

SCHOOL DISTRICT
OF
PALMYRA



Palmyra Board of Education
Palmyra, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

BOROUGH OF PALMYRA SCHOOL DISTRICT
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INTRODUCTORY SECTION



PALMYRA BOARD OF EDUCATION

PALMYRA, N.J. 08065

Brian J. McBride
Superintendent of Schools

Administrative Office
301 Delaware Avenue
856-786-9300
FAX: 856-829-9638

Todd D. Reitzel
*Business Administrator/
Board Secretary*

1. Reporting Entity and Its Services

The Palmyra Borough Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by NCGA Statement No. 3. All funds of the District are included in this report. The Palmyra Borough Board of Education and all of its schools constitute the District's reporting entity.

The District provides a wide range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational, special area enrichment as well as special education programs for children with "special needs" including "gifted" and "learning disabled". The District completed the 2016-2017 fiscal year with an average enrollment of 890 students.

2. Economic condition and Outlook:

Palmyra is a residential community that has a total of 1.92 square miles and is located on the East side of the Delaware River directly across from the northern end of the City of Philadelphia. It serves as the eastern terminus of the Tacony-Palmyra Bridge, which spans the Delaware River. It is readily accessible to many major highways including Route #73, Route #I-295, Route #130 and the New Jersey Turnpike. Route #130 and Route #73 are direct access routes to Philadelphia. Conrail and New Jersey Transit have a train station in Palmyra and runs through the heart of the Borough's business district. The Palmyra School District is a three building district, which is located on the Delaware River in close proximity to Philadelphia and Trenton.

3. Major Initiatives:

Adopted and implemented a new Strategic Plan setting goals in the areas of Student Achievement, Public Relationships/Community Partnerships, Sustainability and Educating the Whole Student.

Reached the financial goal of holding general fund budget growth to one percent.

Increased the number of digital projectors and Smart-Boards and inter-active 3-D hardware to specifically support new curriculum and classroom initiatives.

Increased the number of elective offerings for Middle and High School students and introduced web based programs such as; Read 180 & Systems 44 for Elementary literacy and IXL for Middle School Math and Language Arts development.

Increased the number of individual class sections serving the lower elementary grades.

3. Major Initiatives (Cont'd):

Increased student access to technology over the prior year through new web based applications and by increasing the total number of web accessible workstations, laptops and other data processing capable hardware. The district also doubled its wireless access to the internet.

Maintained enrollment of 3 and 4 year olds in peer to peer preschool program.

Expanded Middle School and High School extra-curricular opportunities.

Increased the availability of Advanced Placement offerings for students.

Expanded staff professional development and student based study skills programming.

Initiated an educational impact study to determine the feasibility of moving the 6th Grade to the High School and creating a comprehensive Middle School for grades 6 through 8.

4. Internal Accounting Controls:

The Administration of the District is responsible for establishing and maintaining an internal control structure. It is designated to ensure that the assets of the District are protected from loss, theft or misuse. It also ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with General Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by administration.

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

As part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal awards 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 controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budgets and adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

5. Budgetary Controls (Cont'd):

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assignments of fund balances as of June 30, 2017.

6. Accounting Systems and Reports:

The District accounting records reflect Generally Accepted Accounting Principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in the “Notes to the Financial Statements”, Note 1.

7. Debt Administration:

At June 30, 2017, the District’s outstanding debt issues included \$800,000.00 of Series 2009 school district bonds and \$8,365,000.00 of Series 2016 school refunding bonds.

8. Cash Management:

The investment policy of the District is guided in large part by 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 a 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 funds are secured in accordance with the Act.

9. Risk Management:

The Board of Education carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive collision, hazard and theft insurance on property, contents and fidelity bonds.

10. Other Information:

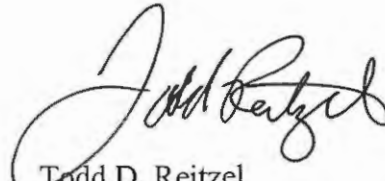
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board of Education, at its reorganization meeting, appointed the accounting firm of Bowman & Company LLP. In addition to meeting the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, the auditor’s report on the general-purpose financial statements and individual fund statements and schedules are included in the financial section of this report. The auditor’s report related specifically to the single audit is included in the single audit section of this report.

11. Acknowledgements:

We would like to express our appreciation to the members of the Borough of Palmyra School District 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.



Brian J. McBride
Superintendent



Todd D. Reitzel
School Business Administrator



PALMYRA BOARD OF EDUCATION
PALMYRA, N.J. 08065

Brian J. McBride
Superintendent of Schools

Administrative Office
301 Delaware Avenue
856-786-9300
FAX: 856-829-9638

Todd D. Reitzel
*Business Administrator/
Board Secretary*

ROSTER OF OFFICIALS
June 30, 2017

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Keith Austin	2017
Nancy Brett	2017
Laurie Beck	2019
Mark Russell	2019
John Quigg	2019
Sean Toner	2017
Nicolas Sarracino	2018
Amy Austin	2018
John Kay	2018

OTHER OFFICIALS/ADMINISTRATORS

Brian J. McBride	Superintendent of Schools
Todd D. Reitzel	Business Administrator/Board Secretary
Donna Gidjunis	Treasurer of School Monies
Ken Holloway	Principal – Palmyra High School
Mark Pease	Principal – Charles Street School
Michael Papenberg	Director of Athletic

**PALMYRA SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

June 30, 2017

Audit Firm

Bowman & Company LLP
Certified Public Accountants & Consultants
601 White Horse Rd.
Voorhees, NJ 08043-2493

Attorney

Joseph Betley, Esquire
Acting for Capehart and Scatchard, P.A.
Laurel Corporation Center
Suite 300
8000 Midlantic Drive
Mount Laurel, NJ 08054

Bond Counsel

McManimon, Scotland, Bauman
75 Livingston Avenue
Roseland NJ 07068

Financial Advisor

Phoenix Advisors, LLC
4 West Park Street
Bordentown, NJ 08505

Official Depository

Beneficial Bank
712 Broad Street
Riverton, NJ 08077

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Palmyra School District
Palmyra, New Jersey 08065

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 Borough of Palmyra School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District'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 School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Palmyra School District, in the County of Burlington, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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, schedule of the School District's proportionate share of the net pension liability, and schedule of the School District's contributions as listed 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Palmyra School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

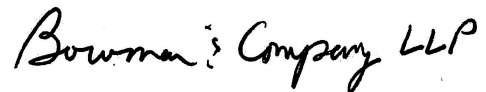
The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2017 on our consideration of the Borough of Palmyra School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Palmyra School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Public School Accountant No. CS 01113

Voorhees, New Jersey
November 22, 2017

**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**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Palmyra School District
Palmyra, New Jersey 08065

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Palmyra School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 22, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Palmyra School District'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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Palmyra School District'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 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.

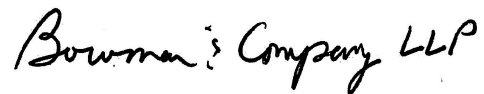
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Palmyra School District's financial statements are free from 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 Division of Administration and Finance, Department of Education, State of New Jersey.

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* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Public School Accountant No. CS 001113

Voorhees, New Jersey
November 22, 2017

REQUIRED SUPPLEMENTARY INFORMATION
PART I

Borough of Palmyra Board of Education School District

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

This section of the Borough of Palmyra Board of Education School District annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the School District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2016-17) and the prior year (2015-16) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-17 fiscal year include the following:

- Net Position for Governmental and Business-Type activities were \$1,261,235 and \$454,795, respectively.
- Net Position for the Governmental activities increased by \$494,458 and the Net Position for Business-Type activities increased by \$48,404 from July 1, 2016 to June 30, 2017.
- The General Fund, fund balance as of June 30, 2017 was \$3,364,021, a decrease of \$26,059 when compared with the beginning balance as of July 1, 2016 of \$3,390,080.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Borough of Palmyra School District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Borough of Palmyra School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Borough of Palmyra School District, reporting the Borough of Palmyra School District's operation in more detail than the School Government-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities that the Borough of Palmyra School District operates like businesses.
- Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Borough of Palmyra School District
Palmyra, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Table A-1 summarizes the major features of the Borough of Palmyra School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Table A-1

MAJOR FEATURES OF THE GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

		Fund Financial Statements	
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as regular and special education, building maintenance and transportation	Activities the School District operates similar to private businesses: Food Service Fund, After School Program
Required Financial Statements	Statement of Net Position	Balance Sheet	Statement of Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Revenues, Expenses and Changes in Fund Net Position
			Statement of Cash Flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

Borough of Palmyra School District
Palmyra, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

Government-Wide Statements

The government-wide statements report information about the Borough of Palmyra School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Borough of Palmyra School District's net position and how they have changed. Net position – the difference between the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – are a measure of the School District's financial health or position.

- Over time, increases or decreases in the School District's net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- To assess the overall health of the School District you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements the School District's activities are shown in two categories:

- *Governmental activities*- Most of the School District's basic services are included here, such as regular and special education, transportation, administration, and maintenance. Aid from the State of New Jersey and from the Federal government along with local property taxes finances most of these activities.
- *Business-type activities*-The School District charges fees to customers to help it cover the costs of certain services it provides. The School District's Food Service Program and After School Program are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – focusing on the most significant or “major” funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The School District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The School District has three kinds of funds:

- **Governmental funds** - Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the governmental-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds** - Services for which the School District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.

Borough of Palmyra School District
Palmyra, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

Fund Financial Statements (Cont'd)

- **Fiduciary funds** – The School District is the trustee, or fiduciary, for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the government-wide financial statements because the School District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE BOROUGH OF PALMYRA SCHOOL DISTRICT AS A WHOLE

Net Position. The School District's net position for the fiscal years ended June 30, 2017 and 2016 are reflected in the following table.

BOROUGH OF PALMYRA SCHOOL DISTRICT'S NET POSITION						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$ 3,409,525	\$ 3,390,581	\$ 438,561	\$ 392,973	\$ 3,848,087	\$ 3,783,554
Capital Assets	11,756,997	12,302,127	19,186	21,403	11,776,183	12,323,530
Total Assets	15,166,522	15,692,708	457,747	414,376	15,624,269	16,107,084
Deferred Outflow of Resources	2,278,373	940,037			2,278,373	940,037
Noncurrent Liabilities	15,533,264	15,061,164			15,533,264	15,061,164
Other Liabilities	284,299	293,834	2,952	7,985	287,252	301,819
Total Liabilities	15,817,563	15,354,998	2,952	7,985	15,820,516	15,362,983
Deferred Inflow of Resources	366,097	510,970			366,097	510,970
Net Position:						
Net Investment in Capital Assets	1,769,218	1,967,127	19,186	21,403	1,788,404	1,988,530
Restricted	3,159,870	2,998,955			3,159,870	2,998,955
Unrestricted (Deficit)	(3,667,853)	(4,199,304)	435,609	384,989	(3,232,244)	(3,814,316)
Total Net Position	\$ 1,261,235	\$ 766,777	\$ 454,795	\$ 406,391	\$ 1,716,030	\$ 1,173,168

The School District's financial position for governmental and business-type activities is the product of the following factors:

- Program revenues were \$6,960,352.
 - ✓ Operating Grants & Contributions - \$5,541,705.
 - ✓ Charges for Services - \$1,418,647.
- General revenues amounted to \$15,135,776.
- Expenditures were \$21,553,266.
- Total School District revenues and beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net position of \$1,716,030 as of June 30, 2017:
 - Revenues (\$15,135,776) + Beginning net position (\$1,173,168) – Net expenditures (\$14,592,914)
 - = Net Position of \$1,716,030.

Borough of Palmyra School District
Palmyra, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

Changes in Net Position. Net position for **governmental and business-type activities** increased from June 30, 2016 to June 30, 2017 as reflected in the following table.

BOROUGH OF PALMYRA SCHOOL DISTRICT'S CHANGES IN NET POSITION						
	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,103,457	\$ 1,361,193	\$ 315,190	\$ 294,715	\$ 1,418,647	\$ 1,655,908
Operating Grants and Contributions	5,304,567	4,043,731	237,138	245,917	5,541,705	4,289,648
General Revenues:						
Property Taxes	9,900,903	9,581,947			9,900,903	9,581,947
Grants and Contributions Restricted and not Restricted to Programs	5,097,356	5,041,154			5,097,356	5,041,154
Other	137,406	94,890	110	80	137,516	94,969
Total Revenues	21,543,689	20,122,915	552,438	540,712	22,096,127	20,663,626
Expenses:						
Instruction	6,735,839	7,171,975			6,735,839	7,171,975
Support Services	14,014,848	11,997,366			14,014,848	11,997,366
Interest on Debt and Related Costs	298,544	395,020			298,544	395,020
Childcare			132,724	119,501	132,724	119,501
Food Services			371,310	364,319	371,310	364,319
Total Expenses	21,049,231	19,564,361	504,034	483,820	21,553,265	20,048,181
Increase (Decrease) in Net Position	494,458	558,553	48,404	56,892	542,862	615,445
Net Position, July 1	766,777	208,224	406,391	349,499	1,173,168	557,723
Net Position, June 30	\$ 1,261,235	\$ 766,777	\$ 454,795	\$ 406,391	\$ 1,716,030	\$ 1,173,168

Total revenues for the School District were \$22,096,127. Government funding was the source of 48.15% of the School District's revenues. This includes the State of New Jersey and Federal sources.

Property taxes of \$9,900,903 provided 44.81% of revenues. Charges for services provided 6.42% of revenues.

Other miscellaneous revenues of \$137,516 represent 0.62% of the School District revenues. Miscellaneous revenue was primarily provided from interest, refunds and athletic sales.

The School District's expenses for government activities are predominantly related to instruction and support services. Instruction together with tuition totaled \$8,116,297 (38.56%) of total expenditures. Student and instruction related support services totaled \$1,619,126 (7.69%) of total expenditures and transportation, benefits, plant operations and general, school and business administrative services totaled \$11,015,265 (52.33%). Interest on long-term debt totaled \$298,544 (1.42%). Total revenues exceeded expenditures for governmental activities, increasing net position by \$494,458 from the beginning balance at July 1, 2016.

Borough of Palmyra School District
Palmyra, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

Activity Descriptions

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Tuition expenses include the cost to the School District to send pupils with special needs living within the School District to private schools and/or schools outside the School District area.

Student and instruction related services include the activities designed to assess and improve the well being of students and to supplement the teaching process.

School Administrative and General and Business Administrative services include expenses associated with establishing and administering policy for the School District including financial supervision.

Plant operation and maintenance of plant activities involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from student activities as provided by State law and Board Policy.

Unallocated benefits includes the cost of benefits for the School District staff for social security, retirement contributions, worker's compensation, health benefits, pension expense and other employee benefits.

Interest on long-term debt and amortization of bond issuance costs involve the transactions associated with the payment of interest and other related charges to the debt of the School District.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The financial performance of the Borough of Palmyra School District as a whole is also reflected in the governmental funds which are accounted for by using the modified accrual basis of accounting. As the School District completed the year, its governmental funds reported a combined fund balance of \$3,389,526. At June 30, 2017 the general fund balance was \$3,364,021 and the debt service fund balance was \$25,505.

All governmental funds had total revenues of \$18,583,868 and total expenditures of \$18,705,269.

GENERAL FUND BUDGETING HIGHLIGHTS

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The General Fund includes the primary operations of the School District in providing educational services to students from pre-kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

Borough of Palmyra School District
Palmyra, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

The following schedule presents a summary of Governmental Fund Revenues. The summary reflects the dollar and percent increase (decrease) from the prior year.

GOVERNMENTAL FUNDS COMPARISON OF REVENUES FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016				
	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 9,900,903	\$ 9,581,947	\$ 318,956	3.33%
Miscellaneous	1,263,263	1,456,082	(192,819)	(13.24%)
Total	11,164,166	11,038,029	126,137	1.14%
Government Sources:				
State Sources	6,848,984	6,590,796	258,188	3.92%
Federal Sources	570,718	606,194	(35,476)	-5.85%
Total	7,419,702	7,196,991	222,712	3.09%
Total Revenues	\$ 18,583,868	\$ 18,235,019	\$ 348,849	1.91%

One of the primary sources of funding for the School District is received from local property taxes and accounted for 53.28% of total revenues. State aid accounted for 36.85% of total revenues.

Total Governmental Fund revenues increased by \$348,849, or 1.91%, from the previous year. The major component of this increase was an increase in taxes and state sources.

Borough of Palmyra School District
Palmyra, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

The following schedule presents a summary of Governmental Fund expenditures. The summary reflects the dollar and percent increases (decreases) from the prior year.

GOVERNMENTAL FUNDS COMPARISON OF EXPENDITURES FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016				
	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
EXPENDITURES:				
Instruction:				
Regular	\$ 4,348,615	\$ 4,368,538	\$ (19,924)	-0.46%
Special Education	1,617,712	1,683,856	(66,144)	-3.93%
Other	726,868	591,072	135,797	22.97%
Total Instruction	6,693,195	6,643,466	49,729	0.75%
Support Services:				
Tuition	1,380,458	1,450,814	(70,356)	-4.85%
Student and Instruction Related Services	1,575,495	1,540,934	34,560	2.24%
School Administration	386,961	426,397	(39,436)	-9.25%
General/Business Administration	791,826	628,643	163,183	25.96%
Plant Operations and Maintenance	1,441,720	1,338,401	103,319	7.72%
Pupil Transportation	370,634	294,129	76,505	26.01%
Unallocated Benefits	2,870,914	2,648,724	222,190	8.39%
TPAF and FICA Reimbursements	1,768,609	1,588,567	180,042	11.33%
Total Support Services	10,586,617	9,916,610	670,007	6.76%
Capital Outlay	162,413	58,805	103,608	176.19%
Debt Service	1,263,044	1,293,448	(30,404)	-2.35%
Total Expenditures	\$ 18,705,269	\$ 17,912,329	\$ 792,940	4.43%

Total Governmental Fund expenditures increased \$792,940 or 4.43% from the previous year. This increase was primarily due to an increase in TPAF and FICA reimbursements, capital outlays, and pupil transportation.

The Borough of Palmyra School District values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during the school year.

During the course of fiscal year 2017 the School District modified the General Fund Budget as needed to ensure no line item was projected to be over-expended.

Borough of Palmyra School District
Palmyra, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

DEBT SERVICE FUND

The current year obligations for payment of debt service principal and interest amounted to \$1,263,044 where funding was provided by the local tax levy and Debt Service Aid.

FOOD SERVICE PROPRIETARY FUND

The Food Service Fund's net position was \$154,983 as of June 30, 2017. This reflects an increase of \$26,429 from June 30, 2016.

AFTER SCHOOL PROGRAM PROPRIETARY FUND

The After School Program Fund's net position was \$299,811 as of June 30, 2017. This reflects an increase of \$21,974 from June 30, 2016.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital Assets are individual items purchased at a cost exceeding \$2,000, have an extended useful life of one year or more and maintain their identity and structure when placed into service.

At the end of 2017, the School District had capital assets allocated to government activities with a net book value of \$11,756,996. This consists of a broad range of capital assets, including land, land improvements, buildings and improvements, and furniture, fixtures and equipment. Total depreciation expense for the year was \$683,826.

BOROUGH OF PALMYRA SCHOOL DISTRICT'S CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)						
	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 46,066	\$ 46,066			\$ 46,066	\$ 46,066
Building and Improvements	11,380,196	12,003,943			11,380,196	12,003,943
Furniture, Fixtures and Equipment	330,734	252,117	\$ 19,186	\$ 21,403	349,920	273,520
Total	\$ 11,756,996	\$ 12,302,127	\$ 19,186	\$ 21,403	\$ 11,776,182	\$ 12,323,530

Debt Administration - Long-term Obligations

At fiscal year-end, the School District had \$9,165,000 in general obligation bonds outstanding, a decrease of \$1,170,000 from last fiscal year. This reduction was due to payment of principal as well as a refunding of the 2006 and 2009 outstanding debt. The refunding provided for a net savings over the next ten fiscal years of \$437,679. The School District does not anticipate incurring any new long-term debt at this time.

The School District also had a \$565,500 liability for compensated absences allocated to government activities. This liability represents the School District's contractual obligation to compensate employees for accumulated unused sick and vacation leave entitlements upon retirement.

The School District's proportionate share of net pension liability was \$4,979,985.

Borough of Palmyra School District
Palmyra, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

BOROUGH OF PALMYRA SCHOOL DISTRICT SCHEDULE OF LONG TERM OBLIGATIONS				
	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Bonds Payable	\$ 9,165,000	\$ 10,335,000	\$ (1,170,000)	-11.32%
Add: Issuance Premium	822,779		822,779	100.00%
Total Bonds Payable	<u>9,987,779</u>	<u>10,335,000</u>	<u>(347,221)</u>	<u>-3.36%</u>
Net Pension Liability	4,979,985	3,790,247	1,189,738	31.39%
Compensated Absences	565,500	935,917	(370,416)	-39.58%
Total	<u>\$ 15,533,265</u>	<u>\$ 15,061,164</u>	<u>\$ 472,101</u>	<u>3.13%</u>

THE FUTURE OUTLOOK

The Borough of Palmyra School District is presently in a stable financial position.

The School District has done a commendable job managing the budget through changing state regulations, unfunded mandates and the high turnover rate among senior staff. The over reliance on fund balances in prior years and the level of property tax support for the School District has been stabilized. The School District remains committed to serving students and taxpayers and it continues to strive for an exceptional program and a stable tax rate.

The School District's system for financial planning, budgeting and internal controls are continually reviewed in an effort to align routine operational processes with the continually changing educational demands as well as those demands imposed upon the School District by outside authorities having jurisdiction. The School District is committed to continuing its sound fiscal management to meet the challenges of the future.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator/Board Secretary at:

Borough of Palmyra Board of Education, 301 Delaware Ave., Palmyra, New Jersey 08065.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BOROUGH OF PALMYRA SCHOOL DISTRICT

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 3,171,616.72	\$ 411,380.81	\$ 3,582,997.53
Receivables, net	237,909.14	15,122.98	253,032.12
Inventory		12,057.38	12,057.38
Capital Assets, net (Note 6)	<u>11,756,996.59</u>	<u>19,186.00</u>	<u>11,776,182.59</u>
Total Assets	<u>15,166,522.45</u>	<u>457,747.17</u>	<u>15,624,269.62</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Loss on Refunding	577,481.45		577,481.45
Related to Pensions (Note 9)	<u>1,700,892.00</u>		<u>1,700,892.00</u>
Total Deferred Outflows of Resources	<u>2,278,373.45</u>	<u>-</u>	<u>2,278,373.45</u>
LIABILITIES:			
Accounts Payable:			
Related to Pensions	159,641.00		159,641.00
Accrued Interest	104,658.34		104,658.34
Unearned Revenue	20,000.00	2,952.44	22,952.44
Noncurrent Liabilities (Note 7):			
Due within One Year	966,602.71		966,602.71
Due beyond One Year	<u>14,566,661.84</u>		<u>14,566,661.84</u>
Total Liabilities	<u>15,817,563.89</u>	<u>2,952.44</u>	<u>15,820,516.33</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	<u>366,097.00</u>	<u>-</u>	<u>366,097.00</u>
NET POSITION:			
Net Investment in Capital Assets	1,769,217.52	19,186.00	1,788,403.52
Restricted for:			
Debt Service	25,505.10		25,505.10
Capital Projects	653,093.23		653,093.23
Other Purposes	2,481,271.83		2,481,271.83
Unrestricted (Deficit)	<u>(3,667,852.67)</u>	<u>435,608.73</u>	<u>(3,232,243.94)</u>
Total Net Position	<u>\$ 1,261,235.01</u>	<u>\$ 454,794.73</u>	<u>\$ 1,716,029.74</u>

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

BOROUGH OF PALMYRA SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 4,391,257.87	\$ 1,103,456.59			\$ (3,287,801.28)		\$ (3,287,801.28)
Special Education	1,617,712.49		\$ 471,725.84		(1,145,986.65)		(1,145,986.65)
Other Special Instruction	726,868.23				(726,868.23)		(726,868.23)
Support Services:							
Tuition	1,380,458.14				(1,380,458.14)		(1,380,458.14)
Student and Instruction Related Services	1,619,125.99		82,011.00		(1,537,114.99)		(1,537,114.99)
School Administrative Services	413,583.73				(413,583.73)		(413,583.73)
General and Business Administrative Services	796,721.89				(796,721.89)		(796,721.89)
Plant Operations and Maintenance	1,544,631.28				(1,544,631.28)		(1,544,631.28)
Pupil Transportation	370,634.01				(370,634.01)		(370,634.01)
Unallocated Benefits	7,889,693.81		4,750,829.98		(3,138,863.83)		(3,138,863.83)
Interest on Long-Term Debt	298,543.86				(298,543.86)		(298,543.86)
Total Governmental Activities	21,049,231.30	1,103,456.59	5,304,566.82	-	(14,641,207.89)	-	(14,641,207.89)
Business-Type Activities:							
Food Service	371,310.07	160,491.27	237,138.11			\$ 26,319.31	26,319.31
After School Program	132,724.72	154,698.92				21,974.20	21,974.20
Total Business-Type Activities	504,034.79	315,190.19	237,138.11	-	-	48,293.51	48,293.51
Total Government	\$ 21,553,266.09	\$ 1,418,646.78	\$ 5,541,704.93	\$ -	(14,641,207.89)	48,293.51	(14,592,914.38)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					8,806,464.00		8,806,464.00
Property Taxes Levied for Debt Service					1,094,439.00		1,094,439.00
Federal and State Aid not Restricted					5,097,356.47		5,097,356.47
Miscellaneous Income					137,406.16	110.10	137,516.26
Total General Revenues					15,135,665.63	110.10	15,135,775.73
Change in Net Position					494,457.74	48,403.61	542,861.35
Net Position -- July 1					766,777.27	406,391.12	1,173,168.39
Net Position -- June 30					\$ 1,261,235.01	\$ 454,794.73	\$ 1,716,029.74

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

FUND FINANCIAL STATEMENTS

BOROUGH OF PALMYRA SCHOOL DISTRICT

Governmental Funds

Balance Sheet

June 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 3,146,111.62		\$ 25,505.10	\$ 3,171,616.72
Receivables, net:				
Interfunds Receivable:				
Special Revenue Fund	14,893.84			14,893.84
Payroll Fund	11,443.30			11,443.30
Receivables from Other Governments:				
Federal Sources		\$ 34,893.84		34,893.84
State Sources	128,342.00			128,342.00
Other Receivables	63,230.00			63,230.00
Total Assets	<u>\$ 3,364,020.76</u>	<u>\$ 34,893.84</u>	<u>\$ 25,505.10</u>	<u>\$ 3,424,419.70</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Unearned Revenue		\$ 20,000.00		\$ 20,000.00
Interfunds Payable:				
General Fund		14,893.84		14,893.84
Total Liabilities	<u>-</u>	<u>34,893.84</u>	<u>-</u>	<u>34,893.84</u>
Fund Balances:				
Restricted:				
Excess Surplus	\$ 746,232.18			746,232.18
Excess Surplus - Subsequent Year's Expenditures	746,025.83			746,025.83
Capital Reserve	653,093.23			653,093.23
Maintenance Reserve	989,013.82			989,013.82
Debt Service Fund			\$ 25,505.10	25,505.10
Assigned:				
Other Purposes	150,976.00			150,976.00
Subsequent Year's Expenditures	94,530.17			94,530.17
Unassigned (Deficit)	(15,850.47)			(15,850.47)
Total Fund Balances	<u>3,364,020.76</u>	<u>-</u>	<u>25,505.10</u>	<u>3,389,525.86</u>
Total Liabilities and Fund Balances	<u>\$ 3,364,020.76</u>	<u>\$ 34,893.84</u>	<u>\$ 25,505.10</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 \$22,024,033.46, and the accumulated depreciation is \$10,267,036.87.	11,756,996.59
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(10,553,279.55)
Net Pension Liability	(4,979,985.00)
Accounts Payable related to the April 1, 2018 Required PERS pension contribution that is not to be liquidated with current financial resources.	(159,641.00)
Deferred Outflows of Resources - Related to Pensions	1,700,892.00
Deferred Inflows of Resources - Related to Pensions	(366,097.00)
Deferred loss on defeasance of debt is a consumption of net position that is applicable to a future reporting period and therefore is not reported in the funds.	577,481.45
Interest on long term debt is accrued on the Statement of Net Position regardless when due.	(104,658.34)
Net Position of Governmental Activities	<u>\$ 1,261,235.01</u>

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

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Tax Levy	\$ 8,806,464.00		\$ 1,094,439.00	\$ 9,900,903.00
Miscellaneous	1,263,262.75			1,263,262.75
State Sources	6,658,417.98		190,566.00	6,848,983.98
Federal Sources	16,981.47	\$ 553,736.84		570,718.31
Total Revenues	16,745,126.20	553,736.84	1,285,005.00	18,583,868.04
EXPENDITURES:				
Regular Instruction	4,348,614.61			4,348,614.61
Special Education Instruction	1,145,986.65	471,725.84		1,617,712.49
Other Special Instruction	726,868.23			726,868.23
Support Services and Undistributed Costs:				
Tuition	1,380,458.14			1,380,458.14
Student and Instruction Related Services	1,493,483.82	82,011.00		1,575,494.82
School Administrative Services	386,961.24			386,961.24
Other Administrative Services	671,480.51		120,345.37	791,825.88
Plant Operations and Maintenance	1,441,719.64			1,441,719.64
Pupil Transportation	370,634.01			370,634.01
Unallocated Benefits	2,870,913.94			2,870,913.94
Reimbursed TPAF Pension and Social Security	1,768,608.98			1,768,608.98
Debt Service:				
Principal			910,000.00	910,000.00
Interest and Other Charges	3,043.00		350,001.32	353,044.32
Capital Outlay	162,412.50			162,412.50
Total Expenditures	16,771,185.27	553,736.84	1,380,346.69	18,705,268.80
Excess (Deficiency) of Revenues over Expenditures	(26,059.07)	-	(95,341.69)	(121,400.76)
OTHER FINANCING SOURCES (USES):				
Proceeds from Issuance of Refunding Bonds			8,365,000.00	8,365,000.00
Premium from Issuance of Refunding Bonds			872,093.90	872,093.90
Payment to Refunded Debt Escrow Agent			(9,116,748.53)	(9,116,748.53)
Total Other Financing Sources (Uses)	-	-	120,345.37	120,345.37
Net Change in Fund Balances	(26,059.07)		25,003.68	(1,055.39)
Fund Balance -- July 1	3,390,079.83	-	501.42	3,390,581.25
Fund Balance -- June 30	<u>\$ 3,364,020.76</u>	<u>\$ -</u>	<u>\$ 25,505.10</u>	<u>\$ 3,389,525.86</u>

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

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Governmental Funds
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2017

Total Net Change in Fund Balances - Governmental Funds	\$	(1,055.39)
<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	\$	(683,825.58)
Loss on Disposal of Asset		(23,717.47)
Capital Outlays		<u>162,412.50</u>
		(545,130.55)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		910,000.00
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 decrease in accrued interest is an addition in the reconciliation. (+)		54,500.46
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		(294,273.00)
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 (+).		370,416.22
		<u>370,416.22</u>
Change in Net Position of Governmental Activities	\$	<u>494,457.74</u>

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

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 Statement of Net Position
 June 30, 2017

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 111,489.66	\$ 299,891.15	\$ 411,380.81
Accounts Receivable:			
State	218.68		218.68
Federal	10,538.24		10,538.24
Other	4,066.06	300.00	4,366.06
Inventories	12,057.38		12,057.38
Total Current Assets	<u>138,370.02</u>	<u>300,191.15</u>	<u>438,561.17</u>
Noncurrent Assets:			
Furniture, Fixtures and Equipment	287,117.31		287,117.31
Less Accumulated Depreciation	<u>(267,931.31)</u>		<u>(267,931.31)</u>
Total Noncurrent Assets	<u>19,186.00</u>	<u>-</u>	<u>19,186.00</u>
Total Assets	<u>157,556.02</u>	<u>300,191.15</u>	<u>457,747.17</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	<u>2,572.54</u>	<u>379.90</u>	<u>2,952.44</u>
Total Liabilities	<u>2,572.54</u>	<u>379.90</u>	<u>2,952.44</u>
NET POSITION:			
Restricted:			
Net Investment in Capital Assets	19,186.00		19,186.00
Unrestricted	<u>135,797.48</u>	<u>299,811.25</u>	<u>435,608.73</u>
Total Net Position	<u>\$ 154,983.48</u>	<u>\$ 299,811.25</u>	<u>\$ 454,794.73</u>

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

BOROUGH OF PALMYRA SCHOOL DISTRICT
Proprietary Funds
Business-Type Activities - Enterprise Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales:			
Non-reimbursable Programs	\$ 76,381.39		\$ 76,381.39
Reimbursable Program -- School Breakfast	7,123.49		7,123.49
Reimbursable Program -- School Lunch	76,986.39		76,986.39
Child Care Fees		\$ 154,698.92	154,698.92
	<u>160,491.27</u>	<u>154,698.92</u>	<u>315,190.19</u>
OPERATING EXPENSES:			
Salaries		87,749.55	87,749.55
Employee Benefits		28,593.86	28,593.86
Salaries and Benefits of Food Management Company	150,115.20		150,115.20
Management Fee	18,359.88		18,359.88
General Supplies	15,870.21	5,365.06	21,235.27
Direct Expenses	9,812.80		9,812.80
Depreciation	2,216.57		2,216.57
Other Professional and Technical Services	2,750.00	11,016.25	13,766.25
Cost of Sales - Reimbursable Programs	139,609.77		139,609.77
Cost of Sales - Non-reimbursable Programs	32,575.64		32,575.64
	<u>371,310.07</u>	<u>132,724.72</u>	<u>504,034.79</u>
Total Operating Expenses	<u>371,310.07</u>	<u>132,724.72</u>	<u>504,034.79</u>
Operating Income / (Loss)	<u>(210,818.80)</u>	<u>21,974.20</u>	<u>(188,844.60)</u>
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	3,930.70		3,930.70
Federal Sources:			
National School Lunch Program	161,167.44		161,167.44
National School Breakfast Program	31,375.72		31,375.72
Food Distribution Program	40,664.25		40,664.25
Interest Revenue	110.10		110.10
	<u>237,248.21</u>	<u>-</u>	<u>237,248.21</u>
Total Nonoperating Revenues	<u>237,248.21</u>	<u>-</u>	<u>237,248.21</u>
Change in Net Position	26,429.41	21,974.20	48,403.61
Net Position -- July 1	<u>128,554.07</u>	<u>277,837.05</u>	<u>406,391.12</u>
Net Position -- June 30	<u>\$ 154,983.48</u>	<u>\$ 299,811.25</u>	<u>\$ 454,794.73</u>

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

BOROUGH OF PALMYRA SCHOOL DISTRICT
Proprietary Funds
Business-Type Activities - Enterprise Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 153,715.30	\$ 155,415.60	\$ 309,130.90
Payments to Management Company	(327,981.33)		(327,981.33)
Payments to Employees		(87,749.55)	(87,749.55)
Payments for Employee Benefits		(28,593.86)	(28,593.86)
Payments for Supplies and Services	(43,414.25)	(16,381.31)	(59,795.56)
Net Cash Provided by (Used for) Operating Activities	<u>(217,680.28)</u>	<u>22,690.88</u>	<u>(194,989.40)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	3,952.47		3,952.47
Federal Sources	234,556.63		234,556.63
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>238,509.10</u>	<u>-</u>	<u>238,509.10</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Revenue	110.10		110.10
Net Increase in Cash and Cash Equivalents	20,938.92	22,690.88	43,629.80
Cash and Cash Equivalents -- July 1	90,550.74	277,200.27	367,751.01
Cash and Cash Equivalents -- June 30	<u>\$ 111,489.66</u>	<u>\$ 299,891.15</u>	<u>\$ 411,380.81</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Operating Income (Loss)	\$ (210,818.80)	\$ 21,974.20	\$ (188,844.60)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	2,216.57		2,216.57
(Increase) Decrease in Inventories	(2,302.08)		(2,302.08)
Increase (Decrease) in Unearned Revenue	(5,412.01)	379.90	(5,032.11)
(Increase) Decrease in Accounts Receivable	(1,363.96)	336.78	(1,027.18)
Total Adjustments	<u>(6,861.48)</u>	<u>716.68</u>	<u>(6,144.80)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (217,680.28)</u>	<u>\$ 22,690.88</u>	<u>\$ (194,989.40)</u>

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

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2017

	Private-Purpose Trust Fund	Agency Funds	
	<u>Unemployment Compensation</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS:			
Cash and Cash Equivalents	\$ 128,158.42	\$ 89,967.16	\$ 76,877.65
Total Assets	<u>128,158.42</u>	<u>\$ 89,967.16</u>	<u>\$ 76,877.65</u>
LIABILITIES:			
Interfund Accounts Payable:			
Due General Fund			\$ 11,443.30
Payable to Student Groups		\$ 89,967.16	
Payroll Deductions and Withholdings			<u>65,434.35</u>
Total Liabilities	<u>-</u>	<u>\$ 89,967.16</u>	<u>\$ 76,877.65</u>
NET POSITION:			
Restricted:			
Held in Trust for Payment of Claims	<u>\$ 128,158.42</u>		

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

BOROUGH OF PALMYRA SCHOOL DISTRICT
Fiduciary Funds
Private-Purpose Trust Fund
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

	Unemployment Compensation Insurance <u>Trust Fund</u>
ADDITIONS:	
Interest on Investments	\$ 99.54
Employer Contributions	16,000.00
Employee Contributions	<u>14,901.02</u>
Total Additions	<u>31,000.56</u>
Change in Net Position	31,000.56
Net Position -- July 1	<u>97,157.86</u>
Net Position -- June 30	<u><u>\$ 128,158.42</u></u>

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

BOROUGH OF PALMYRA SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Palmyra School District (the "School District") have been prepared to conform 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 following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students from Palmyra Borough in grades Pre-K through 12 at its three schools. In addition, high school students from the City of Beverly and the Borough of Riverton attend Palmyra High School. The School District has an approximate enrollment at June 30, 2017 of 895.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control.

Component Units

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Units (Cont'd)**

Based upon the application of these criteria, the School District has no component units.

Government-wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Burlington County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the School District. 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 non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District 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, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account. The School District does not maintain a capital projects fund.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary funds:

Enterprise Funds

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

After School Fund - This fund accounts for the financial activity related to providing day care services for School District students after schools.

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust fund:

New Jersey Unemployment Compensation Insurance Trust Fund - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. 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:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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 generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 budgetary basis. The budgetary basis differs from GAAP in that the 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.

The budget, as detailed on exhibit C-1, exhibit C-2, and exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Encumbrances (Cont'd)**

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned 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.

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. 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. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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 Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Tuition Receivable

Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2017. The School District had no prepaid expenses for the fiscal year ended June 30, 2017.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Prepaid Expenses (Cont'd)**

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5 - 20 Years
Buildings and Improvements	20-65 Years
Land Improvements	20 Years

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

In addition, the School District reports the following as deferred outflows of resources:

Loss on Refunding of Debt - The loss on refunding arose from the issuance of refunding bonds, which is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2017 and 2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2017, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund 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 judgments, 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 normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), and additions to/deductions from TPAF's and PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Bond Discounts / Premiums

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance**

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

The School District implemented the following GASB Statements for the fiscal year ended June 30, 2017:

Statement No. 77, Tax Abatement Disclosures. This Statement provides financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 80, Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of this Statement did not have a significant impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2017, none of the School District's bank balances of \$4,425,574.21 were uninsured or uncollateralized.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District 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.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school 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 fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either 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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 652,440.49
Increased by:	
Interest Earnings	<u>652.74</u>
Ending Balance, June 30, 2017	<u>\$ 653,093.23</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted projects at June 30, 2017 is \$2,652,500.00.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consisted of accounts (fees for services) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

Description	Governmental Funds			Proprietary Funds			Total
	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	After School Fund	Total Business-Type Activities	
Federal Awards		\$ 34,893.84	\$ 34,893.84	\$ 10,538.24		\$ 10,538.24	\$ 45,432.08
State Awards	\$ 128,342.00		128,342.00	218.68		218.68	128,560.68
Tuition Charges	63,230.00		63,230.00				63,230.00
Fiduciary Fund	11,443.30		11,443.30				11,443.30
Provided Services				4,066.06	\$ 300.00	4,366.06	4,366.06
	<u>\$ 203,015.30</u>	<u>\$ 34,893.84</u>	<u>\$ 237,909.14</u>	<u>\$ 14,822.98</u>	<u>\$ 300.00</u>	<u>\$ 15,122.98</u>	<u>\$ 253,032.12</u>

Note 5: INVENTORY

Inventory recorded at June 30, 2017 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 10,860.11
Supplies	<u>1,197.27</u>
	<u>\$ 12,057.38</u>

Note 6: CAPITAL ASSETS

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

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 46,066.49			\$ 46,066.49
Total Capital Assets, not being Depreciated	<u>46,066.49</u>	<u>-</u>	<u>-</u>	<u>46,066.49</u>
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	1,649,149.61	\$ 162,412.50	\$ (686,502.07)	1,125,060.04
Buildings and Improvements	20,403,292.31			20,403,292.31
Land Improvements	449,614.62			449,614.62
Total Capital Assets, being Depreciated	<u>22,502,056.54</u>	<u>162,412.50</u>	<u>(686,502.07)</u>	<u>21,977,966.97</u>
Total Capital Assets, Cost	<u>22,548,123.03</u>	<u>162,412.50</u>	<u>(686,502.07)</u>	<u>22,024,033.46</u>
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(1,397,032.36)	(60,078.32)	662,784.60	(794,326.08)
Buildings and Improvements	(8,399,348.91)	(623,747.26)		(9,023,096.17)
Land Improvements	(449,614.62)			(449,614.62)
Total Accumulated Depreciation	<u>(10,245,995.89)</u>	<u>(683,825.58)</u>	<u>662,784.60</u>	<u>(10,267,036.87)</u>
Total Capital Assets, being Depreciated, Net	<u>12,256,060.65</u>	<u>(521,413.08)</u>	<u>(23,717.47)</u>	<u>11,710,930.10</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,302,127.14</u>	<u>\$ (521,413.08)</u>	<u>\$ (23,717.47)</u>	<u>\$ 11,756,996.59</u>
	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	\$ 304,189.75		\$ (17,072.44)	\$ 287,117.31
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(282,787.18)	\$ (2,216.57)	17,072.44	(267,931.31)
Business-Type Activities Capital Assets, Net	<u>\$ 21,402.57</u>	<u>\$ (2,216.57)</u>	<u>\$ -</u>	<u>\$ 19,186.00</u>

Note 6: CAPITAL ASSETS (CONT'D)

Depreciation expense was charged to functions / programs of the School District as follows:

Governmental Activities:	
Regular Instruction	\$ 450,355.25
General Administration	92,551.96
Plant Operations and Maintenance	101,676.43
Related Services	29,711.36
School Administration	9,530.58
	<hr/>
Total Depreciation Expense - Governmental Activities	<u>\$ 683,825.58</u>
Business-Type Activities:	
Food Service	<u>\$ 2,216.57</u>

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 10,335,000.00	\$ 8,365,000.00	\$ (9,535,000.00)	\$ 9,165,000.00	\$ 905,000.00
Add Amounts:					
Issuance Premium		872,093.90	(49,314.83)	822,779.07	
Total Bonds Payable	<u>10,335,000.00</u>	<u>9,237,093.90</u>	<u>(9,584,314.83)</u>	<u>9,987,779.07</u>	<u>905,000.00</u>
Other Liabilities:					
Compensated Absences	935,916.70	63,618.88	(434,035.10)	565,500.48	61,602.71
Net Pension Liability (note 9)	3,790,247.00	2,495,872.00	(1,306,134.00)	4,979,985.00	
Total Other Liabilities	<u>4,726,163.70</u>	<u>2,559,490.88</u>	<u>(1,740,169.10)</u>	<u>5,545,485.48</u>	<u>61,602.71</u>
Governmental Activities Long-Term Liabilities	<u>\$ 15,061,163.70</u>	<u>\$ 11,796,584.78</u>	<u>\$ (11,324,483.93)</u>	<u>\$ 15,533,264.55</u>	<u>\$ 966,602.71</u>

The bonds payable are generally liquidated by the debt service fund, while the compensated absences and net pension liability are liquidated by the general fund.

Bonds Payable - Bonds and loans 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 School District are general obligation bonds.

On July 1, 2006, the School District issued \$3,487,000.00 general obligation bonds at interest rates varying from 4.00% to 4.25% for various construction and renovation projects. The final maturity of these bonds was originally January 1, 2021, however, the School District issued refunding bonds on September 14, 2016 to advance refund the bonds maturing on January 1, 2018 through January 1, 2021. The final payment was paid on January 1, 2017.

On October 15, 2009, the School District issued \$9,883,000.00 general obligation bonds at interest rates varying from 2.50% to 4.00% for various construction and renovation projects. The final maturity of these bonds was originally March 1, 2030, however, the School District issued refunding bonds on September 14, 2016 to advance refund the bonds maturing on March 1, 2020 through March 1, 2030. The final payment will be paid on March 1, 2019.

Note 7: LONG-TERM LIABILITIES (CONT'D)

Bonds Payable (Cont'd) – On September 14, 2016, the School District issued \$8,365,000.00 of refunding bonds at interest rates varying from 2.00% to 4.00% to advance refund the callable bonds of the 2006 and 2009 issues. The final maturity of these bonds is March 1, 2030. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 905,000.00	\$ 313,975.00	\$ 1,218,975.00
2019	895,000.00	292,875.00	1,187,875.00
2020	885,000.00	266,025.00	1,151,025.00
2021	925,000.00	230,625.00	1,155,625.00
2022	480,000.00	193,625.00	673,625.00
2023-2027	3,190,000.00	636,125.00	3,826,125.00
2028-2032	1,885,000.00	128,425.00	2,013,425.00
Total	<u>\$ 9,165,000.00</u>	<u>\$ 2,061,675.00</u>	<u>\$ 11,226,675.00</u>

Bonds Authorized but not Issued - As of June 30, 2017, the School District had no authorizations to issue additional bonded debt.

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 14 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 9. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 8: OPERATING LEASES

At June 30, 2017, the School District had operating lease agreements in effect for copy machines and a mail machine. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2018	\$ 33,662.04
2019	33,662.04
2020	33,135.06
2021	5,961.66
	<u>\$ 106,420.80</u>

Rental payments under operating leases for the fiscal year ended June 30, 2017 were \$33,949.40.

Note 9: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.nj.gov/treasury/pensions>

General Information about the Pension Plans**Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

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

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 7.49% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2017 was \$496,608.00, and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$491,406.16.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 13.45% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$149,378.00, and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$88,392.79.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2017, employee contributions totaled \$1,542.18, and the School District recognized pension expense, which equaled the required contributions, of \$841.33. There were no forfeitures during the fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Teachers' Pension and Annuity Fund - At June 30, 2017, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	49,053,745.00
	<u>\$ 49,053,745.00</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. For the June 30, 2016 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2016, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2016 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.0623566930%, which was an increase of 0.0005005406% from its proportion measured as of June 30, 2015.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - For the fiscal year ended June 30, 2017, the School District recognized \$3,685,706.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

Public Employees' Retirement System - At June 30, 2017, the School District reported a liability of \$4,979,985.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the School District's proportion was 0.0168145432%, which was a decrease of 0.0000700247% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized pension expense of \$443,643.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date.

At June 30, 2017, the School 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>
Differences between Expected and Actual Experience	\$ 92,613.00	\$ -
Changes of Assumptions	1,031,587.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	189,891.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	227,160.00	366,097.00
School District Contributions Subsequent to the Measurement Date	159,641.00	-
	<u>\$ 1,700,892.00</u>	<u>\$ 366,097.00</u>

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System - \$159,641.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2018. 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 Ending June 30,		
2018	\$	264,048
2019		264,048
2020		310,951
2021		245,879
2022		90,228
		\$ 1,175,154

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.08%
Salary Increases:		
2012-2021	Varies Based on Experience	
Through 2026		1.65% - 4.15% Based on Age
Thereafter	Varies Based on Experience	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%	7.65%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

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

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

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2016 are summarized in the following tables:

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>TPAF</u>		<u>Asset Class</u>	<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%	Cash	5.00%	0.87%
U.S. Government Bonds	1.50%	1.28%	U.S. Treasuries	1.50%	1.74%
U.S. Credit Bonds	13.00%	2.76%	Investment Grade Credit	8.00%	1.79%
U.S. Mortgages	2.00%	2.38%	Mortgages	2.00%	1.67%
U.S. Inflation-Indexed Bonds	1.50%	1.41%	High Yield Bonds	2.00%	4.56%
U.S. High Yield Bonds	2.00%	4.70%	Inflation-Indexed Bonds	1.50%	3.44%
U.S. Equity Market	26.00%	5.14%	Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	5.91%	Developed Foreign Equities	13.25%	6.83%
Emerging Markets Equity	6.50%	8.16%	Emerging Market Equities	6.50%	9.95%
Private Real Estate Property	5.25%	3.64%	Private Equity	9.00%	12.40%
Timber	1.00%	3.86%	Hedge Funds / Absolute Return	12.50%	4.68%
Farmland	1.00%	4.39%	Real Estate (Property)	2.00%	6.91%
Private Equity	9.00%	8.97%	Commodities	0.50%	5.45%
Commodities	0.50%	2.87%	Global Debt ex U.S.	5.00%	-0.25%
Hedge Funds - MultiStrategy	5.00%	3.70%	REIT	5.25%	5.63%
Hedge Funds - Equity Hedge	3.75%	4.72%			
Hedge Funds - Distressed	3.75%	3.49%			
	<u>100.00%</u>			<u>100.00%</u>	

Discount Rate - The discount rates used to measure the total pension liability at June 30, 2016 were 3.22% and 3.98% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029 for TPAF and 2034 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 for TPAF and 2034 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 9: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2016, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 3.22%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	58,581,134.00	49,053,745.00	41,273,402.00
	<u>\$ 58,581,134.00</u>	<u>\$ 49,053,745.00</u>	<u>\$ 41,273,402.00</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2016, the plans measurement date, calculated using a discount rate of 3.98%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
School District's Proportionate Share of the Net Pension Liability	\$ 6,102,391.00	\$ 4,979,985.00	\$ 4,053,342.00

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS's respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions.

Note 10: SCHOOL EMPLOYEES HEALTH BENEFITS PROGRAM

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving postemployment medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding 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 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

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

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2017, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$678,887.00, \$24,598.00, \$586,163.00, and \$1,671.00, respectively.

Note 12: RISK MANAGEMENT

The School 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.

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

Note 12: RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance (Cont'd) – The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year Ended June 30,</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Income</u>	<u>Claims Incurred</u>	<u>Ending Balance</u>
2017	\$ 16,000.00	\$ 14,901.02	\$ 99.54		\$ 128,158.42
2016	25,000.00	15,010.80	70.03	\$ 16,594.01	97,157.86
2015	25,000.00	13,972.09	56.85	14,272.44	73,671.04

Joint Insurance Fund - The School District is a member of the School Alliance Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability
Property (Including Crime and Auto Physical Damage)
General and Auto Liability
School Board Legal Liability
Boiler and Machinery
Pollution/Environmental Legal Liability
Blanket Dishonesty Bond

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2016, which can be obtained from:

School Alliance Insurance Fund
51 Everett Drive, Suite B-40
West Windsor, New Jersey 08550

Note 13: DEFERRED COMPENSATION

The School District offers its employees a choice of three deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit 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:

Lincoln Investment Planning
AXA Equitable
Vanguard

Note 14: COMPENSATED ABSENCES

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

School District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policy. Upon termination, employees are paid for accrued vacation. The School District policy permits employees to accumulate sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the School District for the unused sick leave in accordance with the School District's agreements with the various employee unions.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2017 the liability for compensated absences reported on the government-wide statement of net position was \$565,500.48.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2017 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 26,337.14	
Special Revenue		\$ 14,893.84
Fiduciary		11,443.30
	<u>\$ 26,337.14</u>	<u>\$ 26,337.14</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2018, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 16: CAPITAL DEBT REFUNDING

On September 14, 2016, the School District issued \$8,365,00.00 in general obligation bonds with interest rates varying from 2.00% to 4.00% to refund \$8,625,000.00 of outstanding 2006 series bonds with interest rates varying from 4.00% to 4.25% and 2009 series bonds with interest rates varying from 2.50% to 4.00%. The bonds were issued at a premium of \$872,093.90. The net proceeds of \$9,116,748.53 (after payment of issuance costs of \$120,345.37) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2006 and 2009 series bonds. As a result of the current refunding, the School District will reduce its total debt service payments over the next ten years by \$473,678.68, which results in an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$432,413.52, or 5.01% of the principal amount being refunded. The current refunding meets the requirements of an in-substance defeasance and the liability for the refunded bonds was removed from the School District's financial statements.

As of June 30, 2017, the total amount of defeased debt outstanding, but removed from the School District's financial statements, is \$8,625,00.00.

Note 17: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

Litigation - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 18: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 19: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$15,850.47 in the general fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$15,850.47 is less than the June state aid payments.

Note 20: FUND BALANCES**NONSPENDABLE**

As stated in note 1, the nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. There are no nonspendable fund balances of the School District as of June 30, 2017.

Note 20: FUND BALANCES (CONT'D)**RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$746,232.18. Additionally, \$746,025.83 of excess fund balance generated during 2015-2016 has been restricted and designated for utilization in the 2017-2018 budget.

For Capital Reserve Account - As of June 30, 2017, the balance in the capital reserve account is \$653,093.23. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2017, the balance in the maintenance reserve account is \$989,013.82. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Debt Service Fund - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. As a result, the School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018 \$501.00 of the \$25,505.10 of debt service fund balance at June 30, 2017.

COMMITTED

As stated in note 1, the committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which is the Board of Education. There were no specific commitments of the School District's fund balance at June 30, 2017.

ASSIGNED

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018 \$94,530.17 of general fund balance at June 30, 2017.

Other Purposes - As of June 30, 2017, the School District had \$150,976.00 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Note 20: FUND BALANCES (CONT'D)**UNASSIGNED**

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund - As of June 30, 2017, the School District has a deficit fund balance of \$15,850.47 in the general fund. See Note 19.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
General Fund:					
Local Sources:					
Local Tax Levy	\$ 8,806,464.00	\$	\$ 8,806,464.00	\$ 8,806,464.00	\$ 9,250.00
Tuition from Individuals	10,800.00		10,800.00	20,050.00	
Tuition from Other LEAs within the State	1,251,143.00	\$ (258,886.00)	992,257.00	1,083,406.59	91,149.59
Transportation Fees from Other LEAs within the State				5,918.40	5,918.40
Unrestricted Miscellaneous Revenues	45,000.00		45,000.00	153,887.76	108,887.76
Total - Local Sources	10,113,407.00	(258,886.00)	9,854,521.00	10,069,726.75	215,205.75
State Sources:					
Special Education Categorical Aid	477,653.00		477,653.00	477,653.00	
Equalization Aid	3,880,223.00		3,880,223.00	3,880,223.00	
Security Aid	158,534.00		158,534.00	158,534.00	
Adjustment Aid	102,575.00		102,575.00	102,575.00	
Transportation Aid	97,770.00		97,770.00	97,770.00	
Under Adequacy Aid	11,616.00		11,616.00	11,616.00	
PARCC Readiness Aid	8,930.00		8,930.00	8,930.00	
Per Pupil Growth Aid	8,930.00		8,930.00	8,930.00	
Professional Learning Community Aid	8,780.00		8,780.00	8,780.00	
Extraordinary Special Education Cost Aid				92,837.00	92,837.00
Homeless Tuition Aid				35,505.00	35,505.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				477,289.98	477,289.98
On-behalf TPAF Pension Contributions - Normal (non-budgeted)				678,887.00	678,887.00
On-behalf TPAF Pension Contributions - Insurance (non-budgeted)				24,598.00	24,598.00
On-behalf TPAF Medical Contributions (non-budgeted)				586,163.00	586,163.00
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				1,671.00	1,671.00
Total - State Sources	4,755,011.00	-	4,755,011.00	6,651,961.98	1,896,950.98
Federal Sources:					
Medicaid Administrative Claiming Aid				3,598.89	3,598.89
Medical Reimbursement Program (SEMI)	28,180.00		28,180.00	13,382.58	(14,797.42)
Total - Federal Sources	28,180.00	-	28,180.00	16,981.47	(11,198.53)
Total Revenues	14,896,598.00	(258,886.00)	14,637,712.00	16,738,670.20	2,100,958.20

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 168,786.00	\$ 15,138.00	\$ 183,924.00	\$ 183,807.75	\$ 116.25
Grades 1 - 5	1,400,175.00	(13,968.00)	1,386,207.00	1,385,614.78	592.22
Grades 6 - 8	614,673.00	67,500.00	682,173.00	681,090.68	1,082.32
Grades 9 - 12	1,705,238.00	(62,300.00)	1,642,938.00	1,590,607.68	52,330.32
Regular Programs - Home Instruction:					
Salaries of Teachers	8,125.00	(670.00)	7,455.00	4,215.00	3,240.00
Purchased Professional/Educational Services	44,000.00	(10,900.00)	33,100.00	30,044.20	3,055.80
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	115,067.00	(50,477.85)	64,589.15	64,589.15	5,828.41
Purchased Professional/Educational Services	116,968.00	8,595.95	125,563.95	119,735.54	580.91
Purchased Technical Services	6,850.00		6,850.00	6,269.09	1,034.43
Other Purchased Services	93,900.00	6,759.95	100,659.95	99,625.52	7,745.89
General Supplies	175,735.00	(1,471.00)	174,264.00	166,518.11	11,381.01
Textbooks	91,700.00	(38,881.74)	52,818.26	41,437.25	11,381.01
Other Objects	14,300.00	898.74	15,198.74	14,177.56	1,021.18
Total Regular Programs	4,555,517.00	(79,775.95)	4,475,741.05	4,387,732.31	88,008.74
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	127,020.00	(127,020.00)			
General Supplies	800.00	(800.00)			
Total - Learning and/or Language Disabilities	127,820.00	(127,820.00)	-	-	-
Auditory Impairments:					
Other Purchased Services	1,000.00	(450.00)	550.00	550.00	
General Supplies	800.00	(800.00)			
Total - Auditory Impairments	1,800.00	(1,250.00)	550.00	550.00	-
Behavioral Disabilities:					
General Supplies	600.00	(600.00)			
Total - Behavioral Disabilities	600.00	(600.00)	-	-	-
Multiple Disabilities:					
Salaries of Teachers	58,078.00	(58,078.00)			
General Supplies	800.00	(800.00)			
Total - Multiple Disabilities	58,878.00	(58,878.00)	-	-	-

(Continued)

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Special Education (Cont'd):					
Resource Room/Center:					
Salaries of Teachers	\$ 675,708.00	\$ 170,312.00	\$ 846,020.00	\$ 844,902.00	\$ 1,118.00
Other Salaries for Instruction	227,269.00	(15,114.00)	212,155.00	205,620.52	6,534.48
General Supplies	11,500.00	387.49	11,887.49	11,887.49	
Total - Resource Room/Center	914,477.00	155,585.49	1,070,062.49	1,062,410.01	7,652.48
Preschool Disabilities - Part-Time:					
Salaries of Teachers	66,098.00	583.00	66,681.00	66,681.00	
Other Salaries for Instruction	14,536.00		14,536.00	12,325.64	2,210.36
General Supplies	200.00	(200.00)			
Total - Preschool Disabilities - Part-Time	80,834.00	383.00	81,217.00	79,006.64	2,210.36
Home Instruction:					
Salaries of Teachers	6,500.00		6,500.00	4,020.00	2,480.00
Purchased Professional/Educational Services	4,000.00	(4,000.00)			
Total - Home Instruction	10,500.00	(4,000.00)	6,500.00	4,020.00	2,480.00
Total - Special Education	1,194,909.00	(36,579.51)	1,158,329.49	1,145,986.65	12,342.84
Basic Skills/Remedial:					
General Supplies	600.00	(173.20)	426.80	426.80	
Total - Basic Skills/Remedial	600.00	(173.20)	426.80	426.80	-
Bilingual Education:					
Salaries of Teachers	33,094.00		33,094.00	33,076.00	18.00
General Supplies	350.00	(130.00)	220.00	220.00	
Total - Bilingual Education	33,444.00	(130.00)	33,314.00	33,296.00	18.00
School Sponsored Cocurricular Activities - Instruction:					
Salaries	64,200.00	(8,000.00)	56,200.00	53,590.50	2,609.50
Supplies and Materials	13,625.00		13,625.00	9,543.67	4,081.33
Total - School Sponsored Cocurricular Activities - Instruction	77,825.00	(8,000.00)	69,825.00	63,134.17	6,690.83

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
School Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 362,671.00	\$ (5,000.00)	\$ 357,671.00	\$ 351,153.66	\$ 6,517.34
Purchased Services	75,490.00	(8,313.57)	67,176.43	55,197.79	11,978.64
Workshops / Travel		1,253.00	1,253.00	1,253.00	
Supplies and Materials	18,950.00	(1,500.00)	17,450.00	17,388.18	61.82
Other Objects	3,400.00	(1,439.43)	1,960.57	1,913.62	46.95
Total - School Sponsored Cocurricular Athletics - Instruction	460,511.00	(15,000.00)	445,511.00	426,906.25	18,604.75
Total - Instruction	6,322,806.00	(139,658.66)	6,183,147.34	6,057,482.18	125,665.16
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within State-Regular	289,206.00	(240,886.00)	48,320.00	48,247.10	72.90
Tuition to Other LEAs within State-Special	175,000.00	14,545.00	189,545.00	187,002.92	2,542.08
Tuition to County Vocational School District - Regular	81,250.00		81,250.00	61,712.00	19,538.00
Tuition to County Vocational School District - Special	29,250.00	25,255.25	54,505.25	54,505.25	
Tuition to CSSD & Reg. Day Schools	567,600.00	(744.00)	566,856.00	566,646.28	209.72
Tuition to Private School for the Handicapped- State	685,675.00	(58,862.25)	626,812.75	425,538.59	201,274.16
Tuition - State Facilities	35,000.00	1,806.00	36,806.00	36,806.00	
Total Undistributed Expenditures - Instruction	1,862,981.00	(258,886.00)	1,604,095.00	1,380,458.14	223,636.86
Undistributed Expenditures - Attendance and Social Work:					
Salaries	72,538.00	1,033.00	73,571.00	73,570.80	0.20
Purchased Professional and Technical Services	7,800.00	(568.60)	7,231.40	7,231.40	
Total - Undistributed Expenditures - Attendance and Social Work	80,338.00	464.40	80,802.40	80,802.20	0.20
Undistributed Expenditures - Health Services:					
Salaries	120,857.00	(359.00)	120,498.00	120,272.58	225.42
Purchased Professional and Technical Services	21,975.00	(2,757.50)	19,217.50	15,229.00	3,988.50
Supplies and Materials	5,650.00	(1,000.00)	4,650.00	4,140.13	509.87
Total - Undistributed Expenditures - Health Services	148,482.00	(4,116.50)	144,365.50	139,641.71	4,723.79
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	58,978.00	800.00	59,778.00	58,821.56	956.44
Purchased Professional/Educational Services	133,860.00	(14,363.00)	119,497.00	109,252.99	10,224.01
Supplies and Materials	1,650.00	(550.00)	1,100.00	975.99	124.01
Total - Undistributed Expenditures - Speech, OT, PT and Related Services	194,488.00	(14,133.00)	180,355.00	169,050.54	11,304.46

(Continued)

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Other Support Services - Students - Related Services:					
Salaries	\$ 20,600.00	\$ (2,100.00)	\$ 18,500.00	\$ 18,500.00	\$ 0.81
Purchased Professional/Educational Services	30,000.00	18,857.71	48,857.71	48,856.90	
Supplies and Materials	600.00	(600.00)			
Total - Undistributed Expenditures - Other Support Services	51,200.00	16,157.71	67,357.71	67,356.90	0.81
Other Support Services - Related Services					
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	379,107.00	(77,634.70)	301,472.30	301,472.30	
Salaries of Secretarial and Clerical Assistants		24,878.20	24,878.20	24,878.20	
Unused Vacation Payment to Terminated/Retired Staff		14,640.00	14,640.00	14,640.00	
Purchased Professional - Educational Services	6,350.00	57.00	6,407.00	6,406.93	0.07
Other Purchased Professional and Technical Services	2,500.00	(680.00)	1,820.00	1,820.00	
Other Purchased Services	1,375.00	(757.00)	618.00	618.00	
Supplies and Materials	3,750.00	(1,621.55)	2,128.45	2,128.45	
Total - Undistributed Expenditures - Guidance	393,082.00	(41,118.05)	351,963.95	351,963.88	0.07
Other Support Services - Related Services					
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	351,798.00	(1,302.27)	350,495.73	350,483.71	12.02
Salaries of Secretarial and Clerical Assistants	39,002.00	(748.48)	38,253.52	38,253.52	
Purchased Professional - Educational Services	34,000.00	18,667.02	52,667.02	51,993.79	673.23
Other Purchased Services	3,100.00	(1,206.01)	1,893.99	1,404.99	489.00
Workshops / Travel					
Miscellaneous Purchased Services	6,000.00	(348.00)	5,652.00	5,652.00	
Supplies and Materials	6,150.00	1,536.38	7,686.38	7,686.38	
Other Objects	1,600.00	(336.40)	1,263.60	1,263.60	
Total - Undistributed Expenditures - Child Study Teams	441,650.00	16,262.24	457,912.24	456,737.99	1,174.25
Other Support Services - Related Services					
Undistributed Expenditures - Improvement of Instruction Services/Other Support:					
Services - Instructional Staff:					
Salaries of Supervisors of Instruction	89,195.00	(218.00)	88,977.00	88,976.88	0.12
Salaries of Other Professional Staff	4,875.00		4,875.00	4,875.00	
Salaries of Secretarial and Clerical Assistants	37,402.00	1,348.00	38,750.00	38,468.40	281.60
Purchased Professional - Educational Services	12,000.00	9,000.00	21,000.00	20,213.97	786.03
Purchased Professional - Technical Services	1,900.00		1,900.00	1,687.50	212.50
Supplies and Materials	2,500.00		2,500.00	704.88	1,795.12
Total - Undistributed Expenditures - Improvement of Instruction Services/Other Support Services - Instructional Staff	147,872.00	10,130.00	158,002.00	154,926.63	3,075.37

(Continued)

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Educational Media Services/School Library:					
Salaries	\$ 111,567.00	\$ (868.00)	\$ 110,699.00	\$ 110,699.00	\$ 11,138.56
Salaries of Technology Coordinators	135,611.00	34,541.00	170,152.00	159,013.44	
Purchased Professional and Technical Services	1,800.00	(960.00)	840.00	840.00	
Other Purchased Services	2,250.00		2,250.00	2,171.40	78.60
Supplies and Materials	3,700.00		3,700.00	3,385.14	314.86
Total - Undistributed Expenditures - Educational Media Services/School Library	254,928.00	32,713.00	287,641.00	276,108.98	11,532.02
Undistributed Expenditures - Support Services General Administration:					
Salaries	210,441.00	(20.00)	210,421.00	210,420.72	0.28
Legal Services	18,000.00	12,901.95	30,901.95	30,824.00	77.95
Audit Fees	25,000.00	(3,500.00)	21,500.00	21,500.00	
Other Purchased Professional Services	7,250.00	195.00	7,445.00	7,445.00	
Communications/Telephone	27,000.00	(1,512.62)	25,487.38	25,487.38	
Other Purchased Services	9,200.00	(4,040.73)	5,159.27	5,159.27	
General Supplies	3,250.00	(2,162.65)	1,087.35	1,087.35	
Miscellaneous Expenditures	4,350.00	(3,105.00)	1,245.00	1,245.00	
BOE Membership Dues and Fees	6,900.00	(134.86)	6,765.14	6,765.14	
Total - Undistributed Expenditures - Support Services General Administration	311,391.00	(1,378.91)	310,012.09	309,933.86	78.23
Undistributed Expenditures - Support Services School Administration:					
Salaries of Principals/Assistant Principals	402,557.00	(82,631.75)	319,925.25	319,925.25	
Salaries of Secretarial and Clerical Assistants	60,436.00	(7,313.24)	53,122.76	53,122.76	
Other Purchased Services	7,300.00	(1,065.00)	6,235.00	5,535.20	699.80
Supplies and Materials	7,125.00		7,125.00	6,328.03	796.97
Other Objects	3,400.00	(235.00)	3,165.00	2,050.00	1,115.00
Total - Undistributed Expenditures - Support Services School Administration	480,818.00	(91,244.99)	389,573.01	386,961.24	2,611.77
Undistributed Expenditures - Central Services:					
Salaries	243,627.00	(8,984.50)	234,642.50	234,574.91	67.59
Unused Vacation Payment to Terminated/Retired Staff	10,734.50		10,734.50	10,734.50	
Purchased Professional Services	14,100.00	(3,500.00)	10,600.00	9,385.65	1,214.35
Purchased Technical Services	28,500.00	6,684.00	35,184.00	34,953.00	231.00
Miscellaneous Purchased Services	8,325.00	(5,883.00)	2,442.00	2,007.27	434.73
Supplies and Materials	8,500.00	(4,030.00)	4,470.00	4,342.04	127.96
Miscellaneous Expenditures	2,000.00	9,329.00	11,329.00	11,329.00	
Total - Undistributed Expenditures - Central Services	305,052.00	4,350.00	309,402.00	307,326.37	2,075.63

(Continued)

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures - Administrative Information Technology:					
Purchased Technical Services	\$ 58,863.00	\$ (4,321.95)	\$ 54,541.05	\$ 54,541.05	
Other Purchased Services	5,100.00	(3,628.20)	1,471.80	1,471.80	
Supplies and Materials	4,000.00	(1,100.00)	2,900.00	2,813.23	\$ 86.77
Total - Undistributed Expenditures - Administrative Information Technology	67,963.00	(9,050.15)	58,912.85	58,826.08	86.77
Undistributed Expenditures - Required Maintenance:					
Salaries	142,766.00	402.00	143,168.00	143,019.02	148.98
Cleaning, Repair & Maintenance Services	143,100.00	47,719.07	190,819.07	190,270.08	548.99
General Supplies	41,700.00	(10,000.00)	31,700.00	31,132.79	567.21
Other Objects	6,475.00	(3,231.51)	3,243.49	3,118.49	125.00
Total - Undistributed Expenditures - Required Maintenance	334,041.00	34,889.56	368,930.56	367,540.38	1,390.18
Undistributed Expenditures - Custodial Services:					
Salaries	412,537.00	(400.00)	412,137.00	380,659.29	31,477.71
Cleaning, Repair & Maintenance Services	30,500.00		30,500.00	26,158.30	4,341.70
Other Purchased Property Services	53,000.00	5,268.95	58,268.95	58,268.95	
Insurance	168,000.00	(10,000.00)	158,000.00	150,066.00	7,934.00
General Supplies	46,750.00		46,750.00	46,451.29	298.71
Energy (Natural Gas)	98,000.00	(12,000.00)	86,000.00	59,308.38	26,691.62
Energy (Electricity)	282,750.00	(25,000.00)	257,750.00	237,526.82	20,223.18
Other Objects	2,500.00		2,500.00	2,257.00	243.00
Total - Undistributed Expenditures - Custodial Services	1,094,037.00	(42,131.05)	1,051,905.95	960,696.03	91,209.92
Undistributed Expenditures - Security:					
Salaries	36,755.00	(312.35)	36,442.65	36,385.44	57.21
Purchased Professional and Technical Services	10,000.00	65,729.00	75,729.00	75,729.00	
General Supplies	2,250.00	(1,110.21)	1,139.79	1,139.79	
Other Objects	1,025.00	(796.00)	229.00	229.00	
Total - Undistributed Expenditures - Security	50,030.00	63,510.44	113,540.44	113,483.23	57.21
Total - Operation and Maintenance of Plant Services	1,478,108.00	56,268.95	1,534,376.95	1,441,719.64	92,657.31

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 20,790.00	\$ 5,950.00	\$ 5,950.00	\$ 5,950.00	
Salaries for Pupil Transportation (Between Home & School) - Spec. Ed.	30,000.00	(298.53)	20,491.47	20,491.47	
Salaries for Pupil Transportation (Other than Between Home & School)	5,300.00	(11,526.25)	18,473.75	18,473.75	
Cleaning, Repair, & Maintenance Services	11,000.00	1,659.46	6,959.46	6,959.46	
Contracted Services (Other Than Home & School) - Vendors	211,500.00	333.36	11,333.36	11,333.36	
Contracted Services (Special Education Students) - Vendors	10,000.00	91,238.42	302,738.42	302,638.42	\$ 100.00
Contracted Services (Special Education Students) - Joint Agreements	8,200.00	(10,000.00)	7,284.87	4,787.55	2,497.32
General Supplies		(915.13)			
Total Student Transportation Services	296,790.00	76,441.33	373,231.33	370,634.01	2,597.32
Unallocated Benefits - Employee Benefits:					
Social Security Contribution	165,000.00	(3,072.61)	161,927.39	149,163.04	12,764.35
TPAF/PERS - Special Assessment	155,000.00	13,992.67	13,992.67	13,992.67	
Other Retirement Contributions - PERS	1,500.00	(4,948.00)	150,052.00	150,052.00	
Other Retirement Contributions - ERIP	25,000.00	(634.57)	865.43	841.23	24.20
Unemployment Contribution	168,500.00	(8,928.78)	16,071.22	16,000.00	71.22
Workmen's Compensation	2,400,000.00	5,034.00	173,534.00	173,534.00	
Health Benefits	26,600.00	(93,001.37)	2,306,998.63	2,306,352.10	646.53
Tuition Reimbursements		10,548.57	37,148.57	36,570.18	578.39
Unused Vacation Payment to Terminated/Retired Staff - mass severance		2,008.72	2,008.72	2,008.72	
Unused Sick Payment to Prior Employees	22,400.00		22,400.00	22,400.00	
Total Unallocated Benefits - Employee Benefits	2,964,000.00	(79,001.37)	2,884,998.63	2,870,913.94	14,084.69
On-behalf TPAF Pension Contributions - Normal (Non-Budgeted)				678,887.00	(678,887.00)
On-behalf TPAF Pension Contributions - Insurance (Non-Budgeted)				24,598.00	(24,598.00)
On-behalf TPAF Medical Contributions (Non-Budgeted)				586,163.00	(586,163.00)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				1,671.00	(1,671.00)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				477,289.98	(477,289.98)
Total TPAF Contributions	-	-	-	1,768,608.98	(1,768,608.98)
Total Undistributed Expenses	9,479,143.00	(286,141.34)	9,193,001.66	10,591,971.09	(1,398,969.43)
Total Expenditures - Current Expense	15,801,949.00	(425,800.00)	15,376,149.00	16,649,453.27	(1,273,304.27)

(Continued)

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONTD):					
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures - Instruction	\$ 8,250.00	\$	\$ 8,250.00	\$ 8,250.00	
Undistributed Expenditures - School Administration	15,630.00	13,284.00	28,914.00	28,914.00	
Undistributed Expenditures - Required Maintenance	79,000.00	153,630.00	232,630.00	81,525.00	\$ 151,105.00
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	3,043.00		3,043.00	3,043.00	
Total Capital Outlay	105,923.00	166,914.00	272,837.00	121,732.00	151,105.00
Total Expenditures	15,907,872.00	(258,886.00)	15,648,986.00	16,771,185.27	(1,122,199.27)
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,011,274.00)</u>	<u>-</u>	<u>(1,011,274.00)</u>	<u>(32,515.07)</u>	<u>978,758.93</u>
Fund Balances, July 1	3,805,274.83	-	3,805,274.83	3,805,274.83	-
Fund Balances, June 30	\$ 2,794,000.83	\$ -	\$ 2,794,000.83	\$ 3,772,759.76	\$ 978,758.93
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 653,093.23	
Maintenance Reserve				989,013.82	
Excess Surplus Previous Year - Designated for Subsequent Year's Expenditures				746,025.83	
Excess Surplus - Current Year				746,232.18	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				94,530.17	
Year-End Encumbrances				150,976.00	
Unassigned Fund Balance				392,888.53	
				3,772,759.76	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(408,739.00)</u>	
Fund Balance per Governmental Funds (GAAP)				\$ 3,364,020.76	

BOROUGH OF PALMYRA SCHOOL DISTRICT

Special Revenue Fund

Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Federal Sources:					
Title I, Part A	\$ 213,521.00	\$ 18,697.00	\$ 232,218.00	\$ 232,184.84	\$ (33.16)
Title II, Part A	33,577.00	1,984.00	35,561.00	35,561.00	
I.D.E.A., Part B Basic	264,081.00	14,508.00	278,589.00	278,589.00	
I.D.E.A., Part B, Preschool Incentive		7,402.00	7,402.00	7,402.00	
Total - Federal Sources	511,179.00	42,591.00	553,770.00	553,736.84	(33.16)
Ⓔ Total Revenues	<u>\$ 511,179.00</u>	<u>\$ 42,591.00</u>	<u>\$ 553,770.00</u>	<u>\$ 553,736.84</u>	<u>\$ (33.16)</u>
EXPENDITURES:					
Instruction:					
Salaries	\$ 164,292.06	\$ 21,762.94	\$ 186,055.00	\$ 186,054.80	\$ 0.20
Other Purchased Services	264,081.00	14,508.00	278,589.00	278,589.00	
General Supplies	6,512.76	602.24	7,115.00	7,082.04	32.96
Total Instruction	434,885.82	36,873.18	471,759.00	471,725.84	33.16
Support Services:					
Personal Services - Employee Benefits	42,716.18	3,733.82	46,450.00	46,450.00	
Purchased Professional and Technical Services	18,884.17	1,115.83	20,000.00	20,000.00	
Other Purchased Services	10,386.29	613.71	11,000.00	11,000.00	
Supplies and Materials	4,306.54	254.46	4,561.00	4,561.00	
Total Support Services	76,293.18	5,717.82	82,011.00	82,011.00	-
Total Expenditures	<u>\$ 511,179.00</u>	<u>\$ 42,591.00</u>	<u>\$ 553,770.00</u>	<u>\$ 553,736.84</u>	<u>\$ 33.16</u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2017

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 16,738,670.20	\$ 553,736.84
Differences - Budget to GAAP:		
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) received July, 2016.	415,195.00	
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) received July, 2017.	<u>(408,739.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 16,745,126.20</u>	<u>\$ 553,736.84</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule and Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 16,771,185.27</u>	<u>\$ 553,736.84</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Four Plan Years

	Measurement Date Ending June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0168145432%	0.0168845679%	0.0197177152%	0.0174925777%
School District's Proportionate Share of the Net Pension Liability	\$ 4,979,985.00	\$ 3,790,247.00	\$ 3,691,696.00	\$ 3,343,179.00
School District's Covered Payroll (Plan Measurement Period)	\$ 1,205,316.00	\$ 1,231,984.00	\$ 1,451,228.00	\$ 1,278,936.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	413.17%	307.65%	254.38%	261.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Four Fiscal Years

	<u>Fiscal Year Ended June 30,</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 159,641.00	\$ 149,378.00	\$ 145,162.00	\$ 162,550.00
Contributions in Relation to the Contractually Required Contribution	<u>(159,641.00)</u>	<u>(149,378.00)</u>	<u>(145,162.00)</u>	<u>(162,550.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll (Fiscal Year)	\$ 1,186,599.00	\$ 1,142,247.00	\$ 1,163,832.00	\$ 1,160,363.00
Contributions as a Percentage of School District's Covered Payroll	13.45%	13.08%	12.47%	14.01%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Four Plan Years

	Measurement Date Ending June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>49,053,745.00</u>	<u>39,095,730.00</u>	<u>31,075,683.00</u>	<u>31,476,018.00</u>
	<u><u>\$ 49,053,745.00</u></u>	<u><u>\$ 39,095,730.00</u></u>	<u><u>\$ 31,075,683.00</u></u>	<u><u>\$ 31,476,018.00</u></u>
School District's Covered Payroll (Plan Measurement Period)	\$ 7,507,596.00	\$ 7,181,012.00	\$ 7,275,052.00	\$ 6,702,376.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	653.39%	544.43%	427.15%	469.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.
 However, until a full 10-year trend is compiled, this presentation will only include information
 for those years for which information is available.

BOROUGH OF PALMYRA SCHOOL DISTRICT

Required Supplementary Information
Schedule of School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

BOROUGH OF PALMYRA SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2017

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.22% and the long-term expected rate of return changed to 7.65%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 - June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was at 4.68%.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF PALMYRA SCHOOL DISTRICT

Special Revenue Fund

Combining Schedule of Revenues and Expenditures - Budgetary Basis

For the Fiscal Year Ended June 30, 2017

	NCLB				I.D.E.A. Part B
	Total	Title I, Part A	Title II, Part A	Basic	Preschool
REVENUES:					
Federal Sources	\$ 553,736.84	\$ 232,184.84	\$ 35,561.00	\$ 278,589.00	\$ 7,402.00
Total Revenues	\$ 553,736.84	\$ 232,184.84	\$ 35,561.00	\$ 278,589.00	\$ 7,402.00
EXPENDITURES:					
Instruction:					
Salaries	\$ 186,054.80	\$ 178,652.80		\$ 278,589.00	\$ 7,402.00
Other Purchased Services	278,589.00				
General Supplies	7,082.04	7,082.04			
Total Instruction	471,725.84	185,734.84	-	278,589.00	7,402.00
Support Services:					
Personal Services - Employee Benefits	46,450.00	46,450.00			
Purchased Professional and Technical Services	20,000.00		\$ 20,000.00		
Other Purchased Services	11,000.00		11,000.00		
Supplies and Materials	4,561.00		4,561.00		
Total Support Services	82,011.00	46,450.00	35,561.00	-	-
Total Expenditures	\$ 553,736.84	\$ 232,184.84	\$ 35,561.00	\$ 278,589.00	\$ 7,402.00

PROPRIETARY FUNDS

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Proprietary Fund
 Business-Type Activities - Enterprise Funds
 Combining Statement of Net Position
 June 30, 2017

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 111,489.66	\$ 299,891.15	\$ 411,380.81
Accounts Receivable:			
State	218.68		218.68
Federal	10,538.24		10,538.24
Other	4,066.06	300.00	4,366.06
Inventories	12,057.38		12,057.38
Total Current Assets	<u>138,370.02</u>	<u>300,191.15</u>	<u>438,561.17</u>
Noncurrent Assets:			
Furniture, Fixtures and Equipment	287,117.31		287,117.31
Less Accumulated Depreciation	<u>(267,931.31)</u>		<u>(267,931.31)</u>
Total Noncurrent Assets	<u>19,186.00</u>	<u>-</u>	<u>19,186.00</u>
Total Assets	<u>157,556.02</u>	<u>300,191.15</u>	<u>457,747.17</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	<u>2,572.54</u>	<u>379.90</u>	<u>2,952.44</u>
Total Liabilities	<u>2,572.54</u>	<u>379.90</u>	<u>2,952.44</u>
NET POSITION:			
Restricted:			
Net Investment in Capital Assets	19,186.00		19,186.00
Unrestricted	<u>135,797.48</u>	<u>299,811.25</u>	<u>435,608.73</u>
Total Net Position	<u>\$ 154,983.48</u>	<u>\$ 299,811.25</u>	<u>\$ 454,794.73</u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
Proprietary Fund
Business-Type Activities - Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales:			
Non-reimbursable Programs	\$ 76,381.39		\$ 76,381.39
Reimbursable Program -- School Breakfast	7,123.49		7,123.49
Reimbursable Program -- School Lunch	76,986.39		76,986.39
Child Care Fees		<u>\$ 154,698.92</u>	<u>154,698.92</u>
Total Operating Revenues	<u>160,491.27</u>	<u>154,698.92</u>	<u>315,190.19</u>
OPERATING EXPENSES:			
Salaries		87,749.55	87,749.55
Employee Benefits		28,593.86	28,593.86
Salaries and Benefits of Food Management Company	150,115.20		150,115.20
Management Fee	18,359.88		18,359.88
General Supplies	15,870.21	5,365.06	21,235.27
Direct Expenses	9,812.80		9,812.80
Depreciation	2,216.57		2,216.57
Other Professional and Technical Services	2,750.00	11,016.25	13,766.25
Cost of Sales - Reimbursable Programs	139,609.77		139,609.77
Cost of Sales - Non-reimbursable Programs	<u>32,575.64</u>		<u>32,575.64</u>
Total Operating Expenses	<u>371,310.07</u>	<u>132,724.72</u>	<u>504,034.79</u>
Operating Income / (Loss)	<u>(210,818.80)</u>	<u>21,974.20</u>	<u>(188,844.60)</u>
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	3,930.70		3,930.70
Federal Sources:			
National School Lunch Program	161,167.44		161,167.44
National School Breakfast Program	31,375.72		31,375.72
Food Distribution Program	40,664.25		40,664.25
Interest Revenue	<u>110.10</u>		<u>110.10</u>
Total Nonoperating Revenues	<u>237,248.21</u>	<u>-</u>	<u>237,248.21</u>
Change in Net Position	26,429.41	21,974.20	48,403.61
Net Position -- July 1	<u>128,554.07</u>	<u>277,837.05</u>	<u>406,391.12</u>
Net Position -- June 30	<u>\$ 154,983.48</u>	<u>\$ 299,811.25</u>	<u>\$ 454,794.73</u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Proprietary Fund
 Business-Type Activities - Enterprise Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2017

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 153,715.30	\$ 155,415.60	\$ 309,130.90
Payments to Management Company	(327,981.33)		(327,981.33)
Payments to Employees		(87,749.55)	(87,749.55)
Payments for Employee Benefits		(28,593.86)	(28,593.86)
Payments for Supplies and Services	(43,414.25)	(16,381.31)	(59,795.56)
Net Cash Provided by (Used for) Operating Activities	<u>(217,680.28)</u>	<u>22,690.88</u>	<u>(194,989.40)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	3,952.47		3,952.47
Federal Sources	234,556.63		234,556.63
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>238,509.10</u>	<u>-</u>	<u>238,509.10</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Revenue	110.10		110.10
Net Increase in Cash and Cash Equivalents	20,938.92	22,690.88	43,629.80
Cash and Cash Equivalents -- July 1	90,550.74	277,200.27	367,751.01
Cash and Cash Equivalents -- June 30	<u>\$ 111,489.66</u>	<u>\$ 299,891.15</u>	<u>\$ 411,380.81</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (210,818.80)	\$ 21,974.20	\$ (188,844.60)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	2,216.57		2,216.57
(Increase) Decrease in Inventories	(2,302.08)		(2,302.08)
Increase (Decrease) in Unearned Revenue	(5,412.01)	379.90	(5,032.11)
(Increase) Decrease in Accounts Receivable	(1,363.96)	336.78	(1,027.18)
Total Adjustments	<u>(6,861.48)</u>	<u>716.68</u>	<u>(6,144.80)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (217,680.28)</u>	<u>\$ 22,690.88</u>	<u>\$ (194,989.40)</u>

FIDUCIARY FUNDS

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2017

	<u>Private-Purpose Trust Fund</u>	<u>Agency Funds</u>		
	<u>Unemployment Compensation Insurance</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:				
Cash and Cash Equivalents	\$ 128,158.42	\$ 89,967.16	\$ 76,877.65	\$ 166,844.81
Total Assets	<u>128,158.42</u>	<u>\$ 89,967.16</u>	<u>\$ 76,877.65</u>	<u>\$ 166,844.81</u>
LIABILITIES:				
Interfund Accounts Payable:				
Due General Fund			\$ 11,443.30	\$ 11,443.30
Due Unemployment Trust Fund				
Payable to Student Groups		\$ 89,967.16		89,967.16
Payroll Deductions and Withholdings			65,434.35	65,434.35
Total Liabilities	<u>-</u>	<u>\$ 89,967.16</u>	<u>\$ 76,877.65</u>	<u>\$ 166,844.81</u>
NET POSITION:				
Restricted:				
Held in Trust for Payment of Claims	\$ 128,158.42			

BOROUGH OF PALMYRA SCHOOL DISTRICT
Fiduciary Funds
Private-Purpose Trust Fund
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

	Unemployment Compensation Insurance <u>Trust Fund</u>
ADDITIONS:	
Interest on Investments	\$ 99.54
Employer Contributions	16,000.00
Employee Contributions	<u>14,901.02</u>
Total Additions	<u>31,000.56</u>
Change in Net Position	31,000.56
Net Position -- July 1	<u>97,157.86</u>
Net Position -- June 30	<u><u>\$ 128,158.42</u></u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
District Administration	\$ 1,237.99	\$ 13,452.18	\$ 8,862.46	\$ 5,827.71
Charles Street School	10,738.39	13,976.15	13,508.15	11,206.39
High School	51,100.20	104,317.10	103,636.93	51,780.37
Scholarships	<u>18,843.42</u>	<u>10,809.27</u>	<u>8,500.00</u>	<u>21,152.69</u>
Total All Schools	<u>\$ 81,920.00</u>	<u>\$ 142,554.70</u>	<u>\$ 134,507.54</u>	<u>\$ 89,967.16</u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 22,981.65	\$ 8,696,508.80	\$ 8,642,612.80	\$ 76,877.65
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 5,498.56	\$ 3,313,321.99	\$ 3,253,386.20	\$ 65,434.35
Net Payroll		5,368,159.86	5,368,159.86	
Interfund Accounts Payable:				
Due Unemployment Fund	5,216.74	14,901.02	20,117.76	
Due General Fund	12,266.35	125.93	948.98	11,443.30
Total Liabilities	<u>\$ 22,981.65</u>	<u>\$ 8,696,508.80</u>	<u>\$ 8,642,612.80</u>	<u>\$ 76,877.65</u>

LONG-TERM DEBT

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities				Balance June 30, 2016	Retired	Balance June 30, 2017
			Date	Amount	Interest Rate	Issued			
School District Bonds - Series 2006	07-01-06	\$ 3,487,000.00				\$ 2,552,000.00	\$ 2,552,000.00		
School District Bonds - Series 2009	10-15-09	9,883,000.00	03-01-18	\$ 400,000.00	3.00%				
			03-01-19	400,000.00	4.00%	7,783,000.00	6,983,000.00	\$ 800,000.00	
School District Refunding Bonds - Series 2016	09-14-16	8,365,000.00	03-01-18	505,000.00	2.00%				
			03-01-19	495,000.00	3.00%				
			03-01-20	885,000.00	4.00%				
			03-01-21	925,000.00	4.00%				
			03-01-22	480,000.00	4.00%				
			03-01-23	635,000.00	4.00%				
			03-01-24	640,000.00	4.00%				
			03-01-25	640,000.00	3.00%				
			03-01-26	640,000.00	3.00%				
			03-01-27	635,000.00	3.50%				
			03-01-28	635,000.00	3.00%				
			03-01-29	625,000.00	3.50%				
			03-01-30	625,000.00	3.50%				
						\$ 8,365,000.00	\$ 8,365,000.00	8,365,000.00	
						\$ 10,335,000.00	\$ 9,535,000.00	\$ 9,165,000.00	

Paid by Budget Appropriation
 Defeased

\$ 910,000.00
8,625,000.00
 \$ 9,535,000.00

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Debt Service Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,094,439.00		\$ 1,094,439.00	\$ 1,094,439.00	
State Sources:					
Debt Service Aid Type II	190,566.00		190,566.00	190,566.00	
Total Revenues	<u>1,285,005.00</u>	<u>-</u>	<u>1,285,005.00</u>	<u>1,285,005.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	375,005.00		375,005.00	350,001.32	\$ 25,003.68
Redemption of Principal	910,000.00		910,000.00	910,000.00	
Bond Issuance Costs				120,345.37	(120,345.37)
Total Expenditures	<u>1,285,005.00</u>	<u>-</u>	<u>1,285,005.00</u>	<u>1,380,346.69</u>	<u>(95,341.69)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,341.69)</u>	<u>(95,341.69)</u>
Other Financing Sources (Uses):					
Proceeds from Issuance of Refunding Bonds				8,365,000.00	8,365,000.00
Premium from Issuance of Refunding Bonds				872,093.90	872,093.90
Payment to Refunded Debt Escrow Agent				(9,116,748.53)	(9,116,748.53)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,345.37</u>	<u>120,345.37</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>501.42</u>	<u>-</u>	<u>501.42</u>	<u>25,003.68</u>	<u>25,003.68</u>
Fund Balance, July 1	<u>501.42</u>	<u>-</u>	<u>501.42</u>	<u>501.42</u>	
Fund Balance, June 30	<u>\$ 501.42</u>	<u>\$ -</u>	<u>\$ 501.42</u>	<u>\$ 25,505.10</u>	<u>\$ 25,003.68</u>

STATISTICAL SECTION

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net Investment in Capital Assets	\$ 1,769,217.52	\$ 1,967,127.14	\$ 1,687,809.00	\$ 1,504,615.77	\$ 1,450,786.66	\$ 1,410,647.00	\$ 868,901.00	\$ 905,874.00	\$ 2,034,468.00	\$ 2,605,099.00
Restricted	3,169,870.16	2,998,954.51	2,640,525.15	2,329,781.16	1,679,066.32	1,922,185.00	2,063,474.00	1,930,621.00	2,651,616.00	2,130,052.00
Unrestricted (Deficit)	(3,667,852.67)	(4,199,304.38)	(4,120,109.80)	(224,102.42)	(142,140.97)	(250,459.00)	(354,049.00)	(652,811.00)	(629,620.00)	(449,969.00)
Total Governmental Activities Net Position	\$ 1,261,235.01	\$ 766,777.27	\$ 208,224.35	\$ 3,610,294.51	\$ 2,987,712.01	\$ 3,082,373.00	\$ 2,578,326.00	\$ 2,183,684.00	\$ 4,056,464.00	\$ 4,285,182.00
Business-type Activities:										
Net Investment in Capital Assets	\$ 19,186.00	\$ 21,402.57	\$ 26,536.96	\$ 31,921.81	\$ 22,052.03	\$ 30,266.00	\$ 8,967.00	\$ 13,269.00	\$ 19,187.00	\$ 25,809.00
Unrestricted	435,608.73	390,791.89	322,961.90	248,228.84	186,762.51	174,228.00	202,484.00	167,318.00	189,240.00	183,162.00
Total Business-type Activities Net Position	\$ 454,794.73	\$ 412,194.46	\$ 349,498.86	\$ 280,150.65	\$ 208,814.54	\$ 204,494.00	\$ 211,451.00	\$ 180,587.00	\$ 208,427.00	\$ 208,971.00
Government-wide:										
Net Investment in Capital Assets	\$ 1,788,403.52	\$ 1,988,529.71	\$ 1,714,345.96	\$ 1,536,537.58	\$ 1,472,838.69	\$ 1,440,913.00	\$ 877,868.00	\$ 919,143.00	\$ 2,053,655.00	\$ 2,630,908.00
Restricted	3,169,870.16	2,998,954.51	2,640,525.15	2,329,781.16	1,679,066.32	1,922,185.00	2,063,474.00	1,930,621.00	2,651,616.00	2,130,052.00
Unrestricted (Deficit)	(3,232,243.94)	(3,808,512.49)	(3,797,147.90)	(24,126.42)	(44,621.54)	(76,231.00)	(151,565.00)	(485,493.00)	(440,380.00)	(266,807.00)
Total Government-wide Net Position	\$ 1,716,029.74	\$ 1,178,971.73	\$ 557,723.21	\$ 3,890,445.16	\$ 3,196,526.55	\$ 3,286,867.00	\$ 2,789,777.00	\$ 2,364,271.00	\$ 4,264,891.00	\$ 4,494,153.00

Source: Exhibit A-1

In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

For the fiscal year ended June 30, 2015, the School District adopted GASBS No's. 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
EXPENSES:										
Governmental Activities:										
Instruction:										
Regular	\$ 4,391,257.87	\$ 4,897,046.86	\$ 5,240,728.20	\$ 4,685,701.31	\$ 4,736,984.27	\$ 4,297,173.00	\$ 4,542,144.00	\$ 4,846,951.00	\$ 4,652,891.00	\$ 5,053,129.00
Special Education	1,617,712.49	1,693,856.37	1,416,951.08	1,420,119.63	1,682,762.58	1,597,824.00	1,228,609.00	1,319,211.00	1,354,492.00	1,219,968.00
Other Special Education	726,866.23	591,071.33	522,804.51	487,941.74	427,228.41	334,896.00	310,407.00	387,277.00	408,698.00	369,346.00
Support Services:										
Tuition	1,380,458.14	1,450,814.19	1,371,105.33	1,425,581.06	1,064,516.85	987,865.00	1,088,813.00	827,855.00	929,455.00	849,561.00
Student and Instruction Related Services	1,619,125.99	1,525,066.22	1,651,117.47	1,565,242.50	1,584,884.45	1,662,108.00	1,427,491.00	1,524,423.00	1,483,984.00	1,459,106.00
School Administrative Services	413,563.73	403,065.91	509,522.04	368,969.86	502,059.98	503,830.00	484,710.00	467,671.00	466,558.00	448,421.00
General and Business Administrative Services	796,721.89	713,232.73	942,828.41	838,530.88	690,948.07	565,790.00	521,374.00	638,261.00	621,490.00	639,535.00
Plant Operations and Maintenance	1,544,631.28	1,417,719.72	1,487,968.43	1,433,715.81	1,410,294.48	1,337,947.00	1,840,879.00	1,493,770.00	1,389,150.00	1,254,304.00
Pupil Transportation	370,634.01	289,333.18	316,262.61	294,759.71	310,514.06	253,947.00	315,102.00	306,731.00	342,235.00	308,483.00
Unallocated Benefits	7,889,693.81	6,198,134.54	4,062,961.99	3,603,120.28	3,888,105.85	3,491,252.00	3,278,700.00	3,159,569.00	2,951,276.00	3,865,598.00
Special Schools	298,543.86	395,020.22	427,370.87	448,970.23	473,180.60	488,934.00	562,219.00	193,289.00	287,642.00	178,724.00
Interest on Long-term Debt						597,286.00	703,617.00	703,617.00	126,210.00	290,230.00
Unallocated Depreciation										79,382.00
Total Governmental Activities Expenses	21,049,231.30	19,564,361.47	17,949,620.84	16,572,653.01	16,771,479.60	16,118,654.00	15,599,766.00	15,868,625.00	15,168,850.00	16,015,777.00
Business-type Activities:										
Food Service	371,310.07	364,318.52	348,434.10	365,503.74	354,224.27	345,900.00	320,327.00	336,756.00	300,253.00	324,110.00
After School Program	132,724.72	119,501.30	114,003.07	96,813.59	131,465.31	63,624.00	64,104.00	116,010.00	81,640.00	82,399.00
Total Business-type Activities Expense	504,034.79	483,819.82	462,437.17	462,317.33	485,709.58	409,524.00	384,431.00	452,766.00	381,893.00	406,509.00
Total Government Expenses	21,553,266.09	20,048,181.29	18,412,058.11	17,034,970.34	17,257,189.18	16,528,178.00	15,984,197.00	16,321,391.00	15,550,743.00	16,422,286.00
PROGRAM REVENUES:										
Governmental Activities:										
Operating Grants and Contributions	\$ 5,304,566.82	\$ 4,043,731.42	\$ 1,910,537.24	\$ 1,659,252.63	\$ 1,907,857.76	\$ 1,869,015.00	\$ 1,794,424.00	\$ 1,839,864.00	\$ 1,492,374.00	\$ 2,483,694.00
Charges for Services	1,103,456.59	1,361,193.10	1,749,864.89	1,853,201.27	1,800,426.78	1,740,648.00	1,728,342.00	1,606,803.00	1,423,288.00	1,835,783.00
Total Governmental Activities Program Revenues	6,408,023.41	5,404,924.52	3,660,402.13	3,512,453.90	3,708,284.54	3,609,663.00	3,522,766.00	3,446,667.00	2,915,662.00	4,319,477.00
Business-type Activities:										
Charges for Services:										
Food Service	160,491.27	146,001.19	138,635.07	146,564.50	144,415.71	145,386.00	152,888.00	157,885.00	165,975.00	170,434.00
After School Program	154,698.92	148,713.64	165,802.23	152,379.09	128,923.80	116,270.00	93,683.00	93,517.00	86,113.00	111,387.00
Operating Grants and Contributions	237,138.11	251,720.88	227,293.25	219,204.25	217,620.95	205,030.00	167,318.00	172,116.00	128,120.00	130,567.00
Total Business-type Activities Program Revenues	552,328.30	546,435.71	531,730.55	518,147.84	489,960.46	466,686.00	413,889.00	423,518.00	380,208.00	412,388.00
Total Government Program Revenues	6,960,351.71	5,951,360.23	4,192,132.68	4,030,601.74	4,198,245.00	4,076,349.00	3,936,655.00	3,870,185.00	3,295,870.00	4,731,865.00
NET (EXPENSE)/REVENUE:										
Governmental Activities	\$ (14,641,207.89)	\$ (14,159,436.95)	\$ (14,289,218.81)	\$ (13,060,199.11)	\$ (13,063,195.06)	\$ (12,508,991.00)	\$ (12,077,000.00)	\$ (12,421,958.00)	\$ (12,253,188.00)	\$ (11,696,300.00)
Business-type Activities	48,293.51	62,615.89	69,293.38	55,830.51	4,250.88	57,162.00	29,458.00	(29,248.00)	(1,685.00)	5,879.00
Total Government-wide Net Expense	\$ (14,592,914.38)	\$ (14,096,821.06)	\$ (14,219,925.43)	\$ (13,004,368.60)	\$ (13,058,944.18)	\$ (12,451,829.00)	\$ (12,047,542.00)	\$ (12,451,206.00)	\$ (12,254,873.00)	\$ (11,690,421.00)

BOROUGH OF PALMYRA SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 8,806,464.00	\$ 8,633,789.00	\$ 8,155,162.00	\$ 7,586,442.08	\$ 7,225,184.00	\$ 7,225,184.00	\$ 7,151,345.00	\$ 6,972,447.00	\$ 6,780,632.00	\$ 6,519,638.00
Taxes Levied for Debt Service	1,094,438.00	948,158.00	948,158.00	967,889.92	925,603.00	925,603.00	999,442.00	524,190.00	380,547.00	687,997.00
Unrestricted Grants and Contributions	5,097,358.47	5,041,154.21	5,033,438.61	5,073,564.72	4,937,349.52	4,723,939.00	4,267,162.00	4,550,462.00	4,754,902.00	4,491,178.00
Investment Earnings	3,728.56	4,177.14	3,746.94		2,700.40	1,182.00	9,345.00	67,282.00	50,088.00	11,523.00
Other	133,677.60	90,717.52	89,822.10	70,338.99	17,790.05	35,263.00	44,348.00	83,872.00	58,301.00	48,346.00
Disposal of Assets				(15,454.10)		(133.00)				
Transfers						100,000.00				(16,000.00)
Total Governmental Activities	15,135,665.63	14,717,989.87	14,230,327.65	13,682,781.61	13,108,626.97	13,013,038.00	12,471,642.00	12,198,273.00	12,024,470.00	11,752,882.00
Business-type Activities:										
Investment Earnings	110.10	79.71	54.83	51.50	69.35	99.00	1,406.00	1,408.00	1,141.00	3,427.00
Contribution of Capital Assets				15,454.10		(90,000.00)				16,000.00
Transfers										
Total Business-type Activities	110.10	79.71	54.83	15,505.60	69.35	(64,119.00)	1,406.00	1,408.00	1,141.00	19,427.00
Total Government-wide	\$ 15,135,775.73	\$ 14,718,069.58	\$ 14,230,382.48	\$ 13,698,287.21	\$ 13,108,696.32	\$ 12,948,919.00	\$ 12,473,048.00	\$ 12,199,681.00	\$ 12,025,611.00	\$ 11,772,309.00
CHANGE IN NET POSITION:										
Governmental Activities	\$ 494,457.74	\$ 558,552.92	\$ (58,891.16)	\$ 622,582.50	\$ 45,431.91	\$ 504,047.00	\$ 394,642.00	\$ (223,685.00)	\$ (228,718.00)	\$ 56,582.00
Business-type Activities	48,403.61	62,895.60	89,348.21	71,336.11	4,320.23	(6,957.00)	30,864.00	(27,840.00)	(544.00)	25,306.00
Total Government	\$ 542,861.35	\$ 621,248.52	\$ 10,457.05	\$ 693,918.61	\$ 49,752.14	\$ 497,090.00	\$ 425,506.00	\$ (251,525.00)	\$ (229,262.00)	\$ 81,888.00

Source: Exhibit A-2

In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

For the fiscal year ended June 30, 2015, the School District adopted GASBS No's 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

BOROUGH OF PALMYRA SCHOOL DISTRICT

Fund Balances, Governmental Funds

Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted	\$ 3,134,365.06	\$ 3,373,277.66	\$ 3,051,836.73	\$ 2,329,780.24	\$ 1,849,779.92	\$ 1,302,191.00	\$ 1,418,045.00	\$ 1,647,394.00	\$ 1,509,127.00	\$ 1,520,872.00
Assigned	245,506.17	40,370.43	86,984.04	132,294.03	68,874.78	619,994.00	623,096.00	206,982.00	501,111.00	565,160.00
Unassigned (Deficit)	(15,850.47)	(23,568.26)	(71,432.16)	(33,661.26)	(90,816.59)	(72,123.00)	(52,148.00)	(122,966.00)	(182,530.00)	52,888.00
Total General Fund	\$ 3,364,020.76	\$ 3,390,079.83	\$ 3,067,388.61	\$ 2,428,413.01	\$ 1,827,838.11	\$ 1,850,062.00	\$ 1,988,993.00	\$ 1,731,410.00	\$ 1,827,708.00	\$ 2,138,920.00
All Other Governmental Funds:										
Assigned							\$ 354.00	\$ 76,245.00	\$ 641,378.00	\$ 41,226.00
Restricted, Reported in:	\$ 25,505.10	\$ 501.42	\$ 501.42	\$ 0.92	0.50					
Debt Service Fund										
Total All Other Governmental Funds	\$ 25,505.10	\$ 501.42	\$ 501.42	\$ 0.92	\$ 0.50	\$ -	\$ 354.00	\$ 76,245.00	\$ 641,378.00	\$ 41,226.00

Source: Exhibit B-1

In accordance with GASB 54, effective for the fiscal year ended June 30, 2011, the description and terminology utilized to identify fund balance was changed.

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
REVENUES:										
Tax Levy	\$ 9,900,903.00	\$ 9,581,947.00	\$ 9,103,320.00	\$ 8,554,332.00	\$ 8,150,787.00	\$ 8,150,787.00	\$ 8,150,787.00	\$ 7,496,637.00	\$ 7,161,179.00	\$ 7,217,835.00
Other Local Revenue	1,263,282.75	1,456,081.76	1,843,433.93	1,923,540.26	1,820,917.23	1,777,093.00	1,782,035.00	1,757,955.00	1,531,677.00	1,895,652.00
State Sources	6,848,983.98	6,590,796.42	6,342,142.17	6,180,513.25	6,234,002.04	5,814,744.00	5,382,319.00	4,972,970.00	5,752,413.00	6,432,331.00
Federal Sources	570,718.31	606,194.21	601,833.68	582,304.10	603,064.85	780,210.00	679,267.00	1,414,376.00	494,863.00	542,541.00
Total Revenues	18,583,868.04	18,235,019.39	17,890,729.78	17,210,689.61	16,808,771.12	16,522,834.00	15,994,408.00	15,644,938.00	14,940,132.00	16,088,359.00
EXPENDITURES:										
Instruction										
Regular Instruction	4,348,614.61	4,409,816.11	4,269,397.33	4,191,462.91	4,300,227.70	4,400,577.00	4,683,486.00	4,939,279.00	4,673,552.00	4,641,545.00
Special Education Instruction	1,617,712.49	1,683,866.37	1,416,951.08	1,420,119.63	1,675,456.58	1,597,824.00	1,228,609.00	1,319,156.00	1,354,492.00	1,219,958.00
Other Special Instruction	726,868.23	591,071.53	514,857.51	487,941.74	427,228.41	334,898.00	310,407.00	386,271.00	408,698.00	369,346.00
Support Services:										
Tuition	1,380,458.14	1,450,814.19	1,371,105.33	1,425,581.06	1,064,516.85	987,665.00	1,068,813.00	827,855.00	929,455.00	849,561.00
Student and Instruction Related Services	1,575,494.82	1,540,934.42	1,613,265.58	1,568,037.50	1,576,876.82	1,662,108.00	1,427,491.00	1,521,822.00	1,483,964.00	1,459,106.00
School Administrative Services	386,961.24	426,397.18	464,597.68	368,797.22	501,862.90	469,404.00	450,862.00	466,664.00	466,588.00	448,421.00
Other Administrative Services	791,825.88	628,642.47	762,943.61	741,803.09	594,237.92	531,363.00	487,525.00	630,738.00	593,468.00	610,751.00
Plant Operations and Maintenance	1,441,719.64	1,338,400.72	1,387,802.55	1,323,076.55	1,299,136.18	1,274,658.00	1,237,806.00	1,137,642.00	1,245,449.00	1,225,520.00
Pupil Transportation	370,634.01	294,129.10	311,466.69	294,759.71	310,514.06	246,582.00	315,102.00	306,731.00	328,224.00	294,091.00
Unallocated Benefits	4,639,522.92	4,237,291.44	3,902,021.46	3,603,120.28	3,888,105.85	3,491,252.00	3,278,700.00	3,159,569.00	2,951,276.00	3,865,598.00
Debt Service:										
Principal	910,000.00	885,000.00	720,000.00	725,000.00	705,000.00	660,000.00	640,000.00	325,000.00	295,000.00	630,000.00
Interest and Other Charges	353,044.32	405,405.00	431,167.50	451,917.50	476,392.50	494,067.00	634,290.00	423,702.00	216,004.00	351,703.00
Special Schools								193,289.00	174,789.00	178,724.00
Capital Outlay	162,412.50	20,569.64	86,677.36	18,497.10	11,638.64	633,700.00	27,646.00	668,651.00	9,413,263.00	65,693.00
Total Expenditures	18,705,268.80	17,912,328.17	17,251,253.68	16,610,114.29	16,830,994.51	16,784,098.00	15,790,737.00	16,306,369.00	24,534,192.00	16,210,017.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	(121,400.76)	322,691.22	639,476.10	600,575.32	(22,223.39)	(261,264.00)	203,671.00	(661,431.00)	(9,594,060.00)	(121,658.00)
OTHER FINANCING SOURCES (USES):										
Proceeds from Issuance of Refunding Bonds	8,365,000.00								9,883,000.00	
Premium from Issuance of Refunding Bonds	872,093.90									
Payment to Refunded Debt Escrow Agent	(9,116,748.53)									
Transfers In		151,154.00			44,245.00	100,000.00		136,649.00	43,860.00	293,922.00
Transfers Out		(151,154.00)			(44,245.00)			(136,649.00)	(43,860.00)	(309,922.00)
Total Other Financing Sources (Uses)	120,345.37	-	-	-	-	100,000.00	-	-	9,883,000.00	(16,000.00)
Net Change in Fund Balances	\$ (1,055.39)	\$ 322,691.22	\$ 639,476.10	\$ 600,575.32	\$ (22,223.39)	\$ (161,264.00)	\$ 203,671.00	\$ (661,431.00)	\$ 288,940.00	\$ (137,658.00)
Debt Service as a Percentage of Non-capital Expenditures	6.81%	7.21%	6.71%	7.09%	7.02%	7.15%	8.08%	4.79%	3.38%	6.08%

Source: Exhibit B-2

BOROUGH OF PALMYRA SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Interest on Investments	\$ 3,728.56	\$ 4,171.14	\$ 3,746.94	\$ 2,889.31	\$ 2,700.40	\$ 1,182.00	\$ 18,553.00	\$ 81,195.00	\$ 63,928.00	\$ 45,056.00
Tuition	1,103,456.59	1,361,193.10	1,749,864.89	1,853,201.27	1,800,428.78	1,740,648.00	1,728,342.00	1,606,803.00	1,423,288.00	1,835,783.00
Transportation Fees	5,918.40									
Shared Services						7,130.00	16,000.00	18,748.00		
Municipal Share of Costs	53,550.00		1,800.00	3,699.00	500.00	855.00	205.00	36,288.00		
Solar Energy Rebate			48,074.49							
Rental/Lease of Facilities	42,196.32	38,914.34								
Prior Year E-Rate	13,033.80	29,581.26	14,227.89	17,687.13	12,636.36	12,202.00	12,841.00	10,952.00	43,624.00	3,495.00
Prior Year Refunds	13,895.00	15,917.00	21,525.20	40,730.98						
Athletics	22,670.00									
Sale of Assets	4,814.08	6,304.92	4,194.52	5,332.57	4,653.69	15,076.00	6,094.00	3,969.00	837.00	11,318.00
Miscellaneous										
Total Miscellaneous Revenues	\$ 1,263,262.75	\$ 1,456,081.76	\$ 1,843,433.93	\$ 1,923,540.26	\$ 1,820,917.23	\$ 1,777,093.00	\$ 1,782,035.00	\$ 1,757,955.00	\$ 1,531,677.00	\$ 1,895,652.00

Source: District Records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

BOROUGH OF PALMYRA SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (2)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (3)
2017	\$ 4,696,800.00	\$ 408,717,075.00	\$ 5,500.00	\$ 32,223,300.00	\$ 10,579,000.00	\$ 20,876,400.00	\$ 477,098,075.00	\$ 94.00	\$ 477,098,169.00	\$ 52,271,600.00	\$ 506,258,669.00	\$ 2.142
2016	4,719,400.00	409,121,975.00	5,500.00	32,492,300.00	10,648,100.00	20,876,400.00	477,963,675.00	93.00	477,863,768.00	52,300,600.00	515,828,765.00	2.071
2015	4,719,400.00	409,179,630.00	5,500.00	32,778,100.00	10,706,100.00	20,816,400.00	478,745,130.00	91.00	478,745,221.00	52,110,800.00	54,107,7329.00	2.001
2014	4,719,400.00	410,223,830.00	5,500.00	32,599,300.00	10,715,100.00	20,865,900.00	479,129,030.00	284,018.00	479,413,048.00	52,161,100.00	530,998,495.00	1.898
2013 (1)	4,786,000.00	411,186,330.00	5,500.00	32,858,100.00	10,790,100.00	21,033,600.00	480,659,630.00	478,375.00	481,138,005.00	51,354,800.00	530,832,154.00	1.778
2012	4,036,900.00	268,395,315.00	27,800.00	19,347,300.00	7,042,500.00	12,942,600.00	311,792,415.00	285,208.00	312,077,623.00	31,866,102.00	558,878,264.00	2.611
2011	4,038,900.00	268,830,970.00	27,800.00	19,431,900.00	7,588,900.00	12,942,600.00	312,861,070.00	278,442.00	313,139,512.00	31,753,302.00	598,972,916.00	2.602
2010	3,945,700.00	271,283,170.00	35,000.00	18,910,400.00	6,000,400.00	13,047,200.00	315,221,870.00	326,992.00	313,548,862.00	31,753,302.00	598,298,870.00	2.589
2009	3,888,800.00	271,442,170.00	89,900.00	19,221,800.00	6,250,400.00	13,160,400.00	314,053,470.00	328,736.00	314,382,206.00	31,284,102.00	609,455,922.00	2.384
2008	3,957,700.00	271,022,270.00	130,400.00	19,224,800.00	6,250,400.00	13,160,400.00	313,745,970.00	325,019.00	314,070,989.00	31,144,802.00	583,539,921.00	2.280

(1) Revaluation
 (2) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.
 (3) Tax Rates are per \$100.00 of Assessed Valuation.

Source: Burlington County Board of Taxation

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Unaudited)

Year Ended Dec. 31	District Direct Rate (1)			Overlapping Rates (1)			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Borough of Palmyra	Burlington County	Total Direct and Overlapping Tax Rate	
2017	\$ 1.905	\$ 0.237	\$ 2.142	\$ 1.200	\$ 0.433	\$ 3.775	
2016	1.866	0.205	2.071	1.188	0.442	3.701	
2015	1.793	0.208	2.001	1.177	0.470	3.648	
2014	1.683	0.215	1.898	1.165	0.424	3.487	
2013 (2)	1.576	0.202	1.778	1.142	0.420	3.340	
2012	2.285	0.326	2.611	1.729	0.681	5.021	
2011	2.276	0.326	2.602	1.700	0.726	5.028	
2010	2.281	0.318	2.599	1.644	0.725	4.968	
2009	2.218	0.166	2.384	1.504	0.737	4.625	
2008	2.160	0.120	2.280	1.450	0.723	4.453	

Source: Municipal Tax Collector

(1) Rate per \$100 of Assessed Value

(2) Revaluation

BOROUGH OF PALMYRA SCHOOL DISTRICT

Principal Property Tax Payers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Willow Shores LP/ Korman Corp. of NJ	\$ 11,365,900.00	1	2.38%	\$ 2,607,000.00	1	0.83%
Boss Lady, LLC	3,500,000.00	2	0.73%	2,200,000.00	2	0.70%
River Villas Mews, LLC	2,261,600.00	3	0.47%			
Roto Cylinders, Inc.	2,247,800.00	4	0.47%	1,742,600.00	5	0.55%
Nai Entertainment Holdings, LLC	2,009,000.00	5	0.42%			
Philadelphia Sign Company	1,809,200.00	6	0.38%	2,046,900.00	3	0.65%
Palmyra Holdings LLC	1,320,600.00	7	0.28%			
Rainer, Joseph	1,197,800.00	8	0.25%	792,300.00	9	0.25%
Paul W. Callahan, Trustee	1,177,700.00	9	0.25%	736,000.00	10	0.23%
Haroutian K. Aydjian	1,053,500.00	10	0.22%	912,100.00	8	0.29%
National Amusements Inc.				1,747,700.00	4	0.56%
Tower Management Services				1,540,000.00	6	0.49%
David Drew Associates				1,050,000.00	7	0.33%
Total	\$ 27,943,100.00		5.86%	\$ 15,374,600.00		4.89%

Source: Municipal Tax Assessor

BOROUGH OF PALMYRA SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year Ended June 30,</u>	<u>School District Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2017	\$ 9,900,903.00	\$ 9,900,903.00	100.00%	-
2016	9,581,947.00	9,581,947.00	100.00%	-
2015	9,103,320.00	9,103,320.00	100.00%	-
2014	8,554,332.00	8,554,332.00	100.00%	-
2013	8,150,787.00	8,150,787.00	100.00%	-
2012	8,150,787.00	8,150,787.00	100.00%	-
2011	8,150,787.00	8,150,787.00	100.00%	-
2010	7,496,637.00	7,496,637.00	100.00%	-
2009	7,161,179.00	7,161,179.00	100.00%	-
2008	7,217,835.00	7,217,835.00	100.00%	-

(1) School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: District Records

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

BOROUGH OF PALMYRA SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Capital Leases	Bonds Authorized But not Issued	Capital Leases	Unavailable			
2017	\$ 9,165,000.00	-	-	-	\$ 9,165,000.00	Unavailable	Unavailable	\$ 1,427.29
2016	10,335,000.00	-	-	-	10,335,000.00	Unavailable	Unavailable	1,534.04
2015	11,220,000.00	-	-	-	11,220,000.00	2.78%	2.78%	1,625.82
2014	11,940,000.00	-	-	-	11,940,000.00	3.02%	3.02%	1,722.66
2013	12,665,000.00	-	-	-	12,665,000.00	3.33%	3.33%	1,809.69
2012	13,370,000.00	-	-	-	13,370,000.00	3.52%	3.52%	1,896.97
2011	14,030,000.00	-	-	-	14,030,000.00	3.80%	3.80%	1,981.63
2010	14,670,000.00	-	-	-	14,670,000.00	4.12%	4.12%	2,044.03
2009	14,995,000.00	-	-	-	14,995,000.00	4.29%	4.29%	735.15
2008	5,407,000.00	-	-	-	5,407,000.00	1.54%	1.54%	

Sources:

- (1) District Records
(2) Personal income has been estimated based upon the municipal population and per capita personal income.
(3) Per capita personal income by county-estimated based upon the 2010 Census published

BOROUGH OF PALMYRA SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30.	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding (1)		
2017	\$ 9,165,000.00	-	\$ 9,165,000.00	1.92%	Unavailable
2016	10,335,000.00	-	10,335,000.00	2.16%	\$ 1,427.29
2015	11,220,000.00	-	11,220,000.00	2.34%	1,534.04
2014	11,940,000.00	-	11,940,000.00	2.49%	1,625.82
2013	12,665,000.00	-	12,665,000.00	2.63%	1,722.66
2012	13,370,000.00	-	13,370,000.00	4.28%	1,809.69
2011	14,030,000.00	-	14,030,000.00	4.48%	1,896.97
2010	14,670,000.00	-	14,670,000.00	4.68%	1,981.63
2009	14,995,000.00	-	14,995,000.00	4.77%	2,044.03
2008	5,407,000.00	-	5,407,000.00	1.72%	735.15

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation.
- (3) Per Capita calculation based upon population information provided by the NJ Dept. of Labor and Workforce Development.

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2016
 (Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	Statutory Net Debt <u>Outstanding</u>	Net Debt Outstanding Allocated to <u>Palmyra Borough</u>
Municipal Debt: (1)				
Palmyra Borough Local School District	\$ 10,335,000.00	\$ 10,335,000.00		
Palmyra Borough Sewer Utility	5,721,834.77	5,721,834.77		
Palmyra Borough	11,960,569.83	886,672.46	\$ 11,073,897.37	\$ 11,073,897.37
	<u>28,017,404.60</u>	<u>16,943,507.23</u>	<u>11,073,897.37</u>	<u>11,073,897.37</u>
Overlapping Debt Apportioned to the Municipality: County of Burlington: (2)				
General:				
Bonds	267,578,645.00	31,063,639.00	236,515,006.00	2,633,790.11 (3)
Bonds Issued by Other Public Bodies				
Guaranteed by the County	329,726,000.00	329,726,000.00		
Solid Waste Utility	68,116,000.00	68,116,000.00		
	<u>665,420,645.00</u>	<u>428,905,639.00</u>	<u>236,515,006.00</u>	<u>2,633,790.11</u>
	<u>\$ 693,438,049.60</u>	<u>\$ 445,849,146.23</u>	<u>\$ 247,588,903.37</u>	<u>\$ 13,707,687.48</u>

Sources:

- (1) 2016 Annual Debt Statement
- (2) County's 2016 Audit Report
- (3) Such debt is allocated as a proportion of the Borough's share of the total 2016 Equalized Value, which is 1.11%.
 The source for this computation was the 2016 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis (1):	
2016	\$ 507,070,962
2015	516,780,149
2014	541,511,110

[A]	<u>\$ 1,565,362,221</u>
[A/3]	<u>\$521,787,407.00</u>
[B]	<u>\$ 20,871,496</u>
[C]	<u>9,165,000</u>
[B-C]	<u>\$ 11,706,496</u>

Average Equalized Valuation of Taxable Property **[A/3]**
 Debt Limit (4% of Average Equalization Value) (2) **[B]**
 Total Net Debt Applicable to Limit (3) **[C]**

Legal Debt Margin **[B-C]**

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 20,871,496.28	\$ 21,209,348.37	\$ 21,399,907.39	\$ 21,650,176.40	\$ 22,516,839.91	\$ 23,401,220.00	\$ 24,015,997.00	\$ 23,792,314.00	\$ 23,184,746.00	\$ 21,550,159.00
Total Net Debt Applicable to Limit (3)	9,165,000.00	10,335,000.00	11,220,000.00	11,940,000.00	12,665,000.00	13,370,000.00	14,030,000.00	14,670,000.00	14,995,000.00	5,407,000.00
Legal Debt Margin	\$ 11,706,496.28	\$ 10,874,348.37	\$ 10,179,907.39	\$ 9,710,176.40	\$ 9,851,839.91	\$ 10,031,220.00	\$ 9,985,997.00	\$ 9,122,314.00	\$ 8,189,746.00	\$ 16,143,159.00
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	43.91%	48.73%	52.43%	55.15%	56.25%	57.13%	58.42%	61.66%	64.68%	25.09%

Sources:
 (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
 (2) Limit set by NJSA 18A:24-19 for a K through 12 district.
 (3) District Records

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Demographic and Economic Statistics
 Last Ten Fiscal Years
 (Unaudited)

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2016	7,241	Unavailable	Unavailable	4.5%
2015	7,314	\$ 403,930,278.00	\$ 55,227.00	5.0%
2014	7,344	394,717,968.00	53,747.00	6.3%
2013	7,352	380,723,320.00	51,785.00	11.1%
2012	7,388	379,669,320.00	51,390.00	11.6%
2011	7,396	369,467,180.00	49,955.00	11.1%
2010	7,403	355,691,941.00	48,047.00	11.4%
2009	7,336	349,553,064.00	47,649.00	10.8%
2008	7,355	351,686,680.00	47,816.00	6.3%
2007	7,412	342,345,456.00	46,188.00	4.6%

Sources:

- (1) Population information provided by the NJ Dept. of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by county-estimated based upon the 2010 Census published
- (4) Unemployment data provided by the NJ Dept. of Labor and Workforce Development

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Principal Non-Governmental Employers
 Previous Year and Nine Years Ago
 (Unaudited)

<u>Employer</u>	2016			2007		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Philadelphia Sign Company	260	1	6.48%			
Kerbeck Cadillac	140	2	3.49%			
Wawa	50	3	1.25%			
Gemini Linens	37	4	0.92%			
Callahan Chemical	22	5	0.55%			
Bridge Machine Company	21	6	0.52%			
Curran's Irish Inn	20	7	0.50%			
Joshua Motor Car Company Inc.	18	8	0.45%			
	<u>568</u>		<u>14.15%</u>	<u>-</u>		<u>-</u>

INFORMATION
NOT AVAILABLE

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
 (Unaudited)

Function/Program	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	65	65	64	59	61	64	69	69	69	69
Special education	26	27	27	27	33	29	19	19	19	19
Athletics	3	3	3	3	3	3	3	3	3	3
Adult/continuing education programs	0	0	0	0	0	0	0	0	1	1
Support Services:										
Student & instruction related services	24	22	22	26	25	25	10	10	10	10
School administrative services	5	6	5	6	6	7	6	6	6	6
General and business administrative services	6	6	5	6	8	8	1	1	1	1
Plant operations and maintenance	14	14	14	16	15	16	12	12	13	13
Business and other support services	1	2	2	2	1	1	13	13	14	14
Child Care	1	1	1	1	1	1	1	1	1	1
Total	145	145	142	145	152	154	134	134	137	137

Source: District Records

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year Ended June 30,	Resident Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Junior/Senior High School				
2017	895	\$ 17,279,812	\$ 19,307.05	9.09%	93	1:11.0	1:8.33	890	842	-4.85%	94.53%
2016	941	16,601,354	17,699	4.45%	92	1:12.0	1:10.0	936	877	-0.91%	93.78%
2015	945	16,013,409	16,945	1.59%	91	1:10.0	1:11.0	944	889	-1.12%	94.11%
2014	960	16,013,409	16,681	3.68%	86	1:13.0	1:12.0	956	902	-0.92%	94.39%
2013	972	15,637,963	16,088	9.11%	93	1:12.0	1:10.0	964	905	0.23%	93.90%
2012	1,017	14,996,331	14,746	3.71%	114	1:12.0	1:10.0	950	924	1.26%	94.27%
2011	1,019	14,488,801	14,219	-2.88%	114	1:12.0	1:10.0	960	904	-1.02%	94.25%
2010	1,017	14,889,016	14,640	2.51%	114	1:12.0	1:10.0	950	894	1.03%	94.17%
2009	1,023	14,609,925	14,281	-1.95%	115	1:12.0	1:10.0	976	924	-2.67%	94.70%
2008	1,041	15,162,621	14,565	15.21%	113	1:19.0	1:15.0	1,045	1,004	-6.58%	96.11%

Sources: District Records

BOROUGH OF PALMYRA SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 (Unaudited)

District/Building Elementary	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Charles Street Elementary (1958)	62,884	62,884	62,884	62,884	62,884	62,884	62,884	62,884	62,884	62,884
Square Feet	705	705	705	705	705	705	705	705	705	705
Capacity (students)	495	520	525	529	481	493	470	467	467	467
Enrollment										
Delaware Avenue Elementary (1956)	11,539	11,539	11,539	11,539	11,539	11,539	11,539	11,539	11,539	11,539
Square Feet	180	180	180	180	180	180	180	180	180	180
Capacity (students)	0	0	0	0	16	27	35	35	43	43
Enrollment										
Senior High School										
Junior/Senior High School (1922)	99,248	99,248	99,248	99,248	99,248	99,248	99,248	99,248	99,248	99,248
Square Feet	765	765	765	765	765	765	765	765	765	765
Capacity (students)	400	421	420	431	449	433	512	517	534	534
Enrollment										
Number of Schools at June 30, 2017										
Elementary School = 2										
Junior/Senior High School = 1										
Other = 0										

Source: District Records

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Ten Fiscal Years
 (Unaudited)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES (11-000-261-XXX)

School Facilities*	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Charles Street School	\$ 132,314.00	\$ 115,208.20	\$ 132,252.00	\$ 111,026.88	\$ 112,451.00	\$ 71,365.00	\$ 69,286.00	\$ 654,656.00	\$ 87,631.00	\$ 58,164.00
Delaware Avenue School	25,728.00	22,402.00	18,466.00	21,588.56	21,865.00	13,876.00	13,472.00	229,188.00	64,140.00	34,517.00
Junior/Senior High School	209,498.38	182,413.00	183,819.94	176,807.09	178,046.90	112,994.00	109,702.00	1,015,396.00	99,782.00	77,164.00
Total School Facilities	\$ 367,540.38	\$ 334,537.94	\$ 309,422.53	\$ 312,362.90	\$ 198,235.00	\$ 192,460.00	\$ 1,899,240.00	\$ 251,553.00	\$ 169,845.00	\$ 131,742.00

* School Facilities as defined under EFCFA, (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

BOROUGH OF PALMYRA SCHOOL DISTRICT

Insurance Schedule

June 30, 2017

(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Boiler and Machinery	\$ 100,000,000	\$ 2,500
General and Automobile Liability	5,000,000	
Pollution Liability	1,000,000	5,000
School Excess Liability	10,000,000	10,000
Blanket Dishonesty Bond	500,000	
Workers' Compensation	Statutory	
Student Accident Liability (1)	1,000,000	
Surety Bonds (2)		
Treasurer	250,000	
Board Secretary	175,000	

(1) School Alliance Insurance Fund

(2) National Union Fire Insurance Company of Pittsburgh, PA

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Palmyra School District
Palmyra, New Jersey 08065

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Palmyra School District's, in the County of Burlington, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2017. The School District'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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District'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; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Palmyra School District's, in the County of Burlington, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Palmyra School District, in the County of Burlington, State of New Jersey, 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 fiscal year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey Circular 15-08-OMB, and which is described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as item 2017-001. Our opinion on each major state program is not modified with respect to this matter.

The School District's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Borough of Palmyra School District, in the County of Burlington, State of New Jersey, 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 School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Circular 15-08-OMB, 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 the School District'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 or 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 or 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 or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. We consider the deficiency in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, as item 2017-001 to be a significant deficiency.

The School District's response to the internal control over compliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Public School Accountant No. CS 001113

Voorhees, New Jersey
November 22, 2017

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards - Schedule A
 For the Fiscal Year Ended June 30, 2017

<u>Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal FAIN Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2016</u>
					<u>From</u>	<u>To</u>	
General Fund:							
U.S. Department of Education:							
Passed-through the State Department of Education:							
Medicaid Administrative Claiming Aid	93.778	1605NJ5MAP	Unavailable	\$ 3,598.89	07-01-16	06-30-17	
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	Unavailable	20,829.84	07-01-15	06-30-16	\$ (6,507.88)
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	Unavailable	13,382.58	07-01-16	06-30-17	
Medical Assistance Program (SEMI) - Cost Settlement	93.778	1605NJ5MAP	Unavailable	15,882.43	07-01-13	06-30-14	
Total General Fund							<u>(6,507.88)</u>
Special Revenue Fund:							
U.S. Department of Education:							
Passed-through State Department of Education:							
N.C.L.B.:							
Title I, Part A	84.010	S010A160030	NCLB392016	232,218.00	07-01-16	06-30-17	
Total Title I, Part A							<u>-</u>
Title II, Part A	84.367	S367A160029	NCLB392016	35,561.00	07-01-16	06-30-17	
Total Title II, Part A							<u>-</u>
I.D.E.A. Part B:							
Basic	84.027	H027A160100	IDEA392017	278,589.00	07-01-16	06-30-17	
Pre-School	84.173	H173A160114	IDEA392017	7,402.00	07-01-16	06-30-17	
Total I.D.E.A. Part B Special Education Cluster							<u>-</u>
Total Special Revenue Fund							<u>-</u>
Enterprise Fund:							
U.S. Department of Agriculture:							
Passed-through State Department of Agriculture:							
Child Nutrition Cluster:							
Non-Cash Assistance (Food Distribution):							
Food Distribution Program	10.555	16161NJ304N1099	Unavailable	39,007.89	07-01-15	06-30-16	5,803.34
Food Distribution Program	10.555	17171NJ304N1099	Unavailable	40,664.25	07-01-16	06-30-17	
Cash Assistance:							
National School Breakfast Program	10.553	16161NJ304N1099	Unavailable	32,181.37	07-01-15	06-30-16	(1,961.89)
National School Breakfast Program	10.553	17171NJ304N1099	Unavailable	31,375.72	07-01-16	06-30-17	
National School Lunch Program	10.555	16161NJ304N1099	Unavailable	176,301.56	07-01-15	06-30-16	(9,925.57)
National School Lunch Program	10.555	17171NJ304N1099	Unavailable	161,167.44	07-01-16	06-30-17	
Total Enterprise Fund							<u>(6,084.12)</u>
Total Federal Financial Assistance							<u>\$ (12,592.00)</u>

(A) See Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
 The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Carry-over / (Walkover) Amount	Cash Received	Budgetary Funds			Passed- Through to Subrecipients	Adjustments (A)	Repayment of Prior Years' Balances	Balance June 30, 2017		
		Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
	\$ 3,598.89	\$ 3,598.89		\$ 3,598.89						
	6,507.88									
	13,382.58	13,382.58		13,382.58						
	15,882.43	15,882.43		15,882.43						
-	39,371.78	32,863.90	-	32,863.90	-	-	-	-	-	-
	204,125.00			232,184.84				\$ (28,093.00)	\$ 33.16	
-	204,125.00	-	-	232,184.84	-	-	-	(28,093.00)	33.16	-
	28,727.00			35,561.00				(6,834.00)		
-	28,727.00	-	-	35,561.00	-	-	-	(6,834.00)	-	-
	278,589.00			278,589.00						
	7,402.00			7,402.00						
-	285,991.00	-	-	285,991.00	-	-	-	-	-	-
-	518,843.00	-	-	553,736.84	-	-	-	(34,927.00)	33.16	-
	40,664.25	5,803.34		5,803.34					7,729.96	
		32,934.29		32,934.29						
	1,961.89									
	29,496.34	31,375.72		31,375.72				(1,879.38)		
	9,925.57									
	152,508.58	161,167.44		161,167.44				(8,658.86)		
-	234,556.63	231,280.79	-	231,280.79	-	-	-	(10,538.24)	7,729.96	-
\$ -	\$ 792,771.41	\$ 264,144.69	\$ -	\$ 817,881.53	\$ -	\$ -	\$ -	\$ (45,465.24)	\$ 7,763.12	\$ -

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance - Schedule B
 For the Fiscal Year Ended June 30, 2017

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016		Carryover/ Walkover Amount
			From	To	Unearned Revenue/ Accounts Receivable	Due to Grantor	
General Fund:							
State Department of Education:							
Current Expense:							
State Aid - Public Cluster:							
Equalization Aid	16-495-034-5120-078	\$ 3,854,272.00	07-01-15	06-30-16	\$ (339,601.47)		
Equalization Aid	17-495-034-5120-078	3,880,223.00	07-01-16	06-30-17			
Special Education Categorical Aid	16-495-034-5120-089	468,409.00	07-01-15	06-30-16	(41,271.71)		
Special Education Categorical Aid	17-495-034-5120-089	477,653.00	07-01-16	06-30-17			
Security Aid	16-495-034-5120-084	155,831.00	07-01-15	06-30-16	(13,730.33)		
Security Aid	17-495-034-5120-084	158,534.00	07-01-16	06-30-17			
Adjustment Aid	16-495-034-5120-085	106,295.00	07-01-15	06-30-16	(9,365.70)		
Adjustment Aid	17-495-034-5120-085	102,575.00	07-01-16	06-30-17			
Under Adequacy Aid	16-495-034-5120-096	11,616.00	07-01-15	06-30-16	(1,023.49)		
Under Adequacy Aid	17-495-034-5120-096	11,616.00	07-01-16	06-30-17			
PARCC Readiness Aid	16-495-034-5120-098	8,930.00	07-01-15	06-30-16	(786.83)		
PARCC Readiness Aid	17-495-034-5120-098	8,930.00	07-01-16	06-30-17			
Per Pupil Growth Aid	16-495-034-5120-097	8,930.00	07-01-15	06-30-16	(786.82)		
Per Pupil Growth Aid	17-495-034-5120-097	8,930.00	07-01-16	06-30-17			
Professional Learning Community Aid	17-495-034-5120-101	8,780.00	07-01-16	06-30-17			
Total State Aid - Public Cluster					<u>(406,566.35)</u>	<u>-</u>	<u>-</u>
Transportation Aid:							
Transportation Aid	16-495-034-5120-014	97,930.00	07-01-15	06-30-16	(8,628.65)		
Transportation Aid	17-495-034-5120-014	97,770.00	07-01-16	06-30-17			
Total Transportation Aid					<u>(8,628.65)</u>	<u>-</u>	<u>-</u>
Extraordinary Aid							
Extraordinary Aid	16-100-034-5120-473	102,305.00	07-01-15	06-30-16	(102,305.00)		
Extraordinary Aid	17-100-034-5120-473	92,837.00	07-01-16	06-30-17			
Total Extraordinary Aid					<u>(102,305.00)</u>	<u>-</u>	<u>-</u>
Homeless Tuition Aid:							
Homeless Tuition Aid	17-100-034-5120-005	35,505.00	07-01-16	06-30-17			
Total Homeless Tuition Aid					<u>-</u>	<u>-</u>	<u>-</u>
Reimbursed TPAF Social Security Contributions							
Reimbursed TPAF Social Security Contributions	17-495-034-5095-003	477,289.98	07-01-16	06-30-17			
Total Reimbursed TPAF Social Security Contributions					<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund					<u>(517,500.00)</u>	<u>-</u>	<u>-</u>
Debt Service Fund:							
State Department of Education:							
State Support	17-100-034-5120-017	190,566.00	07-01-16	06-30-17			
Total Debt Service Fund					<u>-</u>	<u>-</u>	<u>-</u>
Enterprise Fund:							
New Jersey Department of Agriculture:							
State School Lunch Aid	16-100-010-3350-023	4,230.06	07-01-15	06-30-16	(240.45)		
State School Lunch Aid	17-100-010-3350-023	3,930.70	07-01-16	06-30-17			
Total Enterprise Fund					<u>(240.45)</u>	<u>-</u>	<u>-</u>
Total State Financial Assistance subject to Major Determination for State Single Audit					<u>\$ (517,740.45)</u>	<u>\$ -</u>	<u>\$ -</u>
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of Treasury:							
On-behalf T.P.A.F. Pension Contributions - Normal Cost	495-034-5094-002	\$ 678,887.00	07-01-16	06-30-17			
On-behalf T.P.A.F. Pension Contributions - Insurance	495-034-5094-004	24,598.00	07-01-16	06-30-17			
On-behalf T.P.A.F. Pension Contributions - Post-Retirement Medical	495-034-5094-001	586,163.00	07-01-16	06-30-17			
On-behalf T.P.A.F. Pension Contributions - Long Term Disability	495-034-5094-004	1,671.00	07-01-16	06-30-17			
Total General Fund (Non-Cash Assistance)					<u>-</u>	<u>-</u>	<u>-</u>
Total State Financial Assistance					<u>\$ (517,740.45)</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Total Budgetary Expenditures	Passed-Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2017			Memo	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2017	Cumulative Total Expenditures
\$ 339,601.47									
3,546,680.46	\$ 3,880,223.00				\$ (333,542.54)			\$ (333,542.54)	\$ 3,880,223.00
41,271.71									
436,594.12	477,653.00				(41,058.88)			(41,058.88)	477,653.00
13,730.33									
144,906.48	158,534.00				(13,627.52)			(13,627.52)	158,534.00
9,365.70									
93,757.69	102,575.00				(8,817.31)			(8,817.31)	102,575.00
1,023.49									
10,617.49	11,616.00				(998.51)			(998.51)	11,616.00
786.83									
8,162.38	8,930.00				(767.62)			(767.62)	8,930.00
786.82									
8,162.38	8,930.00				(767.62)			(767.62)	8,930.00
8,025.27	8,780.00				(754.73)			(754.73)	8,780.00
<u>4,663,472.62</u>	<u>4,657,241.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,334.73)</u>	<u>-</u>	<u>-</u>	<u>(400,334.73)</u>	<u>4,657,241.00</u>
8,628.65									
89,365.73	97,770.00				(8,404.27)			(8,404.27)	97,770.00
97,994.38	97,770.00	-	-	-	(8,404.27)	-	-	(8,404.27)	97,770.00
102,305.00									
	92,837.00				(92,837.00)				92,837.00
102,305.00	92,837.00	-	-	-	(92,837.00)	-	-	-	92,837.00
	35,505.00				(35,505.00)				35,505.00
-	35,505.00	-	-	-	(35,505.00)	-	-	-	35,505.00
477,289.98	477,289.98								477,289.98
477,289.98	477,289.98	-	-	-	-	-	-	-	477,289.98
5,341,061.98	5,360,642.98	-	-	-	(537,081.00)	-	-	(408,739.00)	5,360,642.98
190,566.00	190,566.00								190,566.00
190,566.00	190,566.00	-	-	-	-	-	-	-	190,566.00
240.45									
3,712.02	3,930.70				(218.68)				3,930.70
3,952.47	3,930.70	-	-	-	(218.68)	-	-	-	3,930.70
<u>\$ 5,535,580.45</u>	<u>\$ 5,555,139.68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (537,299.68)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (408,739.00)</u>	<u>\$ 5,555,139.68</u>
\$ 678,887.00	\$ 678,887.00								\$ 678,887.00
24,598.00	24,598.00								24,598.00
586,163.00	586,163.00								586,163.00
1,671.00	1,671.00								1,671.00
1,291,319.00	1,291,319.00	-	-	-	-	-	-	-	1,291,319.00
<u>\$ 6,826,899.45</u>	<u>\$ 6,846,458.68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (537,299.68)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (408,739.00)</u>	<u>\$ 6,846,458.68</u>

BOROUGH OF PALMYRA SCHOOL DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2017

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Borough of Palmyra School District (hereafter referred to as the “School District”). The School District is defined in note 1 to the School District’s basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the enterprise funds are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District’s basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3: INDIRECT COST RATE

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

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the State deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the 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 one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

There is no adjustment to reconcile expenditures from the budgetary basis to the GAAP basis. See exhibit C-3, notes to required supplementary 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 16,981.47	\$ 5,367,098.98	\$ 5,384,080.45
Special Revenue	553,736.84		553,736.84
Debt Service		190,566.00	190,566.00
Food Service	233,207.41	3,930.70	237,138.11
Total Awards and Financial Assistance	<u>\$ 803,925.72</u>	<u>\$ 5,561,595.68</u>	<u>\$ 6,365,521.40</u>

Note 5: 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 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2017, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. 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 fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, long-term disability insurance and post-retirement medical costs related to TPAF members.

Note 7: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2017

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? yes x no

 Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? yes x no

 Significant deficiency(ies) identified? yes x none reported

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 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		Special Education Cluster:
84.027	H027A160100	IDEA Part B - Basic
84.173	H173A160114	IDEA Part B - Preschool

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? x yes no

BOROUGH OF PALMYRA SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2017

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified? x yes ___ none reported

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 New Jersey Circular 15-08-OMB? x yes ___ no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
_____	State Aid Public Cluster: _____
<u>17-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>17-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>17-495-034-5120-096</u>	<u>Under Adequacy Aid</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>17-495-034-5095-003</u>	<u>Reimbursed TPAF Social Security Contributions</u>

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? x yes ___ no

BOROUGH OF PALMYRA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings.

BOROUGH OF PALMYRA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

No Current Year Findings.

BOROUGH OF PALMYRA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

Finding No. 2017-001

Information on the State Program

State Aid Public:

- Equalization Aid (GMIS No. 495-034-5120-078)
- Special Education Categorical Aid (GMIS No. 495-034-5120-089)
- Security Aid (GMIS No. 495-034-5120-084)
- Adjustment Aid (GMIS No. 495-034-5120-085)
- Per Pupil Growth Aid (GMIS No. 495-034-5120-097)
- PARCC Readiness (GMIS No. 495-034-5120-098)
- Under Adequacy Aid (GMIS No. 495-034-5120-096)
- Professional Learning Community Aid (GMIS No. 495-034-5120-101)

Criteria or Specific Requirement

N.J.S.A. 18A:17-10 requires the School District file the Board Secretary's annual report with the county superintendent on or before August 1.

Condition

The Board Secretary's report was not filed timely with the county superintendent.

Questioned Costs

None.

Context

The Board Secretary's report was filed on August 16.

Effect

The School District did not fully comply with N.J.S.A. 18A:17-10.

Cause

Oversight by the responsible official.

Recommendation

That the School District implement procedures to ensure compliance with statutory due dates for certain reports the School District is required to file with the State of New Jersey.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF PALMYRA SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

