

SCHOOL DISTRICT

OF

PALMYRA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Palmyra Board of Education

Palmyra, New Jersey

For the Fiscal Year Ended June 30, 2019

**COMPREHENSIVE ANNUAL
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For the Fiscal Year Ended June 30, 2019

Prepared by

William R. Blatchley

School Business Administrator/Board Secretary

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OF THE 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

William Blatchley
*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 2018-2019 fiscal year with an average enrollment of 924 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:

Increased the number of Mimio boards, Chromebooks, and other electronic hardware to specifically support new curriculum and classroom initiatives.

Restructured classroom sections to maximize resources while expanding services for students with learning disabilities.

Approved the establishment of Palmyra Middle School to be fully established for students in grades 6-8 within the Palmyra High School building effective for the 2019-2020 school year.

Expanded digital bandwidth in the elementary school building along with upgrades to the server and wireless access points.

3. Major Initiatives (Cont'd):

Added new curriculum and/or textbooks in the areas of science, history, English, Tomorrow's Teachers, pre-algebra, STEAM and AP Primer. Additionally, secondary sources such as Newsela were added to Charles Street School.

Updated facilities to include 50 additional lockers at PHS, biology lab refresh at PHS, lavatory rehab in four locations at PHS, and computer lab rehab in two classrooms at PHS. Converted the art room to a STEAM room at CSS.

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, 2019.

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, 2019, the District's outstanding debt consisted of Series 2017 school refunding bonds, in the amount of \$7,365,000.

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:

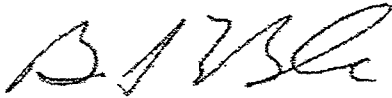
The Board of Education carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive collision, hazard and theft insurance on property, contents and fidelity bonds.

10. Other Information:

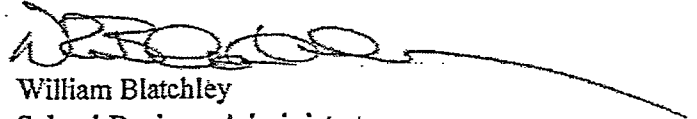
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board of Education, at its reorganization meeting, appointed the accounting firm of Nightlinger, Colavita & Volpa, PA. In addition to meeting the requirements 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 15-08-0MB, *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:

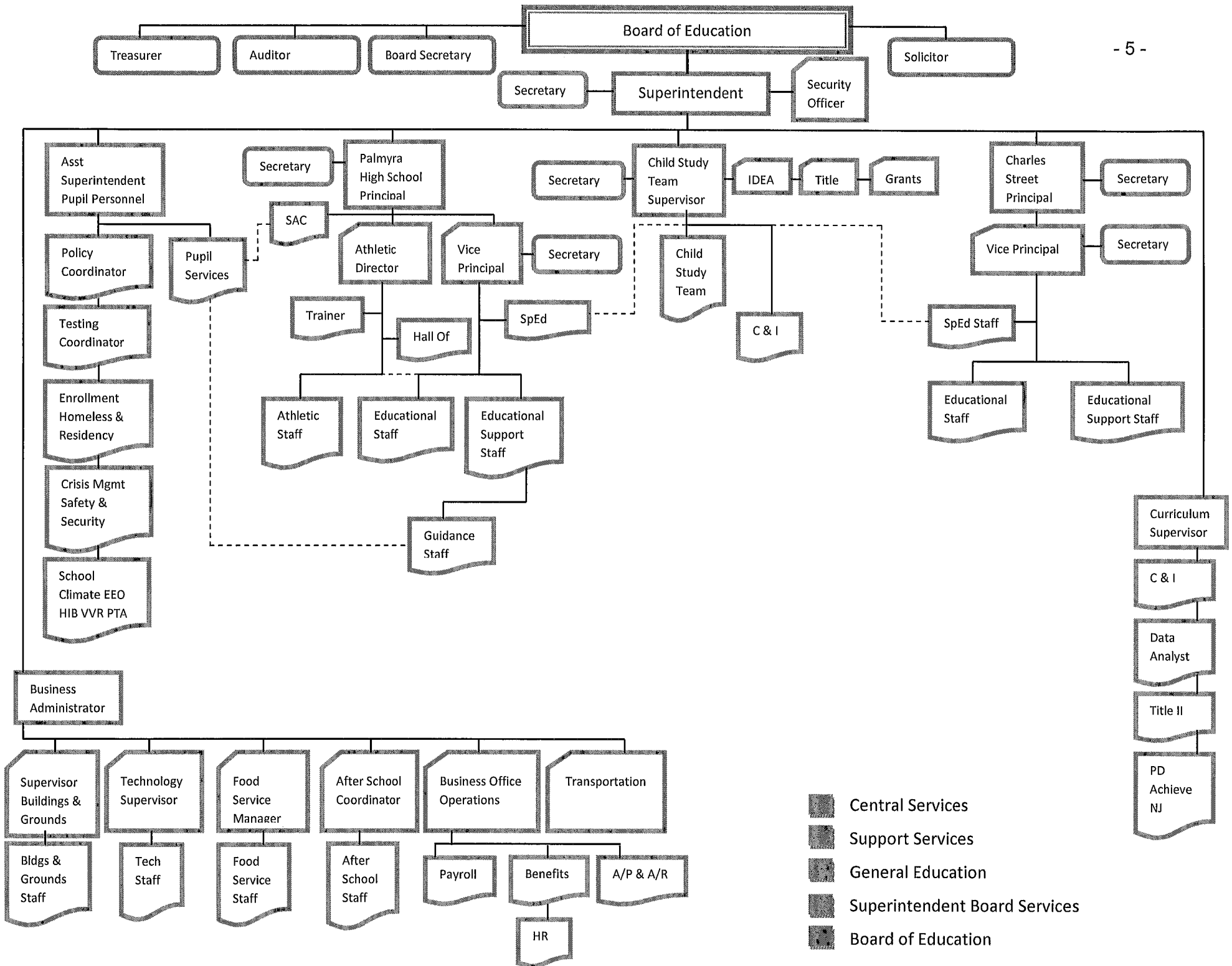
We would like to express our appreciation to the members of the Borough of Palmyra School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance 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



William Blatchley
School Business Administrator



- Central Services
- Support Services
- General Education
- Superintendent Board Services
- Board of Education

BOROUGH OF PALMYRA BOARD OF EDUCATION
PALMYRA, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2019

<u>Board Members Name</u>	<u>Position</u>	<u>Term Expires</u>
Mark Russell	President	2019
Laurie Beck	Vice President	2019
Amy Austin	Board Member	2021
Judy Belton	Board Member	2020
John Liebe	Board Member	2020
John Quigg	Board Member	2019
Erica Campbell	Board Member	2021
Sean Toner	Board Member	2020
James Dickinson	Board Member	2019
<u>Other Officials</u>		<u>Amount of Bond</u>
Brian J. McBride	Superintendent of Schools	
William Blatchley	Business Administrator/ Board Secretary	175,000
Donna Gidjunis	Treasurer of School Monies	250,000

BOROUGH OF PALMYRA BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, CPA, RMA, PSA
Nightlinger, Colavita and Volpa, PA
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

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FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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Williamstown, NJ 08094

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Palmyra Borough School District in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Palmyra Borough 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Palmyra Borough Board of Education in the County of Burlington, State of New Jersey, as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to accounting and reporting for pensions 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 Palmyra Borough School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule 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 combining and individual non-major fund financial statements and the schedule 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 and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2019 on our consideration of the Borough of Palmyra Board of Education's internal control over financial reporting and 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 the effectiveness of the Borough of Palmyra Board of Education's of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Borough of Palmyra Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
November 12, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**BOROUGH OF PALMYRA BOARD OF EDUCATION
SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2019**

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, 2018. 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 (2018-19) and the prior year (2017-18) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2018-19 fiscal year include the following:

- Net Position for Governmental and Business-Type activities were \$2,801,650 and \$465,253, respectively.
- Net Position for the Governmental activities increased by \$994,941 and the Net Position for Business-Type activities decreased by \$29,006 from July 1, 2018 to June 30, 2019.
- The General Fund, fund balance as of June 30, 2019 was \$4,239,840, an increase of \$569,619 when compared with the prior year.

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.

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

	Government-wide Statements	Fund Financial 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

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 government-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.

- **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, 2018 and 2019 are reflected in the following table.

	NET POSITION					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Assets						
Current and Other Assets	\$ 4,427,154	\$ 3,715,225	\$ 452,364	\$ 487,578	\$ 4,879,518	\$ 4,202,803
Capital Assets, Net	10,481,609	11,030,078	51,663	17,212	10,533,272	11,047,290
Total Assets	14,908,763	14,745,303	504,027	504,790	15,412,790	15,250,093
Deferred Outflows of Resources	1,394,865	1,860,658			1,394,865	1,860,658
Liabilities						
Other Liabilities	445,807	425,394	38,774	10,531	484,581	435,925
Non-Current Liabilities	11,750,653	13,300,395			11,750,653	13,300,395
Total Liabilities	12,196,460	13,725,789	38,774	10,531	12,235,234	13,736,320
Deferred Inflows of Resources	1,305,518	1,073,463			1,305,518	1,073,463
Net Position						
Invested in Capital Assets, Net of Debt	2,864,732	2,543,351	51,663	17,212	2,916,395	2,560,563
Restricted	4,148,012	3,649,028			4,148,012	3,649,028
Unrestricted (Deficit)	(4,211,094)	(4,385,670)	413,590	477,047	(3,797,504)	(3,908,623)
Total Net Position	\$ 2,801,650	\$ 1,806,709	\$ 465,253	\$ 494,259	\$ 3,266,903	\$ 2,300,968

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

- Program revenues were \$6,226,592.
 - ✓ Operating Grants & Contributions - \$4,273,369.
 - ✓ Charges for Services - \$1,953,223.
- General revenues amounted to \$19,200,883.
- Total Program Expenditures were \$24,456,502.
- Total School District revenues and beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net position of \$3,266,903 as of June 30, 2019:
 Revenues (\$19,200,883) + Beginning net position (\$2,300,968) - Net expenditures (\$18,229,910) – Loss on Disposal of Fixed Assets (\$5,038) = Net Position of \$3,266,903.

Changes in Net Position - Net position for governmental and business-type activities increased from June 30, 2018 to June 30, 2019 as reflected in the following table.

	CHANGES IN NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,615,418	\$ 1,438,398	\$ 337,805	\$ 313,342	\$ 1,953,223	\$ 1,751,740
Operating Grants and Contributions	4,042,579	4,611,312	230,790	238,370	4,273,369	4,849,682
General Revenues:						
Property Taxes	10,352,685	10,223,639			10,352,685	10,223,639
Grants and Contributions	8,698,562	6,749,597			8,698,562	6,749,597
Other	149,229	129,057	407	3,796	149,636	132,853
Total Revenues	24,858,473	23,152,003	569,002	555,508	25,427,475	23,707,511
Expenses						
Instruction	6,922,317	6,596,699			6,922,317	6,596,699
Support Services	16,748,303	15,463,493			16,748,303	15,463,493
Interest on Debt and Related Costs	187,874	434,809			187,874	434,809
Childcare			147,530	144,562	147,530	144,562
Food Services			450,478	371,481	450,478	371,481
Total Expenses	23,858,494	22,495,001	598,008	516,043	24,456,502	23,011,044
Increase (Decrease) in Net Position	999,979	657,002	(29,006)	39,465	970,973	696,467
Fixed Asset Adjustment/Loss on Disposal	(5,038)	(111,528)			(5,038)	(111,528)
Net Position, July 1	1,806,709	1,261,235	494,259	454,794	2,300,968	1,716,029
Net Position, June 30	\$ 2,801,650	\$ 1,806,709	\$ 465,253	\$ 494,259	\$ 3,266,903	\$ 2,300,968

Total revenues for the School District were \$25,427,475. Government funding was the source of 51% of the School District's revenues. This includes the State of New Jersey and Federal sources.

Property taxes of \$10,352,685 provided 40.7% of revenues. Charges for services provided 7.7% of revenues.

Other miscellaneous revenues of \$149,636 represent 0.6% 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 and tuition totaled \$8,259,001 (34.6%) of total expenditures. Student and instruction related support services totaled \$1,803,019 (7.6%) of total expenditures and transportation, benefits, plant operations and general, school and business administrative services totaled \$13,608,600 (57.0%). Interest on long-term debt totaled \$187,874 (.8%). Total revenues exceeded expenditures for governmental activities, increasing net position by \$999,979 from the beginning balance at July 1, 2018.

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 include 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 \$4,239,840.

All governmental funds had total revenues of \$20,446,281 and total expenditures of \$19,901,666.

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.

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>% of Increase (Decrease)</u>
Revenues:				
Local Sources:				
Local Tax Levy	\$ 10,352,685	\$ 10,223,639	\$ 129,046	1.26%
Tuition & Transportation	1,615,418	1,438,398	177,020	12.31%
Miscellaneous	149,229	129,057	20,172	15.63%
Total	<u>12,117,332</u>	<u>11,791,094</u>	<u>326,238</u>	<u>2.77%</u>
Government Sources:				
State Sources	7,712,447	7,175,737	536,710	7.48%
Federal Sources	616,502	568,759	47,743	8.39%
Total	<u>8,328,949</u>	<u>7,744,496</u>	<u>584,453</u>	<u>7.55%</u>
Total Revenues	<u>\$ 20,446,281</u>	<u>\$ 19,535,590</u>	<u>\$ 910,691</u>	<u>4.66%</u>

One of the primary sources of funding for the School District is received from local property taxes and accounted for 50.6% of total revenues. State aid accounted for 37.7% of total revenues.

Total Governmental Fund revenues increased by \$910,691, or 4.66%, from the previous year. The major component of this increase was an increase in taxes and state sources.

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Expenditures				
Instruction				
Regular	\$ 4,602,714	\$ 4,406,508	\$ 196,206	4.45%
Special Education	1,764,431	1,615,646	148,785	9.21%
Other	519,836	548,518	(28,682)	-5.23%
Total Instruction	<u>6,886,981</u>	<u>6,570,672</u>	<u>316,309</u>	<u>4.81%</u>
Support Services				
Tuition	1,336,684	1,295,971	40,713	3.14%
Student and Instruction Related Services	1,803,019	1,744,009	59,010	3.38%
School Administration	468,226	420,764	47,462	11.28%
General/Business Administration	744,938	689,508	55,430	8.04%
Plant Operations and Maintenance	1,590,671	1,439,696	150,975	10.49%
Pupil Transportation	357,474	397,385	(39,911)	-10.04%
Unallocated Benefits	3,048,806	3,120,209	(71,403)	-2.29%
TPAF and FICA Reimbursements	2,352,990	2,110,173	242,817	11.51%
Total Support Services	<u>11,702,808</u>	<u>11,217,715</u>	<u>485,093</u>	<u>4.32%</u>
Capital Outlay	<u>124,002</u>	<u>222,529</u>	<u>(98,527)</u>	<u>-44.28%</u>
Debt Service	<u>1,187,875</u>	<u>1,218,975</u>	<u>(31,100)</u>	<u>-2.55%</u>
Total Expenditures	<u>\$ 19,901,666</u>	<u>\$ 19,229,891</u>	<u>\$ 671,775</u>	<u>3.49%</u>

Total Governmental Fund expenditures increased \$671,775 or 3.49% from the previous year.

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 2019, the School District modified the General Fund Budget as needed to ensure no line item was projected to be over-expended.

DEBT SERVICE FUND

The current year obligations for payment of debt service principal and interest amounted to \$1,187,875 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 \$169,199 as of June 30, 2019. This reflects a decrease of \$18,819 from June 30, 2018.

AFTER SCHOOL PROGRAM PROPRIETARY FUND

The After School Program Fund's net position was \$296,054 as of June 30, 2019. This reflects a decrease of \$10,187 from June 30, 2018.

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 2019, the School District had capital assets allocated to governmental activities with a net book value of \$10,481,609 and business-type activities of \$51,663. 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 \$664,390.

CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 46,066	\$ 46,066	\$	\$	\$ 46,066	\$ 46,066
Construction in Progress	22,000				22,000	
Building and Improvements	10,153,676	10,758,374			10,153,676	10,758,374
Vehicles	37,880				37,880	
Furniture, Fixtures and Equipment	221,987	225,638	51,663	17,212	273,650	242,850
Total	\$ 10,481,609	\$ 11,030,078	\$ 51,663	\$ 17,212	\$ 10,533,272	\$ 11,047,290

Debt Administration - Long-term Obligations

At fiscal year-end, the School District had \$7,365,000 in general obligation bonds outstanding, a decrease of \$895,000 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 \$295,904 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 \$3,391,554.

SCHEDULE OF LONG TERM OBLIGATIONS

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Bonds Payable	\$ 7,365,000	\$ 8,260,000	\$ (895,000)	-10.84%
Add: Issuance Premium	698,195	760,487	(62,292)	-8.19%
Total Bonds Payable	<u>8,063,195</u>	<u>9,020,487</u>	<u>(957,292)</u>	
Net Pension Liability	3,391,554	4,011,458	(619,904)	-15.45%
Compensated Absences	295,904	268,450	27,454	10.23%
Total	<u>\$ 11,750,653</u>	<u>\$ 13,300,395</u>	<u>\$ (1,549,742)</u>	-11.65%

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 middle school transition. 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

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

BOROUGH OF PALMYRA SCHOOL DISTRICT

Statement of Net Position

For the Fiscal Year Ended June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 4,203,068	\$ 436,684	\$ 4,639,752
Receivables, Net	224,086	9,469	233,555
Inventory		6,211	6,211
Capital Assets, Net (Note 6)	10,481,609	51,663	10,533,272
Total Assets	14,908,763	504,027	15,412,790
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Loss on Refunding Related to Pensions (Note 9)	446,318		446,318
	948,547		948,547
Total Deferred Outflows of Resources	1,394,865		1,394,865
LIABILITIES:			
Accounts Payable	359,333	31,900	391,233
Accrued Interest	86,458		86,458
Unearned Revenue	16	6,874	6,890
Noncurrent Liabilities (Note 7):			
Due within One Year	903,200		903,200
Due beyond One Year	10,847,453		10,847,453
Total Liabilities	12,196,460	38,774	12,235,234
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	1,305,518		1,305,518
NET POSITION:			
Net Investment in Capital Assets	2,864,732	51,663	2,916,395
Restricted for:			
Capital Projects	960,675		960,675
Maintenance Reserve	1,029,656		1,029,656
Other Purposes	2,157,681		2,157,681
Unrestricted (Deficit)	(4,211,094)	413,590	(3,797,504)
Total Net Position	\$ 2,801,650	\$ 465,253	\$ 3,266,903

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, 2019

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:						
Instruction:						
Regular	\$ 4,638,050	\$ 1,615,418			\$ (3,022,632)	\$ (3,022,632)
Special Education	1,764,431		\$ 521,287		(1,243,144)	(1,243,144)
Other Special Instruction	519,836				(519,836)	(519,836)
Support Services:						
Tuition	1,336,684			(1,336,684)		(1,336,684)
Student and Instruction Related Services	1,803,019		75,826	(1,727,193)		(1,727,193)
School Administrative Services	1,097,280			(1,097,280)		(1,097,280)
General and Business Administrative Services	744,938			(744,938)		(744,938)
Plant Operations and Maintenance	1,593,714			(1,593,714)		(1,593,714)
Pupil Transportation	357,474			(357,474)		(357,474)
Unallocated Benefits	9,815,194		3,445,466	(6,369,728)		(6,369,728)
Interest on Long-Term Debt	187,874			(187,874)		(187,874)
Total Governmental Activities	23,858,494	1,615,418	4,042,579	(18,200,497)		(18,200,497)
Business-Type Activities:						
Food Service	450,478	200,712	230,790		(18,976)	(18,976)
After School Program	147,530	137,093			(10,437)	(10,437)
Total Business-Type Activities	598,008	337,805	230,790		(29,413)	(29,413)
Total Government	\$ 24,456,502	\$ 1,953,223	\$ 4,273,369	(18,200,497)	(29,413)	(18,229,910)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, net				9,365,224		9,365,224
Property Taxes Levied for Debt Service				987,461		987,461
Federal and State Aid not Restricted				8,698,562		8,698,562
Miscellaneous Income				149,229	407	149,636
Total General Revenues				19,200,476	407	19,200,883
Change in Net Position				999,979	(29,006)	970,973
Loss on Disposal of Fixed Assets				(5,038)		(5,038)
Net Position -- July 1				1,806,709	494,259	2,300,968
Net Position -- June 30				\$ 2,801,650	\$ 465,253	\$ 3,266,903

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

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

BOROUGH OF PALMYRA SCHOOL DISTRICT
Governmental Funds
Balance Sheet
For the Fiscal Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 4,203,068	\$ -	\$ -	\$ 4,203,068
Receivables, net:				
Interfunds Receivable:				
Special Revenue Fund	25,130			25,130
Payroll Fund	183			183
Receivables from Other Governments:				
State Sources	182,926			182,926
Federal Sources		40,977		40,977
Total Assets	\$ 4,411,307	\$ 40,977	\$ -	\$ 4,452,284
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	171,467	15,831		187,298
Unearned Revenue		16		16
Interfunds Payable:				
General Fund		25,130		25,130
Total Liabilities	171,467	40,977		212,444
Fund Balances:				
Restricted:				
Excess Surplus	1,226,462			1,226,462
Excess Surplus - Subsequent Year's Expenditures	931,219			931,219
Capital Reserve	710,675			710,675
Capital Reserve - Subsequent Year's Expenditures	250,000			250,000
Maintenance Reserve	1,029,656			1,029,656
Assigned:				
Subsequent Year's Expenditures	62,389			62,389
Unassigned	29,439			29,439
Total Fund Balances	4,239,840			4,239,840
Total Liabilities and Fund Balances	\$ 4,411,307	\$ 40,977	\$ -	

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 \$22,065,057, and the accumulated depreciation is \$11,583,448.	10,481,609
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.	(8,359,099)
Net Pension Liability	(3,391,554)
Accounts Payable related to the April 1, 2019 Required PERS pension contribution that is not to be liquidated with current financial resources.	(172,035)
Deferred Outflows of Resources - Related to Pensions	948,547
Deferred Inflows of Resources - Related to Pensions	(1,305,518)
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.	446,318
Interest on long term debt is accrued on the Statement of Net Position regardless when due.	(86,458)
Net Position of Governmental Activities	\$ 2,801,650

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, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Tax Levy	\$ 9,365,224		\$ 987,461	\$ 10,352,685
Tuition and Transportation	1,615,418			1,615,418
Miscellaneous	149,229			149,229
State Sources	7,537,037		175,410	7,712,447
Federal Sources	19,389	\$597,113		616,502
Total Revenues	18,686,297	597,113	1,162,871	20,446,281
EXPENDITURES:				
Regular Instruction	4,602,714			4,602,714
Special Education Instruction	1,243,144	521,287		1,764,431
Other Special Instruction	519,836			519,836
Support Services and Undistributed Costs:				
Tuition	1,336,684			1,336,684
Student and Instruction Related Services	1,727,193	75,826		1,803,019
School Administrative Services	468,226			468,226
Other Administrative Services	744,938			744,938
Plant Operations and Maintenance	1,590,671			1,590,671
Pupil Transportation	357,474			357,474
Unallocated Benefits	5,401,796			5,401,796
Debt Service:				
Principal			895,000	895,000
Interest and Other Charges			292,875	292,875
Capital Outlay	124,002			124,002
Total Expenditures	18,116,678	597,113	1,187,875	19,901,666
Excess (Deficiency) of Revenues over Expenditures	569,619		(25,004)	544,615
OTHER FINANCING SOURCES (USES):				
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	569,619		(25,004)	544,615
Fund Balance -- July 1	3,670,221		25,004	3,695,225
Fund Balance -- June 30	\$ 4,239,840	\$ -	\$ -	\$ 4,239,840

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, 2019

Total Net Change in Fund Balances - Governmental Funds		\$ 544,615
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<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	\$ (664,390)	
Capital Outlays	120,959	(543,431)
<p>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.</p>		
		895,000
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation. (+)</p>		
		157,605
<p>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.</p>		
		(1,206)
<p>In the Statement of Activities, deferred losses on debt refunding are amortized over the life of the debt. However, in the governmental fund, no expenditures are incurred.</p>		
		(25,150)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(27,454)
Change in Net Position of Governmental Activities		\$ 999,979

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

PROPRIETARY FUNDS

BOROUGH OF PALMYRA SCHOOL DISTRICT

Proprietary Funds

Business-Type Activities - Enterprise Funds

Statement of Net Position

June 30, 2019

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 140,630	\$ 296,054	\$ 436,684
Accounts Receivable:			
State	209		209
Federal	9,260		9,260
Inventories	6,211		6,211
Total Current Assets	<u>156,310</u>	<u>296,054</u>	<u>452,364</u>
Noncurrent Assets:			
Furniture, Fixtures and Equipment	337,711		337,711
Less Accumulated Depreciation	(286,048)		(286,048)
Total Noncurrent Assets	<u>51,663</u>		<u>51,663</u>
Total Assets	<u>207,973</u>	<u>296,054</u>	<u>504,027</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	31,900		31,900
Unearned Revenue	6,874		6,874
Total Liabilities	<u>38,774</u>		<u>38,774</u>
NET POSITION:			
Restricted:			
Net Investment in Capital Assets	51,663		51,663
Unrestricted	117,536	296,054	413,590
Total Net Position	<u>\$ 169,199</u>	<u>\$ 296,054</u>	<u>\$ 465,253</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, 2019

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales:			
Non-reimbursable Programs	\$ 102,577		\$ 102,577
Reimbursable Program -- School Breakfast	7,186		7,186
Reimbursable Program -- School Lunch	90,949		90,949
Child Care Fees		\$ 137,093	137,093
Total Operating Revenues	<u>200,712</u>	<u>137,093</u>	<u>337,805</u>
OPERATING EXPENSES:			
Salaries	133,475	101,563	235,038
Employee Benefits	24,485	36,000	60,485
Management Fee	23,000		23,000
General Supplies	32,682	5,453	38,135
Direct Expenses	17,044		17,044
Depreciation	4,576		4,576
Other Professional and Technical Services	9,306	4,514	13,820
Cost of Sales - Reimbursable Programs	182,160		182,160
Cost of Sales - Non-reimbursable Programs	23,750		23,750
Total Operating Expenses	<u>450,478</u>	<u>147,530</u>	<u>598,008</u>
Operating Income / (Loss)	<u>(249,766)</u>	<u>(10,437)</u>	<u>(260,203)</u>
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	4,320		4,320
Federal Sources:			
National School Lunch Program	160,792		160,792
National School Breakfast Program	31,502		31,502
Food Distribution Program	34,176		34,176
Interest Revenue	157	250	407
Total Nonoperating Revenues	<u>230,947</u>	<u>250</u>	<u>231,197</u>
Change in Net Position	(18,819)	(10,187)	(29,006)
Net Position -- July 1	188,018	306,241	494,259
Net Position -- June 30	<u>\$ 169,199</u>	<u>\$ 296,054</u>	<u>\$ 465,253</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, 2019

	Food Service	After School Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 200,712	\$ 137,093	\$ 337,805
Payments to Management Company	(23,000)		(23,000)
Payments to Employees	(133,475)	(101,563)	(235,038)
Payments for Employee Benefits	(24,485)	(36,000)	(60,485)
Payments for Supplies and Services	(228,256)	(9,967)	(238,223)
Net Cash Provided by (Used for) Operating Activities	(208,504)	(10,437)	(218,941)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	4,320		4,320
Federal Sources	226,470		226,470
Net Cash Provided by (Used for) Non-Capital Financing Activities	230,790		230,790
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Purchase of Fixed Assets	(39,027)		(39,027)
Net Cash Provided by (Used for) Capital Financing Activities	(39,027)		(39,027)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Revenue	157	250	407
Net Increase in Cash and Cash Equivalents	(16,584)	(10,187)	(26,771)
Cash and Cash Equivalents -- July 1	157,214	306,241	463,455
Cash and Cash Equivalents -- June 30	\$ 140,630	\$ 296,054	\$ 436,684
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Operating Income (Loss)	\$ (249,766)	\$ (10,437)	\$ (260,203)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	4,576		4,576
(Increase) Decrease in Accounts Receivable	3,094		3,094
(Increase) Decrease in Inventories	5,349		5,349
Increase (Decrease) in Interfund Payable			
Increase (Decrease) in Unearned Revenue	(3,657)		(3,657)
Increase (Decrease) in Accounts Payable	31,900		31,900
Total Adjustments	41,262		41,262
Net Cash Provided by (Used for) Operating Activities	\$ (208,504)	\$ (10,437)	\$ (218,941)

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

FIDUCIARY FUNDS

BOROUGH OF PALMYRA SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2019

	<u>Private-Purpose Trust Fund</u>	<u>Agency Funds</u>	
	<u>Unemployment Compensation</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS:			
Cash and Cash Equivalents	\$ 174,576	\$ 136,032	\$ 5,762
Total Assets	<u>174,576</u>	<u>136,032</u>	<u>5,762</u>
LIABILITIES:			
Interfund Accounts Payable			183
Payable to Student Groups		136,032	
Flexible Spending Reserve			5,579
Total Liabilities		<u>\$ 136,032</u>	<u>\$ 5,762</u>
NET POSITION:			
Restricted:			
Held in Trust for Payment of Claims	<u>\$ 174,576</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, 2019

	<u>Unemployment Compensation Insurance Trust Fund</u>
ADDITIONS:	
Interest on Investments	\$ 2,750
Employer Contributions	20,000
Employee Contributions	15,394
Total Additions	<hr/> 38,144 <hr/>
DELETIONS:	
Withdrawals	<hr/> 22,492 <hr/>
Change in Net Position	15,652
Net Position -- July 1	158,924
Net Position -- June 30	<hr/> <hr/> \$ 174,576 <hr/> <hr/>

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, 2019

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, 2019 of 919.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Component Units (Cont'd)

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.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

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.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

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.

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 school.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Enterprise Funds (Cont'd)

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.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets / Budgetary Control (Cont'd)

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.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents and Investments (Cont'd)

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, 2019. The School District had no prepaid expenses for the fiscal year ended June 30, 2019.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. 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.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2019 and 2018 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, 2019, 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.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

The School District has adopted the following GASB statements:

- GASB No. 83 - *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. The adoption of GASB 83 is not expected to impact the financial statements of the School District.
- GASB No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The adoption of GASB 88 is not expected to impact the financial statements of the School District.

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

- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. The Board is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of Statement will be effective for reporting periods beginning after December 15, 2019. The Board is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.
- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.
- GASB Statement - *No. 90 - Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 on the School District's financial statements.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impact of Recently Issued Accounting Principles (Cont'd)

➤ GASB Statement - No. 91 – *Conduit Debt Obligations*: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is evaluating the potential impact of the adoption of GASB 91 on the School District’s financial statements.

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, 2019, the School District's bank balances of \$5,232,189 were exposed to custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized under GUDPA by pledging financial institutions		4,982,189
	\$	<u>5,232,189</u>

NOTE 3: RESERVE ACCOUNTS

Capital Reserve - 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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 3: RESERVE ACCOUNTS (CONT'D)

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

Beginning Balance July 1, 2018	\$ 948,572
Add:	
Interest Earnings	12,103

Ending Balance June 30, 2019	\$ 960,675

The June 30, 2019 LRFPA balance of local support costs of uncompleted projects at June 30, 2019 is \$2,652,500.

Maintenance Reserve - New Jersey Statute 18A:7G-9 permits school districts to accumulate funds for the required maintenance of a facility in accordance with EFCFA. The balance may only be increased through an appropriation in the annual general fund budget certified for taxes. Upon completion of a school facilities projects, districts are required to submit a plan for maintenance of that facility.

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

Beginning Balance July 1, 2018	\$ 786,501
Add:	
Interest Earnings	18,155
2018-19 Budget	225,000

Ending Balance June 30, 2019	\$ 1,029,656

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019 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:

		Special			
Receivables:	General	Revenue	Enterprise		
	Fund	Fund	Funds	Total	
Governmental	\$ 182,926	\$ 40,977	\$ 9,469	\$	233,372
Other					
	_____	_____	_____	_____	_____
Totals	\$ 182,926	\$ 40,977	\$ 9,469	\$	233,372
	_____	_____	_____	_____	_____

NOTE 5: INVENTORY

Inventory recorded at June 30, 2019 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, which includes \$3,896 of federal commodities, consisted of the following:

Food	\$ 5,662
Supply	549

Totals	\$ 6,211

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 6: CAPITAL ASSETS

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

	<u>Balance</u> <u>7/1/2018</u>	<u>Additions</u>	<u>Adjustment</u>	<u>Balance</u> <u>6/30/2019</u>
Governmental activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 46,066	\$	\$	\$ 46,066
Construction in Progress		22,000		22,000
Total capital assets not being depreciated	46,066	22,000		68,066
Land Improvements	449,615			449,615
Building and Improvements	20,364,376			20,364,376
Vehicles		33,637	198,091	231,728
Furniture, Fixtures & Equipment	1,325,033	65,322	(439,083)	951,272
Totals at historical cost	22,139,024	98,959	(240,992)	21,996,991
Less accumulated depreciation for :				
Land Improvements	(449,615)			(449,615)
Building and Improvements	(9,606,002)	(604,698)		(10,210,700)
Vehicles		(22,035)	(171,813)	(193,848)
Furniture, Fixtures & Equipment	(1,099,395)	(37,657)	407,767	(729,285)
Total accumulated depreciation	(11,155,012)	(664,390)	235,954	(11,583,448)
Total capital assets being depreciated, net of accumulated depreciation	10,984,012	(565,431)		10,413,543
Government activities capital assets, net	\$ 11,030,078	\$ (543,431)	\$ (5,038)	\$ 10,481,609
	To A-1			To A-1
Business-type activities:				
Capital assets being depreciated:				
Furniture, Fixtures & Equipment	\$ 302,584	\$ 39,027	\$ (3,900)	\$ 337,711
Less accumulated depreciation for :				
Furniture, Fixtures & Equipment	(285,372)	(4,576)	3,900	(286,048)
Business-type activities capital assets, net	\$ 17,212	\$ 34,451	\$	\$ 51,663

* Depreciation expense was charged to governmental functions as follows:

Instructional	\$ 35,336
Administration	629,054
Total depreciation expense	<u>\$ 664,390</u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 7: LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2019, the following changes occurred in long-term obligations for governmental activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Bonds payable:						
General obligation debt	\$ 8,260,000		\$ (895,000)	\$ 7,365,000	\$ 885,000	\$ 6,480,000
Add Amounts:						
Issuance Premium	760,487		(62,292)	698,195		698,195
Total bonds payable	9,020,487		(957,292)	8,063,195	885,000	7,178,195
Other Liabilities:						
Compensated absences payable	268,450	27,454		295,904	18,200	277,704
Net Pension Liability	4,011,458		(619,904)	3,391,554		3,391,554
Total liabilities	\$ 13,300,395	\$ 27,454	\$ (1,577,196)	\$ 11,750,653	\$ 903,200	\$ 10,847,453
Business-Type Activities:						
Compensated absences payable	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Total Long-Term Obligations	\$ 13,300,395	\$ 27,454	\$ (1,577,196)	\$ 11,750,653	\$ 903,200	\$ 10,847,453

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 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 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 was made on March 1, 2019.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 7: LONG-TERM OBLIGATIONS (CONT'D)

Bonds Payable (Cont'd) -

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 885,000	\$ 266,025	\$ 1,151,025
2021	925,000	230,625	1,155,625
2022	480,000	193,625	673,625
2023-2027	3,190,000	636,125	3,826,125
2028-2030	1,885,000	128,425	2,013,425
	<u>\$ 7,365,000</u>	<u>\$ 1,583,250</u>	<u>\$ 8,819,825</u>

Bonds Authorized but not Issued - As of June 30, 2019, 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, 2019, 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>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 33,135
2021	5,962
Total	<u>\$ 39,097</u>

Rental payments under operating leases for the fiscal year ended June 30, 2019 were \$33,662.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9. PENSION PLANS

Description of Plans - Eligible employees of the School District can be covered by Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), or Defined Contribution Retirement Program (DCRP). PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (NJDPB) and the DCRP is jointly administered by Prudential and NJDPB. The NJDPB issues publicly available financial reports that include financial statements and required supplementary information for the systems. These reports may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

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 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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.

The following represents the membership tiers for PERS:

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

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS member total contribution rate as of July 1, 2018 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2019 were 90,926. Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2019 is 13.37% of covered payroll. The District is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the District and equal to the required contributions for each year. The District's contributions to PERS for the years ended June 30, 2019, and 2018, were \$172,035 and \$161,331 respectively.

The total payroll for the year ended June 30, 2019 was \$8,983,953. Payroll covered by PERS was \$1,212,343 for fiscal year 2019.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

Components of Net Pension Liability - At June 30, 2019, the District's proportionate share of the PERS net pension liability was \$3,391,554. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The District's proportion measured as of June 30, 2018 was 0.017225% which was a decrease of 0.00001% from its proportion measured as of June 30, 2017.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2019 PERS pension expense, with respect to GASB 68, was \$172,540. The District's 2019 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 64,677	\$ 17,488
Changes of assumptions	558,872	1,084,439
Net difference between projected and actual earnings on pension plan investments		31,813
Changes in proportion	152,963	171,778
Contributions subsequent to the measurement date	172,035	
Total	\$ 948,547	\$ 1,305,518

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>PERS</u>
2020	\$ (72,452)
2021	(58,780)
2022	(246,375)
2023	(149,419)
2024	(1,978)
Thereafter	
Total	\$ (529,006)

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

Additional Information - Collective Balances at June 30, 2019 and 2018 are as follows:

Year	2019		2018	
Collective deferred outflows of resources	\$	948,547	\$	1,326,898
Collective deferred inflows of resources	\$	1,305,518	\$	1,073,463
Collective Net Pension Liability	\$	3,391,554	\$	4,011,458
District's Proportion		0.017225%		0.017233%

Actuarial Assumptions - The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Measurement Date	June 30, 2018
Actuarial Valuation Date	July 1, 2017
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the 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).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	PERS Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Client Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
Total	<u>100.00%</u>	

Discount Rate - The discount rate, as of June 30, 2018, used to measure the total pension liability was 5.66% for PERS. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	<u>1% Decrease</u> <u>(4.66%)</u>	<u>Current</u> <u>Discount</u> <u>(5.66%)</u>	<u>1% Increase</u> <u>(6.66%)</u>
District's Proportionate Share of the Net Pension Liability	\$ <u>4,264,488</u>	\$ <u>3,391,554</u>	\$ <u>2,659,218</u>

Teachers' Pension and Annuity Fund

The State of New Jersey Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special funding situation that was established in 1955. As under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

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

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Cont'd)

Contributions - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The member contribution rate was 7.5% in as of July 1, 2018. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, 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 District and all other related non-contributing employers. No normal or accrued liability contribution by the 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 District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2019 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2019, the State of New Jersey contributed \$1,270,100 to the TPAF for pension contributions, \$576,115 for post-retirement benefits on behalf of the School, and \$1,738 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$505,037 during the year ended June 30, 2019 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2019, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

Pension Expense - For the year ended June 30, 2019, the District recognized pension expense of \$2,364,314 and revenue of \$2,364,314 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Measurement Date	June 30, 2018
Actuarial Valuation Date	July 1, 2017
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.55% - 4.55%
Thereafter	2.00% - 5.45%
Inflation	2.25%

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Cont'd)

Long-Term Expected Rate of Return - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	TPAF Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Cont'd)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease (3.86%)	Current Discount (4.86%)	1% Increase (5.86%)
State's Share of the Net Pension Liability associated with the District	\$ 48,079,298	\$ 40,556,710	\$ 34,540,453
State's Share of the Net Pension Liability	\$ 75,417,894,537	\$ 63,806,350,446	\$ 54,180,663,328

Defined Contribution Retirement Program (DCRP)

The **Defined Contribution Retirement Program (DCRP)** is a multiple-employer defined contribution pension fund that was established in 2007 under the provisions of N.J.S.A 43:15C-1. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and long-term disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The following represents the individuals eligible for membership in the DCRP:

Eligibility

1. State or Local Officials who are elected or appointed on or after July 1, 2007
2. Employees enrolled in the PERS or TPAF on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits
3. Employees enrolled in the PFRS or SPRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits
4. Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually
5. Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually

Contributions – The contribution policy is set by N.J.S.A 43:15C-3 and requires contributions by active members and contributing employers. Plan members are required to contribute 5.5% of their base salary and the District's employer match is an additional 3% contribution. For the year ended June 30, 2019, employee contributions totaled \$6,833 and the District's employer contribution, recognized in pension expense, was \$3,727. There were no forfeitures during the fiscal year.

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

As of June 30, 2017, the Local Education Retired Plan had 99,686 Inactive employees or beneficiaries currently receiving benefit payments and 224,418 Active employees.

Special Funding Situation

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2018, was \$46,110,832,982. Of this amount, the total OPEB liability attributable to the School District was \$33,875,986. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.07347%. The total OPEB liability for the School District measured as of June 30, 2018 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2018 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF/ABP	PERS	PFRS
Inflation Rate	2.50%	2.50%	2.50%
	Based on	Based on	Based on
Salary Increases:	Years of Service	Age	Age
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Changes in the Total OPEB Liability

State of New Jersey	Total OPEB Liability
Balance as of June 30, 2017 Measurement Date	\$ <u>53,639,841,858</u>
Changes for the year:	
Service Cost	1,984,642,729
Interest	1,970,236,232
Changes of Benefit Terms	
Differences between Expected and Actual experience	(5,002,065,740)
Changes of Assumptions	(5,291,448,855)
Benefit Payments	(1,232,987,247)
Contributions from Members	42,614,005
Net Changes	<u>(7,529,008,876)</u>
Balance as of June 30, 2018 Measurement Date	\$ <u>46,110,832,982</u>

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2018, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	At 1.00% Decrease	At Discount Rate	At 1.00% Increase
	2.87%	3.87%	4.87%
\$	54,512,391,175	46,110,832,982	39,432,461,816

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$	38,113,289,045	46,110,832,982	56,687,891,003

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

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

For the year ended June 30, 2019, the School District recognized OPEB expense of \$1,353,893. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$	\$ 3,288,421
Changes of Assumptions		7,593,475
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion		525,580
Contributions Subsequent to the Measurement Date		
Total	\$	\$ 11,407,476

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

<u>Measurement Period Ending June 30,</u>	<u>OPEB</u>
2019	\$ (1,402,264)
2020	(1,402,264)
2021	(1,402,264)
2022	(1,402,264)
2023	(1,402,264)
Thereafter	(4,396,156)
Total	\$ (11,407,476)

NOTE 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2019, 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, post-retirement medical costs, and long-term disability insurance were \$1,270,100, \$576,115, and \$1,738, respectively. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$505,037 during the year ended June 30, 2019 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12: RISK MANAGEMENT (CONT'D)

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.

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</u> <u>Ended June 30,</u>	<u>School District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2019	\$ 20,000	\$ 15,394	\$ 2,750	\$ 22,492	\$ 174,576
2018	20,000	15,264	1,205	5,703	158,924
2017	16,000	14,901	100		128,158

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, coverage's and deductibles, the Fund publishes its own financial report for the year ended December 31, 2018, 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

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019 the liability for compensated absences reported on the government-wide statement of net position was \$295,904.

NOTE 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2019 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 25,313	
Special Revenue Fund		\$ 25,130
Student Activity		
Payroll Agency		183
Total	\$ 25,313	\$ 25,313

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2019, 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 \$8,365,000 in general obligation bonds with interest rates varying from 2.00% to 4.00% to refund \$8,625,000 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 \$872,094. The net proceeds of \$9,116,749 (after payment of issuance costs of \$120,345) 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 \$473,679, which results in an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$432,414, 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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 16: CAPITAL DEBT REFUNDING (CONT'D)

In addition, the School District previously elected to implement GASB Statement No. 65 and as a result, has reflected the Bond Debt Refunding Cost as a Deferred Outflow of Resources on the Statement of Net Position, net of the portion amortized, as a component of interest expense over the life of the debt. During the 2018-19 School Year, \$25,150 was amortized, resulting in a balance in Deferred Outflows of Resources of \$446,318, as of June 30, 2019.

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 fund balance of \$29,439 in the general fund as of June 30, 2019 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, a general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

NOTE 20: FUND BALANCES

NONSPENDABLE

As stated in Note 1, the non-spendable 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 non-spendable fund balances of the School District as of June 30, 2019.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019 is \$2,157,681, of which \$931,219 was assigned for utilization in the 2019-20 budget and \$1,226,462 will be utilized in the 2020-21 budget.

For Capital Reserve Account - As of June 30, 2019, the balance in the capital reserve account is \$960,675, of which \$250,000 is restricted and assigned for utilization in the 2019-20 budget. 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, 2019, the balance in the maintenance reserve account is \$1,029,656. 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).

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, 2019.

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 District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2020 \$62,389 of general fund balance at June 30, 2019.

Other Purposes - As of June 30, 2019, the School District had no encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019, the School District has a fund balance of \$29,439 in the general fund. See Note 19.

NOTE 21: SUBSEQUENT EVENTS

There were no other events noted, between the year-end and the date of the audit report, requiring disclosure.

End of Notes to Financial Statements

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, 2019

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
General Fund:					
Local Sources:					
Local Tax Levy	\$ 9,365,224		\$ 9,365,224	\$ 9,365,224	\$ -
Tuition from Individuals	11,340		11,340	10,050	(1,290)
Tuition from Other LEAs within the State	1,491,030		1,491,030	1,605,368	114,338
Interest on Maintenance Reserve	1,620		1,620	18,155	16,535
Interest on Capital Reserve	1,885		1,885	12,103	10,218
Unrestricted Miscellaneous Revenues	41,000		41,000	118,971	77,971
Total - Local Sources	10,912,099		10,912,099	11,129,871	217,772
State Sources:					
Special Education Categorical Aid	696,197		696,197	696,197	
Equalization Aid	3,932,441		3,932,441	3,932,441	
Security Aid	218,608		218,608	218,608	
Adjustment Aid	102,575		102,575	102,575	
Transportation Aid	97,770		97,770	97,770	
Extraordinary Aid				156,986	156,986
Reimbursed TPAF Social Security Contributions (non-budgeted)				505,037	505,037
On-behalf TPAF Pension Contributions - Normal (non-budgeted)				1,270,100	1,270,100
On-behalf TPAF Medical Contributions (non-budgeted)				576,115	576,115
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				1,738	1,738
Total - State Sources	5,047,591		5,047,591	7,557,567	2,509,976
Federal Sources:					
Medicaid Administrative Claiming Aid	4,469		4,469	4,469	
Medical Reimbursement Program (SEMI)	23,346		23,346	14,920	(8,426)
Total - Federal Sources	27,815		27,815	19,389	(8,426)
Total Revenues	15,987,505		15,987,505	18,706,827	2,719,322

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 194,267	\$ (9,635)	\$ 184,632	\$ 183,642	\$ 990
Grades 1 - 5	1,442,979	(202,735)	1,240,244	1,239,746	498
Grades 6 - 8	646,034	154,368	800,402	798,792	1,610
Grades 9 - 12	1,652,973	10,039	1,663,012	1,660,520	2,492
Regular Programs - Home Instruction:					
Salaries of Teachers	8,250	(3,250)	5,000	4,309	691
Purchased Professional/Educational Services	5,000		5,000		5,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	98,104	(11,113)	86,991	63,199	23,792
Purchased Professional/Educational Services	225,571	73,040	298,611	297,604	1,007
Purchased Technical Services	110,297	30,600	140,897	129,841	11,056
Other Purchased Services	110,935	(2,928)	108,007	106,342	1,665
General Supplies	86,785	(2,061)	84,724	82,313	2,411
Textbooks	23,400	5,225	28,625	27,518	1,107
Other Objects	12,950	(859)	12,091	8,888	3,203
Total Regular Programs	4,617,545	40,691	4,658,236	4,602,714	55,522
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	60,299	14,362	74,661	74,660	1
General Supplies	500		500	207	293
Total - Learning and/or Language Disabilities	60,799	14,362	75,161	74,867	294

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Special Education (Cont'd):					
Resource Room/Center:					
Salaries of Teachers	\$ 818,988	\$ 57,322	\$ 876,310	\$ 874,660	\$ 1,650
Other Salaries for Instruction	159,386	3,759	163,145	161,607	1,538
General Supplies	17,500	6,302	23,802	23,802	
Total - Resource Room/Center	995,874	67,383	1,063,257	1,060,069	3,188
Preschool Disabilities - Part-Time:					
Salaries of Teachers	71,472		71,472	71,472	
Other Salaries for Instruction	8,547	6,327	14,874	14,874	
General Supplies	400		400		400
Total - Preschool Disabilities - Part-Time	80,419	6,327	86,746	86,346	400
Home Instruction:					
Salaries of Teachers	3,300	(2,100)	1,200	682	518
Purchased Professional/Educational Services	3,960	24,250	28,210	21,180	7,030
Total - Home Instruction	7,260	22,150	29,410	21,862	7,548
Total - Special Education	1,144,352	110,222	1,254,574	1,243,144	11,430
Basic Skills/Remedial:					
General Supplies	300	(202)	98		98
Total - Basic Skills/Remedial	300	(202)	98		98
Bilingual Education:					
Salaries of Teachers	35,329	1	35,330	31,797	3,533
Total - Bilingual Education	35,329	1	35,330	31,797	3,533
School Sponsored Cocurricular Activities - Instruction:					
Salaries	61,320	(5,356)	55,964	52,950	3,014
Supplies and Materials	14,875		14,875	9,930	4,945
Total - School Sponsored Cocurricular Activities - Instruction	76,195	(5,356)	70,839	62,880	7,959

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
School Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 384,333	\$ (39,943)	\$ 344,390	\$ 344,389	\$ 1
Purchased Services	82,840	749	83,589	56,249	27,340
Supplies and Materials	21,275		21,275	20,944	331
Other Objects	3,585		3,585	3,577	8
Total - School Sponsored Cocurricular Athletics - Instruction	492,033	(39,194)	452,839	425,159	27,680
Total - Instruction	6,365,754	106,162	6,471,916	6,365,694	106,222
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within State-Regular	181,475	6,250	187,725	97,485	90,240
Tuition to Other LEAs within State-Special	225,100	(72,429)	152,671	152,670	1
Tuition to County Vocational School District - Regular	91,250		91,250	84,500	6,750
Tuition to County Vocational School District - Special	29,200	(29,200)			
Tuition to CSSD & Reg. Day Schools	737,428		737,428	432,621	304,807
Tuition to Private School for the Handicapped- State	601,280	(60,661)	540,619	426,405	114,214
Tuition - Other	177,225	(30,866)	146,359	143,003	3,356
Total Undistributed Expenditures - Instruction	2,042,958	(186,906)	1,856,052	1,336,684	519,368
Undistributed Expenditures - Attendance and Social Work:					
Salaries	77,440	138	77,578	77,576	2
Purchased Professional and Technical Services	7,490	1,250	8,740	8,557	183
Total - Undistributed Expenditures - Attendance and Social Work	84,930	1,388	86,318	86,133	185
Undistributed Expenditures - Health Services:					
Salaries	131,766	(2,626)	129,140	129,139	1
Purchased Professional and Technical Services	23,050		23,050	16,625	6,425
Supplies and Materials	5,700		5,700	3,662	2,038
Total - Undistributed Expenditures - Health Services	160,516	(2,626)	157,890	149,426	8,464
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	62,099	1,210	63,309	63,309	
Purchased Professional/Educational Services	165,960	41,000	206,960	171,590	35,370
Supplies and Materials	625	3,100	3,725	3,604	121
Total - Undistributed Expenditures - Speech, OT, PT and Related Services	228,684	45,310	273,994	238,503	35,491

BOROUGH OF PALMYRA SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Other Support Services - Students -Extraordinary Services:					
Salaries	\$ 54,964	\$ -	\$ 54,964	\$ 53,731	\$ 1,233
Purchased Professional/Educational Services	127,500	(25,810)	101,690	99,768	1,922
Total - Undistributed Expenditures - Other Support Services					
Students - Extraordinary Services	182,464	(25,810)	156,654	153,499	3,155
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	266,122	(62,865)	203,257	203,257	
Salaries of Secretarial and Clerical Assistants	31,985		31,985	31,984	1
Purchased Professional - Educational Services	8,200	1,259	9,459	9,459	
Other Purchased Professional and Technical Services	2,100	15,000	17,100	9,665	7,435
Other Purchased Services	1,300		1,300		1,300
Supplies and Materials	2,900	(330)	2,570	1,284	1,286
Total - Undistributed Expenditures - Guidance	312,607	(46,936)	265,671	255,649	10,022
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	306,952	3,949	310,901	310,900	1
Salaries of Secretarial and Clerical Assistants	39,989		39,989	39,988	1
Purchased Professional - Educational Services	57,900	3,636	61,536	58,157	3,379
Other Purchased Services	1,350	2,035	3,385	3,185	200
Miscellaneous Purchased Services	11,750	1,476	13,226	13,226	
Supplies and Materials	4,500	271	4,771	4,620	151
Other Objects	2,450	(138)	2,312	2,312	
Total - Undistributed Expenditures - Child Study Team	424,891	11,229	436,120	432,388	3,732
Undistributed Expenditures - Improvement of Instruction Services/Other Support:					
Services - Instructional Staff:					
Salaries of Supervisors of Instruction	93,026		93,026	93,026	
Salaries of Other Professional Staff	4,950		4,950	4,422	528
Salaries of Secr and Clerical Assist	61,650	(61,650)			
Purchased Professional - Educational Services	12,000		12,000	11,397	603
Purchased Professional - Technical Services	1,385		1,385	1,385	
Supplies and Materials	1,650		1,650	1,639	11
Total - Undistributed Expenditures - Improvement of Instruction					
Services/Other Support Services - Instructional Staff	174,661	(61,650)	113,011	111,869	1,142

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Educational Media Services/School Library:					
Salaries	\$ 115,773	\$ 3,875	\$ 119,648	\$ 119,648	\$ -
Salaries of Technology Coordinators	169,534	1,881	171,415	171,162	253
Purchased Professional and Technical Services	1,000	600	1,600	1,155	445
Other Purchased Services	2,900	(600)	2,300	1,979	321
Supplies and Materials	5,975	50	6,025	5,782	243
Total - Undistributed Expenditures - Educational Media Services/School Library	295,182	5,806	300,988	299,726	1,262
Undistributed Expenditures - Support Services General Administration:					
Salaries	220,590	61,651	282,241	282,240	1
Legal Services	25,000		25,000	19,816	5,184
Audit Fees	23,000	2,165	25,165	25,165	
Architectural		1,985	1,985	1,985	
Other Purchased Professional Services	5,700	(420)	5,280	5,280	
Communications/Telephone	26,800	1,135	27,935	26,013	1,922
Other Purchased Services	9,175	2,110	11,285	10,860	425
General Supplies	2,600	(1,621)	979	629	350
Miscellaneous Expenditures	3,700	(459)	3,241	3,196	45
BOE Membership Dues and Fees	6,900	(135)	6,765	6,765	
Total - Undistributed Expenditures - Support Services General Administration	323,465	66,411	389,876	381,949	7,927
Undistributed Expenditures - Support Services School Administration:					
Salaries of Principals/Assistant Principals	327,163	58,410	385,573	385,572	1
Salaries of Secretarial and Clerical Assistants	71,974	15,777	87,751	71,972	15,779
Other Purchased Services	3,100		3,100	490	2,610
Supplies and Materials	6,850	100	6,950	6,672	278
Other Objects	3,000	550	3,550	3,520	30
Total - Undistributed Expenditures - Support Services School Administration	412,087	74,837	486,924	468,226	18,698
Undistributed Expenditures - Central Services:					
Salaries	233,329	41,518	274,847	274,846	1
Purchased Professional Services	6,000	(1,100)	4,900		4,900
Purchased Technical Services	34,300	(17,710)	16,590	12,452	4,138
Miscellaneous Purchased Services	10,075	(2,500)	7,575	5,418	2,157
Supplies and Materials	6,750		6,750	6,464	286
Other Objects	1,950		1,950	1,691	259
Total - Undistributed Expenditures - Central Services	292,404	20,208	312,612	300,871	11,741

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures - Administrative Information Technology:					
Purchased Technical Services	\$ 57,443	\$ 1,000	\$ 58,443	\$ 57,791	\$ 652
Other Purchased Services	2,400	1,400	3,800	3,505	295
Supplies and Materials	1,000		1,000	822	178
Total - Undistributed Expenditures - Administrative Information Technology	60,843	2,400	63,243	62,118	1,125
Undistributed Expenditures - Required Maintenance:					
Salaries	155,539		155,539	150,032	5,507
Cleaning, Repair & Maintenance Services	355,300	(55,705)	299,595	269,954	29,641
General Supplies	45,040	(55)	44,985	32,748	12,237
Other Objects	9,650		9,650	6,460	3,190
Total - Undistributed Expenditures - Required Maintenance	565,529	(55,760)	509,769	459,194	50,575
Undistributed Expenditures - Custodial Services:					
Salaries	412,011		412,011	401,446	10,565
Salaries of Non-Instructional Aides	32,400		32,400	31,158	1,242
Cleaning, Repair & Maintenance Services	30,700		30,700	26,158	4,542
Other Purchased Property Services	60,000		60,000	51,277	8,723
Insurance	170,000	(8)	169,992	167,022	2,970
General Supplies	47,500		47,500	46,884	616
Energy (Natural Gas)	85,000		85,000	76,259	8,741
Energy (Electricity)	270,000		270,000	217,359	52,641
Other Objects	2,000		2,000	767	1,233
Total - Undistributed Expenditures - Custodial Services	1,109,611	(8)	1,109,603	1,018,330	91,273
Undistributed Expenditures - Security:					
Salaries	38,840		38,840	31,849	6,991
Purchased Professional and Technical Services	89,500		89,500	78,797	10,703
General Supplies	2,200		2,200	2,087	113
Other Objects	1,000		1,000	414	586
Total - Undistributed Expenditures - Security	131,540		131,540	113,147	18,393
Total - Operation and Maintenance of Plant Services	1,806,680	(55,768)	1,750,912	1,590,671	160,241

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Student Transportation Services:					
Salaries of Non-Instructional Aides					
Salaries for Pupil Transportation (Between Home & School) - Spec. Ed.	\$ 46,238	\$ -	\$ 46,238	\$ 46,238	\$ -
Salaries for Pupil Transportation (Other than Between Home & School)	28,500	(9,953)	18,547	16,058	2,489
Cleaning, Repair, & Maintenance Services	5,300		5,300	3,944	1,356
Contracted Services (Other Than Home & School) - Vendors	30,000		30,000	18,051	11,949
Contracted Services (Special Education Students) - Vendors	338,000		338,000	264,924	73,076
Contracted Services (Special Education Students) - Joint Agreements	10,000		10,000	3,450	6,550
General Supplies	8,000		8,000	4,809	3,191
Total Student Transportation Services	466,038	(9,953)	456,085	357,474	98,611
Unallocated Benefits - Employee Benefits:					
Social Security Contribution	155,000	26,084	181,084	181,084	
Other Retirement Contributions - PERS	165,000	7,385	172,385	170,958	1,427
Other Retirement Contributions - Regular	2,000	2,000	4,000	3,763	237
Unemployment Contribution	20,000		20,000	20,000	
Workmen's Compensation	185,000	7	185,007	181,504	3,503
Health Benefits	2,600,000	(26,118)	2,573,882	2,351,665	222,217
Tuition Reimbursements	28,800	(9,600)	19,200	18,332	868
Other Employee Benefits	106,000	9,600	115,600	113,100	2,500
Unused Sick Payment to Terminated/Retired Staff	33,400		33,400	8,400	25,000
Total Unallocated Benefits - Employee Benefits	3,295,200	9,358	3,304,558	3,048,806	255,752
On-behalf TPAF Pension Contributions - Normal (Non-Budgeted)				1,270,100	(1,270,100)
On-behalf TPAF Medical Contributions (Non-Budgeted)				576,115	(576,115)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				1,738	(1,738)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				505,037	(505,037)
Total TPAF Contributions				2,352,990	(2,352,990)
Total Undistributed Expenses	10,563,610	(152,702)	10,410,908	11,626,982	(1,216,074)
Interest on Maintenance Reserve	1,620		1,620		1,620
Total Expenditures - Current Expense	16,930,984	(46,540)	16,884,444	17,992,676	(1,108,232)

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
CAPITAL OUTLAY:					
Equipment:					
Grades 6-8	\$ 18,000	\$ 17,765	\$ 35,765	\$ 34,982	\$ 783
Undistributed Expenditures - School Administration	41,630	22,347	63,977	63,977	
Facilities Acquisition and Construction Services:					
Architectural Fees		22,000	22,000	22,000	
Assessment for Debt Service on SDA Funding	3,043		3,043	3,043	
Interest Deposit to Capital Reserve	1,885		1,885		1,885
Total Capital Outlay	<u>64,558</u>	<u>62,112</u>	<u>126,670</u>	<u>124,002</u>	<u>2,668</u>
Total Expenditures	<u>16,995,542</u>	<u>15,572</u>	<u>17,011,114</u>	<u>18,116,678</u>	<u>(1,105,564)</u>
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,008,037)</u>	<u>(15,572)</u>	<u>(1,023,609)</u>	<u>590,149</u>	<u>1,613,758</u>
Operating Financing Sources (Uses)					
Transfer of Funds to Charter School	<u>(15,572)</u>	<u>15,572</u>			
Total Othe Financing Sources (Uses)	<u>(15,572)</u>	<u>15,572</u>			
Excess (Deficiency) of Revenues and Other Financing Sourcer Over (Under) Expenditures and Other Financing (Uses)	<u>(1,023,609)</u>		<u>(1,023,609)</u>	<u>590,149</u>	<u>1,613,758</u>
Fund Balances, July 1	<u>4,092,512</u>		<u>4,092,512</u>	<u>4,092,512</u>	
Fund Balances, June 30	<u>\$ 3,068,903</u>	<u>\$ -</u>	<u>\$ 3,068,903</u>	<u>\$ 4,682,661</u>	<u>\$ 1,613,758</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 710,675	
Capital Reserve - Designated for Subsequent Year's Expenditures				250,000	
Maintenance Reserve				1,029,656	
Excess Surplus Previous Year - Designated for Subsequent Year's Expenditures				931,219	
Excess Surplus - Current Year				1,226,462	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				62,389	
Unassigned Fund Balance				<u>472,260</u>	
				4,682,661	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(442,821)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,239,840</u>	

BOROUGH OF PALMYRA SCHOOL DISTRICT
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Federal Sources:					
Title I, Part A	\$ 207,082	\$ 24,762	\$ 231,844	\$ 213,256	\$ 18,588
Title I, SIA		184,138	184,138	49,486	134,652
Title I, Part A - Reallocated		15,872	15,872	15,831	41
Title II, Part A	20,565	7,068	27,633	27,450	183
Title IV		13,919	13,919	7,234	6,685
I.D.E.A., Part B Basic	244,720	31,593	276,313	276,313	
I.D.E.A., Part B, Preschool Incentive	6,570	973	7,543	7,543	
Total - Federal Sources	478,937	278,325	757,262	597,113	160,149
Local Sources					
Total Revenues	\$ 478,937	\$278,325	\$ 757,262	\$ 597,113	\$ 160,149
EXPENDITURES:					
Instruction:					
Salaries	\$ 162,172	\$ 30,591	\$ 192,763	\$ 175,464	\$ 17,299
Purchased Professional and Technical Services	244,720	(229,720)	15,000	10,275	4,725
Other Purchased Services		276,313	276,313	276,313	
General Supplies		101,519	101,519	59,235	42,284
Total Instruction	406,892	178,703	585,595	521,287	64,308
Support Services:					
Other Support Salaries		70,000	70,000	16,748	53,252
Personal Services - Employee Benefits	51,480	(27,086)	24,394	24,394	
Purchased Professional and Technical Services	13,565	20,987	34,552	27,867	6,685
Other Purchased Services	5,000		5,000	5,000	
Supplies and Materials	2,000	35,721	37,721	1,817	35,904
Total Support Services	72,045	99,622	171,667	75,826	95,841
Total Expenditures	\$ 478,937	\$278,325	\$ 757,262	\$ 597,113	\$ 160,149

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION PART II**

BOROUGH OF PALMYRA SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2019

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 18,706,827	\$ 597,113
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, 2018.	422,291	
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, 2019.	(442,821)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 18,686,297</u>	<u>\$ 597,113</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>\$ 18,116,678</u>	<u>\$ 597,113</u>

**REQUIRED SUPPLEMENTARY
INFORMATION PART III**

BOROUGH OF PALMYRA SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</u>
District's Proportion of the Net Pension Liability	0.017225%		0.017233%		0.016815%		0.016885%		0.019718%		0.017493%
District's Proportionate Share of the Net Pension Liability	\$ 3,391,554	\$	4,011,458	\$	4,979,985	\$	3,790,247	\$	3,691,696	\$	3,343,179
District's Covered-Employee Payroll	\$ 1,212,343	\$	1,222,176	\$	1,205,316	\$	1,231,984	\$	1,451,228	\$	1,278,936
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	279.75%		328.22%		413.17%		307.65%		254.38%		261.40%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	53.60%		48.10%		40.14%		47.93%		52.08%		48.72%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

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

BOROUGH OF PALMYRA SCHOOL DISTRICT
Schedule of District Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 172,035	\$ 161,331	159,641	149,378	\$ 145,162	\$ 162,550
Contributions in relation to the Contractually Required Contribution	(172,035)	(161,331)	(159,641)	(149,378)	(145,162)	(162,550)
Contribution Deficiency (Excess)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
District's Covered-Employee Payroll	\$ 1,212,343	\$ 1,222,176	\$ 1,205,316	\$ 1,231,984	\$ 1,451,228	\$ 1,278,936
Contributions as a Percentage of Covered-Employee Payroll	14.19%	13.20%	13.24%	12.12%	10.00%	12.71%

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

BOROUGH OF PALMYRA SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years*

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</u>
District's Proportion of the Net Pension Liability	0.063751%		0.062543%		0.062357%		0.061856%		0.058143%		0.062280%
District's Proportionate Share of the Net Pension Liability	\$ 40,556,710	\$	42,168,704		49,053,745		39,095,730		31,075,683	\$	31,476,018
District's Covered-Employee Payroll	\$ 6,781,496	\$	6,656,839		7,507,596		7,181,012		7,275,052	\$	6,702,376
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	598.05%		633.46%		653.39%		544.43%		427.15%		469.62%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	26.49%		25.41%		22.33%		28.71%		33.64%		33.76%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

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

BOROUGH OF PALMYRA SCHOOL DISTRICT
Required Supplementary Information - Part III
Schedule of Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Last Ten Fiscal Years

	2018	2017
Total OPEB Liability		
Service Cost	\$ 1,310,245	\$ 1,576,958
Interest Cost	1,458,299	1,260,137
Changes of Benefit Terms		
Differences Between Expected and Actual Experiences	(3,988,362)	
Changes of Assumptions	(3,887,439)	(5,169,974)
Member Contributions	31,307	33,994
Gross Benefit Payments	(905,832)	(923,190)
Net Change in Total OPEB Liability	(5,981,782)	(3,222,075)
Total OPEB Liability - Beginning	39,857,768	43,079,843
Total OPEB Liability - Ending	\$ 33,875,986	\$ 39,857,768
Covered-Employee Payroll	\$ 7,993,839	\$ 7,879,015
Total OPEB Liability as a Percentage of Covered-Employee Payroll	423.78%	505.87%

Notes to Schedule:

Changes of Benefit Terms: None

Differences Between Expected and Actual Experiences: There is no change in the Total OPEB Liability from June 30, 2016 to June 30, 2017 due to differences in expected and actual experiences. The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience.

Changes in Assumptions: The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017. The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions.

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.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

BOROUGH OF PALMYRA SCHOOL DISTRICT
Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2019

	NCLB					I.D.E.A. Part B		
	Total	Title I		Title II	Title IV	Basic	Preschool	
		Title I, Part A	SIA					Reallocated
REVENUES:								
Federal Sources	\$ 597,113	\$ 213,256	\$ 49,486	\$ 15,831	\$ 27,450	\$ 7,234	\$ 276,313	\$ 7,543
Local Sources								
Total Revenues	597,113	213,256	49,486	15,831	27,450	7,234	276,313	7,543
EXPENDITURES:								
Instruction:								
Salaries	175,464	161,321	6,600					7,543
Purchased Professional and Technical Services	10,275		10,275					
Other Purchased Services	276,313						276,313	
General Supplies	59,235	27,541	15,863	15,831				
Total Instruction	521,287	188,862	32,738	15,831			276,313	7,543
Support Services:								
Other Support Salaries	16,748		16,748					
Personal Services - Employee Benefits	24,394	24,394						
Purchased Professional and Technical Services	27,867				20,633	7,234		
Other Purchased Services	5,000				5,000			
Supplies and Materials	1,817				1,817			
Total Support Services	75,826	24,394	16,748		27,450	7,234		
Total Expenditures	\$ 597,113	\$ 213,256	\$ 49,486	\$ 15,831	\$ 27,450	\$ 7,234	\$ 276,313	\$ 7,543

CAPITAL PROJECTS FUND DETAIL STATEMENT

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

Alternative High School Enterprise Fund – This fund provides for the operation of the District’s Alternative High School.

Transportation Enterprise Fund – This fund provides for transportation services provided to other local educational associations.

Related Services Enterprise Fund – This fund provides for student support services which are provided to other local educational associations.

BOROUGH OF PALMYRA SCHOOL DISTRICT

Proprietary Fund

Business-Type Activities - Enterprise Funds

Combining Statement of Net Position

June 30, 2019

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 140,630	\$ 296,054	\$ 436,684
Accounts Receivable:			
State	209		209
Federal	9,260		9,260
Inventories	6,211		6,211
Total Current Assets	<u>156,310</u>	<u>296,054</u>	<u>452,364</u>
Noncurrent Assets:			
Furniture, Fixtures and Equipment	337,711		337,711
Less Accumulated Depreciation	(286,048)		(286,048)
Total Noncurrent Assets	<u>51,663</u>		<u>51,663</u>
Total Assets	<u>207,973</u>	<u>296,054</u>	<u>504,027</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	31,900		31,900
Unearned Revenue	6,874		6,874
Total Liabilities	<u>38,774</u>		<u>38,774</u>
NET POSITION:			
Restricted:			
Net Investment in Capital Assets	51,663		51,663
Unrestricted	117,536	296,054	413,590
Total Net Position	<u>\$ 169,199</u>	<u>\$ 296,054</u>	<u>\$ 465,253</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, 2019

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales:			
Non-reimbursable Programs	\$ 102,577		\$ 102,577
Reimbursable Program -- School Breakfast	7,186		7,186
Reimbursable Program -- School Lunch	90,949		90,949
Child Care Fees		\$ 137,093	137,093
Total Operating Revenues	<u>200,712</u>	<u>137,093</u>	<u>337,805</u>
OPERATING EXPENSES:			
Salaries	133,475	101,563	235,038
Employee Benefits	24,485	36,000	60,485
Management Fee	23,000		23,000
General Supplies	32,682	5,453	38,135
Direct Expenses	17,044		17,044
Depreciation	4,576		4,576
Other Professional and Technical Services	9,306	4,514	13,820
Cost of Sales - Reimbursable Programs	182,160		182,160
Cost of Sales - Non-reimbursable Programs	23,750		23,750
Total Operating Expenses	<u>450,478</u>	<u>147,530</u>	<u>598,008</u>
Operating Income / (Loss)	<u>(249,766)</u>	<u>(10,437)</u>	<u>(260,203)</u>
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	4,320		4,320
Federal Sources:			
National School Lunch Program	160,792		160,792
National School Breakfast Program	31,502		31,502
Food Distribution Program	34,176		34,176
Interest Revenue	157	250	407
Total Nonoperating Revenues	<u>230,947</u>	<u>250</u>	<u>231,197</u>
Change in Net Position	<u>(18,819)</u>	<u>(10,187)</u>	<u>(29,006)</u>
Net Position -- July 1	<u>188,018</u>	<u>306,241</u>	<u>494,259</u>
Net Position -- June 30	<u>\$ 169,199</u>	<u>\$ 296,054</u>	<u>\$ 465,253</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, 2019

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 200,712	\$ 137,093	\$ 337,805
Payments to Management Company	(23,000)		(23,000)
Payments to Employees	(133,475)	(101,563)	(235,038)
Payments for Employee Benefits	(24,485)	(36,000)	(60,485)
Payments for Supplies and Services	(228,256)	(9,967)	(238,223)
Net Cash Provided by (Used for) Operating Activities	<u>(208,504)</u>	<u>(10,437)</u>	<u>(218,941)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	4,320		4,320
Federal Sources	226,470		226,470
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>230,790</u>		<u>230,790</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Purchase of Fixed Assets	(39,027)		(39,027)
Net Cash Provided by (Used for) Capital Financing Activities	<u>(39,027)</u>		<u>(39,027)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Revenue	157	250	407
Net Increase in Cash and Cash Equivalents	<u>(16,584)</u>	<u>(10,187)</u>	<u>(26,771)</u>
Cash and Cash Equivalents -- July 1	157,214	306,241	463,455
Cash and Cash Equivalents -- June 30	<u>\$ 140,630</u>	<u>\$ 296,054</u>	<u>\$ 436,684</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (249,766)	\$ (10,437)	\$ (260,203)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	4,576		4,576
(Increase) Decrease in Accounts Receivable	3,094		3,094
(Increase) Decrease in Inventories	5,349		5,349
Increase (Decrease) in Unearned Revenue	(3,657)		(3,657)
Increase (Decrease) in Accounts Payable	31,900		31,900
Total Adjustments	<u>41,262</u>		<u>41,262</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (208,504)</u>	<u>\$ (10,437)</u>	<u>\$ (218,941)</u>

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

BOROUGH OF PALMYRA SCHOOL DISTRICT

Fiduciary Funds

Combining Statement of Fiduciary Net Position

June 30, 2019

	Private-Purpose	Agency Funds			
	Trust Fund	Unemployment Compensation Insurance	Student Activity	Payroll	Total
ASSETS:					
Cash and Cash Equivalents	\$ 174,576	\$ 136,032	\$ 5,762	\$ 316,370	
Total Assets	<u>174,576</u>	<u>136,032</u>	<u>5,762</u>	<u>316,370</u>	
LIABILITIES:					
Interfund Accounts Payable:					
Due General Fund			183	183	
Payable to Student Groups		136,032		136,032	
Flexible Spending Reserve			5,579	5,579	
Total Liabilities		<u>\$ 136,032</u>	<u>\$ 5,762</u>	<u>\$ 141,794</u>	
NET POSITION:					
Restricted:					
Held in Trust for Payment of Claims	<u>\$ 174,576</u>				

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, 2019

	<u>Unemployment Compensation Insurance Trust Fund</u>
ADDITIONS:	
Interest on Investments	\$ 2,750
Employer Contributions	20,000
Employee Contributions	15,394
Total Additions	<u>38,144</u>
DELETIONS:	
Withdrawals	<u>22,492</u>
Change in Net Position	15,652
Net Position -- July 1	<u>158,924</u>
Net Position -- June 30	<u><u>\$ 174,576</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, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
District Administration	\$ 1,142	\$ 14,387	\$ 3,578	\$ 11,951
Charles Street School	11,934	19,579	25,128	6,385
High School	57,412	110,635	111,837	56,210
Scholarships	62,509	26,544	27,567	61,486
Total All Schools	<u>\$ 132,997</u>	<u>\$ 171,145</u>	<u>\$ 168,110</u>	<u>\$ 136,032</u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 3,905	\$ 9,812,411	\$ 9,810,554	\$ 5,762
Total Assets	<u>3,905</u>	<u>9,812,411</u>	<u>9,810,554</u>	<u>5,762</u>
LIABILITIES:				
Payroll Deductions and Withholdings \$		\$ 4,097,756	\$ 4,097,756	\$
Net Payroll		5,706,702	5,706,702	
Flexible Spending Reserve	3,902	7,773	6,096	5,579
Interfund Accounts Payable:				
Due General Fund	3	180		183
Total Liabilities	<u>\$ 3,905</u>	<u>\$ 9,812,411</u>	<u>\$ 9,810,554</u>	<u>\$ 5,762</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

BOROUGH OF PALMYRA SCHOOL DISTRICT

Schedule of Serial Bonds

For the Fiscal Year Ended June 30, 2019

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>
			<u>Date</u>	<u>Amount</u>					
School District Bonds - Series 2009	10-15-09	\$ 9,883,000				\$ 400,000		\$ 400,000	\$ -
School District Refunding Bonds - Series 2016	09-14-16	8,365,000	03-01-20	\$885,000	4.00%				
			03-01-21	925,000	4.00%				
			03-01-22	480,000	4.00%				
			03-01-23	635,000	4.00%				
			03-01-24	640,000	4.00%				
			03-01-25	640,000	3.00%				
			03-01-26	640,000	3.00%				
			03-01-27	635,000	3.50%				
			03-01-28	635,000	3.00%				
			03-01-29	625,000	3.50%				
			03-01-30	625,000	3.50%				
						7,860,000		\$ 495,000	\$ 7,365,000
						<u>\$ 8,260,000</u>		<u>\$ 895,000</u>	<u>\$ 7,365,000</u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2019

	<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	\$ 987,461		\$ 987,461	\$ 987,461	
State Sources:					
Debt Service Aid Type II	175,410		175,410	175,410	
Total Revenues	<u>1,162,871</u>		<u>1,162,871</u>	<u>1,162,871</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	292,875		292,875	292,875	
Redemption of Principal	895,000		895,000	895,000	
Total Expenditures	<u>1,187,875</u>		<u>1,187,875</u>	<u>1,187,875</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,004)</u>		<u>(25,004)</u>	<u>(25,004)</u>	
Other Financing Sources (Uses):					
Operating Transfers In:					
Total Other Financing Sources					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(25,004)</u>		<u>(25,004)</u>	<u>(25,004)</u>	
Fund Balance, July 1	25,004		25,004	25,004	
Fund Balance, June 30	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Restricted Fund Balance				<u>\$ -</u>	

STATISTICAL SECTION

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

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities:										
Net Investment in Capital Assets	\$ 2,864,732	\$ 2,543,351	\$ 1,769,218	\$ 1,967,127	\$ 1,687,809	\$ 1,504,616	\$ 1,450,787	\$ 1,410,647	\$ 868,901	\$ 905,874
Restricted	4,148,012	3,649,028	3,159,870	2,998,955	2,640,525	2,329,781	1,679,066	1,922,185	2,063,474	1,930,621
Unrestricted (Deficit)	<u>(4,211,094)</u>	<u>(4,385,670)</u>	<u>(3,667,853)</u>	<u>(4,199,304)</u>	<u>(4,120,110)</u>	<u>(224,102)</u>	<u>(142,141)</u>	<u>(250,459)</u>	<u>(354,049)</u>	<u>(652,811)</u>
Total Governmental Activities Net Position	<u>\$ 2,801,650</u>	<u>\$ 1,806,709</u>	<u>\$ 1,261,235</u>	<u>\$ 766,777</u>	<u>\$ 208,224</u>	<u>\$ 3,610,295</u>	<u>\$ 2,987,712</u>	<u>\$ 3,082,373</u>	<u>\$ 2,578,326</u>	<u>\$ 2,183,684</u>
Business-type Activities:										
Net Investment in Capital Assets	\$ 51,663	\$ 17,212	\$ 19,186	\$ 21,403	\$ 26,537	\$ 31,922	\$ 22,052	\$ 30,266	\$ 8,967	\$ 13,269
Unrestricted	<u>413,590</u>	<u>477,047</u>	<u>435,609</u>	<u>390,792</u>	<u>322,962</u>	<u>248,229</u>	<u>186,763</u>	<u>174,228</u>	<u>202,484</u>	<u>167,318</u>
Total Business-type Activities Net Position	<u>\$ 465,253</u>	<u>\$ 494,259</u>	<u>\$ 454,795</u>	<u>\$ 412,194</u>	<u>\$ 349,499</u>	<u>\$ 280,151</u>	<u>\$ 208,815</u>	<u>\$ 204,494</u>	<u>\$ 211,451</u>	<u>\$ 180,587</u>
Government-wide:										
Net Investment in Capital Assets	\$ 2,916,395	\$ 2,560,563	\$ 1,788,404	\$ 1,988,530	\$ 1,714,346	\$ 1,536,538	\$ 1,472,839	\$ 1,440,913	\$ 877,868	\$ 919,143
Restricted	4,148,012	3,649,028	3,159,870	2,998,955	2,640,525	2,329,781	1,679,066	1,922,185	2,063,474	1,930,621
Unrestricted (Deficit)	<u>(3,797,504)</u>	<u>(3,908,623)</u>	<u>(3,232,244)</u>	<u>(3,808,512)</u>	<u>(3,797,148)</u>	<u>24,126</u>	<u>44,622</u>	<u>(76,231)</u>	<u>(151,565)</u>	<u>(485,493)</u>
Total Government-wide Net Position	<u>\$ 3,266,903</u>	<u>\$ 2,300,968</u>	<u>\$ 1,716,030</u>	<u>\$ 1,178,972</u>	<u>\$ 557,723</u>	<u>\$ 3,890,445</u>	<u>\$ 3,196,527</u>	<u>\$ 3,286,867</u>	<u>\$ 2,789,777</u>	<u>\$ 2,364,271</u>

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 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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
EXPENSES:										
Governmental Activities:										
Instruction:										
Regular	\$ 4,638,050	\$ 4,432,535	\$ 4,391,258	\$ 4,897,047	\$ 5,240,728	\$ 4,685,701	\$ 4,736,984	\$ 4,297,173	\$ 4,542,144	\$ 4,846,951
Special Education	1,764,431	1,615,646	1,617,712	1,683,856	1,416,951	1,420,120	1,682,763	1,597,824	1,228,609	1,319,211
Other Special Education	519,836	548,518	726,868	591,072	522,805	487,942	427,228	334,898	310,407	387,277
Support Services:										
Tuition	1,336,684	1,295,971	1,380,458	1,450,814	1,371,105	1,425,581	1,064,517	987,665	1,068,813	827,855
Student and Instruction Related Services	1,803,019	1,752,793	1,619,126	1,525,066	1,651,117	1,565,243	1,584,884	1,662,108	1,427,491	1,524,423
School Administrative Services	1,097,280	423,498	413,584	403,066	509,522	368,970	502,060	503,830	484,710	467,671
General and Business Administrative Services	744,938	690,026	796,722	713,233	942,828	838,531	690,948	565,790	521,374	638,261
Plant Operations and Maintenance	1,593,714	2,239,552	1,544,631	1,417,720	1,487,968	1,433,716	1,410,294	1,337,947	1,840,879	1,493,770
Pupil Transportation	357,474	397,385	370,634	289,333	316,263	294,760	310,514	253,947	315,102	306,731
Unallocated Benefits	9,815,194	8,664,268	7,889,694	6,198,135	4,062,962	3,603,120	3,888,106	3,491,252	3,278,700	3,159,569
Special Schools										193,289
Interest on Long-term Debt	187,874	434,809	298,544	395,020	427,371	448,970	473,181	488,934	562,219	703,617
Unallocated Depreciation								597,286	19,318	
Total Governmental Activities Expenses	<u>23,858,494</u>	<u>22,495,001</u>	<u>21,049,231</u>	<u>19,564,361</u>	<u>17,949,621</u>	<u>16,572,653</u>	<u>16,771,480</u>	<u>16,118,654</u>	<u>15,599,766</u>	<u>15,868,625</u>
Business-type Activities:										
Food Service	450,478	371,481	371,310	364,319	348,434	365,504	354,224	345,900	320,327	336,756
After School Program	147,530	144,562	132,725	119,501	114,003	96,814	131,485	63,624	64,104	116,010
Total Business-type Activities Expense	<u>598,008</u>	<u>516,043</u>	<u>504,035</u>	<u>483,820</u>	<u>462,437</u>	<u>462,317</u>	<u>485,710</u>	<u>409,524</u>	<u>384,431</u>	<u>452,766</u>
Total Government Expenses	<u>\$ 24,456,502</u>	<u>\$ 23,011,044</u>	<u>\$ 21,553,266</u>	<u>\$ 20,048,181</u>	<u>\$ 18,412,058</u>	<u>\$ 17,034,970</u>	<u>\$ 17,257,189</u>	<u>\$ 16,528,178</u>	<u>\$ 15,984,197</u>	<u>\$ 16,321,391</u>
PROGRAM REVENUES:										
Governmental Activities:										
Operating Grants and Contributions	\$ 4,042,579	\$ 4,611,312	\$ 5,304,567	\$ 4,043,731	\$ 1,910,537	\$ 1,659,253	\$ 1,907,858	\$ 1,869,015	\$ 1,794,424	\$ 1,839,864
Charges for Services	1,615,418	1,438,398	1,103,457	1,361,193	1,749,865	1,853,201	1,800,427	1,740,648	1,728,342	1,606,803
Total Governmental Activities Program Revenues	<u>5,657,997</u>	<u>6,049,710</u>	<u>6,408,023</u>	<u>5,404,925</u>	<u>3,660,402</u>	<u>3,512,454</u>	<u>3,708,285</u>	<u>3,609,663</u>	<u>3,522,766</u>	<u>3,446,667</u>
Business-type Activities:										
Charges for Services:										
Food Service	200,712	164,881	160,491	146,001	138,635	146,565	143,416	145,386	152,888	157,885
After School Program	137,093	148,461	154,699	148,714	165,802	152,379	128,924	116,270	93,683	93,517
Operating Grants and Contributions	230,790	238,370	237,138	251,721	227,293	219,204	217,621	205,030	167,318	172,116
Total Business-type Activities Program Revenues	<u>568,595</u>	<u>551,712</u>	<u>552,328</u>	<u>546,436</u>	<u>531,731</u>	<u>518,148</u>	<u>489,960</u>	<u>466,686</u>	<u>413,889</u>	<u>423,518</u>
Total Government Program Revenues	<u>\$ 6,226,592</u>	<u>\$ 6,601,422</u>	<u>\$ 6,960,352</u>	<u>\$ 5,951,360</u>	<u>\$ 4,192,133</u>	<u>\$ 4,030,602</u>	<u>\$ 4,198,245</u>	<u>\$ 4,076,349</u>	<u>\$ 3,936,655</u>	<u>\$ 3,870,185</u>
NET (EXPENSE)/REVENUE:										
Governmental Activities	<u>\$(18,200,497)</u>	<u>\$(16,445,291)</u>	<u>\$(14,641,208)</u>	<u>\$(14,159,437)</u>	<u>\$(14,289,219)</u>	<u>\$(13,060,199)</u>	<u>\$(13,063,195)</u>	<u>\$(12,508,991)</u>	<u>\$(12,077,000)</u>	<u>\$(12,421,958)</u>
Business-type Activities	<u>(29,413)</u>	<u>35,669</u>	<u>48,294</u>	<u>62,616</u>	<u>69,293</u>	<u>55,831</u>	<u>4,251</u>	<u>57,162</u>	<u>29,458</u>	<u>(29,248)</u>
Total Government-wide Net Expense	<u>\$(18,229,910)</u>	<u>\$(16,409,622)</u>	<u>\$(14,592,914)</u>	<u>\$(14,096,821)</u>	<u>\$(14,219,925)</u>	<u>\$(13,004,369)</u>	<u>\$(13,058,944)</u>	<u>\$(12,451,829)</u>	<u>\$(12,047,542)</u>	<u>\$(12,451,206)</u>

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

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 9,365,224	\$ 9,181,593	\$ 8,806,464	\$ 8,633,789	\$ 8,155,162	\$ 7,586,442	\$ 7,225,184	\$ 7,225,184	\$ 7,151,345	\$ 6,972,447
Taxes Levied for Debt Service	987,461	1,042,046	1,094,439	948,158	948,158	967,890	925,603	925,603	999,442	524,190
Unrestricted Grants and Contributions	8,698,562	6,749,597	5,097,356	5,041,154	5,033,439	5,073,565	4,937,350	4,725,939	4,267,162	4,550,482
Investment Earnings	84,978	35,078	3,729	4,171	3,747		2,700	1,182	9,345	67,282
Other	64,251	93,979	133,678	90,718	89,822	70,339	17,790	35,263	44,348	83,872
Disposal of Assets								(133)		
Transfers						(15,454)		100,000		
Total Governmental Activities	19,200,476	17,102,293	15,135,666	14,717,990	14,230,328	13,682,782	13,108,627	13,013,038	12,471,642	12,198,273
Business-type Activities:										
Investment Earnings	407	3,796	110	80	55	52	69	99	1,406	1,408
Contribution of Capital Assets								25,782		
Transfers						15,454		(90,000)		
Total Business-type Activities	407	3,796	110	80	55	15,506	69	(64,119)	1,406	1,408
Total Government-wide	\$ 19,200,883	\$ 17,106,089	\$ 15,135,776	\$ 14,718,070	\$ 14,230,382	\$ 13,698,287	\$ 13,108,696	\$ 12,948,919	\$ 12,473,048	\$ 12,199,681
CHANGE IN NET POSITION:										
Governmental Activities	\$ 999,979	\$ 657,002	\$ 494,458	\$ 558,553	\$ (58,891)	\$ 622,582	\$ 45,432	\$ 504,047	\$ 394,642	\$ (223,685)
Business-type Activities	(29,006)	39,465	48,404	62,696	69,348	71,336	4,320	(6,957)	30,864	(27,840)
Total Government	\$ 970,973	\$ 696,467	\$ 542,861	\$ 621,249	\$ 10,457	\$ 693,919	\$ 49,752	\$ 497,090	\$ 425,506	\$ (251,525)

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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund:										
Restricted	\$4,148,012	\$3,624,024	\$3,134,365	\$3,373,278	\$3,051,837	\$2,329,780	\$1,849,780	\$1,302,191	\$1,418,045	\$1,647,394
Assigned	62,389	65,877	245,506	40,370	86,984	132,294	68,875	619,994	623,096	206,982
Unassigned (Deficit)	29,439	(19,680)	(15,850)	(23,568)	(71,432)	(33,661)	(90,817)	(72,123)	(52,148)	(122,966)
Total General Fund	<u>\$4,239,840</u>	<u>\$3,670,221</u>	<u>\$3,364,021</u>	<u>\$3,390,080</u>	<u>\$3,067,389</u>	<u>\$2,428,413</u>	<u>\$1,827,838</u>	<u>\$1,850,062</u>	<u>\$1,988,993</u>	<u>\$1,731,410</u>
All Other Governmental Funds:										
Assigned									\$ 354	\$ 76,245
Restricted, Reported in:										
Debt Service Fund		\$ 25,004	\$ 25,505	\$ 501	\$ 501	\$ 1	\$ 1			
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ 25,505</u>	<u>\$ 25,505</u>	<u>\$ 501</u>	<u>\$ 501</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 354</u>	<u>\$ 76,245</u>

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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
REVENUES:										
Tax Levy	\$ 10,352,685	\$ 10,223,639	\$ 9,900,903	\$ 9,581,947	\$ 9,103,320	\$ 8,554,332	\$ 8,150,787	\$ 8,150,787	\$ 8,150,787	\$ 7,496,637
Other Local Revenue	1,764,647	1,567,455	1,263,263	1,456,082	1,843,434	1,923,540	1,820,917	1,777,093	1,782,035	1,757,955
State Sources	7,712,447	7,175,737	6,848,984	6,590,796	6,342,142	6,180,513	6,234,002	5,814,744	5,382,319	4,975,970
Federal Sources	616,502	568,759	570,718	606,194	601,834	552,304	603,065	780,210	679,267	1,414,376
Total Revenues	20,446,281	19,535,590	18,583,868	18,235,019	17,890,730	17,210,690	16,808,771	16,522,834	15,994,408	15,644,938
EXPENDITURES:										
Instruction										
Regular Instruction	4,602,714	4,406,508	4,348,615	4,409,816	4,268,397	4,191,463	4,300,228	4,400,577	4,683,486	4,939,279
Special Education Instruction	1,764,431	1,615,646	1,617,712	1,683,856	1,416,951	1,420,120	1,675,457	1,597,824	1,228,609	1,319,156
Other Special Instruction	519,836	548,518	726,868	591,072	514,858	487,942	427,228	334,898	310,407	386,271
Support Services:										
Tuition	1,336,684	1,295,971	1,380,458	1,450,814	1,371,105	1,425,581	1,064,517	987,665	1,068,813	827,855
Student and Instruction Related Services	1,803,019	1,744,009	1,575,495	1,540,934	1,613,266	1,558,038	1,576,677	1,662,108	1,427,491	1,521,822
School Administrative Services	468,226	420,764	386,961	426,397	464,598	368,797	501,863	469,404	450,862	466,664
Other Administrative Services	744,938	689,508	791,826	628,642	762,944	741,803	594,238	531,363	487,525	630,738
Plant Operations and Maintenance	1,590,671	1,439,696	1,441,720	1,338,401	1,387,803	1,323,077	1,299,136	1,274,658	1,237,806	1,137,642
Pupil Transportation	357,474	397,385	370,634	294,129	311,467	294,760	310,514	246,582	315,102	306,731
Unallocated Benefits	5,401,796	5,230,382	4,639,523	4,237,291	3,902,021	3,603,120	3,888,106	3,491,252	3,278,700	3,159,569
Debt Service:										
Principal	895,000	905,000	910,000	885,000	720,000	725,000	705,000	660,000	640,000	325,000
Interest and Other Charges	292,875	313,975	353,044	405,405	431,168	451,918	476,393	494,067	634,290	423,702
Special Schools										193,289
Capital Outlay	124,002	222,529	162,413	20,570	86,677	18,497	11,639	633,700	27,646	668,651
Total Expenditures	19,901,666	19,229,891	18,705,269	17,912,328	17,251,254	16,610,114	16,830,995	16,784,098	15,790,737	16,306,369
Excess (Deficiency) of Revenues Over (Under) Expenditures	544,615	305,699	(121,401)	322,691	639,476	600,575	(22,223)	(261,264)	203,671	(661,431)
OTHER FINANCING SOURCES (USES):										
Proceeds from Issuance of Refunding Bonds			8,365,000							
Premium from Issuance of Refunding Bonds			872,094							
Payment to Refunded Debt Escrow Agent			(9,116,749)							
Transfers In				151,154			44,245	100,000		136,649
Transfers Out				(151,154)			(44,245)			(136,649)
Total Other Financing Sources (Uses)			120,345					100,000		
Net Change in Fund Balances	\$ 544,615	\$ 305,699	\$ (1,055)	\$ 322,691	\$ 639,476	\$ 600,575	\$ (22,223)	\$ (161,264)	\$ 203,671	\$ (661,431)
Debt Service as a Percentage of Non-capital Expenditures	6.01%	6.41%	6.81%	7.21%	6.71%	7.09%	7.02%	7.15%	8.08%	4.79%

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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Interest on Investments	\$ 84,978	\$ 35,078	\$ 3,729	\$ 4,171	\$ 3,747	\$ 2,889	\$ 2,700	\$ 1,182	\$ 18,553	\$ 81,195
Tuition	1,615,418	1,438,398	1,103,457	1,361,193	1,749,865	1,853,201	1,800,427	1,740,648	1,728,342	1,606,803
Transportation Fees			5,918							
Shared Services								7,130	16,000	
Municipal Share of Costs										18,748
Solar Energy Rebate			53,550							36,288
Rental/Lease of Facilities					1,800	3,699	500	855	205	
Prior Year E-Rate	47,385	58,041	42,196	38,914	48,074					
Prior Year Refunds		14,920	13,034	29,581	14,228	17,687	12,636	12,202	12,841	10,952
Athletics	15,276	19,530	13,895	15,917	21,525	40,731				
Sale of Assets			22,670							
Miscellaneous	1,590	488	4,814	6,305	4,195	5,333	4,654	15,076	6,094	3,969
Total Miscellaneous Revenues	\$1,764,647	\$1,263,263	\$1,263,263	\$1,456,082	\$1,843,434	\$1,923,540	\$1,820,917	\$1,777,093	\$1,782,035	\$1,757,955

Source: District Records

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)
2019	\$ 4,787,800	\$ 408,502,345	\$	\$ 32,380,300	\$ 10,506,300	\$ 21,205,900	\$ 477,382,645	\$ 93	\$ 477,382,738	\$ 51,977,100	\$ 514,919,117	\$ 2.21
2018	4,745,800	408,349,375		32,396,800	10,506,300	20,916,100	477,098,075	94	476,914,469	52,333,400	509,197,496	2.17
2017	4,696,800	408,717,075	5,500	32,223,300	10,579,000	20,876,400	477,863,675	94	477,098,169	52,271,600	506,258,669	2.14
2016	4,719,400	409,121,975	5,500	32,492,300	10,648,100	20,876,400	478,745,130	93	477,863,768	52,300,600	515,828,765	2.07
2015	4,719,400	409,719,630	5,500	32,778,100	10,706,100	20,816,400	479,129,030	91	478,745,221	52,110,800	541,077,329	2.00
2014	4,719,400	410,223,830	5,500	32,599,300	10,715,100	20,865,900	480,659,630	284,018	479,413,048	52,161,100	530,998,495	1.90
2013	4,786,000	411,186,330	5,500	32,858,100	10,790,100	21,033,600	311,792,415	478,375	481,138,005	51,354,800	530,832,154	1.78
2012	4,036,900	268,395,315	27,800	19,347,300	7,042,500	12,942,600	312,861,070	285,208	312,077,623	31,866,102	558,878,264	2.61
2011	4,038,900	268,830,970	27,800	19,431,900	7,588,900	12,942,600	313,221,870	278,442	313,139,512	31,753,302	598,972,916	2.60
2010	3,945,700	271,283,170	35,000	18,910,400	6,000,400	13,047,200	314,053,470	326,992	313,548,862	31,753,302	598,298,970	2.60

- (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)		
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Borough of Palmyra	Burlington County	Total Direct and Overlapping Tax Rate
2019	\$ 1.986	\$ 0.220	\$ 2.206	\$ 1.243	\$ 0.430	\$ 3.879
2018	1.943	0.228	2.171	1.224	0.429	3.824
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	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

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	2019			2010		
	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	1	2.38%	\$ 2,607,000	1	0.83%
Boss Lady, LLC	3,500,000	2	0.73%	2,200,000	2	0.70%
River Villas Mews, LLC	2,261,600	3	0.47%			0.00%
Roto Cylinders, Inc.	2,247,800	4	0.47%	1,742,600	5	0.55%
Nai Entertainment Holdings, LLC	2,009,000	5	0.42%			0.00%
Philadelphia Sign Company	1,809,200	6	0.38%	2,046,900	3	0.65%
Rainer, Joseph	1,349,600	7	0.28%			
Palmyra Holdings LLC	1,320,600	8	0.28%			
Runquist, Edward & Monette	1,314,400	9	0.28%	792,300	9	0.25%
Paul W. Callahan, Trustee	1,177,700	10	0.25%	736,000	10	0.23%
Haroution K. Aydjian				912,100	8	0.29%
National Amusements Inc.				1,747,700	4	0.56%
Tower Management Services				1,540,000	6	0.49%
David Drew Associates				1,050,000	7	0.33%
Total	27,943,100		5.94%	\$ 15,374,600		4.89%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years
		Amount	Percentage of Levy	
2019	\$ 10,352,685	\$ 10,352,685	100%	
2018	10,223,639	\$ 10,223,639	100%	-
2017	9,900,903	\$ 9,900,903	100%	-
2016	9,581,947	\$ 9,581,947	100%	-
2015	9,103,320	\$ 9,103,320	100%	-
2014	8,554,332	\$ 8,554,332	100%	-
2013	8,150,787	\$ 8,150,787	100%	-
2012	8,150,787	\$ 8,150,787	100%	-
2011	8,150,787	\$ 8,150,787	100%	-
2010	7,496,637	\$ 7,496,637	100%	-

(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

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				
2019	\$ 7,365,000					\$ 7,365,000	1.71%	1,029
2018	8,260,000	-	-	-	-	8,260,000	1.92%	1,153
2017	9,165,000	-	-	-	-	9,165,000	2.14%	1,277
2016	10,335,000	-	-	-	-	10,335,000	2.50%	1,435
2015	11,220,000	-	-	-	-	11,220,000	2.76%	1,547
2014	11,940,000	-	-	-	-	11,940,000	3.06%	1,637
2013	12,665,000	-	-	-	-	12,665,000	3.36%	1,732
2012	13,370,000	-	-	-	-	13,370,000	3.56%	1,817
2011	14,030,000	-	-	-	-	14,030,000	3.81%	1,903
2010	14,670,000	-	-	-	-	14,670,000	4.11%	1,988

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)		
2019	\$ 7,365,000	-	\$ 7,365,000	1.43%	\$ 1,029
2018	8,260,000	-	8,260,000	1.62%	1,153
2017	9,165,000	-	9,165,000	2.00%	1,277
2016	10,335,000	-	10,335,000	2.07%	1,435
2015	11,220,000	-	11,220,000	2.25%	1,547
2014	11,940,000	-	11,940,000	2.39%	1,637
2013	12,665,000	-	12,665,000	2.39%	1,732
2012	13,370,000	-	13,370,000	2.34%	1,817
2011	14,030,000	-	14,030,000	2.45%	1,903
2010	14,670,000	-	14,670,000	2.46%	1,988

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, 2018
 (Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Palmyra Borough</u>
Municipal Debt: (1)				
Palmyra Borough Local School District	\$ 8,260,000	\$ 8,260,000	\$ -	\$ -
Palmyra Borough Sewer Utility	5,356,398	5,356,398		
Palmyra Borough	<u>12,595,025</u>	<u>733,850</u>	<u>11,861,175</u>	<u>11,861,175</u>
	<u>\$ 26,211,423</u>	<u>\$ 14,350,248</u>	<u>\$ 11,861,175</u>	<u>\$ 11,861,175</u>
Overlapping Debt Apportioned to the Municipality:				
County of Burlington: (2)				
General:				
Bonds	\$ 275,499,141	\$ 22,040,827	\$ 253,458,314	\$ 2,730,987
Bonds Issued by Other Public Bodies				
Guaranteed by the County	353,917,000	353,917,000		
Solid Waste Utility	<u>53,019,310</u>	<u>53,019,310</u>		
	<u>682,435,451</u>	<u>428,977,137</u>	<u>253,458,314</u>	<u>2,730,987</u>
	<u>\$ 708,646,874</u>	<u>\$ 443,327,385</u>	<u>\$ 265,319,489</u>	<u>\$ 14,592,162</u>

Sources:

- (1) 2018 Annual Debt Statement
- (2) County's 2018 Audit Report

BOROUGH OF PALMYRA SCHOOL DISTRICT

Legal Debt Margin Information

Last Ten Fiscal Years

(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized Valuation Basis (1):
2018	\$ 512,976,632
2017	509,393,631
2016	507,070,962
[A]	<u>\$ 1,529,441,225</u>
Average Equalized Valuation of Taxable Property	[A/3] \$ 509,813,742
Debt Limit (4% of Average Equalization Value) (2)	[B] \$ 20,392,550
Total Net Debt Applicable to Limit (3)	[C] <u>7,365,000</u>
Legal Debt Margin	[B-C] <u>\$ 13,027,550</u>

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt Limit	\$ 20,392,550	\$ 20,443,263	\$ 20,871,496	\$ 21,209,348	\$ 21,399,907	\$ 21,650,176	\$ 22,516,840	\$ 23,401,220	\$ 24,015,997	\$ 23,792,314
Total Net Debt Applicable to Limit (3)	<u>7,365,000</u>	<u>8,260,000</u>	<u>9,165,000</u>	<u>10,335,000</u>	<u>11,220,000</u>	<u>11,940,000</u>	<u>12,665,000</u>	<u>13,370,000</u>	<u>14,030,000</u>	<u>14,670,000</u>
Legal Debt Margin	<u>\$ 13,027,550</u>	<u>\$ 12,183,263</u>	<u>\$ 11,706,496</u>	<u>\$ 10,874,348</u>	<u>\$ 10,179,907</u>	<u>\$ 9,710,176</u>	<u>\$ 9,851,840</u>	<u>\$ 10,031,220</u>	<u>\$ 9,985,997</u>	<u>\$ 9,122,314</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	36.12%	40.40%	43.91%	48.73%	52.43%	55.15%	56.25%	57.13%	58.42%	61.66%

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

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>
2019 *	7,158	\$ 431,320,189	\$ 60,257	4.10%
2018	7,161	429,354,189	59,957	3.90%
2017	7,176	428,112,984	59,659	4.20%
2016	7,201	413,834,269	57,469	4.50%
2015	7,251	406,201,020	56,020	5.00%
2014	7,295	390,202,255	53,489	6.30%
2013	7,313	376,590,248	51,496	11.1%
2012	7,359	375,470,898	51,022	11.6%
2011	7,371	368,336,241	49,971	11.1%
2010	7,381	357,055,875	48,375	11.4%

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

* Estimates

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

Employer	2019			2010		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Lockheed Martin	3,450	1	1.58%			
TD Bank	3,388	2	1.55%			
Virtua Memorial Hospital	2,390	3	1.09%			
Burlington Coat Factory	2,338	4	1.07%			
PHH Mortgage	1,850	5	0.85%			
CVS	1,240	6	0.57%			
Automotive Resources International	1,200	7	0.55%			
Viking Yacht Co	1,100	8	0.50%			
Deborah Heart and Lung Center	1,050	9	0.48%			
Eickhoff ShopRites	1,026	10	0.47%			
McCollister's Transportation Group	1,000	11	0.46%			
Manheim NJ	850	12	0.39%			
Lourdes Medical Center	842	13	0.38%			
Express Scropts	700	14	0.32%			
Destination Maternity	675	15	0.31%			
	<u>23,099</u>		<u>10.55%</u>	<u>-</u>		<u>-</u>

INFORMATION
NOT AVAILABLE

Source: Burlington County Economic Resource Guide

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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction:										
Regular	61	59	65	65	64	59	61	64	69	69
Special education	27	26	26	27	27	27	33	29	19	19
Athletics	2	2	3	3	3	3	3	3	3	3
Adult/continuing education programs										
Support Services:										
Student & instruction related services	19	24	24	22	22	26	25	25	10	10
School administrative services	8	6	5	6	5	6	6	7	6	6
General and business administrative services	8	7	6	6	5	6	8	8	1	1
Plant operations and maintenance	19	19	14	14	14	16	15	16	12	12
Business and other support services	2	2	1	2	2	2	1	1	13	13
Child Care	1	1	1	1	1	1	1	1	1	1
Total	147	145	145	142	145	152	154	134	134	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				
2019	919	\$ 18,589,789	\$ 20,228	5.98%	90	1:14.0	1:14.0	924	880	-0.65%	95.24%
2018	932	17,788,387	19,086	-1.14%	86	1:14.0	1:11.0	930	879	4.45%	94.52%
2017	895	17,279,812	19,307	9.09%	93	1:11.0	1:8.33	890	842	-4.85%	94.53%
2016	941	16,601,354	17,642	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%

Sources: District Records

BOROUGH OF PALMYRA SCHOOL DISTRICT

School Building Information

Last Ten Fiscal Years

(Unaudited)

District Building	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Elementary										
Charles Street Elementary (1958)										
Square Feet	62,884	62,884	62,884	62,884	62,884	62,884	62,884	62,884	62,884	62,884
Capacity (students)	705	705	705	705	705	705	705	705	705	705
Enrollment	459	495	495	520	525	529	481	493	470	467
Delaware Avenue Elementary (1956)										
Square Feet	11,539	11,539	11,539	11,539	11,539	11,539	11,539	11,539	11,539	11,539
Capacity (students)	180	180	180	180	180	180	180	180	180	180
Enrollment							16	27	35	35
Senior High School										
Junior/Senior High School (1922)										
Square Feet	99,248	99,248	99,248	99,248	99,248	99,248	99,248	99,248	99,248	99,248
Capacity (students)	765	765	765	765	765	765	765	765	765	765
Enrollment	460	400	400	421	420	431	449	433	512	517

Number of Schools at June 30, 2019
 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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Charles Street School	\$ 165,310	\$ 130,952	\$ 132,314	\$ 115,208	\$ 132,252	\$ 111,027	\$ 112,451	\$ 71,365	\$ 69,286	\$ 654,656
Delaware Avenue School	32,144	25,462	25,728	22,402	18,466	21,589	21,865	13,876	13,472	229,188
Junior/Senior High School	261,740	207,343	209,498	182,413	183,820	176,807	178,047	112,994	109,702	1,015,396
Total School Facilities	<u>\$ 459,194</u>	<u>\$ 363,757</u>	<u>\$ 367,540</u>	<u>\$ 320,023</u>	<u>\$ 334,538</u>	<u>\$ 309,423</u>	<u>\$ 312,363</u>	<u>\$ 198,235</u>	<u>\$ 192,460</u>	<u>\$ 251,553</u>

* 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, 2019

(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

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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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
Palmyra Borough School District
County of Burlington, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Palmyra Borough School District, in the County of Burlington, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board of Education of the Palmyra Borough School District's basic financial statements, and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

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

This report is intended solely for the information and use of management, the Palmyra Borough Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 12, 2019

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Palmyra Borough School District, 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 Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Palmyra Borough School District's major federal and state programs for the fiscal year ended June 30, 2019. The Palmyra Borough Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of 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 Palmyra Borough Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit 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 as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, Uniform Guidance* and New Jersey OMB 15-08. Those standards, Uniform Guidance and New Jersey OMB 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Palmyra Borough Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

In our opinion, the Board of Education of the Palmyra Borough 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, 2019.

Report on Internal Control Over Compliance

Management of the Palmyra Borough School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Palmyra Borough Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB Treasury 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Palmyra Borough School District Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated October 30, 2019. However, material weaknesses may exist that have not been identified. 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 Uniform Guidance and New Jersey OMB 15-08.

This report is intended solely for the information and use of the audit committee, management, the Palmyra Borough Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 12, 2019

BOROUGH OF PALMYRA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2019

Pass-through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period		Balance June 30, 2018	Carry-over / (Walkover) Amount	Cash Received	Budgetary Funds		Balance June 30, 2019		
					From	To				Pass-Through Funds	Total Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor
General Fund:														
U.S. Department of Education:														
Passed-through the State Department of Education:														
Medicaid Administrative Claiming Aid	93.778	1905NJ5MAP	Unavailable	\$ 4,469	07-01-18	06-30-19			\$ 4,469	\$ (4,469)	\$ (4,469)			
Medical Assistance Program (SEMI)	93.778	1905NJ5MAP	Unavailable	14,920	07-01-18	06-30-19			14,920	(14,920)	(14,920)			
Total General Fund									19,389	(19,389)	(19,389)			
Special Revenue Fund:														
U.S. Department of Education:														
Passed-through State Department of Education:														
E.S.E.A.:														
Title I, Part A	84.010	S010A180030	ESEA392019	231,844	07-01-18	06-30-19			192,375	(213,256)	(213,256)	\$ (20,881)		
Title I, Part A - Reallocated	84.010	S010A180030	ESEA392019	15,872	07-01-18	06-30-19				(15,831)	(15,831)	(15,831)		
Title I, Part A	84.010	S010A170030	ESEA392018	230,091	07-01-17	06-30-18	\$ (50,120)		50,120					
Total Title I, Part A							(50,120)		242,495	(229,087)	(229,087)	(36,712)		
Title I, SIA Part A	84.010	S010A180030	ESEA392019	184,138	07-01-18	06-30-19			46,172	(49,486)	(49,486)	(3,314)		
Title II, Part A	84.367	S367A180029	ESEA392019	27,633	07-01-18	06-30-19			27,253	(27,450)	(27,450)	(197)		
Title II, Part A	84.367	S367A170029	ESEA392018	32,849	07-01-17	06-30-18	(5,406)		5,406					
Total Title II, Part A							(5,406)		32,659	(27,450)	(27,450)	(197)		
Title IV, Part A	84.424A	S424A180031	ESEA392019	13,919	07-01-18	06-30-19			7,250	(7,234)	(7,234)		\$ 16	
I.D.E.A. Part B:														
Basic	84.027	H027A180100	IDEA392019	276,313	07-01-18	06-30-19			276,313	(276,313)	(276,313)			
Pre-School	84.173	H173A180114	IDEA392019	7,543	07-01-18	06-30-19			6,789	(7,543)	(7,543)	(754)		
Pre-School	84.173	H173A170114	IDEA392018	7,300	07-01-17	06-30-18	(1,095)		1,095					
Total I.D.E.A. Part B Special Education Cluster							(1,095)		284,197	(283,856)	(283,856)	(754)		
Total Special Revenue Fund							(56,621)		612,773	(597,113)	(597,113)	(40,977)	16	
Enterprise Fund:														
U.S. Department of Agriculture:														
Passed-through State Department of Agriculture:														
Non-Cash Assistance (Food Distribution):														
Food Distribution Program	10.565	Unknown	Unavailable	34,176	07-01-18	06-30-19			34,176	(30,280)	(30,280)		3,896	
Food Distribution Program	10.565	Unknown	Unavailable	34,711	07-01-17	06-30-18	7,212			(7,212)	(7,212)			
Child Nutrition Cluster:														
Cash Assistance:														
National School Breakfast Program	10.553	191NJ304N1099	Unavailable	31,502	07-01-18	06-30-19			29,789	(31,502)	(31,502)	(1,713)		
National School Breakfast Program	10.553	181NJ304N1099	Unavailable	33,502	07-01-17	06-30-18	(1,582)		1,582					
National School Lunch Program	10.555	191NJ304N1099	Unavailable	160,792	07-01-18	06-30-19			153,245	(160,792)	(160,792)	(7,547)		
National School Lunch Program	10.555	181NJ304N1099	Unavailable	165,864	07-01-17	06-30-18	(7,081)		7,081					
Total Enterprise Fund							(1,451)		225,873	(229,786)	(229,786)	(9,260)	3,896	
Total Federal Financial Assistance							\$ (58,072)		\$858,035	\$ (846,288)	\$ (846,288)	\$ (50,237)	\$ 3,912	

(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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2019

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2018			Balance June 30, 2019			Memo		
			From	To	Unearned Revenue/ Accounts Receivable	Due to Grantor	Cash Received	Total Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2019	Cumulative Total Expenditures
General Fund:													
State Department of Education:													
Current Expense:													
State Aid - Public Cluster:													
Equalization Aid	19-495-034-5120-078	\$3,932,441	07-01-18	06-30-19			\$ 3,587,451	\$(3,932,441)				\$ (344,990)	\$3,932,441
Equalization Aid	18-495-034-5120-078	3,932,441	07-01-17	06-30-18	\$(345,446)		345,446						
Special Education Categorical Aid	19-495-034-5120-089	696,197	07-01-18	06-30-19			635,120	(696,197)				(61,077)	696,197
Special Education Categorical Aid	18-495-034-5120-089	477,653	07-01-17	06-30-18	(41,959)		41,959						
Security Aid	19-495-034-5120-084	218,608	07-01-18	06-30-19			199,430	(218,608)				(19,178)	218,608
Security Aid	18-495-034-5120-084	158,534	07-01-17	06-30-18	(13,926)		13,926						
Adjustment Aid	19-495-034-5120-085	102,575	07-01-18	06-30-19			93,576	(102,575)				(8,999)	102,575
Adjustment Aid	18-495-034-5120-085	102,575	07-01-17	06-30-18	(9,011)		9,011						
Under Adequacy Aid	18-495-034-5120-096	11,616	07-01-17	06-30-18	(1,021)		1,021						
PARCC Readiness Aid	18-495-034-5120-098	8,930	07-01-17	06-30-18	(784)		784						
Per Pupil Growth Aid	18-495-034-5120-097	8,930	07-01-17	06-30-18	(784)		784						
Professional Learning Community Aid	18-495-034-5120-101	8,780	07-01-17	06-30-18	(771)		771						
Total State Aid - Public Cluster					(413,702)		4,929,279	(4,949,821)	(434,244)			(434,244)	4,949,821
Transportation Aid	19-495-034-5120-014	97,770	07-01-18	06-30-19			\$ 89,193	(97,770)				(8,577)	97,770
Transportation Aid	18-495-034-5120-014	97,770	07-01-17	06-30-18	(8,589)		8,589						
Extraordinary Aid	19-100-034-5120-473	156,986	07-01-18	06-30-19				(156,986)					156,986
Extraordinary Aid	18-100-034-5120-473	95,459	07-01-17	06-30-18	(95,459)		95,459						
Reimbursed TPAF Social Security Contributions	19-495-034-5095-003	505,037	07-01-18	06-30-19			480,524	(505,037)				(24,513)	505,037
On-behalf T.P.A.F. Pension Contributions - Normal Cost	19-495-034-5094-002	1,270,100	07-01-18	06-30-19			1,270,100	(1,270,100)					1,270,100
On-behalf T.P.A.F. Pension Contributions - Post-Retirement Medical	19-495-034-5094-001	576,115	07-01-18	06-30-19			576,115	(576,115)					576,115
On-behalf T.P.A.F. Pension Contributions - Long Term Disability	19-495-034-5094-004	1,738	07-01-18	06-30-19			1,738	(1,738)					1,738
Total General Fund					(517,750)		7,450,997	(7,557,567)	(624,320)			(442,821)	7,557,567
Debt Service Fund:													
State Department of Education:													
State Support	19-100-034-5120-017	175,410	07-01-18	06-30-19			175,410	(175,410)					175,410
Enterprise Fund:													
New Jersey Department of Agriculture:													
State School Lunch Aid	19-100-010-3350-023	4,320	07-01-18	06-30-19			4,111	(4,320)					4,320
State School Lunch Aid	18-100-010-3350-023	4,293	07-01-17	06-30-18	(191)		191						
Total Enterprise Fund					(191)		4,302	(4,320)	(209)				4,320
Total State Financial Assistance					\$(517,941)		\$ 7,630,709	\$(7,737,297)	\$(624,529)			\$(442,821)	\$7,737,297
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:													
Less: On-Behalf TPAF Pension System Contributions													
On-behalf T.P.A.F. Pension Contributions - Normal Cost	19-495-034-5094-002	1,270,100	07-01-18	06-30-19			1,270,100	(1,270,100)					1,270,100
On-behalf T.P.A.F. Pension Contributions - Post-Retirement Medical	19-495-034-5094-001	576,115	07-01-18	06-30-19			576,115	(576,115)					576,115
On-behalf T.P.A.F. Pension Contributions - Long Term Disability	19-495-034-5094-004	1,738	07-01-18	06-30-19			1,738	(1,738)					1,738
Total General Fund (Non-Cash Assistance)							1,847,953	(1,847,953)					1,847,953
Total State Financial Assistance - Major Program Determination					\$(517,941)		\$(5,782,756)	\$ 5,889,344	\$(624,529)			\$(442,821)	\$9,585,250

(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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2019

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education of the Borough of Palmyra School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3: 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 grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.*, 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$20,530 for the general fund. See Exhibit C-3 (the 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 revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

BOROUGH OF PALMYRA SCHOOL DISTRICT.
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2019

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

	Federal	State	Total
General Fund	\$ 19,389	\$ 7,537,037	\$ 7,556,426
Special Revenue Fund	597,113		597,113
Debt Service Fund		175,410	175,410
Food Service Fund	226,470	4,320	230,790
Total Awards & Financial Assistance	<u>\$ 842,972</u>	<u>\$ 7,716,767</u>	<u>\$ 8,559,739</u>

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

Borough of Palmyra School District had no outstanding loans at June 30, 2019.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2019. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 8: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified? _____ yes X no

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified? _____ Yes X no

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)? _____ 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>
84.010	S010A180030	TITLE I, TITLE I REALLOCATED, TITLE I SIA

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

Auditee qualified as low-risk auditee? X yes _____ no

**BOROUGH OF PALMYRA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)**

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

State Awards

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

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

1) Material weakness (es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X no

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
19-495-034-5120-078	Equalization Aid
19-495-034-5120-089	Special Education Categorical Aid
19-495-034-5120-084	Security Aid
19-495-034-5120-085	Adjustment Aid

**BOROUGH OF PALMYRA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Treasury Circular 15-08 audit.

Finding: **None**

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

**BOROUGH OF PALMYRA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)**

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS - N/A

- Finding:**
- Information on the federal program:**
- Criteria or specific requirement:**
- Condition:**
- Questioned Costs:**
- Context:**
- Effect:**
- Cause:**
- Recommendation:**
- Views of responsible officials and planned corrective actions:**

STATE AWARDS - N/A

- Finding:**
- Information on the state program:**
- Criteria or specific requirement:**
- Condition:**
- Questioned Costs:**
- Context:**
- Effect:**
- Cause:**
- Recommendation:**
- Management's response:**

**BOROUGH OF PALMYRA SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Treasury Circular 15-08.

STATUS OF PRIOR - YEAR FINDINGS

Finding - 2018-01

Condition - Net cash resources in the Food Service Fund exceeded three months average expenditures.

Current Status - Resolved

BOARD OF EDUCATION
BOROUGH OF PALMYRA SCHOOL DISTRICT
COUNTY OF BURLINGTON
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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REPORT OF INDEPENDENT AUDITORS

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

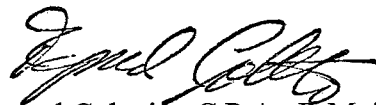
We have audited, in accordance with generally accepted auditing standards and **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Borough of Palmyra School District in the County of Burlington for the year ended June 30, 2019, and have issued our report thereon dated November 12, 2019.

As part of our audit, we performed procedures required by the Division of Administration and Finance, New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is issued in conjunction with the Comprehensive Annual Financial report of the Board of Education of the Borough of Palmyra School, for the fiscal year ending June 30, 2019 and is intended for the information of the Palmyra Borough Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
November 12, 2019

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and District personnel entrusted with duties formally under the auspices of the Treasurer of School Monies, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the District's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
William R. Blatchley	School Business Administrator/ Board Secretary	\$ 175,000
Donna Gidjunis	Treasurer of School Moneys	\$ 250,000

There is a blanket dishonesty bond covering all other employees with the following coverage: \$100,000 per employee / \$500,000 per loss.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board appeared to make proper adjustment to the billings of sending districts for the adjustments in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

Financial Planning, Accounting, and Reporting

Examination of Claims

An examination of claims paid during the period under audit did not indicate any reportable noncompliance with respect to signatures, certifications or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the School Business Administrator/Board Secretary.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster did not find any discrepancies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2019 for goods not yet received or services not yet rendered, and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered as of June 30, 2019. Our sample did not indicate any reportable noncompliance with respect to classification of orders.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of .0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. **General Classification Findings** - NONE

B. **Administrative Classification Findings** - NONE

Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures Against Those Federal Grants Awards

No exceptions were noted.

Board Secretary's Records

The financial records and board minutes of the Board Secretary were in satisfactory condition.

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the monthly minutes.

Purchase orders were found to be charged to the appropriate line item accounts in accordance with the State prescribed **Uniform Minimum Chart of Accounts (2R2) for New Jersey Public Schools**.

Monthly financial certifications of the Board Secretary and Board of Education for positive line item account status certification (N.J.A.C. 6:20-2.13) were approved monthly.

Treasurer's Records

Our audit of the financial and accounting records maintained by the Treasurer of School Moneys indicated they were in satisfactory condition.

The Treasury records were in agreement with the records of the Board Secretary. The Treasury reports were filed in a timely manner.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (E.S.S.A.)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I-A and II-A of the Elementary and Secondary Education Act as amended and reauthorized.

Our audit of the E.S.E.A. funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The study of compliance for E.S.E.A. indicated that all E.S.E.A. programs were in compliance.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedule A and Schedule B located in the **CAFR**. Our audit of the federal and state funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the **CAFR**. This section of the **CAFR** documents the financial position pertaining to the aforementioned special projects. The study of compliance for special projects indicated no areas of noncompliance and/or questionable costs.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

Financial Planning, Accounting and Reporting (Cont'd)

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general are available on the website:
http://www.state.nj.us/dca/divisions/dlgs/programs/ps_contracts.html.

The current statute is posted on the New Jersey Legislature website at:
http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_pg42

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000 for 2018-19.

The District Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds, where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4 as amended, with the exception of the following:

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977; therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that Computers and Supplies were purchased from vendors approved for state contract.

The review of contracts and agreements did not disclose any areas of statutory noncompliance.

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract less than the bid threshold but 15% or more of that amount, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered.

School Food Service

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

Exhibits reflecting Child Nutrition Program operations are included in the CAFR section entitled Enterprise Funds, Section G.

S.A.C.C. Account (School Age Childcare)

S.A.C.C. activity (representing miscellaneous childcare program fee revenues and payment of related operating expenditures) is reported as an enterprise fund.

The analysis of Receipts and Disbursements submitted for audit, as adjusted, reconciled with the bank at June 30, 2019. Deposits were generally traceable to the monthly bank statements and made on a timely basis. Expenditures were supported by invoices and other documentation. Receipts and disbursements were reconciled to the bank account.

Student Body Activities

Our audit of the financial and accounting records for student activities indicated that they were in satisfactory condition.

Application for State School Aid

Our audit procedures included a test of the information reported in the October 15, 2018 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified without exception.

The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent and has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2018-19 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report, which is presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities, Capital Assets and Capital Leases

Our audit of the financial accounting records for facilities and capital assets indicated that they were in satisfactory condition.

Testing for Lead of all Drinking Water in Educational Facilities

The school district adhered to all the requirements of NJAC 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The test results were posted on the district's website as well as being available at the school facility.

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year recommendations.

Acknowledgment

We received the complete cooperation of all the officials of the School District, and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in black ink, appearing to read "Raymond Colavita". The signature is written in a cursive style with a large initial "R".

Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

SCHEDULE OF AUDITED ENROLLMENTS

**PALMYRA BOROUGH BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018**

	2019-2020 APPLICATION FOR STATE SCHOOL AID						SAMPLE FOR VERIFICATION						PRIVATE SCHOOLS FOR DISABLED					
	Reported On A.S.S.A. On Roll		Reported On Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported On A.S.S.A. as Private Schools		Sample for Verification	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool 4 Years Old	4		4					1		1								
Full Day Kindergarten	59		59					15		15								
One	54		54					14		14								
Two	50		50					13		13								
Three	45		45					11		11								
Four	58		58					15		15								
Five	65		65					16		16								
Six	71		71					18		18								
Seven	60		60					15		15								
Eight	61		61					15		15								
Nine	84		84					21		21								
Ten	76		76					19		19								
Eleven	60		60					15		15								
Twelve	56		56					14		14								
Post-Graduate																		
Adult H.S. (15+CR.)																		
Adult H.S. (1-14 CR.)																		
Subtotal	803	0	803	0	0	0	0	202	0	202	0	0	0	0	0	0	0	0
Special Ed - Elementary	38		38					10		10				3	1	1		
Special Ed - Middle	33		33					8		8								
Special Ed - High	49		49	0				12		12				6	2	2		
Subtotal	120	0	120	0	0	0	0	30	0	30	0	0	0	9	3	3	0	0
Totals	923	0	923	0	0	0	0	232	0	232	0	0	0	9	3	3	0	0
Percentage Error					0.00%	0.0%								0.00%	0.00%			0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**PALMYRA BOROUGH BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	Reported On A.S.S.A. as Low Income	Reported On Workpapers as Low Income	Errors	Sample Selected From Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected From Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Preschool 4 Years Old												
Full Day Kindergarten	12.0	12.0		6	6							
One	15.0	15.0		7	7		1	1		1	1	
Two	23.0	23.0		12	12		1	1		1	1	
Three	19.0	19.0		9	9							
Four	21.0	21.0		10	10							
Five	20.0	20.0		10	10							
Six	32.0	32.0		16	16							
Seven	16.0	16.0		8	8							
Eight	19.0	19.0		9	9							
Nine	26.0	26.0		12	12							
Ten	15.0	15.0		8	8							
Eleven	16.0	16.0		8	8		1	1		1	1	
Twelve	8.0	8.0		4	4							
Post Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	242.0	242.0	0	119	119	0	3	3	0	3	3	0
Special Ed - Elementary	18.0	18.0		9	9							
Special Ed - Middle	23.0	23.0		11	11							
Special Ed - High	20.0	20.0		10	10							
Subtotal	61.0	61.0	0	30	30	0	0	0	0	0	0	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	303.0	303.0	0	149	149	0	3	3	0	3	3	0
Percentage Error		<u>0.00%</u>			<u>0.00%</u>							

TRANSPORTATION

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Reported	Re-Calculated
Reg. - Public Schools	30.0	30.0	0	26	26	0	Avg. Mileage - Regular Including Grade PK students	13.5
Reg. - Special Ed.							Avg. Mileage - Regular Excluding Grade PK students	13.5
AIL - Non-Public							Avg. Mileage - Special Ed with Special Needs	11.4
Transported - Non-Public								
Special Needs - Public	20.0	20.0	0	17	17	0		
Totals	50.0	50.0	0	43.0	43.0	0		
Percentage Error		<u>0.0%</u>			<u>0.0%</u>			

SCHEDULE OF AUDITED ENROLLMENTS

PALMYRA BOROUGH BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On A.S.S.A. as NOT Low Income</u>	<u>Report On Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected From Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Full Day Preschool 4 Years Old						
Full Day Kindergarten						
One						
Two						
Three	1	1		1	1	
Four						
Five						
Six						
Seven						
Eight	1	1		1	1	
Nine						
Ten						
Eleven	1	1		1	1	
Twelve						
Post Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	3	3	0	3	3	0
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	0	0	0	0	0	0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	3	3	0	3	3	0
Percentage Error		<u>0.00%</u>			<u>0.00%</u>	

BOROUGH OF PALMYRA SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2018-19 Total General Fund Expenditures per the CAFR		\$	<u>18,116,678</u>		
Increased by:					
Transfer from Capital Outlay to Capital Projects Fund				<u> </u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund				<u> </u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular				<u> </u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion				<u> </u>	(B1d)
Decreased by:					
On-Behalf TPAF Pension & Social Security			<u>2,352,990</u>		(B2a)
Assets Acquired Under Capital Leases				<u> </u>	(B2b)
 Adjusted 2018-19 General Fund Expenditures [(B)+(B1s)-(B2s)]			 <u><u>15,763,688</u></u>		 (B3)
 2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]			 <u>315,274</u>		 (B4)
Enter Greater of (B4) or \$250,000			<u>315,274</u>		(B5)
Increased by: Allowable Adjustment*			<u>156,986</u>		(K)
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]		\$		 <u><u>472,260</u></u>	 (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-19 (Per CAFR Budgetary Comparison Schedule C-1)		\$	<u>4,682,661</u>		
Decreased by:					
Year-end Encumbrances			<u>-</u>		(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures			<u>250,000</u>		(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**			<u>931,219</u>		(C3)
Other Restricted Fund Balances*****			<u>1,740,331</u>		(C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures			<u>62,389</u>		(C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures July 1, 2019 - August - 1, 2020			<u> </u>		(C6) *****
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		\$	 <u><u>1,698,722</u></u>		 (U1)

SECTION 3

Section 1 Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-		\$	<u><u>1,226,462</u></u>		
--	--	----	-------------------------	--	--

Recapitulation of Excess Surplus as of JUNE 30, 2019

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**			<u>931,219</u>		(C3)
Reserved Excess Surplus ***[(E)]			<u>1,226,462</u>		(E)
 Total Excess Surplus [(C3) + (E)]		\$	 <u><u>2,157,681</u></u>		 (D)

BOROUGH OF PALMYRA SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

Footnotes:

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
 - (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve-General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale & Lease-Back (Refer to the Audit Program Section II, Chapter 10);
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid;
 - (J3) Recognized current year School Bus Advertising Revenue; and
 - (J4) Family Crisis Transportation Aid.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____	(H)
Sale & Lease-Back	_____	(I)
Extraordinary Aid	_____	(J1)
Additional Nonpublic School Transportation Aid	_____	(J2)
Current Year School Bus Advertising Revenue Recognized	_____	(J3)
Family Crisis Transportation Aid	_____	(J4)
 Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	 \$ _____	 (K)

** This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line **90031**.

*** Amounts must agree to the June 30, 2019 CAFR and must agree to Audit Summary Worksheet Line 90030.

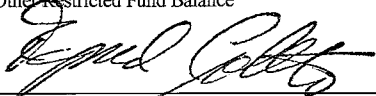
**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

***** Increase in Assigned Fund Balance - Unreserved - Designated for Subsequent Year's expenditures July 1, 2019 to August 1, 2019 resulting from decrease in state aid after adoption of 2018-19 district budget. Refer to Commissioner's Broadcast of July 13, 2018 at the NJDOE Broadcast webpage <https://homeroom5.doe.state.nj.us/broadcasts/> and to page 1-4.2 of this Audit Program.

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	_____
Capital reserve	_____
Maintenance reserve	_____
Emergency Reserve	_____
Tuition reserve	_____
School Bus Advertising 50% Fuel Offset Reserve - Current Year	_____
School Bus Advertising 50% Fuel Offset Reserve - Prior Year	_____
Impact Aid General Fund Reserve (Sections 8007 and 8008)	_____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	_____
Other state/government mandated reserve	_____
 [Other Restricted Fund Balance not noted above] ****	 _____
 Total Other Restricted Fund Balance	 \$ _____

1,740,331 (C4)



SIGNATURE OF PUBLIC SCHOOL ACCOUNTANT - No. 915

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2019
BOARD OF EDUCATION OF THE BOROUGH OF PALMYRA

Recommendations:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Programs
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Charter School Enrollment System(CHE) (Applicable to audits of charter schools)
None
8. Pupil Transportation
None
9. Facilities and Capital Assets
None
10. Miscellaneous
None
11. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.