24,427,314	24,055,558	22,769,435	25,016,299	27,100,371	28,512,835
Business-type activities:										
Food service	486,430	522,038	558,377	585,342	631,152	643,513	676,450	685,672	696,434	724,018
After School Child Care	71,187	93,035	85,937	93,243	93,978	91,453	82,784	84,307	82,508	83,894
Total business-type activities expense	557,617	615,073	644,314	678,585	725,130	734,966	759,234	769,979	778,942	807,912
Total district expenses	\$ 20,187,805	\$ 22,352,969	\$ 23,501,743	\$ 23,724,064	\$ 25,152,444	\$ 24,790,524	\$ 23,528,669	\$ 25,786,278	\$ 27,879,313	\$ 29,320,747
<b>Program Revenues</b>										
Governmental activities:										
Changes for services:										
Instruction (tuition)										
Pupil transportation										
Business and other support services										
Operating grants and contributions	1,067,497	949,892	1,165,385	1,030,317	1,524,653	1,269,808	917,517	932,275	975,368	1,210,627
Capital grants and contributions										
Total governmental activities program revenues	1,067,497	949,892	1,165,385	1,030,317	1,524,653	1,269,808	917,517	932,275	975,368	1,210,627

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Business-type activities:</b>										
Charges for services:										
Food service	355,272	367,836	367,273	359,548	350,902	354,310	367,758	328,595	341,732	320,233
Child care	67,969	88,839	104,134	100,725	92,452	99,095	107,554	113,264	135,641	101,740
Operating grants and contributions	165,954	175,092	198,419	210,633	287,581	300,134	330,682	364,346	367,996	346,558
Capital grants and contributions	589,195	631,767	669,826	670,906	730,935	753,539	805,994	806,205	845,369	768,531
Total business type activities program revenues	\$ 1,656,692	\$ 1,581,659	\$ 1,835,211	\$ 1,701,223	\$ 2,255,588	\$ 2,023,347	\$ 1,723,511	\$ 1,738,480	\$ 1,820,737	\$ 1,979,158
Total district program revenues										
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (18,562,691)	\$ (20,788,004)	\$ (21,692,044)	\$ (22,015,162)	\$ (22,902,661)	\$ (22,785,750)	\$ (21,851,918)	\$ (24,084,024)	\$ (26,125,003)	\$ (27,302,208)
Business-type activities	31,578	16,694	25,512	(7,679)	5,805	18,573	46,760	36,226	66,427	(39,381)
Total district-wide net expense	\$ (18,531,113)	\$ (20,771,310)	\$ (21,666,532)	\$ (22,022,841)	\$ (22,896,856)	\$ (22,767,177)	\$ (21,805,158)	\$ (24,047,798)	\$ (26,058,576)	\$ (27,341,589)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 15,320,439	\$ 16,269,671	\$ 17,313,456	\$ 17,922,116	\$ 18,372,404	\$ 19,330,621	\$ 19,330,621	\$ 19,330,621	\$ 19,533,309	\$ 20,065,548
Taxes levied for debt service	533,630	551,878	578,101	549,366	449,078	451,048	557,377	557,377	752,448	611,767
Unrestricted grants and contributions	2,979,420	3,661,987	3,804,281	3,793,030	3,713,201	3,226,076	3,521,810	4,245,345	3,836,595	6,756,966
Investment earnings	-	97,693	34,656	14,053	3,903	1,885	1,093	1,513	1,158	907
Miscellaneous income	124,899	194,616	61,915	103,763	114,712	136,258	102,082	140,770	85,076	140,861
Cost of Asset Disposal										
State Aid- State Facilities Grant										
Retirement of Debt - Refinancing Credit		57,931								
Additional Debt Issued via Refinancing							(59,000)			
Tax Levy Receivable Cancelled							(91,630)			
Transfers		150,000								
Refund of reserve		(290,000)								
Total governmental activities	18,958,388	20,693,776	21,792,409	22,382,328	22,653,298	23,145,888	23,362,353	24,275,626	24,208,586	27,576,049
Business-type activities:										
Investment earnings	447	144	113	138	68	19	16	171	8	8
Transfers		(150,000)								
Total business-type activities	447	(149,856)	113	138	68	19	16	171	8	8
Total district-wide	\$ 18,958,835	\$ 20,543,920	\$ 21,792,522	\$ 22,382,466	\$ 22,653,366	\$ 23,145,907	\$ 23,362,369	\$ 24,275,797	\$ 24,208,594	\$ 27,576,057
<b>Change in Net Position</b>										
Governmental activities	\$ 395,697	\$ (94,228)	\$ 100,365	\$ 367,166	\$ (249,363)	\$ 360,138	\$ 1,510,435	\$ 191,602	\$ (1,916,417)	\$ 273,841
Business-type activities	32,025	(133,162)	25,625	(7,541)	5,873	18,592	46,776	36,397	66,435	(39,373)
Total district	\$ 427,722	\$ (227,390)	\$ 125,990	\$ 359,625	\$ (243,490)	\$ 378,730	\$ 1,557,211	\$ 227,999	\$ (1,849,982)	\$ 234,468

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Reserved	\$ 644,617	578,962	257,025	201,938	313,192					
Unreserved	938,889	885,809	566,241	872,420	566,523	667,812	1,224,442	1,198,030	1,161,610	1,308,731
Restricted						562,895	757,659			
Committed							182,306	390,417	343,310	121,010
Assigned						456,678	359,674	333,938	274,289	349,492
Unassigned										
<b>Total general fund</b>	<b>\$ 1,583,506</b>	<b>\$ 1,464,771</b>	<b>\$ 823,266</b>	<b>\$ 1,074,358</b>	<b>\$ 879,715</b>	<b>\$ 1,687,385</b>	<b>\$ 2,524,081</b>	<b>\$ 1,922,385</b>	<b>\$ 1,779,209</b>	<b>\$ 1,779,233</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 290,000									
Unreserved, reported in:										
Special revenue fund			(9,075)							
Capital projects fund	117,349	50,047	16,810	16,810	16,810					
Debt service fund	(8,964)	11,430	125,976	113,221	(1,325)					
Assigned, reported in:										
Capital projects fund						40,795	40,795	40,795	40,795	40,795
Debt service fund						(113,220)	(113,219)	(179,110)	(65,891)	
<b>Total all other governmental funds</b>	<b>\$ 398,385</b>	<b>\$ 61,477</b>	<b>\$ 133,711</b>	<b>\$ 130,031</b>	<b>\$ 15,485</b>	<b>\$ (72,425)</b>	<b>\$ (72,424)</b>	<b>\$ (138,315)</b>	<b>\$ (25,096)</b>	<b>\$ 40,795</b>

Source: CAFR Schedule B-1

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax levy	\$ 15,854,069	\$ 16,821,549	\$ 17,891,557	\$ 18,471,482	\$ 18,821,482	\$ 19,781,669	\$ 19,887,998	\$ 19,887,998	\$ 20,285,757	\$ 20,677,315
Tuition			12,000							
Interest earnings		292,309	49,915	117,816	118,615	270,469	1,093	1,513	1,158	907
Miscellaneous	3,301,627	3,911,846	4,302,759	3,948,752	3,636,606	3,194,675	3,619,220	4,403,617	4,002,070	4,530,719
State sources	745,290	700,033	666,907	874,595	1,601,248	1,168,883	770,107	774,003	809,893	1,068,970
Federal sources	19,957,248	21,725,737	22,923,138	23,412,645	24,177,951	24,415,696	24,430,500	25,207,901	25,183,954	26,418,772
Total revenue										
<b>Expenditures</b>										
Instruction										
Regular instruction	6,863,037	7,438,394	7,392,018	7,932,304	8,900,808	8,614,479	8,503,465	8,997,019	8,894,752	9,495,434
Special education instruction	1,070,866	1,211,684	1,124,359	1,469,066	1,247,168	1,369,246	1,595,952	1,871,812	1,801,695	2,005,694
Other special instruction	597,707	589,836	612,470	770,973	911,093	890,677	841,743	900,166	783,828	692,297
Other instruction	391,988	399,601	428,132	427,533	414,660	350,729	319,126	391,780	368,463	345,893
Support Services:										
Tuition	1,714,494	1,310,242	1,992,515	1,448,076	1,205,163	1,115,096	1,005,019	1,125,426	1,083,590	1,151,383
Attendance & Social Work										
Health services	157,825	177,106	183,641	214,082	201,925	199,143	218,320	236,322	233,023	235,731
Student & instruction related services	852,016	1,279,715	1,460,784	1,493,132	1,697,547	1,408,966	1,178,536	1,366,025	1,581,398	1,733,022
School Administrative services	804,162	818,555	923,956	969,207	946,006	895,278	945,191	1,029,631	986,468	1,034,403
General administrative services	661,539	731,317	617,571	677,534	755,516	525,364	508,287	590,662	663,021	653,230
Central services	248,742	279,687	265,842	299,736	315,056	381,756	351,369	353,051	318,668	330,959
Plant operations and maintenance	1,499,350	1,606,412	1,495,101	1,686,141	1,525,957	1,499,721	1,547,116	1,638,745	1,517,772	1,486,887
Pupil transportation	486,130	442,928	565,985	369,724	286,031	394,176	352,095	305,943	305,563	311,896
Administration of Information Technology										
Business and other support services										
Unallocated employee benefits	2,324,610	2,678,759	3,034,980	3,348,106	3,818,597	3,928,912	3,400,119	3,658,904	3,619,154	3,794,627
TPAF Pension / Social Security	1,341,456	2,018,880	2,108,686	1,372,453	1,524,832	1,486,421	1,801,051	2,292,584	1,922,895	2,327,158
Charter Schools	16,610	17,305	18,644	24,441	3,404	3,404	28,679	28,679	50,333	51,148
Capital outlay	156,633	465,470	805,589	100,603	169,753	73,029	377,408	465,471	442,059	50,009
Debt service:										
Principal	290,987	305,365	304,631	380,299	398,351	415,161	427,718	542,219	577,327	503,228
Interest and other charges	293,855	270,124	158,924	181,822	165,273	147,782	129,658	81,049	61,902	42,648
Bond issuance costs										
Total expenditures	19,772,007	22,041,380	23,493,828	23,165,232	24,487,140	23,695,936	23,502,173	25,875,488	25,213,911	26,352,857
Excess (Deficiency) of revenues over (under) expenditures	185,241	(315,643)	(570,690)	247,413	(309,189)	719,760	928,327	(667,587)	(29,957)	65,915

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding debt	-	-	-	-	-	-	-	-	-	-
Payment of Unfunded Pension Liability	-	-	-	-	-	-	-	-	-	-
Par amount of bonds	-	-	-	-	-	-	-	-	-	-
Original issue premium	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Deposit to escrow fund	-	-	-	-	-	-	-	-	-	-
Costs of issuance	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Cancellation of tax levy receivable	-	-	-	-	-	-	(91,630)	-	-	-
Transfers in	18,637	194,005	34,656	-	-	55,137	-	254,590	383,630	-
Transfers out	(151,235)	(334,005)	-	-	-	(55,137)	-	(254,590)	(383,630)	-
Total other financing sources (uses)	(132,598)	(140,000)	34,656	-	-	(55,137)	(91,630)	-	-	-
Net change in fund balances	\$ 52,643	\$ (455,643)	\$ (536,034)	\$ 247,413	\$ (309,189)	\$ 719,760	\$ 836,697	\$ (667,587)	\$ (29,957)	\$ 65,915
Debt service as a percentage of noncapital expenditures	3.0%	2.7%	2.0%	2.4%	2.3%	2.4%	2.4%	2.5%	2.6%	2.1%

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.	Voided Checks	Total
2006	-	-	4,700	599	8,750	37,905	4,308		56,262
2007	27,030	-	132,183	-	5,662	58,634	24,795		248,304
2008	12,000	-	-	-	-	34,656	49,915		96,571
2009	-	-	-	1,899	-	14,053	101,864		117,816
2010	-	-	67,184	1,190	16,017	3,903	30,321		118,615
2011	-	66,750	14,438	19,739	1,885	120,465			223,277
2012	-	69,750	24,135	2,743	-	5,454	-		102,082
2013	-	28,250	66,347	1,359	-	34	44,780		140,770
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

Source: District Records

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

Year Ended Dec. 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)	% of Net Assessed to Estimated Full Cash Valuations
2006	17,677,700	801,833,900	-	-	106,102,150	49,883,200	69,396,800	1,044,893,750	66,283,700	332,336	978,942,386	1.609	2,235,399,181	43.79%
2007	15,457,200	868,270,100	-	-	107,751,650	51,577,700	69,049,600	1,112,106,250	66,736,100	322,771	1,045,692,921	1.608	2,588,701,699	40.39%
2008 (1)	22,059,200	1,932,932,700	-	-	304,180,100	96,438,300	183,032,000	2,538,642,300	136,772,100	745,639	2,402,615,839	0.727	2,667,106,630	90.08%
2009	21,408,800	1,951,482,900	-	-	309,748,700	92,777,100	175,104,500	2,550,522,000	137,275,200	869,685	2,414,116,485	0.738	2,690,187,471	89.74%
2010	19,359,800	1,676,705,200	-	-	311,311,600	91,504,100	191,437,400	2,290,318,100	137,833,500	650,098	2,153,134,698	0.868	2,752,790,800	78.22%
2011	19,359,800	1,676,705,200	-	-	311,311,600	91,504,100	191,437,400	2,290,318,100	137,833,500	594,450	2,153,079,050	0.863	2,515,552,209	85.59%
2012	18,322,300	1,691,121,500	-	-	304,918,200	89,961,100	188,178,900	2,292,502,000	139,130,200	800,355	2,154,172,155	0.868	2,411,408,481	89.33%
2013	16,176,700	1,714,414,800	-	-	299,296,600	88,895,500	183,279,200	2,302,062,800	139,130,200	768,264	2,163,700,864	0.881	2,676,189,031	80.85%
2014	11,110,300	1,747,064,600	-	-	303,428,798	87,836,600	163,105,100	2,312,545,398	138,685,400	659,782	2,174,519,780	0.894	2,450,292,418	88.75%
2015	13,416,900	1,759,411,600	-	-	292,012,798	86,725,800	160,550,800	2,312,117,898	144,525,200	724,845	2,168,317,543	0.945	2,467,031,230	87.89%

Source: Municipal Tax Assessor

(1) - Revaluation

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Exhibit J-7

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

(rate per \$100 of assessed value)

Year Ended Dec. 31,	Palisades Park Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation		Borough of Palisades Park	Bergen County		
		Debt Service <sup>b</sup>	Total Direct				
2006	1.609	0.000	1.609	0.990	0.361		2.960
2007	1.608	0.000	1.608	1.035	0.377		3.020
2008*	0.705	0.022	0.727	0.497	0.190		1.414
2009	0.720	0.018	0.738	0.504	0.201		1.443
2010	0.842	0.021	0.863	0.599	0.236		1.698
2011	0.840	0.028	0.868	0.607	0.228		1.703
2012	0.840	0.028	0.868	0.626	0.228		1.722
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

Source: District Records and Municipal Tax Collector

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

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

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

\* Revaluation

Exhibit J-8

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

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
MWHF Palisades Park, LLC	\$ 18,168,800	1	0.84%			
Leems Inc.	\$ 16,062,600	2	0.74%			
BSJ Realty LLC	13,499,700	3	0.62%			
Berkely Park % Limestone Hill	12,551,300	4	0.58%			
Marino Enterprises	12,250,000	5	0.56%			
Madison House Holding, LLC	10,700,000	6	0.49%			
Ruby Realty Co.	10,353,300	7	0.48%			
MWHF Palisades Park, LLC	10,307,900	8	0.48%			
Peter Magnone	10,234,400	9	0.47%			
Bonanno Real Estate Group	6,400,000	10	0.30%			
Leems Associates				\$ 9,531,900	1	0.91%
Marino Enterprises				7,309,900	2	0.70%
Ruby Realty Co.				5,012,100	3	0.48%
Dreams USA				3,264,500	4	0.31%
Dreams USA				3,251,000	5	0.31%
Weber Realty				2,500,000	6	0.24%
J&M Builders				2,458,200	7	0.24%
Star Ridge Management Co.				2,350,000	8	0.22%
TYCR, LLC				2,084,800	9	0.20%
CEK Management Co.				2,040,000	10	0.20%
1 W. Palisades Blvd						
Total	<u>\$ 120,528,000</u>		<u>5.56%</u>	<u>\$ 39,802,400</u>		<u>3.81%</u>

\$ 1,044,893,750

Net Assessed Valuation: \$ 2,168,317,543

Source: Municipal Tax Assessor.

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

Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$15,854,069	15,635,748	98.62%	\$ 218,321
2007	\$16,821,549	16,821,549	100.00%	\$ -
2008	\$17,891,557	\$17,799,927	99.49%	\$ 91,630
2009	\$18,471,482	\$18,471,482	100.00%	\$ -
2010	\$18,821,482	\$18,821,482	100.00%	\$ -
2011	\$19,781,669	\$19,781,669	100.00%	\$ -
2012	\$19,887,998	\$19,887,998	100.00%	\$ -
2013	\$19,887,998	\$19,887,998	100.00%	\$ -
2014	\$20,285,757	\$20,285,757	100.00%	\$ -
2015	\$20,677,315	\$20,677,315	100.00%	\$ -

Source: Municipal Tax Collector

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	Bonds Payable <sup>b</sup>	Loans Payable	Certificates of Participation	Capital Leases	Capital Leases				
2006	1,189,000	407,346	3,355,000	-	-	4,951,346	0.42%	\$ 79	
2007	1,139,000	361,981		3,087,069	-	4,588,050	0.36%	\$ 68	
2008	1,086,000	315,185		2,882,235	-	4,283,420	0.33%	\$ 63	
2009	1,030,000	266,871		2,606,250	-	3,903,121	0.32%	\$ 62	
2010	970,000	217,016		2,317,754	-	3,504,770	0.27%	\$ 54	
2011	907,000	165,501		2,017,107	-	3,089,608	0.24%	\$ 47	
2012	899,000	112,246		1,709,647	-	2,720,893	0.20%	\$ 39	
2013	810,000	57,110		1,311,564	-	2,178,674	0.16%	\$ 31	
2014	717,000	-		884,347	-	1,601,347	0.11%	\$ 23	
2015	624,000	-		474,119	-	1,098,119	Not Available	Not Available	

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

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

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

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

**Exhibit J-11**

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	1,596,346	-	1,596,346	0.19%	\$ 62,714
2007	1,500,982	-	1,500,982	0.17%	\$ 67,394
2008	1,401,185	-	1,401,185	0.15%	\$ 68,227
2009	1,296,871	-	1,296,871	0.13%	\$ 63,198
2010	1,187,017	-	1,187,017	0.05%	\$ 65,486
2011	1,072,501	-	1,072,501	0.05%	\$ 66,096
2012	1,011,246	-	1,011,246	0.05%	\$ 69,919
2013	867,110	-	867,110	0.04%	\$ 69,495
2014	717,000	-	717,000	0.03%	Not Available
2015	624,000	-	624,000	0.03%	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, 2015**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Direct Debt of School District as of June 30, 2015</b>		\$	624,000
<b>Net overlapping debt of School District:</b>			
Borough of Palisades Park	100.000%	\$ 10,811,060	
Bergen County Utilities Authority	2.893%	6,054,425	
County of Bergen - Borough's share	1.506%	<u>14,053,747</u>	
<b>Subtotal, overlapping debt</b>			<u>30,919,232</u>
<b>Total direct and overlapping debt</b>		\$	<u><u>31,543,232</u></u>

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

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

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

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

**Legal Debt Margin Calculation for Fiscal Year 2015**

Equalized valuation basis	
2014	\$ 2,458,062,710
2013	\$ 2,449,524,124
2012	\$ 2,655,510,251
[A]	<u>\$ 7,563,097,085</u>

Average equalized valuation of taxable property	[A/3]	\$ 2,521,032,362
Debt limit (4 % of average equalization value)	[B]	100,841,294 <sup>a</sup>
Net bonded school debt	[C]	624,000
Legal debt margin	[B-C]	<u>\$ 100,217,294</u>

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 67,125,370	\$ 77,784,306	\$ 90,424,673	\$ 99,868,394	\$ 103,488,435	\$ 105,383,621	\$ 101,818,708	\$ 100,803,791	\$ 100,040,358	\$ 100,841,294
Total net debt applicable to limit	<u>1,596,346</u>	<u>1,401,185</u>	<u>1,401,185</u>	<u>1,296,871</u>	<u>1,187,017</u>	<u>1,072,501</u>	<u>1,011,246</u>	<u>867,110</u>	<u>717,000</u>	<u>624,000</u>
Legal debt margin	<u>\$ 65,529,024</u>	<u>\$ 76,383,121</u>	<u>\$ 89,023,488</u>	<u>\$ 98,571,523</u>	<u>\$ 102,301,418</u>	<u>\$ 104,311,120</u>	<u>\$ 100,807,462</u>	<u>\$ 99,936,681</u>	<u>\$ 99,323,358</u>	<u>\$ 100,217,294</u>
Total net debt applicable to the limit as a percentage of debt limit	2.38%	1.80%	1.55%	1.30%	1.15%	1.02%	0.99%	0.86%	0.72%	0.62%

Source: Abstract of Rates and District Records.

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

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

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita		Unemployment Rate <sup>d</sup>
			Personal Income <sup>c</sup>	Personal Income	
2006	18,884	\$ 1,184,291,176	62,714	62,714	4.50%
2007	19,125	\$ 1,288,910,250	67,394	67,394	4.00%
2008	19,266	\$ 1,314,461,382	68,227	68,227	5.20%
2009	19,421	\$ 1,227,368,358	63,198	63,198	9.20%
2010	19,647	\$ 1,286,603,442	65,486	65,486	9.50%
2011	19,752	\$ 1,305,528,192	66,096	66,096	9.30%
2012	19,936	\$ 1,393,905,184	69,919	69,919	9.50%
2013	20,288	\$ 1,409,914,560	69,495	69,495	6.60%
2014	20,471	Not Available	Not Available	Not Available	3.30%
2015	Not Available	Not Available	Not Available	Not Available	Not Available

**Source:**

- <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development
- <sup>b</sup> Personal income - Bergen County - provided by NJ Dept of Labor and Workforce Development
- <sup>c</sup> Per Capita Personal Income - Bergen County - provided by NJ Dept of Labor and Workforce Development
- <sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

2014		2005		
Employer	Employees	Rank (Optional)	Percentage of Total Employment	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>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	124	128	133	133	132	132	130	132	133	136
Special education	20	22	23	24	24	24	24	27	40	48
Other special education								10	10	10
Vocational										
Other instruction	4	4	4	4	4	4	4	4	4	4
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Attendance	2	3	1	1	1	1	1	1	1	1
Student/Instr Related Services: Nurse	2	3	3	3	3	3	3	3	3	3
Student/Instr Related Services: Speech										
Student/Instr Related Services: Extraord	3									
Student/Instr Related Services: Guidance	6	4	4	4	4	4	3	3	4	3
Student/Instr Related Services: CST		8	8	8	8	8	6	6	9	10
Student/Instr Related Services: Curriculum	2	1	1	1	1	1	1	1	1	1
Student/Instr Related Services: Media	2	3	3	2	2	2	1	1	2	2
General administrative services	13	13	8	8	8	8	8	8	1	3
School administrative services	3	3	2	2	2	2	2	2	13	6
Business administrative services	15	16	9	9	9	9	9	9	3	2
Plant operations and maintenance	4	6	19	18	18	18	18	20	20	21
Lunchroom/Playground Aides								3	7	3
Pupil transportation										
Special Schools										
Food Service										
Child Care										
<b>Total</b>	<b>200</b>	<b>214</b>	<b>218</b>	<b>217</b>	<b>216</b>	<b>216</b>	<b>210</b>	<b>230</b>	<b>251</b>	<b>253</b>

**Source:** District Personnel Records

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

Palisades Park Board of Education  
Operating Statistics  
Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2006	1,440	19,030,532	13,216	23.91%	148			1,379	1,324	-7.36%	95.98%	
2007	1,426	19,273,366	13,516	2.27%	154			1,432	1,360	3.81%	94.97%	
2008	1,459	22,224,684	15,233	12.70%	160			1,440	1,367	0.56%	94.93%	
2009	1,421	22,502,508	15,836	3.96%	161			1,419	1,344	-1.46%	94.71%	
2010	1,499	23,753,763	15,846	0.07%	160			1,494	1,408	5.29%	94.24%	
2011	1,565	23,059,964	14,735	-7.01%	161			1,536	1,449	2.81%	94.34%	
2012	1,596	22,567,389	14,140	-4.04%	158			1,580	1,512	2.86%	95.70%	
2013	1,588	24,786,749	15,609	10.39%	163			1,578	1,511	-0.13%	95.75%	
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%	

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>District Buildings</u></b>										
<b><u>Elementary</u></b>										
Lindbergh School										
Square Feet	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584
Capacity: FES (students)	621	621	621	621	621	621	621	621	621	621
Enrollment	819	866	681	523	669	669	669	669	669	669
<b><u>High School</u></b>										
Palisades Park High School										
Square Feet	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626
Capacity: FES (students)	493	493	493	493	493	493	493	493	493	493
Enrollment	621	519	519	639	556	556	556	556	556	556
<b><u>Early Childhood Center</u></b>										
Charles Smith Early Childhood Center										
Square Feet	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600
Capacity: FES (students)	360	360	360	360	360	360	360	360	360	360
Enrollment	239	239	259	259	274	274	274	274	274	274
<b><u>Other</u></b>										
Administration Building										
Square Feet	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500

Number of Schools at June 30, 2015  
 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)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Palisades Park High School	N/A	40,010	58,046	53,700	48,165	16,803	25,560	26,376	32,667	32,492	63,486
Lindergh School	N/A	36,183	19,901	51,932	26,544	11,202	17,040	17,584	18,301	18,301	42,324
Early Childhood Center	N/A	18,590	9,004	33,819	2,920	3,111	4,733	4,884	5,892	5,892	
<b>Grand Total</b>		<b>94,783</b>	<b>86,951</b>	<b>139,451</b>	<b>77,629</b>	<b>31,116</b>	<b>47,333</b>	<b>48,844</b>	<b>56,860</b>	<b>56,685</b>	<b>105,810</b>

**Palisades Park Board of Education  
Insurance Schedule  
For the Fiscal Year Ended June 30, 2015  
Unaudited**

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Fund	Multi - Peril Policy:		
	Property - Blanket Building and Contents	250,000,000	2,500
	Comprehensive General Liability	5,000,000	
	Employee Benefits Liability	5,000,000	
	Automobile Liability	5,000,000	
	Comprehensive Crime Coverage	500,000	1,000
	Student Accident Insurance	1,000,000	
	School Leaders		
	Liability & Employment Practices Liability	5,000,000	
	Crime Coverage		
	Employee Dishonesty w/faithful performance		
	Each Person	100,000	1,000
	Each Loss	400,000	1,000
	Forgery & Alteration	50,000	1,000
	Money & Securities (Inside and Out)	100,000	1,000
	Boiler & Machinery		
	Property Damage	100,000,000	2,500
	Environmental Impairment Liability		
	Occurrence	1,000,000	10,000
	All Claims, Remediation Costs, or Legal		
	Defense Expense Limit	25,000,000	
	SIR-per Pollution Condition	10,000	
	Flood & Earthquake	25,000,000	25,000
	Excess Liability	5,000,000	
	Excess Liability (CAP)	50,000,000	

Source: District Records

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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

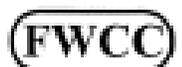
The Honorable President and  
Members of the Board of Education  
Borough of Palisades Park School District  
County of Bergen, New Jersey  
Palisades Park, New Jersey

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 15, 2015.

### ***Internal Control Over Financial Reporting***

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

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



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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Borough of Palisades Park Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Borough of Palisades Park School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated October 15, 2015.

***Purpose of this Report***

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

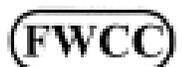
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Certified Public Accountants  
Pompton Lakes, New Jersey

October 15, 2015



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

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

## **Report on Compliance for Each Major Federal and State Program**

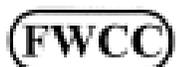
We have audited the Board of Education of the Borough of Palisades Park School District in the County of Bergen, New Jersey for compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Palisades Park Board of Education's major federal and state programs for the year ended June 30, 2015. 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; in compliance with the audit requirements as prescribed by the Office of School Finance,



Department of Education, State of New Jersey, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey Office of Management and Budget Circular Letters 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and the New Jersey State Aid/Grant Compliance Supplement*. Those standards, OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Palisades Park Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal and State Program***

In our opinion, the Borough of Palisades Park Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of the Borough of Palisades Park Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Palisades Park Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and N.J. OMB Circular 04-04 and 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. However, we identified certain deficiencies in internal control as described in the accompanying schedule of findings and questioned costs as items 2015-01, 2015-02 and 2015-03 that we consider to be 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 OMB Circular A-133 and N.J. OMB Circular 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the Borough of Palisades Park Board of Education as of and for the year ended June 30, 2015, and have issued our report there dated October 15, 2015 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and N.J. OMB Circular 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

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Certified Public Accountants  
Pompton Lakes, New Jersey

October 15, 2015

BOROUGH OF PALISADES PARK SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2015

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2014	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Prior year A/P and Encumbrances Cancelled	Refunded to Grantor	Balance at June 30, 2015		MEMO Cumulative Total Expenditures
				From	To							(Accounts Receivable)	Deferred Revenue/ Interfund Payable	
<b>US Department of Education</b>														
<b>General Fund</b>														
Medical Assistance Program (SEMI)	93.778	FY13 Cost Settlement		7/1/2013	6/30/2014			34,818						34,818
ARRA-Medical Assistance Program (SEMI)	93.778	ARRA Reconciliation		10/1/2008	12/31/2010			9,019						9,019
<b>Total General Fund</b>								43,837						43,837
<b>US Department of Education</b>														
<b>Passed Through State Dept of Education:</b>														
<b>Special Revenue Fund</b>														
Title I, Part A - Improving Basic Programs	84-010A	NCLB391015	343,262	9/1/14	8/31/15	\$	(48,636)	342,835	361,737	164	(73,723)		6,349	361,737
Title I, Part A - Improving Basic Programs	84-010A	NCLB391014	362,484	9/1/13	8/31/14		48,636							324,687
Title I, Part A - Improving Basic Programs	84-010A	NCLB391013	266,962	9/1/12	8/31/13	2,585				2,585				266,962
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	NCLB391015	67,002	9/1/14	8/31/15		(26,353)	79,127	64,245		(12,132)		661	64,245
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	NCLB391014	65,065	9/1/13	8/31/14	(26,353)	26,353							65,065
Title III, English Language Acquisition and Language Enhancement	84.367A	NCLB391013	65,184	9/1/12	8/31/13	5,152				5,152				65,184
Title III, English Language Acquisition and Language Enhancement	84.365A	NCLB391015	59,344	9/1/14	8/31/15		(11,549)	46,201	57,584		(25,279)		2,347	57,584
Title III, English Language Acquisition and Language Enhancement	84.365A	NCLB391014	55,361	9/1/13	8/31/14	(11,549)	11,549							55,361
Title III, Immigrant Implementing New Curricular Learning with Universally Designed Experiences	84.365A	NCLB391013	58,242	9/1/12	8/31/13	1,639								56,603
IDEA, Part B-Basic	84.365	NCLB391015	33,666	9/1/14	8/31/15	(5,327)		32,343	32,566		(223)			32,566
IDEA, Part B-Basic	84.365	NCLB391014	20,604	9/1/13	8/31/14			5,327		1,639				20,604
IDEA, Part B-Preschool	84.318X	08000211	235,000	9/1/10	8/31/11	23,117				23,117				156,741
IDEA, Part B-Preschool	84.027	IDEA391015	370,325	9/1/14	8/31/15	(48,362)		397,997	394,655	222	(45,242)			394,655
IDEA, Part B-Basic	84.173	IDEA391014	349,875	9/1/13	8/31/14	(48,362)								335,683
IDEA, Part B-Preschool	84.173	IDEA391015	8,496	7/1/14	6/30/15			8,496	8,496					8,496
21st Century Community Learning Centers	84.287	IDEA391014	8,493	7/1/13	6/30/14	(4,309)		4,309	240,376		(112,371)			8,493
ARRA - IDEA, Part B-Basic Funds for the Improvement of Education	84.391	ARRA391010	383,707	9/1/09	8/31/11	499		128,005	240,376	499				240,376
	84.125K		150,000	9/1/10	8/31/11	926				926				383,208
<b>Total Special Revenue Fund</b>						(110,618)		1,044,640	1,159,659	164	(268,970)		9,357	2,986,338

BOROUGH OF PALISADES PARK SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2015

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2014	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Prior year A/P and Encumbrances Cancelled	Refunded to Grantor	Balance at June 30, 2015		MEMO Cumulative Total Expenditures
				From	To							(Accounts Receivable)	Deferred Revenue/ Interfund Payable	
<b>US Department of Agriculture</b>														
<b>Passed Through State Dept of Education:</b>														
<b>Enterprise Fund</b>														
Food Distribution Program (formally USDA Commodities Program)	10.550		59,609	7/1/14	6/30/15			59,609						59,609
National School Breakfast Program	10.553		38,256	7/1/14	6/30/15			38,256			(7,405)			38,312
National School Breakfast Program	10.553		37,520	7/1/13	6/30/14	(6,502)		6,502					56	37,520
National School Lunch Program	10.555		240,515	7/1/14	6/30/15			250,665			(55,862)			306,527
National School Lunch Program	10.555		281,750	7/1/13	6/30/14	(56,487)		56,487						281,750
<b>Total Enterprise Fund</b>						(62,989)		404,170	338,380			(63,267)		723,718
<b>Total Federal Financial Assistance</b>						(173,607)		1,492,647	1,541,876	164	34,140	(332,237)		3,753,893

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, 2015

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2014		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Cancelled	Repayment Prior Yrs. Balances	Balance at June 30, 2015		Memo		
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor						(Accounts Receivable)	Deferred Revenue/Interfund Payable		Due to Grantor at	Budgetary Receivable
<b>State Department of Education:</b>																
<b>General Fund</b>																
Equalization Aid	15-495-034-5120-078	\$ 725,995	7/1/2014	6/30/2015	\$			725,995	725,995							
Special Education Categorical Aid	15-495-034-5120-089	941,377	7/1/2014	6/30/2015				941,377	941,377							
Transportation Aid	15-495-034-5120-014	14,322	7/1/2014	6/30/2015				14,322	14,322							
Security Aid	15-495-034-5120-084	61,651	7/1/2014	6/30/2015				61,651	61,651							
Adjustment Aid	15-495-034-5120-085	10,501	7/1/2014	6/30/2015				10,501	10,501							
Under Adequacy Aid	15-495-034-5120-096	103,841	7/1/2014	6/30/2015				103,841	103,841							
Additional Adjustment Aid	15-495-034-5120-085	9,220	7/1/2014	6/30/2015				9,220	9,220							
PARCC Readiness Aid	15-495-034-5120-098	16,770	7/1/2014	6/30/2015				16,770	16,770							
Per Pupil Growth Aid	15-495-034-5120-097	16,770	7/1/2014	6/30/2015				16,770	16,770							
Extraordinary Aid	15-100-034-5120-473	118,464	7/1/2014	6/30/2015	(56,609)			16,770	16,770			(118,464)				
Reimbursed TPAF Social Security Contributions	14-495-034-5094-003	820,441	7/1/2014	6/30/2015				820,441	820,441			(39,000)				
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	771,954	7/1/2013	6/30/2014	(77,239)			76,464	771,954	775						
<b>Total General Fund</b>					(133,848)		2,814,961	2,839,352	775			(157,464)		174,076	3,667,915	
<b>Special Revenue Fund</b>																
<b>NJ NonPublic Aid:</b>																
Textbook Aid	15-100-034-5120-064	16,027	7/1/2014	6/30/2015				16,027	16,027							16,027
Nursing Services	15-100-034-5120-070	25,515	7/1/2014	6/30/2015				25,515	25,515							25,515
Nursing Services	14-100-034-5120-070	19,918	7/1/2013	6/30/2014		2					2					19,916
Technology Aid	15-100-034-5120-373	8,608	7/1/2014	6/30/2015				8,608	8,608							8,608
<b>Auxiliary Services (Chapter 192):</b>																
Compensatory Education	15-100-034-5120-067	80,622	7/1/2014	6/30/2015				80,622	66,289							66,289
English as a Second Language	15-100-034-5120-067	26,492	7/1/2014	6/30/2015				26,492	19,914							19,914
<b>Handicapped Services (Chapter 193):</b>																
Examination & Classification	15-100-034-5120-066	26,479	7/1/2014	6/30/2015				26,479	21,793							21,793
Examination & Classification	15-100-034-5120-066	21,022	7/1/2013	6/30/2014		3,661					3,661					17,361
Corrective Speech	15-100-034-5120-066	19,084	7/1/2014	6/30/2015				19,084	15,373							15,373
Corrective Speech	15-100-034-5120-066	11,718	7/1/2013	6/30/2014		2,734					2,734					8,984
Supplementary Inst.	15-100-034-5120-066	20,402	7/1/2014	6/30/2015				20,402	16,086							16,086
Supplementary Inst.	15-100-034-5120-066	17,415	7/1/2013	6/30/2014		1,805					1,805					15,610
<b>Discretionary Grants:</b>																
NJ Achievement Coaches Competitive Grant	15-100-034-5068-049	35,000	11/1/2014	6/30/2015					32,240							32,240
<b>Total Special Revenue Fund</b>							8,202	223,229	221,845		8,202	(32,240)		33,624		283,716
<b>Enterprise Fund</b>																
<b>State Department of Agriculture</b>																
National School Lunch Program (State Share)	15-100-010-3350-023	8,178	7/1/2014	6/30/2015				7,045	8,178							8,554
National School Lunch Program (State Share)	14-100-010-3350-023	9,381	7/1/2013	6/30/2014		(2,125)		2,125				(1,509)				8,810
<b>Total Enterprise Fund</b>							(2,125)	9,170	8,178			(1,509)		376		17,364
<b>Total State Financial Assistance</b>					\$		8,202	3,047,360	3,069,375	775	8,202	(191,213)	34,000	174,076	3,968,995	
<b>On-Behalf TPAF Contributions not Subject to OMB 04-04/15-08</b>																
On Behalf TPAF Pension - Post Retirement	15-495-034-5095-001	924,411	7/1/2014	6/30/2015				924,411	924,411							924,411
On Behalf TPAF NCGI Premium	15-495-034-5095-007	39,082	7/1/2014	6/30/2015				39,082	39,082							39,082
On Behalf TPAF Pension - Contribution	15-495-034-5095-006	543,224	7/1/2014	6/30/2015				543,224	543,224							543,224
								1,506,717	1,506,717							1,506,717
								4,554,077	4,576,092							4,576,092

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

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and the special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(14,837) for the general fund and \$(156,884) for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$43,837	\$4,331,232	\$4,375,069
Special Revenue Fund	1,025,133	199,487	1,224,620
Food Service Fund	<u>338,380</u>	<u>8,178</u>	<u>346,558</u>
Total Awards and Financial	<u>\$1,407,350</u>	<u>\$4,538,897</u>	<u>\$5,946,247</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenue and expenditures reported under the U.S.D.A. food distribution program represent current year value received and current year distributions, respectfully. TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2015. 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, 2015.

**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 \$1,506,717 of on-behalf payments is excluded from major program determination.

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards**

Internal Control over major programs:

- 1. Significant deficiencies identified that are not considered to be material weaknesses?  X  yes \_\_\_\_\_ no
- 2. Material weakness(es) identified? \_\_\_\_\_ yes  X  no

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u> (A)	<u>Title I, Part A - Improving Basic Programs</u>
<u>10.553/10.555</u> (A)	<u>National School Lunch and Breakfast Program</u>
<u>84.287</u> (B)	<u>21<sup>st</sup> Century Community Learning Centers</u>

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

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

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

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(continued)**

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

**State Awards**

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

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

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

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses?     \_\_\_\_\_ yes       X   none reported

2. Material weakness(es) identified?                             \_\_\_\_\_ yes       X   no

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04/15-08?     \_\_\_\_\_ yes       X   no

Identification of major programs:

<b>GMIS Number(s)</b>	<b>Name of State Program</b>
15-495-034-5120-078/089/084/085     (A)	State Aid Public Cluster: Equalization Aid, Special Education Categorical Aid, Security Aid, Adjustment Aid, Additional Adjustment Aid, Under Adequacy Aid, Per Pupil Growth Aid, PARCC Readiness

Note: (A) Tested as Major Type A Program

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Section II – Financial Statement Findings*

NONE

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**FEDERAL AWARDS**

**Finding 2015-01:**

**Information on the federal program:**

School Breakfast Program, CFDA # 10.553, Grant Period 7/1/14 – 6/30/15.

National School Lunch Program, CFDA # 10.555, Grant Period 7/1/14 – 6/30/15.

**Criteria or specific requirement:**

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

**Condition:**

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

**Questioned costs:**

\$66,068

**Context:**

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

**Effect:**

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

**Cause:**

No central location was utilized to determine student eligibility and district staff are not determining eligibility status in accordance with *USDA Eligibility Guidelines*.

**Management's response:**

The District has appointed a new eligibility coordinator for the School Nutrition Cluster programs who will have the appropriate training and availability to sufficiently monitor program eligibility in accordance with all required grant requirements.

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**FEDERAL AWARDS**

**Finding 2015-02:**

**Information on the federal program:**

School Breakfast Program, CFDA # 10.553, Grant Period 7/1/14 – 6/30/15.

National School Lunch Program, CFDA # 10.555, Grant Period 7/1/14 – 6/30/15.

**Criteria or specific requirement:**

According to the OMB Circular A-133 Compliance Supplement, by November 15 of each school year, the District must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals.

**Condition:**

The District did not perform verification over the required amount of households in accordance with Federal guidelines.

**Questioned costs:**

None.

**Context:**

Per the OMB Circular A-133 Compliance Supplement, the District must verify the lesser of 3 percent or 3,000 of the approved applications on file as of October 1, selected from error-prone applications.

**Effect:**

By not verifying the required amount of approved applications, the District is not in compliance with the provisions of the grant agreements.

**Cause:**

Compliance with the guidelines of the grant agreements requires the District to verify a sample of the approved applications.

**Management's response:**

The District has appointed a new eligibility coordinator for the School Nutrition Cluster programs who will have the appropriate training and availability to sufficiently verify the required amount of approved program applications.

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**FEDERAL AWARDS**

**Finding 2015-03:**

**Information on the federal program:**

School Breakfast Program, CFDA # 10.553, Grant Period 7/1/14 – 6/30/15.

National School Lunch Program, CFDA # 10.555, Grant Period 7/1/14 – 6/30/15.

**Criteria or specific requirement:**

According to the OMB Circular A-133 Compliance Supplement, all meals claimed for reimbursement must be supported by accurate meal counts and records indicating the number of meals served by category and type.

**Condition:**

The district failed to retain eligibility rosters that indicated free and reduced priced meals served.

**Questioned costs:**

Undetermined

**Context:**

Per the OMB Circular A-133 Compliance Supplement, the District must retain documentation to support meal counts by category and type taken at the point of service or through an approved alternative procedure.

**Effect:**

By not retaining the eligibility rosters to support the amount of free and reduced priced meals claimed for reimbursement, meal counts claimed could not be accurately verified.

**Cause:**

Compliance with the guidelines of the grant agreements requires the District to retain accurate meal count records to support those meals claimed for reimbursement.

**Management's response:**

The District has contracted with a vendor to install a new computerized point of service software system to be utilized for the food service program with the intent on maintaining more accurate meal count records.

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Status of Prior Year Findings:**

**Finding 2014-01:** Segregation of Duties – Revenue Cycle

**Condition:**

There is a lack of segregation of duties with respect to the receipt and recording of cash.

**Status**

Resolved

**FEDERAL AWARDS**

**Finding 2014-02:**

**Condition:**

There were instances in which controls were not in place to ensure that all those children with approved applications for free or reduced priced meals were given access to those meals as they were not denoted as being eligible in the District's registers.

**Status**

Unresolved – See Finding 2015-01.

**Finding 2014-03:**

**Condition:**

The District did not perform verification over the required amount of households in accordance with Federal guidelines.

**Status**

Unresolved – See Finding 2015-02.