

**SCHOOL DISTRICT
OF
PALMYRA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Palmyra Board of Education

Palmyra, New Jersey

For the Fiscal Year Ended June 30, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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For the Fiscal Year Ended June 30, 2020

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 2019-2020 fiscal year with an average enrollment of 938 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 Smart 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.

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

Expanded safety and security infrastructure throughout the district with the installation of emergency notification systems increased and upgraded surveillance system and a "man trap" entrance system in Palmyra High/Middle School.

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 designed 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, 2020.

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, 2020, the District's outstanding debt consisted of Series 2017 school refunding bonds, in the amount of \$7,480,000.

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:

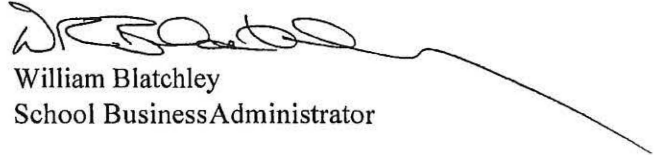
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board of Education, at its reorganization meeting, appointed the accounting firm of Nightlinger, Colavita & Volpa, PA. In addition to meeting the requirements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

5. Acknowledgements:

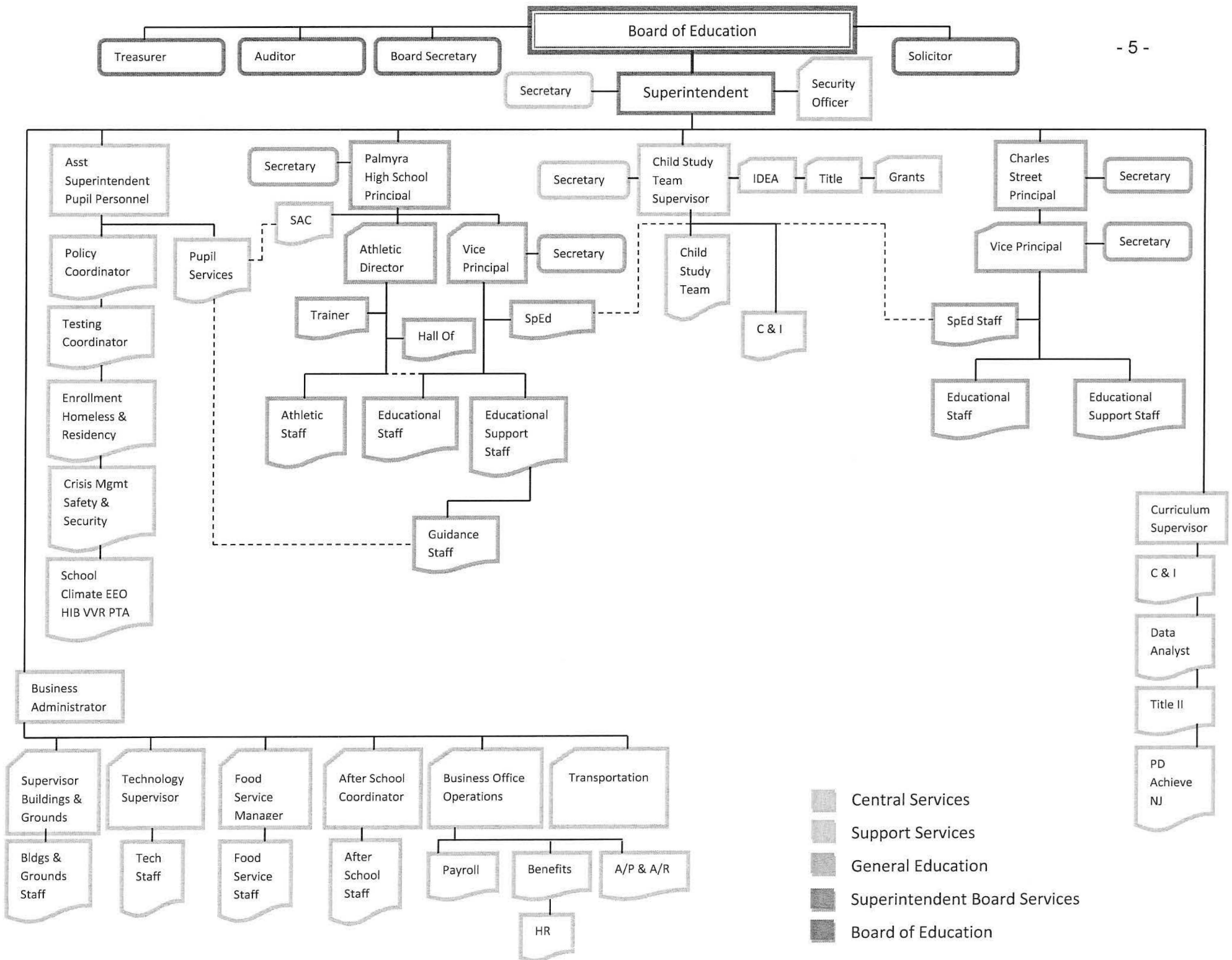
We would like to express our appreciation to the members of the Borough of Palmyra School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

A handwritten signature in black ink, appearing to read 'B. J. McBride', with a long horizontal flourish extending to the right.

Brian J. McBride
Superintendent

A handwritten signature in black ink, appearing to read 'W. Blatchley', with a long horizontal flourish extending to the right.

William Blatchley
School Business Administrator



BOROUGH OF PALMYRA BOARD OF EDUCATION
PALMYRA, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2020

<u>Board Members Name</u>	<u>Position</u>	<u>Term Expires</u>
Sean Toner	President	2020
Mark Russell	Vice President	2022
Laurie Beck	Board Member	2022
Amy Austin	Board Member	2021
Judy Belton	Board Member	2020
John Liebe	Board Member	2020
Kate Allen-Yoakum	Board Member	2022
Erica Campbell	Board Member	2021
James Dickinson	Board Member	2021
<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

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

BOND COUNSEL

McManimon, Scotland, Bauman
75 Livingston Avenue
Roseland, NJ 07068

OFFICIAL DEPOSITORY

Investors Bank
124 East Main Street
Maple Shade, NJ 08052

FINANCIAL ADVISOR

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

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the 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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to accounting and reporting for pensions 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 December 22, 2020 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 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
December 22, 2020

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**BOROUGH OF PALMYRA BOARD OF EDUCATION
SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

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 (2019-20) and the prior year (2018-19) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-20 fiscal year include the following:

- Net Position for Governmental and Business-Type activities were \$4,334,284 and \$447,821, respectively.
- Net Position for the Governmental activities increased by \$1,532,634 and the Net Position for Business-Type activities decreased by \$17,432 from July 1, 2019 to June 30, 2020.
- The General Fund, fund balance as of June 30, 2020 was \$4,655,534, an increase of \$415,694 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

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

Government-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The School District has three kinds of funds:

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

- **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, 2019 and 2020 are reflected in the following table.

	NET POSITION					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other Assets	\$ 4,781,761	\$ 4,427,154	\$ 418,307	\$ 452,364	\$ 5,200,068	\$ 4,879,518
Capital Assets, Net	10,536,401	10,481,609	47,136	51,663	10,583,537	10,533,272
Total Assets	15,318,162	14,908,763	465,443	504,027	15,783,605	15,412,790
Deferred Outflows of Resources	955,193	1,394,865			955,193	1,394,865
Liabilities						
Other Liabilities	183,883	445,807	17,622	38,774	201,505	484,581
Non-Current Liabilities	10,511,333	11,750,653			10,511,333	11,750,653
Total Liabilities	10,695,216	12,196,460	17,622	38,774	10,712,838	12,235,234
Deferred Inflows of Resources	1,243,855	1,305,518			1,243,855	1,305,518
Net Position						
Invested in Capital Assets, Net of Debt	3,779,374	2,864,732	47,136	51,663	3,826,510	2,916,395
Restricted	4,532,667	4,148,012			4,532,667	4,148,012
Unrestricted (Deficit)	(3,977,757)	(4,211,094)	400,685	413,590	(3,577,072)	(3,797,504)
Total Net Position	\$ 4,334,284	\$ 2,801,650	\$ 447,821	\$ 465,253	\$ 4,782,105	\$ 3,266,903

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

- Program revenues were \$5,824,117.
 - ✓ Operating Grants & Contributions - \$3,945,338.
 - ✓ Charges for Services - \$1,878,779.
- General revenues amounted to \$16,508,494.
- Total Program Expenditures were \$21,210,623.
- Total School District revenues and beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net position of \$4,782,105 as of June 30, 2020:
 Revenues (\$16,508,494) + Beginning net position (\$3,266,903) - Net expenditures (\$14,993,292) = Net Position of \$4,782,105.

Changes in Net Position - Net position for governmental and business-type activities increased from June 30, 2019 to June 30, 2020 as reflected in the following table.

	CHANGES IN NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,878,779	\$ 1,615,418	\$ 236,556	\$ 337,805	\$ 2,115,335	\$ 1,953,223
Operating Grants and Contributions	3,945,338	4,042,579	156,658	230,790	4,101,996	4,273,369
General Revenues:						
Property Taxes	10,533,845	10,352,685			10,533,845	10,352,685
Grants and Contributions	5,400,356	8,698,562			5,400,356	8,698,562
Other	573,984	149,229	309	407	574,293	149,636
Total Revenues	22,332,302	24,858,473	393,523	569,002	22,725,825	25,427,475
Expenses						
Instruction	6,955,034	6,922,317			6,955,034	6,922,317
Support Services	13,539,860	16,748,303			13,539,860	16,748,303
Interest on Debt and Related Costs	304,774	187,874			304,774	187,874
Food Services			290,272	450,478	290,272	450,478
Childcare			120,683	147,530	120,683	147,530
Total Expenses	20,799,668	23,858,494	410,955	598,008	21,210,623	24,456,502
Increase (Decrease) in Net Position	1,532,634	999,979	(17,432)	(29,006)	1,515,202	970,973
Fixed Asset Adjustment/Loss on Disposal		(5,038)			-	(5,038)
Net Position, July 1	2,801,650	1,806,709	465,253	494,259	3,266,903	2,300,968
Net Position, June 30	\$ 4,334,284	\$ 2,801,650	\$ 447,821	\$ 465,253	\$ 4,782,105	\$ 3,266,903

Total revenues for the School District were \$22,332,302. Government funding of \$9,502,352 was the source of 42.5% of the School District's revenues. This includes the State of New Jersey and Federal sources.

Property taxes of \$10,533,845 provided 47.3% of revenues. Charges for services provided 9.5% of revenues.

Other miscellaneous revenues of \$574,293 represent 2.6% of the School District revenues. Miscellaneous revenue was primarily provided from interest, refunds and athletic sales.

The School District's expenses for governmental activities are predominantly related to instruction and support services. Instruction and tuition totaled \$8,616,894 (41.4%) of total expenditures. Student and instruction or related support services totaled \$1,829,566 or (8.8%) of total expenditures. Employee benefits of \$6,258,068 accounted for (30.1%) of expenditures, plant operations totaled \$2,269,359 (10.9%) of total expenditures and transportation, general, school and business administrative services totaled \$1,521,007 (7.3%). Interest on long-term debt totaled \$304,774 (1.5%).

Total revenues exceeded expenditures for governmental activities, increasing net position by \$1,532,634 from the beginning balance at July 1, 2019.

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 \$4,655,534.

All governmental funds had total revenues of \$21,431,281 and total expenditures of \$21,015,587.

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>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>% of Increase (Decrease)</u>
Revenues:				
Local Sources:				
Local Tax Levy	\$ 10,533,845	\$ 10,352,685	\$ 181,160	1.75%
Tuition & Transportation	1,878,779	1,615,418	263,361	16.30%
Miscellaneous and Local Grants	573,984	149,229	424,755	284.63%
Total	<u>12,986,608</u>	<u>12,117,332</u>	<u>869,276</u>	<u>7.17%</u>
Government Sources:				
State Sources	7,790,878	7,712,447	78,431	1.02%
Federal Sources	653,795	616,502	37,293	6.05%
Total	<u>8,444,673</u>	<u>8,328,949</u>	<u>115,724</u>	<u>1.39%</u>
Total Revenues	<u>\$ 21,431,281</u>	<u>\$ 20,446,281</u>	<u>\$ 985,000</u>	<u>4.82%</u>

One of the primary sources of funding for the School District is received from local property taxes and accounted for 49.2% of total revenues. State aid accounted for 36.4% of total revenues.

Total Governmental Fund revenues increased by \$985,000, or 4.82%, 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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Expenditures				
Instruction				
Regular	\$ 4,544,738	\$ 4,602,714	\$ (57,976)	-1.26%
Special Education	1,679,943	1,764,431	(84,488)	-4.79%
Other	675,449	519,836	155,613	29.94%
Total Instruction	<u>6,900,130</u>	<u>6,886,981</u>	<u>13,149</u>	<u>0.19%</u>
Support Services				
Tuition	1,661,860	1,336,684	325,176	24.33%
Student and Instruction Related Services	1,829,566	1,803,019	26,547	1.47%
School Administration	481,667	468,226	13,441	2.87%
General/Business Administration	702,211	744,938	(42,727)	-5.74%
Plant Operations and Maintenance	1,619,476	1,590,671	28,805	1.81%
Pupil Transportation	337,129	357,474	(20,345)	-5.69%
Unallocated Benefits	3,174,406	3,048,806	125,600	4.12%
TPAF and FICA Reimbursements	2,398,540	2,352,990	45,550	1.94%
Total Support Services	<u>12,204,855</u>	<u>11,702,808</u>	<u>502,047</u>	<u>4.29%</u>
Capital Outlay	<u>759,979</u>	<u>124,002</u>	<u>635,977</u>	<u>512.88%</u>
Debt Service	<u>1,151,023</u>	<u>1,187,875</u>	<u>(36,852)</u>	<u>-3.10%</u>
Total Expenditures	<u>\$ 21,015,987</u>	<u>\$ 19,901,666</u>	<u>\$ 1,114,321</u>	<u>5.60%</u>

Total Governmental Fund expenditures increased \$1,114,321 or 5.6% from the previous year, which included increased grant activity.

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 2020, 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 \$1,151,023 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 \$176,857 as of June 30, 2020. This reflects an increase of \$7,658 from June 30, 2019.

AFTER SCHOOL PROGRAM PROPRIETARY FUND

The After School Program Fund's net position was \$270,964 as of June 30, 2020. This reflects a decrease of \$25,090 from June 30, 2019.

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 2020, the School District had capital assets allocated to governmental activities with a net book value of \$10,536,401 and business-type activities of \$47,136. 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 \$680,060.

CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 46,066	\$ 46,066	\$	\$	\$ 46,066	\$ 46,066
Construction in Progress	41,416	22,000			41,416	22,000
Building and Improvements	10,143,906	10,153,676			10,143,906	10,153,676
Vehicles	28,381	37,880			28,381	37,880
Furniture, Fixtures and Equipment	276,632	221,987	47,136	51,663	323,768	273,650
Total	\$ 10,536,401	\$ 10,481,609	\$ 47,136	\$ 51,663	\$ 10,583,537	\$ 10,533,272

Debt Administration - Long-term Obligations

At fiscal year-end, the School District had \$6,480,000 in general obligation bonds outstanding, a decrease of \$885,000 from last fiscal year. This reduction was due to payment of principal. The School District does not anticipate incurring any new long-term debt at this time.

The School District also had a \$635,903 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 \$3,057,123

SCHEDULE OF LONG TERM OBLIGATIONS

	2020	2019	Increase (Decrease)	Percent Change
Bonds Payable	\$ 6,480,000	\$ 7,365,000	\$ (885,000)	-12.02%
Add: Issuance Premium	635,903	698,195	(62,292)	-8.92%
Total Bonds Payable	7,115,903	8,063,195	(947,292)	
Compensated Absences	338,307	295,904	42,403	14.33%
Net Pension Liability	3,057,123	3,391,554	(334,431)	-9.86%
Total	\$ 10,511,333	\$ 11,750,653	\$ (1,239,320)	-10.55%

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 and unfunded mandates. 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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 4,351,127	\$ 394,094	\$ 4,745,221
Receivables, Net	430,631	2,686	433,317
Interfund Receivable	3		3
Inventory		21,527	21,527
Capital Assets, Net (Note 6)	10,536,401	47,136	10,583,537
Total Assets	15,318,162	465,443	15,783,605
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Loss on Refunding	358,876		358,876
Related to Pensions (Note 9)	596,317		596,317
Total Deferred Outflows of Resources	955,193		955,193
LIABILITIES:			
Accounts Payable	126,227		126,227
Accrued Interest	57,656		57,656
Unearned Revenue		17,622	17,622
Noncurrent Liabilities (Note 7):			
Due within One Year	925,000		925,000
Due beyond One Year	9,586,333		9,586,333
Total Liabilities	10,695,216	17,622	10,712,838
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	1,243,855		1,243,855
NET POSITION:			
Net Investment in Capital Assets	3,779,374	47,136	3,826,510
Restricted for:			
Capital Projects	1,072,375		1,072,375
Maintenance Reserve	988,248		988,248
Other Purposes	2,472,044		2,472,044
Unrestricted (Deficit)	(3,977,757)	400,685	(3,577,072)
Total Net Position	\$ 4,334,284	\$ 447,821	\$ 4,782,105

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, 2020

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	Total
Governmental Activities:							
Instruction:							
Regular	\$ 4,599,642	\$ 1,878,779			\$ (2,720,863)		\$ (2,720,863)
Special Education	1,679,943		\$ 541,357		(1,138,586)		(1,138,586)
Other Special Instruction	675,449				(675,449)		(675,449)
Support Services:							
Tuition	1,661,860				(1,661,860)		(1,661,860)
Student and Instruction Related Services	1,829,566		91,182		(1,738,384)		(1,738,384)
School Administrative Services	481,667				(481,667)		(481,667)
General and Business Administrative Services	702,211				(702,211)		(702,211)
Plant Operations and Maintenance	2,269,359				(2,269,359)		(2,269,359)
Pupil Transportation	337,129				(337,129)		(337,129)
Unallocated Benefits	6,258,068		3,312,799		(2,945,269)		(2,945,269)
Interest on Long-Term Debt	304,774				(304,774)		(304,774)
Total Governmental Activities	20,799,668	1,878,779	3,945,338		(14,975,551)		(14,975,551)
Business-Type Activities:							
Food Service	290,272	141,122	156,658			7,508	7,508
After School Program	120,683	95,434				(25,249)	(25,249)
Total Business-Type Activities	410,955	236,556	156,658			(17,741)	(17,741)
Total Government	\$ 21,210,623	\$ 2,115,335	\$ 4,101,996		(14,975,551)	(17,741)	(14,993,292)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					9,552,528		9,552,528
Property Taxes Levied for Debt Service					981,317		981,317
Federal and State Aid not Restricted					5,400,356		5,400,356
Miscellaneous Income					573,984	309	574,293
Total General Revenues					16,508,185	309	16,508,494
Change in Net Position					1,532,634	(17,432)	1,515,202
Net Position -- July 1					2,801,650	465,253	3,266,903
Net Position -- June 30					\$ 4,334,284	\$ 447,821	\$ 4,782,105

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, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 4,351,307	\$ -	\$ -	\$ 4,351,307
Receivables, net:				
Interfunds Receivable:				
Special Revenue Fund	118,449			118,449
Payroll Fund	3			3
Receivables from Other Governments:				
State Sources	153,502			153,502
Federal Sources		118,449		118,449
Local Sources	96,394			96,394
Other	62,286			62,286
Total Assets	<u>\$ 4,781,941</u>	<u>\$ 118,449</u>	<u>\$ -</u>	<u>\$ 4,900,390</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	126,227			126,227
Interfunds Payable:				
General Fund		118,449		118,449
Food Service Fund	180			180
Total Liabilities	<u>126,407</u>	<u>118,449</u>		<u>244,856</u>
Fund Balances:				
Restricted:				
Excess Surplus	1,245,582			1,245,582
Excess Surplus - Subsequent Year's Expenditures	1,226,462			1,226,462
Capital Reserve	722,375			722,375
Maintenance Reserve	988,248			988,248
Maintenance Reserve - Subsequent Year's Expenditures	350,000			350,000
Assigned:				
Subsequent Year's Expenditures	118,661			118,661
Unassigned	4,206			4,206
Total Fund Balances	<u>4,655,534</u>			<u>4,655,534</u>
Total Liabilities and Fund Balances	<u>\$ 4,781,941</u>	<u>\$ 118,449</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$22,795,382, and the accumulated depreciation is \$12,258,981.	10,536,401
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.	(7,454,210)
Net Pension Liability	(3,057,123)
Accounts Payable related to the April 1, 2019 Required PERS pension contribution that is not to be liquidated with current financial resources.	-
Deferred Outflows of Resources - Related to Pensions	596,317
Deferred Inflows of Resources - Related to Pensions	(1,243,855)
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.	358,876
Interest on long term debt is accrued on the Statement of Net Position regardless when due.	(57,656)
Net Position of Governmental Activities	<u>\$ 4,334,284</u>

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

BOROUGH OF PALMYRA SCHOOL DISTRICT

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Tax Levy	\$ 9,552,528		\$ 981,317	\$ 10,533,845
Tuition and Transportation	1,878,779			1,878,779
Miscellaneous	155,781			155,781
State Sources	7,621,172		169,706	7,790,878
Federal Sources	21,256	\$ 632,539		653,795
Local Sources		418,203		418,203
Total Revenues	19,229,516	1,050,742	1,151,023	21,431,281
EXPENDITURES:				
Regular Instruction	4,544,738			4,544,738
Special Education Instruction	1,138,586	541,357		1,679,943
Other Special Instruction	675,449			675,449
Support Services and Undistributed Costs:				
Tuition	1,661,860			1,661,860
Student and Instruction Related Services	1,738,384	91,182		1,829,566
School Administrative Services	481,667			481,667
Other Administrative Services	702,211			702,211
Plant Operations and Maintenance	1,619,476			1,619,476
Pupil Transportation	337,129			337,129
Unallocated Benefits	5,572,946			5,572,946
Debt Service:				
Principal			885,000	885,000
Interest and Other Charges			266,023	266,023
Capital Outlay	341,376	418,203		759,579
Total Expenditures	18,813,822	1,050,742	1,151,023	21,015,587
Excess (Deficiency) of Revenues over Expenditures	415,694			415,694
OTHER FINANCING SOURCES (USES):				
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	415,694			415,694
Fund Balance - July 1	4,239,840			4,239,840
Fund Balance - June 30	\$ 4,655,534	\$ -	\$ -	\$ 4,655,534

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, 2020

Total Net Change in Fund Balances - Governmental Funds	\$ 415,694
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	\$ (675,533)
Capital Outlays	<u>730,325</u>
	54,792
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.	885,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation. (+)	28,802
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.	215,899
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.	(25,150)
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 (+).	(42,403)
Change in Net Position of Governmental Activities	<u><u>\$ 1,532,634</u></u>

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, 2020

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 122,950	\$ 270,964	\$ 393,914
Accounts Receivable:			
State	29		29
Federal	2,657		2,657
Interfund Receivable:			
General Fund	180		180
Inventories	21,527		21,527
Total Current Assets	<u>147,343</u>	<u>270,964</u>	<u>418,307</u>
Noncurrent Assets:			
Furniture, Fixtures and Equipment	337,711		337,711
Less Accumulated Depreciation	(290,575)		(290,575)
Total Noncurrent Assets	<u>47,136</u>		<u>47,136</u>
Total Assets	<u>194,479</u>	<u>270,964</u>	<u>465,443</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	17,622		17,622
Total Liabilities	<u>17,622</u>		<u>17,622</u>
NET POSITION:			
Restricted:			
Net Investment in Capital Assets	47,136		47,136
Unrestricted	129,721	270,964	400,685
Total Net Position	<u>\$ 176,857</u>	<u>\$ 270,964</u>	<u>\$ 447,821</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, 2020

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales:			
Non-reimbursable Programs	\$ 70,254		\$ 70,254
Reimbursable Program -- School Breakfast	5,074		5,074
Reimbursable Program -- School Lunch	65,794		65,794
Child Care Fees		\$ 95,434	95,434
Total Operating Revenues	<u>141,122</u>	<u>95,434</u>	<u>236,556</u>
OPERATING EXPENSES:			
Salaries	106,870	74,623	181,493
Employee Benefits	19,487	37,320	56,807
Management Fee	23,805		23,805
General Supplies		3,652	3,652
Direct Expenses	10,077	1,303	11,380
Depreciation	4,527		4,527
Other Professional and Technical Services	2,185	3,785	5,970
Cost of Sales - Reimbursable Programs	86,400		86,400
Cost of Sales - Non-reimbursable Programs	36,921		36,921
Total Operating Expenses	<u>290,272</u>	<u>120,683</u>	<u>410,955</u>
Operating Income / (Loss)	<u>(149,150)</u>	<u>(25,249)</u>	<u>(174,399)</u>
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	2,854		2,854
Federal Sources:			
National School Lunch Program	103,496		103,496
National School Breakfast Program	22,573		22,573
Food Distribution Program	27,735		27,735
Interest Revenue	150	159	309
Total Nonoperating Revenues	<u>156,808</u>	<u>159</u>	<u>156,967</u>
Change in Net Position	7,658	(25,090)	(17,432)
Net Position -- July 1	<u>169,199</u>	<u>296,054</u>	<u>465,253</u>
Net Position -- June 30	<u>\$ 176,857</u>	<u>\$ 270,964</u>	<u>\$ 447,821</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, 2020

	Food Service	After School Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 152,252	\$ 95,434	\$ 247,686
Payments to Management Company	(23,805)		(23,805)
Payments to Employees	(106,870)	(74,623)	(181,493)
Payments for Employee Benefits	(19,487)	(37,320)	(56,807)
Payments for Supplies and Services	(176,578)	(8,740)	(185,318)
Net Cash Provided by (Used for) Operating Activities	(174,488)	(25,249)	(199,737)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	2,854		2,854
Federal Sources	153,804		153,804
Net Cash Provided by (Used for) Non-Capital Financing Activities	156,658		156,658
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Purchase of Fixed Assets			
Net Cash Provided by (Used for) Capital Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Revenue	150	159	309
Net Increase in Cash and Cash Equivalents	(17,680)	(25,090)	(42,770)
Cash and Cash Equivalents -- July 1	140,630	296,054	436,684
Cash and Cash Equivalents -- June 30	\$ 122,950	\$ 270,964	\$ 393,914
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Operating Income (Loss)	\$ (149,150)	\$ (25,249)	\$ (174,399)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	4,527		4,527
(Increase) Decrease in Accounts Receivable	6,783		6,783
(Increase) Decrease in Inventories	(15,316)		(15,316)
(Increase) Decrease in Interfund Receivable	(180)		(180)
Increase (Decrease) in Unearned Revenue	10,748		10,748
Increase (Decrease) in Accounts Payable	(31,900)		(31,900)
Total Adjustments	(25,338)		(25,338)
Net Cash Provided by (Used for) Operating Activities	\$ (174,488)	\$ (25,249)	\$ (199,737)

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, 2020

	Private-Purpose Trust Fund	Agency Funds	
	Unemployment Compensation	Student Activity	Payroll
ASSETS:			
Cash and Cash Equivalents	\$ 172,097	\$ 151,921	\$ 5,938
Total Assets	172,097	151,921	5,938
LIABILITIES:			
Accounts Payable	18,056		
Interfund Accounts Payable			3
Payable to Student Groups		151,921	
Flexible Spending Reserve			5,935
Total Liabilities	18,056	\$ 151,921	\$ 5,938
NET POSITION:			
Restricted:			
Held in Trust for Payment of Claims	\$ 154,041		

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, 2020

	Unemployment Compensation Insurance <u>Trust Fund</u>
ADDITIONS:	
Interest on Investments	\$ 2,054
Employee Contributions	16,666
Total Additions	<u>18,720</u>
DELETIONS:	
Withdrawals	<u>39,255</u>
Change in Net Position	(20,535)
Net Position -- July 1	<u>174,576</u>
Net Position -- June 30	<u><u>\$ 154,041</u></u>

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

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020 of 938.

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020. The School District had no prepaid expenses for the fiscal year ended June 30, 2020.

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, 2020

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, 2020

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

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2020 and 2019 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, 2020, 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, 2020

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:

Non-spendable -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. 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, 2020

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, 2020

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, 2020

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, 2020, the School District's bank balances of \$5,386,117 were exposed to custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized under GUDPA by pledging financial institutions		5,136,117
	\$	<u>5,386,117</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, 2020

NOTE 3: RESERVE ACCOUNTS (CONT'D)

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance July 1, 2019	\$ 960,675
Add: Interest Earnings	11700
Less: Appropriated in 2019-20	(250,000)
Ending Balance June 30, 2020	<u>\$ 722,375</u>

The June 30, 2019 LRFP balance of local support costs of uncompleted projects at June 30, 2020 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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance July 1, 2019	\$ 1,029,656
Add:	
Interest Earnings	8,592
2019-20 Resolution	300,000
Ending Balance June 30, 2020	<u>\$ 1,338,248</u>

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020 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 Fund	Revenue Fund	Enterprise Funds	Total
Governmental	\$ 249,896	\$ 118,449	\$ 2,686	\$ 371,031
Other	62,286			
Totals	<u>\$ 312,182</u>	<u>\$ 118,449</u>	<u>\$ 2,686</u>	<u>\$ 371,031</u>

NOTE 5: INVENTORY

Inventory recorded at June 30, 2020 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 \$10,806 of federal commodities, consisted of the following:

Food	\$ 19,011
Supply	2,516
Totals	<u>\$ 21,527</u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6: CAPITAL ASSETS

The Capital asset activity for the year ended June 30, 2020 was as follows

	Balance 7/1/2019	Additions	Adjustment	Balance 6/30/2020
Governmental activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 46,066	\$	\$	\$ 46,066
Construction in Progress	22,000	19,416		41,416
Total capital assets not being depreciated	68,066	19,416		87,482
Land Improvements	449,615			449,615
Building and Improvements	20,364,376	605,358		20,969,734
Vehicles	231,728			231,728
Furniture, Fixtures & Equipment	951,272	105,551		1,056,823
Totals at historical cost	21,996,991	710,909	-	22,707,900
Less accumulated depreciation for :				
Land Improvements	(449,615)			(449,615)
Building and Improvements	(10,210,700)	(615,128)		(10,825,828)
Vehicles	(193,848)	(9,499)		(203,347)
Furniture, Fixtures & Equipment	(729,285)	(50,906)		(780,191)
Total accumulated depreciation	(11,583,448)	(675,533)	-	(12,258,981)
Total capital assets being depreciated, net of accumulated depreciation	10,413,543	35,376		10,448,919
Government activities capital assets, net	\$ 10,481,609	\$ 54,792	\$ -	\$ 10,536,401
	To A-1			To A-1
Business-type activities:				
Capital assets being depreciated:				
Furniture, Fixtures & Equipment	\$ 337,711	\$	\$	\$ 337,711
Less accumulated depreciation for :				
Furniture, Fixtures & Equipment	(286,048)	(4,527)		(290,575)
Business-type activities capital assets, net	\$ 51,663	\$ (4,527)	\$	\$ 47,136

* Depreciation expense was charged to governmental functions as follows:

Instructional	\$ 54,904
Administration	620,629
Total depreciation expense	<u>\$ 675,533</u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations for governmental activities:

	Beginning Balance 7/1/2019	Additions	Reductions	Ending Balance 6/30/2020	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Bonds payable:						
General obligation debt	\$ 7,365,000	\$	\$ (885,000)	\$ 6,480,000	\$ 925,000	\$ 5,555,000
Add Amounts:						
Issuance Premium	698,195		(62,292)	635,903		635,903
Total bonds payable	8,063,195		(947,292)	7,115,903	925,000	6,190,903
Other Liabilities:						
Compensated absences payable	295,904	42,403		338,307		338,307
Net Pension Liability	3,391,554		(334,431)	3,057,123		3,057,123
Total liabilities	\$ 11,750,653	\$ 42,403	\$ (1,281,723)	\$ 10,511,333	\$ 925,000	\$ 9,586,333
Business-Type Activities:						
Compensated absences payable	\$	\$	\$	\$	\$	\$
Total Long-Term Obligations	\$ 11,750,653	\$ 42,403	\$ (1,281,723)	\$ 10,511,333	\$ 925,000	\$ 9,586,333

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 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 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, 2020

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>
2021	925,000	230,625	1,155,625
2022	480,000	193,625	673,625
2023	635,000	174,425	809,425
2024	640,000	149,025	789,025
2025	640,000	123,425	763,425
2026	640,000	104,225	744,225
2027	635,000	85,025	720,025
2028	635,000	62,800	697,800
2029	625,000	43,750	668,750
2030	625,000	21,875	646,875
	<u>\$ 6,480,000</u>	<u>\$ 1,188,800</u>	<u>\$ 7,668,800</u>

Bonds Authorized but not Issued - As of June 30, 2020, 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, 2020, the School District had operating lease agreements in effect for copy machines. 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>
2021	\$ 16,996
2022	16,996
2023	16,996
2024	14,164
Total	<u>\$ 65,152</u>

Rental payments under operating leases for the fiscal year ended June 30, 2020 were \$33,135.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2019 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2020 were 92,445. 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 2020 is 13.69% 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, 2020, and 2019, were \$165,883 and \$172,035 respectively.

The total payroll for the year ended June 30, 2020 was \$9,175,962. Payroll covered by PERS was \$1,232,591 for fiscal year 2020.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Components of Net Pension Liability - At June 30, 2020, the District's proportionate share of the PERS net pension liability was \$3,057,123. The net pension liability was measured as of June 30, 2019. 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, 2019. The District's proportion measured as of June 30, 2019 was 0.016967% which was a decrease of 0.00026% from its proportion measured as of June 30, 2018.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2020 PERS pension expense, with respect to GASB 68, was \$115,020. The District's 2020 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	\$ 54,871	\$ 13,505
Changes of assumptions	305,265	1,061,118
Net difference between projected and actual earnings on pension plan investments	-	48,258
Changes in proportion	70,298	120,974
Contributions subsequent to the measurement date	165,883	
Total	\$ 596,317	\$ 1,243,855

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>
2021	\$ (143,433)
2022	(331,027)
2023	(234,070)
2024	(86,628)
2025	(18,264)
Thereafter	
Total	\$ (813,422)

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Additional Information - Collective Balances at June 30, 2020 and 2019 are as follows:

Year		2020		2019
Collective deferred outflows of resources	\$	596,317	\$	948,547
Collective deferred inflows of resources	\$	1,243,855	\$	1,305,518
Collective Net Pension Liability	\$	3,057,123	\$	3,391,554
District's Proportion		0.016967%		0.017225%

Actuarial Assumptions - The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

PERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 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 or 1-percentage-point higher than the current rate:

	1% Decrease (5.28%)	Current Discount (6.28%)	1% Increase (7.28%)
District's Proportionate Share of the Net Pension Liability	\$ 3,888,508	\$ 3,057,123	\$ 2,395,752

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. 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. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

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, 2019. 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 2019, 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, 2020 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$1,374,122 to the TPAF for pension contributions, \$509,774 for post-retirement benefits on behalf of the School, and \$1,310 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$513,334 during the year ended June 30, 2020 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, 2020, 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, 2020, the District recognized pension expense of \$2,289,691 and revenue of \$2,289,691 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.55% - 4.45%
Thereafter	2.75% - 5.65%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

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, 2019 are summarized in the following table:

TPAF		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 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, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2020, 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 or 1-percentage-point higher than the current rate:

	1% Decrease (4.60%)	Current Discount (5.60%)	1% Increase (6.60%)
State's Share of the Net Pension Liability associated with the District	\$ 45,887,573	\$ 38,819,729	\$ 33,127,134
State's Share of the Net Pension Liability	\$ <u>72,544,649,801</u>	\$ <u>61,519,112,443</u>	\$ <u>52,371,397,951</u>

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, 2020, employee contributions totaled \$5,257 and the District's employer contribution, recognized in pension expense, was \$2,867. 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, 2020

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.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2019, was \$41,729,081,045. Of this amount, the total OPEB liability attributable to the School District was \$29,979,184. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.07184%. The total OPEB liability for the School District measured as of June 30, 2019 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, 2019 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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:	Service Years	Age	Age
Through 2026	1.55% - 3.05%	2.00% - 6.00%	3.25% - 15.25%
Thereafter	1.55% - 3.05%	3.00% - 7.00%	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Discount rate

The discount rate for June 30, 2019 was 3.50%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

State of New Jersey	<u>Total OPEB Liability</u>
Balance as of June 30, 2018 Measurement Date	\$ 46,110,832,982
Changes for the year:	
Service Cost	1,734,404,850
Interest	1,827,787,206
Changes of Benefit Terms	
Differences between Expected and Actual experience	(7,323,140,818)
Changes of Assumptions	622,184,027
Benefit Payments	(1,280,958,373)
Contributions from Members	37,971,171
Net Changes	(4,381,751,937)
Balance as of June 30, 2019 Measurement Date	\$ 41,729,081,045

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

The following presents the total nonemployer OPEB liability as of June 30, 2019, 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, 2019		
At 1.00% Decrease 2.50%	At Discount Rate 3.50%	At 1.00% Increase 4.50%
\$ 49,298,534,898	41,729,081,045	35,716,321,820

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, 2019, 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, 2019		
1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$ 34,832,902,820	41,729,081,045	51,453,912,586

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

For the year ended June 30, 2020, the School District recognized OPEB expense of \$495,226. 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	\$	\$ 7,532,653
Changes of Assumptions		6,093,336
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion		1,345,583
Contributions Subsequent to the Measurement Date		
Total	\$ 0	\$ 14,971,572

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

Measurement Period Ending <u>June 30,</u>	<u>OPEB</u>
2020	\$ (2,001,342)
2021	(2,001,342)
2022	(2,001,342)
2023	(2,001,342)
2024	(2,001,342)
Thereafter	(4,964,862)
Total	\$ (14,971,572)

NOTE 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2020, 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 \$1,374,122, \$509,774, and \$1,310, respectively. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$513,334 during the year ended June 30, 2020 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, 2020

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>
2020	\$	\$ 16,666	\$ 2,054	\$ 39,255	\$ 154,041
2019	20,000	15,394	2,750	22,492	174,576
2020	20,000	15,264	1,205	5,703	158,924

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, 2020

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, 2020 is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 118,452	\$ 180
Special Revenue Fund		\$ 118,449
Food Service	180	
Payroll Agency		3
Total	<u>\$ 118,632</u>	<u>\$ 118,632</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2020, 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, 2020

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 2019-20 School Year, \$87,442 was amortized, resulting in a balance in Deferred Outflows of Resources of \$358,876, as of June 30, 2020.

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 \$4,206 in the general fund as of June 30, 2020 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, 2020

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, 2020 is \$2,472,044, of which \$1,226,462 was assigned for utilization in the 2020-21 budget and \$1,245,582 will be utilized in the 2021-22 budget.

For Capital Reserve Account - As of June 30, 2020, the balance in the capital reserve account is \$722,375. 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, 2020, the balance in the maintenance reserve account is \$1,338,248, of which \$350,000 is restricted and assigned for utilization in the 2020-21 budget. 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, 2020.

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, 2021 \$118,661 of general fund balance at June 30, 2020.

Other Purposes - As of June 30, 2020, 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, 2020

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, 2020, the School District has a fund balance of \$4,206 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 DISTRICTGeneral FundRequired Supplementary InformationBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
General Fund:					
Local Sources:					
Local Tax Levy	\$ 9,552,528		\$ 9,552,528	\$ 9,552,528	\$ -
Tuition from Individuals	4,200		4,200	9,000	4,800
Tuition from Other LEAs within the State	1,698,900		1,698,900	1,869,779	170,879
Interest on Maintenance Reserve	4,581		4,581	8,592	4,011
Interest on Capital Reserve	6,238		6,238	11,700	5,462
Unrestricted Miscellaneous Revenues	35,000		35,000	135,489	100,489
Total - Local Sources	11,301,447		11,301,447	11,587,088	285,641
State Sources:					
Special Education Categorical Aid	696,197		696,197	696,197	
Equalization Aid	3,988,761		3,988,761	3,988,761	
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				128,509	128,509
Reimbursed TPAF Social Security Contributions (non-budgeted)				513,334	513,334
On-behalf TPAF Pension Contributions - Normal (non-budgeted)				1,374,122	1,374,122
On-behalf TPAF Medical Contributions (non-budgeted)				509,774	509,774
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				1,310	1,310
Total - State Sources	5,103,911		5,103,911	7,630,960	2,527,049
Federal Sources:					
Medicaid Administrative Claiming Aid				5,296	5,296
Medical Reimbursement Program (SEMI)	30,983		30,983	15,960	(15,023)
Total - Federal Sources	30,983		30,983	21,256	(9,727)
Total Revenues	16,436,341		16,436,341	19,239,304	2,802,963

BOROUGH OF PALMYRA SCHOOL DISTRICTGeneral FundRequired Supplementary InformationBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 187,937	\$ 2,118	\$ 190,055	\$ 189,334	\$ 721
Grades 1 - 5	1,405,106	(177,685)	1,227,421	1,223,428	3,993
Grades 6 - 8	766,103	117,037	883,140	873,894	9,246
Grades 9 - 12	1,623,334	9,082	1,632,416	1,632,076	340
Regular Programs - Home Instruction:					
Salaries of Teachers	8,250	(1,750)	6,500		6,500
Purchased Professional/Educational Services	1,980	1,750	3,730	2,782	948
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	97,726	(16,822)	80,904	36,774	44,130
Purchased Professional/Educational Services	53,825		53,825	52,710	1,115
Purchased Technical Services	76,820	21,539	98,359	97,003	1,356
Other Purchased Services	110,116	(2,439)	107,677	99,787	7,890
General Supplies	125,369	(900)	124,469	115,053	9,416
Textbooks	107,892	119,000	226,892	212,495	14,397
Other Objects	12,900	900	13,800	9,402	4,398
Total Regular Programs	4,577,358	71,830	4,649,188	4,544,738	104,450
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	73,830		73,830	64,370	9,460
General Supplies	500		500	451	49
Total - Learning and/or Language Disabilities	74,330		74,330	64,821	9,509
Behavioral Disabilities:					
Salaries of Teachers	63,257	(5,760)	57,497	57,497	
Other Salaries for Instruction	16,638	5,760	22,398	7,216	15,182
General Supplies	500		500	78	422
Total - Behavioral Disabilities - Part-Time	80,395		80,395	64,791	15,604

BOROUGH OF PALMYRA SCHOOL DISTRICTGeneral FundRequired Supplementary InformationBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2020

	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	\$ 905,493	\$ (56,413)	\$ 849,080	\$ 739,032	\$ 110,048
Other Salaries for Instruction	154,298	2,000	156,298	155,360	938
General Supplies	20,500	7,000	27,500	20,649	6,851
Total - Resource Room/Center	1,080,291	(47,413)	1,032,878	915,041	117,837
Preschool Disabilities - Part-Time:					
Salaries of Teachers	74,332		74,332	74,332	
Other Salaries for Instruction	8,745	6,632	15,377	15,377	
General Supplies	300		300		300
Total - Preschool Disabilities - Part-Time	83,377	6,632	90,009	89,709	300
Other Salaries for Instruction					
General Supplies					
Total - Preschool Disabilities - Part-Time				0	
Home Instruction:					
Salaries of Teachers	3,300		3,300	2,383	917
Purchased Professional/Educational Services	3,960	(1,382)	2,578	1,841	737
Total - Home Instruction	7,260	(1,382)	5,878	4,224	1,654
Total - Special Education	1,325,653	(42,163)	1,283,490	1,138,586	144,904
Basic Skills/Remedial:					
Salaries of Teachers	36,588	54,433	91,021	89,818	1,203
General Supplies	300		300	70	230
Total - Basic Skills/Remedial	36,888	54,433	91,321	89,888	1,433
Bilingual Education:					
Salaries of Teachers	36,588		36,588	36,559	29
General Supplies	300		300		300
Total - Bilingual Education	36,888		36,888	36,559	329
School Sponsored Cocurricular Activities - Instruction:					
Salaries	67,500		67,500	53,300	14,200
Supplies and Materials	24,550	(2,500)	22,050	11,177	10,873
Total - School Sponsored Cocurricular Activities - Instruction	92,050	(2,500)	89,550	64,477	25,073

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	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	\$ 376,911	\$ 6,869	\$ 383,780	\$ 383,722	\$ 58
Purchased Services	85,295	(9,869)	75,426	49,162	26,264
Supplies and Materials	46,025	3,000	49,025	48,977	48
Other Objects	3,585		3,585	2,664	921
Total - School Sponsored Cocurricular Athletics - Instruction	511,816		511,816	484,525	27,291
Total - Instruction	6,580,653	81,600	6,662,253	6,358,773	303,480
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within State-Regular	137,868	26,666	164,534	164,034	500
Tuition to Other LEAs within State-Special	254,000	66,939	320,939	301,650	19,289
Tuition to County Vocational School District - Regular	91,250	(18,842)	72,408	72,408	
Tuition to County Vocational School District - Special	29,200	(29,200)			
Tuition to CSSD & Reg. Day Schools	447,000	205,455	652,455	643,622	8,833
Tuition to Private School for the Handicapped- State	557,320	(131,343)	425,977	358,116	67,861
Tuition - Other	132,000	(9,970)	122,030	122,030	
Total Undistributed Expenditures - Instruction	1,648,638	109,705	1,758,343	1,661,860	96,483
Undistributed Expenditures - Attendance and Social Work:					
Salaries	112,592	8,109	120,701	120,699	2
Purchased Professional and Technical Services	9,250	8,533	17,783	17,783	
Total - Undistributed Expenditures - Attendance and Social Work	121,842	16,642	138,484	138,482	2
Undistributed Expenditures - Health Services:					
Salaries	136,427	(1,108)	135,319	132,960	2,359
Purchased Professional and Technical Services	23,960	(8,826)	15,134	12,018	3,116
Supplies and Materials	5,700	(1,549)	4,151	3,336	815
Total - Undistributed Expenditures - Health Services	166,087	(11,483)	154,604	148,314	6,290
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	61,870		61,870	61,870	
Purchased Professional/Educational Services	182,041	(19,000)	163,041	111,313	51,728
Supplies and Materials	600	(600)			
Total - Undistributed Expenditures - Speech, OT, PT and Related Services	244,511	(19,600)	224,911	173,183	51,728

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2020

	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	\$ 56,660	\$ 7,000	\$ 63,660	\$ 55,190	\$ 8,470
Purchased Professional/Educational Services	166,100	(44,000)	122,100	84,348	37,752
Supplies and Materials	1,900	(500)	1,400	653	747
Total - Undistributed Expenditures - Other Support Services Students - Extraordinary Services	224,660	(37,500)	187,160	140,191	46,969
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	208,368	66,645	275,013	258,069	16,944
Salaries of Secretarial and Clerical Assistants	32,926	1	32,927	32,926	1
Purchased Professional - Educational Services	34,750	(8,000)	26,750	16,940	9,810
Other Purchased Professional and Technical Services	2,420	(345)	2,075	2,075	
Other Purchased Services	600	(505)	95		95
Supplies and Materials	2,304	(250)	2,054	2,054	
Total - Undistributed Expenditures - Guidance	281,368	57,546	338,914	312,064	26,850
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	323,799	23,892	347,691	334,730	12,961
Salaries of Secretarial and Clerical Assistants	41,033	(8,107)	32,926	30,600	2,326
Purchased Professional - Educational Services	53,600	(17,892)	35,708	25,146	10,562
Other Purchased Services	1,274	195	1,469	1,469	
Miscellaneous Purchased Services	15,000	(2,200)	12,800	12,800	
Supplies and Materials	3,200	1,257	4,457	4,441	16
Other Objects	2,450	(352)	2,098	2,079	19
Total - Undistributed Expenditures - Child Study Teams	440,356	(3,207)	437,149	411,265	25,884
Undistributed Expenditures - Improvement of Instruction Services/Other Support:					
Services - Instructional Staff:					
Salaries of Supervisors of Instruction	95,817		95,817	95,770	47
Salaries of Other Professional Staff	6,600		6,600	4,653	1,947
Salaries of Secr and Clerical Assist	59,154	(59,154)			
Purchased Professional - Educational Services	12,000	(3,868)	8,132	8,132	
Purchased Professional - Technical Services	1,360		1,360	1,084	276
Supplies and Materials	1,600	(1,000)	600	464	136
Total - Undistributed Expenditures - Improvement of Instruction Services/Other Support Services - Instructional Staff	176,531	(64,022)	112,509	110,103	2,406

BOROUGH OF PALMYRA SCHOOL DISTRICTGeneral FundRequired Supplementary InformationBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2020

	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	\$ 118,817	\$ -	\$ 118,817	\$ 118,817	\$ -
Salaries of Technology Coordinators	174,170	5,305	179,475	179,474	1
Purchased Professional and Technical Services	2,200	(2,200)			
Other Purchased Services	3,000	(1,000)	2,000	1,900	100
Supplies and Materials	4,450	159	4,609	4,591	18
Total - Undistributed Expenditures - Educational Media Services/School Library	302,637	2,264	304,901	304,782	119
Undistributed Expenditures - Support Services General Administration:					
Salaries	258,099	(30,824)	227,275	227,274	1
Legal Services	20,000		20,000	15,085	4,915
Audit Fees	24,500	(1,627)	22,873	22,873	
Architectural	35,000	(10,036)	24,964	21,107	3,857
Other Purchased Professional Services	5,750	1,185	6,935	6,680	255
Communications/Telephone	31,700		31,700	27,415	4,285
Other Purchased Services	8,875	2,537	11,412	9,999	1,413
General Supplies	2,550	379	2,929	2,575	354
Miscellaneous Expenditures	3,500	(244)	3,256	2,673	583
BOE Membership Dues and Fees	6,900	(135)	6,765	6,765	
Total - Undistributed Expenditures - Support Services General Administration	396,874	(38,765)	358,109	342,446	15,663
Undistributed Expenditures - Support Services School Administration:					
Salaries of Principals/Assistant Principals	395,810	1,000	396,810	396,665	145
Salaries of Secretarial and Clerical Assistants	73,959	2	73,961	73,959	2
Other Purchased Services	6,800	(802)	5,998	4,953	1,045
Supplies and Materials	6,650		6,650	6,090	560
Total - Undistributed Expenditures - Support Services School Administration	483,219	200	483,419	481,667	1,752
Undistributed Expenditures - Central Services:					
Salaries	270,630	(1,601)	269,029	259,494	9,535
Purchased Professional Services	8,400	(8,400)			
Purchased Technical Services	17,000	(1,500)	15,500	13,985	1,515
Miscellaneous Purchased Services	9,650	(705)	8,945	7,697	1,248
Supplies and Materials	7,000	(332)	6,668	5,031	1,637
Other Objects	1,500		1,500	1,363	137
Total - Undistributed Expenditures - Central Services	314,180	(12,538)	301,642	287,570	14,072

BOROUGH OF PALMYRA SCHOOL DISTRICTGeneral FundRequired Supplementary InformationBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2020

	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	\$ 74,217	\$ (4,000)	\$ 70,217	\$ 69,543	\$ 674
Other Purchased Services	4,350	(2,008)	2,342	2,342	
Supplies and Materials	500		500	310	190
Total - Undistributed Expenditures - Administrative Information Technology	79,067	(6,008)	73,059	72,195	864
Undistributed Expenditures - Required Maintenance:					
Salaries	160,682	1,602	162,284	156,173	6,111
Cleaning, Repair & Maintenance Services	362,681	(32,550)	330,131	328,563	1,568
General Supplies	46,990	(11,500)	35,490	33,712	1,778
Other Objects	8,600		8,600	8,194	406
Total - Undistributed Expenditures - Required Maintenance	578,953	(42,448)	536,505	526,642	9,863
Undistributed Expenditures - Custodial Services:					
Salaries	425,527	25,676	451,203	439,776	11,427
Salaries of Non-Instructional Aides	51,840	(25,677)	26,163	26,163	
Cleaning, Repair & Maintenance Services	54,000	(44,022)	9,978	2,945	7,033
Other Purchased Property Services	65,000	(9,715)	55,285	55,283	2
Insurance	176,500	(22,526)	153,974	148,435	5,539
General Supplies	48,300		48,300	42,717	5,583
Energy (Natural Gas)	75,000	(25,000)	50,000	48,632	1,368
Energy (Electricity)	250,000	(25,000)	225,000	196,046	28,954
Other Objects	2,000		2,000	1,891	109
Total - Undistributed Expenditures - Custodial Services	1,148,167	(126,264)	1,021,903	961,888	60,015
Undistributed Expenditures - Security:					
Salaries	39,908		39,908	39,110	798
Purchased Professional and Technical Services	90,500	750	91,250	90,594	656
General Supplies	1,950	(750)	1,200	1,093	107
Other Objects	975		975	149	826
Total - Undistributed Expenditures - Security	133,333		133,333	130,946	2,387
Total - Operation and Maintenance of Plant Services	1,860,453	(168,712)	1,691,741	1,619,476	72,265

BOROUGH OF PALMYRA SCHOOL DISTRICTGeneral FundRequired Supplementary InformationBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2020

	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.	\$ 47,508	\$ -	\$ 47,508	\$ 47,508	\$ -
Salaries for Pupil Transportation (Other than Between Home & School)	29,250		29,250	13,103	16,147
Cleaning, Repair, & Maintenance Services	5,700		5,700	1,791	3,909
Contracted Services (Other Than Home & School) - Vendors	30,600		30,600	12,928	17,672
Contracted Services (Special Education Students) - Vendors	328,000	(30,000)	298,000	254,045	43,955
Contracted Services (Special Education Students) - Joint Agreements	10,000	(6,302)	3,698	3,516	182
General Supplies	8,000		8,000	4,238	3,762
Total Student Transportation Services	459,058	(36,302)	422,756	337,129	85,627
Unallocated Benefits - Employee Benefits:					
Social Security Contribution	180,000		180,000	141,000	39,000
Other Retirement Contributions - PERS	175,000	90,350	265,350	265,349	1
Other Retirement Contributions - Regular	4,750		4,750	2,868	1,882
Unemployment Contribution	25,000	(10,000)	15,000		15,000
Workmen's Compensation	194,000	(20,630)	173,370	173,369	1
Health Benefits	2,758,000	(43,578)	2,714,422	2,449,072	265,350
Tuition Reimbursements	21,000	(11,952)	9,048	9,048	
Other Employee Benefits	119,436		119,436	114,100	5,336
Unused Sick Payment to Terminated/Retired Staff	5,600	14,000	19,600	19,600	
Total Unallocated Benefits - Employee Benefits	3,482,786	18,190	3,500,976	3,174,406	326,570
On-behalf TPAF Pension Contributions - Normal (Non-Budgeted)				1,374,122	(1,374,122)
On-behalf TPAF Medical Contributions (Non-Budgeted)				509,774	(509,774)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				1,310	(1,310)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				513,334	(513,334)
Total TPAF Contributions				2,398,540	(2,398,540)
Total Undistributed Expenses	10,682,267	(193,590)	10,488,677	12,113,673	(1,624,996)
Interest on Maintenance Reserve	4,581		4,581		4,581
Total Expenditures - Current Expense	17,267,501	(111,990)	17,155,511	18,472,446	(1,316,935)

BOROUGH OF PALMYRA SCHOOL DISTRICT
General Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	\$ 34,200	\$ -	\$ 34,200	\$ 34,200	\$ -
Grades 6-8	70,600	(8,800)	61,800	60,640	1,160
Undistributed Expenditures - School Administration	32,000	(24,521)	7,479	7,479	
Undistributed Expenditures - Required Maintenance		19,416	19,416	19,416	
Construction-Other	250,000	125,895	375,895	216,607	159,288
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	3,043		3,043	3,034	9
Interest Deposit to Capital Reserve	6,238		6,238		6,238
Total Capital Outlay	396,081	111,990	508,071	341,376	166,695
Total Expenditures	17,663,582		17,663,582	18,813,822	(1,150,240)
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,227,241)		(1,227,241)	425,482	1,652,723
Operating Financing Sources (Uses)					
Transfer of Funds to Charter School	(16,367)		(16,367)		16,367
Total Othe Financing Sources (Uses)	(16,367)		(16,367)		16,367
Excess (Deficiency) of Revenues and Other Financing Sourcer Over (Under) Expenditures and Other Financing (Uses)	(1,243,608)		(1,243,608)	425,482	1,669,090
Fund Balances, July 1	4,682,661		4,682,661	4,682,661	
Fund Balances, June 30	\$ 3,439,053	\$ -	\$ 3,439,053	\$ 5,108,143	\$ 1,669,090
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 722,375	
Maintenance Reserve				988,248	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				350,000	
Excess Surplus Previous Year - Designated for Subsequent Year's Expenditures				1,226,462	
Excess Surplus - Current Year				1,245,582	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				118,661	
Unassigned Fund Balance				456,815	
				5,108,143	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(452,609)	
Fund Balance per Governmental Funds (GAAP)				\$ 4,655,534	

BOROUGH OF PALMYRA SCHOOL DISTRICTSpecial Revenue FundRequired Supplementary InformationBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Federal Sources:					
Title I, Part A	\$ 204,913	\$ 30,951	\$ 235,864	\$ 235,864	\$ -
Title I, SIA		111,600	111,600	64,816	(46,784)
Title I, Part A - Reallocated		9,922	9,922	8,920	(1,002)
Title II, Part A	26,251	(3,255)	22,996	22,641	(355)
Title IV	11,830	8,369	20,199	14,198	(6,001)
I.D.E.A., Part B Basic	248,681	29,762	278,443	278,443	
I.D.E.A., Part B, Preschool Incentive	6,788	869	7,657	7,657	
Total - Federal Sources	498,463	188,218	686,681	632,539	(54,142)
Local Sources	457,000		457,000	418,203	(38,797)
Total Revenues	<u>\$ 955,463</u>	<u>\$ 188,218</u>	<u>\$ 1,143,681</u>	<u>\$ 1,050,742</u>	<u>\$ (92,939)</u>
EXPENDITURES:					
Instruction:					
Salaries	\$ 142,350	\$ 97,464	\$ 239,814	\$ 221,535	\$ 18,279
Other Purchased Services	248,681	29,762	278,443	278,443	
General Supplies	9,280	34,594	43,874	41,379	2,495
Total Instruction	400,311	161,820	562,131	541,357	20,774
Support Services:					
Personal Services - Employee Benefits	60,071	20,605	80,676	52,171	28,505
Purchased Professional and Technical Services	28,443	5,153	33,596	29,281	4,315
Other Purchased Services	7,638	(5,248)	2,390	2,275	115
Supplies and Materials	2,000	5,888	7,888	7,455	433
Total Support Services	98,152	26,398	124,550	91,182	33,368
Facilities Acquisitions & Const Serv:					
Non-Instructional Equipment	457,000		457,000	418,203	38,797
Total Facilities Acquisition & Const Serv	457,000		457,000	418,203	38,797
Total Expenditures	<u>\$ 955,463</u>	<u>\$ 188,218</u>	<u>\$ 1,143,681</u>	<u>\$ 1,050,742</u>	<u>\$ 92,939</u>

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, 2020

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	\$ 19,239,304	\$ 1,050,742
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, 2019.	442,821	
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, 2020.	(452,609)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 19,229,516</u>	<u>\$ 1,050,742</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>\$ 18,813,822</u>	<u>\$ 1,050,742</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>2019</u>	<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	0.016967%	0.017225%	0.017233%	0.016815%	0.016885%	0.019718%	0.017493%
District's Proportionate Share of the Net Pension Liability	\$ 3,057,123	\$ 3,391,554	\$ 4,011,458	\$ 4,979,985	\$ 3,790,247	\$ 3,691,696	\$ 3,343,179
District's Covered-Employee Payroll	\$ 1,232,591	\$ 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	248.02%	279.75%	328.22%	413.17%	307.65%	254.38%	261.40%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	56.27%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 165,883	\$ 172,035	\$ 161,331	159,641	149,378	\$ 145,162	\$ 162,550
Contributions in relation to the Contractually Required Contribution	(165,883)	(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>	<u>\$</u>
District's Covered-Employee Payroll	\$ 1,232,591	\$ 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	13.46%	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>2019</u>	<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	0.063254%	0.063751%	0.062543%	0.062357%	0.061856%	0.058143%	0.062280%
District's Proportionate Share of the Net Pension Liability	\$ 38,819,729	\$ 40,556,710	\$ 42,168,704	49,053,745	39,095,730	31,075,683	\$ 31,476,018
District's Covered-Employee Payroll	\$ 6,884,571	\$ 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	563.87%	598.05%	633.46%	653.39%	544.43%	427.15%	469.62%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	26.95%	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

	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 1,180,978	\$ 1,310,245	\$ 1,576,958
Interest Cost	1,339,589	1,458,299	1,260,137
Changes of Benefit Terms			
Differences Between Expected and Actual Experiences	(5,971,368)	(3,988,362)	
Changes of Assumptions	446,992	(3,887,439)	(5,169,974)
Member Contributions	27,279	31,307	33,994
Gross Benefit Payments	(920,272)	(905,832)	(923,190)
Net Change in Total OPEB Liability	(3,896,802)	(5,981,782)	(3,222,075)
Total OPEB Liability - Beginning	33,875,986	39,857,768	43,079,843
Total OPEB Liability - Ending	<u>\$ 29,979,184</u>	<u>\$ 33,875,986</u>	<u>\$ 39,857,768</u>
Covered-Employee Payroll	<u>\$ 8,117,162</u>	<u>\$ 7,993,839</u>	<u>\$ 7,879,015</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	369.33%	423.78%	505.87%

Notes to Schedule:

Changes of Benefit Terms: None

Differences Between 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. The decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premiums experience.

Changes in Assumptions: 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. The decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality 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, 2020

	Total	NCLB					I.D.E.A. Part B		Safety Grant
		Title I			Title II	Title IV	Basic	Preschool	
		Title I, Part A	SIA	Reallocated					
REVENUES:									
Federal Sources	\$ 632,539	\$ 235,864	\$ 64,816	\$ 8,920	\$ 22,641	\$ 14,198	\$ 278,443	\$ 7,657	
Local Sources	418,203								\$ 418,203
Total Revenues	1,050,742	235,864	64,816	8,920	22,641	14,198	278,443	7,657	418,203
EXPENDITURES:									
Instruction:									
Salaries	221,535	149,062	64,816					7,657	
Other Purchased Services	278,443						278,443		
General Supplies	41,379	26,681		8,920		5,778			
Total Instruction	541,357	175,743	64,816	8,920		5,778	278,443	7,657	
Support Services:									
Personal Services - Employee Benefits	52,171	52,171							
Purchased Professional and Technical Services	29,281	7,950			20,182	1,149			
Other Purchased Services	2,275				2,275				
Supplies and Materials	7,455				184	7,271			
Total Support Services	91,182	60,121			22,641	8,420			
Facilities Acquisitions & Const Serv:									
Non-Instructional Equipment	418,203								418,203
Total Facilities Acquisition & Const Serv	418,203								418,203
Total Expenditures	\$ 1,050,742	\$ 235,864	\$ 64,816	\$ 8,920	\$ 22,641	\$ 14,198	\$ 278,443	\$ 7,657	\$ 418,203

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, 2020

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 122,950	\$ 270,964	\$ 393,914
Accounts Receivable:			
State	29		29
Federal	2,657		2,657
Interfund Receivable:			
General Fund	180		180
Inventories	21,527		21,527
Total Current Assets	<u>147,343</u>	<u>270,964</u>	<u>418,307</u>
Noncurrent Assets:			
Furniture, Fixtures and Equipment	337,711		337,711
Less Accumulated Depreciation	(290,575)		(290,575)
Total Noncurrent Assets	<u>47,136</u>		<u>47,136</u>
Total Assets	<u>194,479</u>	<u>270,964</u>	<u>465,443</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	17,622		17,622
Total Liabilities	<u>17,622</u>		<u>17,622</u>
NET POSITION:			
Restricted:			
Net Investment in Capital Assets	47,136		47,136
Unrestricted	129,721	270,964	400,685
Total Net Position	<u>\$ 176,857</u>	<u>\$ 270,964</u>	<u>\$ 447,821</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, 2020

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales:			
Non-reimbursable Programs	\$ 70,254		\$ 70,254
Reimbursable Program -- School Breakfast	5,074		5,074
Reimbursable Program -- School Lunch	65,794		65,794
Child Care Fees		\$ 95,434	95,434
Total Operating Revenues	<u>141,122</u>	<u>95,434</u>	<u>236,556</u>
OPERATING EXPENSES:			
Salaries	106,870	74,623	181,493
Employee Benefits	19,487	37,320	56,807
Management Fee	23,805		23,805
General Supplies		3,652	3,652
Direct Expenses	10,077	1,303	11,380
Depreciation	4,527		4,527
Other Professional and Technical Services	2,185	3,785	5,970
Cost of Sales - Reimbursable Programs	86,400		86,400
Cost of Sales - Non-reimbursable Programs	36,921		36,921
Total Operating Expenses	<u>290,272</u>	<u>120,683</u>	<u>410,955</u>
Operating Income / (Loss)	<u>(149,150)</u>	<u>(25,249)</u>	<u>(174,399)</u>
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	2,854		2,854
Federal Sources:			
National School Lunch Program	103,496		103,496
National School Breakfast Program	22,573		22,573
Food Distribution Program	27,735		27,735
Interest Revenue	150	159	309
Total Nonoperating Revenues	<u>156,808</u>	<u>159</u>	<u>156,967</u>
Change in Net Position	7,658	(25,090)	(17,432)
Net Position -- July 1	169,199	296,054	465,253
Net Position -- June 30	<u>\$ 176,857</u>	<u>\$ 270,964</u>	<u>\$ 447,821</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, 2020

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 152,252	\$ 95,434	\$ 247,686
Payments to Management Company	(23,805)		(23,805)
Payments to Employees	(106,870)	(74,623)	(181,493)
Payments for Employee Benefits	(19,487)	(37,320)	(56,807)
Payments for Supplies and Services	(176,578)	(8,740)	(185,318)
Net Cash Provided by (Used for) Operating Activities	<u>(174,488)</u>	<u>(25,249)</u>	<u>(199,737)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	2,854		2,854
Federal Sources	153,804		153,804
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>156,658</u>		<u>156,658</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Purchase of Fixed Assets			
Net Cash Provided by (Used for) Capital Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Revenue	150	159	309
Net Increase in Cash and Cash Equivalents	<u>(17,680)</u>	<u>(25,090)</u>	<u>(42,770)</u>
Cash and Cash Equivalents -- July 1	140,630	296,054	436,684
Cash and Cash Equivalents -- June 30	<u>\$ 122,950</u>	<u>\$ 270,964</u>	<u>\$ 393,914</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (149,150)	\$ (25,249)	\$ (174,399)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	4,527		4,527
(Increase) Decrease in Accounts Receivable	6,783		6,783
(Increase) Decrease in Interfund Receivable	(180)		(180)
(Increase) Decrease in Inventories	(15,316)		(15,316)
Increase (Decrease) in Unearned Revenue	10,748		10,748
Increase (Decrease) in Accounts Payable	(31,900)		(31,900)
Total Adjustments	<u>(25,338)</u>		<u>(25,338)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (174,488)</u>	<u>\$ (25,249)</u>	<u>\$ (199,737)</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, 2020

	Private-Purpose Trust Fund	Agency Funds		
	Unemployment Compensation Insurance	Student Activity	Payroll	Total
ASSETS:				
Cash and Cash Equivalents	\$ 172,097	\$ 151,921	\$ 5,938	\$ 329,956
Total Assets	172,097	151,921	5,938	329,956
LIABILITIES:				
Accounts Payable	18,056			18,056
Interfund Accounts Payable:				
Due General Fund			3	3
Payable to Student Groups		151,921		151,921
Flexible Spending Reserve			5,935	5,935
Total Liabilities	18,056	151,921	5,938	175,915
NET POSITION:				
Restricted:				
Held in Trust for Payment of Claims	154,041			154,041
	\$ 172,097	\$ 151,921	\$ 5,938	\$ 329,956

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, 2020

	<u>Unemployment Compensation Insurance Trust Fund</u>
ADDITIONS:	
Interest on Investments	\$ 2,054
Employee Contributions	16,666
Total Additions	<u>18,720</u>
DELETIONS:	
Withdrawals	<u>39,255</u>
Change in Net Position	(20,535)
Net Position -- July 1	<u>174,576</u>
Net Position -- June 30	<u><u>\$ 154,041</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, 2020

	Balance June 30, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
District Administration	\$ 11,951	\$ 18,290	\$ 290	\$ 29,951
Charles Street School	6,385	4,847	4,064	7,168
High School	56,210	62,782	62,429	56,563
Scholarships	61,486	6,217	9,464	58,239
Total All Schools	<u>\$ 136,032</u>	<u>\$ 92,136</u>	<u>\$ 76,247</u>	<u>\$ 151,921</u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS:				
Cash and Cash Equivalents	\$ 5,762	\$ 10,000,551	\$ 10,000,375	\$ 5,938
Total Assets	\$ 5,762	\$ 10,000,551	\$ 10,000,375	\$ 5,938
LIABILITIES:				
Payroll Deductions and Withholdings	\$	4,229,103	\$ 4,229,103	\$
Net Payroll		5,764,098	5,764,098	
Flexible Spending Reserve	5,579	7,350	6,994	5,935
Interfund Accounts Payable:				
Due General Fund	183		180	3
Total Liabilities	\$ 5,762	\$ 10,000,551	\$ 10,000,375	\$ 5,938

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, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2019	Issued	Retired	Balance June 30, 2020
			Date	Amount					
School District Refunding Bonds - Series 2016	09-14-16	\$ 8,365,000	03-01-21	\$ 925,000	4.00%	\$ 7,365,000		\$ 885,000	\$ 6,480,000
			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%				
						\$ 7,365,000		\$ 885,000	\$ 6,480,000

BOROUGH OF PALMYRA SCHOOL DISTRICTDebt Service FundBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 981,317		\$ 981,317	\$ 981,317	
State Sources:					
Debt Service Aid Type II	169,706		169,706	169,706	
Total Revenues	1,151,023		1,151,023	1,151,023	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	266,023		266,023	266,023	
Redemption of Principal	885,000		885,000	885,000	
Total Expenditures	1,151,023		1,151,023	1,151,023	
Excess (Deficiency) of Revenues Over (Under) Expenditures					
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					
Fund Balance, July 1					
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Restricted Fund Balance				\$ -	

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities:										
Net Investment in Capital Assets	\$ 3,779,374	\$ 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
Restricted	4,532,667	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
Unrestricted (Deficit)	(3,977,757)	(4,211,094)	(4,385,670)	(3,667,853)	(4,199,304)	(4,120,110)	(224,102)	(142,141)	(250,459)	(354,049)
Total Governmental Activities Net Position	<u>\$ 4,334,284</u>	<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>
Business-type Activities:										
Net Investment in Capital Assets	\$ 47,136	\$ 51,663	\$ 17,212	\$ 19,186	\$ 21,403	\$ 26,537	\$ 31,922	\$ 22,052	\$ 30,266	\$ 8,967
Unrestricted	400,685	413,590	477,047	435,609	390,792	322,962	248,229	186,763	174,228	202,484
Total Business-type Activities Net Position	<u>\$ 447,821</u>	<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>
Government-wide:										
Net Investment in Capital Assets	\$ 3,826,510	\$ 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
Restricted	4,532,667	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
Unrestricted (Deficit)	(3,577,072)	(3,797,504)	(3,908,623)	(3,232,244)	(3,808,512)	(3,797,148)	24,126	44,622	(76,231)	(151,565)
Total Government-wide Net Position	<u>\$ 4,782,105</u>	<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>

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 deferrals 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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
EXPENSES:										
Governmental Activities:										
Instruction:										
Regular	\$ 4,599,642	\$ 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
Special Education	1,679,943	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
Other Special Education	675,449	519,836	548,518	726,868	591,072	522,805	487,942	427,228	334,898	310,407
Support Services:										
Tuition	1,661,860	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
Student and Instruction Related Services	1,829,566	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
School Administrative Services	481,667	1,097,280	423,498	413,584	403,066	509,522	368,970	502,060	503,830	484,710
General and Business Administrative Services	702,211	744,938	690,026	796,722	713,233	942,828	838,531	690,948	565,790	521,374
Plant Operations and Maintenance	2,269,359	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
Pupil Transportation	337,129	357,474	397,385	370,634	289,333	316,263	294,760	310,514	253,947	315,102
Unallocated Benefits	6,258,068	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
Special Schools										
Interest on Long-term Debt	304,774	187,874	434,809	298,544	395,020	427,371	448,970	473,181	488,934	562,219
Unallocated Depreciation									597,286	19,318
Total Governmental Activities Expenses	20,799,668	23,858,494	22,495,001	21,049,231	19,564,361	17,949,621	16,572,653	16,771,480	16,118,654	15,599,766
Business-type Activities:										
Food Service	290,272	450,478	371,481	371,310	364,319	348,434	365,504	354,224	345,900	320,327
After School Program	120,683	147,530	144,562	132,725	119,501	114,003	96,814	131,485	63,624	64,104
Total Business-type Activities Expense	410,955	598,008	516,043	504,035	483,820	462,437	462,317	485,710	409,524	384,431
Total Government Expenses	<u>\$ 21,210,623</u>	<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>
PROGRAM REVENUES:										
Governmental Activities:										
Operating Grants and Contributions	\$ 3,945,338	\$ 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
Charges for Services	1,878,779	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
Total Governmental Activities Program Revenues	5,824,117	5,657,997	6,049,710	6,408,023	5,404,925	3,660,402	3,512,454	3,708,285	3,609,663	3,522,766
Business-type Activities:										
Charges for Services:										
Food Service	141,122	200,712	164,881	160,491	146,001	138,635	146,565	143,416	145,386	152,888
After School Program	95,434	137,093	148,461	154,699	148,714	165,802	152,379	128,924	116,270	93,683
Operating Grants and Contributions	156,658	230,790	238,370	237,138	251,721	227,293	219,204	217,621	205,030	167,318
Total Business-type Activities Program Revenues	393,214	568,595	551,712	552,328	546,436	531,731	518,148	489,960	466,686	413,889
Total Government Program Revenues	<u>\$ 6,217,331</u>	<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>
NET (EXPENSE)/REVENUE:										
Governmental Activities	\$(14,975,551)	\$(18,200,497)	\$(16,445,291)	\$(14,641,208)	\$(14,159,437)	\$(14,289,219)	\$(13,060,199)	\$(13,063,195)	\$(12,508,991)	\$(12,077,000)
Business-type Activities	(17,741)	(29,413)	35,669	48,294	62,616	69,293	55,831	4,251	57,162	29,458
Total Government-wide Net Expense	<u>\$(14,993,292)</u>	<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>

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

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 9,552,528	\$ 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
Taxes Levied for Debt Service	981,317	987,461	1,042,046	1,094,439	948,158	948,158	967,890	925,603	925,603	999,442
Unrestricted Grants and Contributions	5,400,356	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
Investment Earnings	62,039	84,978	35,078	3,729	4,171	3,747		2,700	1,182	9,345
Other	511,945	64,251	93,979	133,678	90,718	89,822	70,339	17,790	35,263	44,348
Disposal of Assets									(133)	
Transfers							(15,454)		100,000	
Total Governmental Activities	16,508,185	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
Business-type Activities:										
Investment Earnings	309	407	3,796	110	80	55	52	69	99	1,406
Contribution of Capital Assets									25,782	
Transfers							15,454		(90,000)	
Total Business-type Activities	309	407	3,796	110	80	55	15,506	69	(64,119)	1,406
Total Government-wide	\$ 16,508,494	\$ 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
CHANGE IN NET POSITION:										
Governmental Activities	\$ 1,532,634	\$ 999,979	\$ 657,002	\$ 494,458	\$ 558,553	\$ (58,891)	\$ 622,582	\$ 45,432	\$ 504,047	\$ 394,642
Business-type Activities	(17,432)	(29,006)	39,465	48,404	62,696	69,348	71,336	4,320	(6,957)	30,864
Total Government	\$ 1,515,202	\$ 970,973	\$ 696,467	\$ 542,861	\$ 621,249	\$ 10,457	\$ 693,919	\$ 49,752	\$ 497,090	\$ 425,506

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Restricted	\$4,532,667	\$ 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
Assigned	118,661	62,389	65,877	245,506	40,370	86,984	132,294	68,875	619,994	623,096
Unassigned (Deficit)	4,206	29,439	(19,680)	(15,850)	(23,568)	(71,432)	(33,661)	(90,817)	(72,123)	(52,148)
Total General Fund	<u>\$4,655,534</u>	<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>
All Other Governmental Funds:										
Assigned										\$ 354
Restricted, Reported in:										
Debt Service Fund			\$ 25,004	\$ 25,505	\$ 501	\$ 501	\$ 1	\$ 1		
Total All Other Governmental Funds	<u>\$ -</u>	<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>

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
REVENUES:										
Tax Levy	\$ 10,533,845	\$ 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
Other Local Revenue	2,452,763	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
State Sources	7,790,878	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
Federal Sources	653,795	616,502	568,759	570,718	606,194	601,834	552,304	603,065	780,210	679,267
Total Revenues	21,431,281	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
EXPENDITURES:										
Instruction										
Regular Instruction	4,544,738	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
Special Education Instruction	1,679,943	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
Other Special Instruction	675,449	519,836	548,518	726,868	591,072	514,858	487,942	427,228	334,898	310,407
Support Services:										
Tuition	1,661,860	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
Student and Instruction Related Services	1,829,566	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
School Administrative Services	481,667	468,226	420,764	386,961	426,397	464,598	368,797	501,863	469,404	450,862
Other Administrative Services	702,211	744,938	689,508	791,826	628,642	762,944	741,803	594,238	531,363	487,525
Plant Operations and Maintenance	1,619,476	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
Pupil Transportation	337,129	357,474	397,385	370,634	294,129	311,467	294,760	310,514	246,582	315,102
Unallocated Benefits	5,572,946	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
Debt Service:										
Principal	885,000	895,000	905,000	910,000	885,000	720,000	725,000	705,000	660,000	640,000
Interest and Other Charges	266,023	292,875	313,975	353,044	405,405	431,168	451,918	476,393	494,067	634,290
Special Schools										
Capital Outlay	759,579	124,002	222,529	162,413	20,570	86,677	18,497	11,639	633,700	27,646
Total Expenditures	21,015,587	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
Excess (Deficiency) of Revenues Over (Under) Expenditures	415,694	544,615	305,699	(121,401)	322,691	639,476	600,575	(22,223)	(261,264)	203,671
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	
Transfers Out					(151,154)			(44,245)		
Total Other Financing Sources (Uses)				120,345					100,000	
Net Change in Fund Balances	\$ 415,694	\$ 544,615	\$ 305,699	\$ (1,055)	\$ 322,691	\$ 639,476	\$ 600,575	\$ (22,223)	\$ (161,264)	\$ 203,671
Debt Service as a Percentage of Non-capital Expenditures	5.68%	6.01%	6.41%	6.81%	7.21%	6.71%	7.09%	7.02%	7.15%	8.08%

Source: Exhibit B-2

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

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Interest on Investments	\$ 62,039	\$ 84,978	\$ 35,078	\$ 3,729	\$ 4,171	\$ 3,747	\$ 2,889	\$ 2,700	\$ 1,182	\$ 18,553
Tuition	1,878,779	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
Transportation Fees				5,918						
Shared Services									7,130	16,000
Solar Energy Rebate				53,550						
Rental/Lease of Facilities						1,800	3,699	500	855	205
Prior Year E-Rate	63,131	47,385	58,041	42,196	38,914	48,074				
Prior Year Refunds	7,377		14,920	13,034	29,581	14,228	17,687	12,636	12,202	12,841
Athletics	21,654	15,276	19,530	13,895	15,917	21,525	40,731			
Sale of Assets				22,670						
Miscellaneous	1,580	1,590	488	4,814	6,305	4,195	5,333	4,654	15,076	6,094
Total Miscellaneous Revenues	<u>\$2,034,560</u>	<u>\$1,764,647</u>	<u>\$1,263,263</u>	<u>\$1,263,263</u>	<u>\$1,456,082</u>	<u>\$1,843,434</u>	<u>\$1,923,540</u>	<u>\$1,820,917</u>	<u>\$1,777,093</u>	<u>\$1,782,035</u>

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)
2020	\$ 4,627,600	\$ 408,915,145	\$	\$ 32,380,300	\$ 9,506,300	\$ 21,205,900	\$ 476,635,245	\$ 94	\$ 476,635,339	\$ 52,426,455	\$ 510,274,077	\$ 2.29
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

(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
2020	\$ 2.062	\$ 0.227	\$ 2.289	\$ 1.295	\$ 0.421	\$ 4.005
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

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	2020			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%	\$ 2,240,000	7-10	0.72%
Boss Lady, LLC	3,500,000	2	0.73%	2,200,000	1	0.70%
River Villas Mews, LLC	2,261,600	3	0.47%	1,540,000	3	0.49%
Roto Cylinders, Inc.	2,247,800	4	0.47%	1,492,600	4	0.48%
Nai Entertainment Holdings, LLC	2,009,000	5	0.42%			
Philadelphia Sign Company	1,809,200	6	0.38%	1,588,500	2	0.51%
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%			
Paul W. Callahan, Trustee	1,177,700	10	0.25%			
Haroution K. Aydjian						
National Amusements Inc.				1,296,300	5	0.41%
Tower Management Services						
David Drew Associates				916,800	6	0.30%
Total	27,943,100		5.95%	\$ 15,374,600		3.61%

Source: Municipal Tax Assessor

BOROUGH OF PALMYRA SCHOOL DISTRICT

Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited)

<u>Fiscal Year Ended June 30,</u>	<u>School District Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2020	\$ 10,533,845	\$ 10,533,845	100%	-
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%	-

(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			
2020	\$ 6,480,000				\$ 6,480,000	1.52%	912
2019	7,365,000				\$ 7,365,000	1.73%	1,037
2018	8,260,000	-	-	-	8,260,000	1.93%	1,155
2017	9,165,000	-	-	-	9,165,000	2.14%	1,278
2016	10,335,000	-	-	-	10,335,000	2.50%	1,436
2015	11,220,000	-	-	-	11,220,000	2.76%	1,548
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

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)		
2020	\$ 6,480,000	-	\$ 6,480,000	1.27%	\$ 912
2019	7,365,000	-	7,365,000	1.43%	1,037
2018	8,260,000	-	8,260,000	1.62%	1,155
2017	9,165,000	-	9,165,000	2.00%	1,278
2016	10,335,000	-	10,335,000	2.07%	1,436
2015	11,220,000	-	11,220,000	2.25%	1,548
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

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, 2019
(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	\$ 7,365,000	\$ 7,365,000	\$ -	\$ -
Palmyra Borough Sewer Utility	5,025,930	5,356,398		
Palmyra Borough	<u>12,807,442</u>	<u>653,850</u>	<u>12,153,592</u>	<u>12,153,592</u>
	<u>\$ 25,198,372</u>	<u>\$ 13,375,248</u>	<u>\$ 12,153,592</u>	<u>\$ 12,153,592</u>
Overlapping Debt Apportioned to the Municipality:				
County of Burlington: (2)				
General:				
Bonds	\$ 241,362,399	\$ 20,051,390	\$ 221,311,009	\$ 2,368,778
Bonds Issued by Other Public Bodies				
Guaranteed by the County	409,610,800	409,610,800		
Solid Waste Utility	<u>46,511,193</u>	<u>46,511,193</u>		
	<u>697,484,392</u>	<u>476,173,383</u>	<u>221,311,009</u>	<u>2,368,778</u>
	<u>\$ 722,682,764</u>	<u>\$ 489,548,631</u>	<u>\$ 233,464,601</u>	<u>\$ 14,522,370</u>

Sources:

- (1) 2019 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 2019

	Equalized Valuation Basis (1):	
	2019	\$ 509,643,050
	2018	512,976,632
	2017	509,393,631
	[A]	<u><u>\$ 1,532,013,313</u></u>
Average Equalized Valuation of Taxable Property	[A/3]	\$ 510,671,104
Debt Limit (4% of Average Equalization Value) (2)	[B]	20,426,844
Total Net Debt Applicable to Limit (3)	[C]	<u>6,480,000</u>
Legal Debt Margin	[B-C]	<u><u>\$ 13,946,844</u></u>

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$ 20,426,844	\$ 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
Total Net Debt Applicable to Limit (3)	<u>6,480,000</u>	<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>
Legal Debt Margin	<u><u>\$ 13,946,844</u></u>	<u><u>\$ 13,027,550</u></u>	<u><u>\$ 12,183,263</u></u>	<u><u>\$ 11,706,496</u></u>	<u><u>\$ 10,874,348</u></u>	<u><u>\$ 10,179,907</u></u>	<u><u>\$ 9,710,176</u></u>	<u><u>\$ 9,851,840</u></u>	<u><u>\$ 10,031,220</u></u>	<u><u>\$ 9,985,997</u></u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	31.72%	36.12%	40.40%	43.91%	48.73%	52.43%	55.15%	56.25%	57.13%	58.42%

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>
2020 *	7,104	\$ 426,806,946	\$ 60,077	2.97%
2019	7,140	428,523,181	60,017	3.30%
2018	7,153	428,874,531	59,957	3.90%
2017	7,174	427,993,666	59,659	4.20%
2016	7,199	413,719,331	57,469	4.50%
2015	7,250	406,145,000	56,020	5.00%
2014	7,294	390,148,766	53,489	6.30%
2013	7,312	376,538,752	51,496	11.1%
2012	7,359	375,470,898	51,022	11.6%
2011	7,372	368,386,212	49,971	11.1%

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	2020			2010		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Lockheed Martin	3,450	1	1.58%	INFORMATION NOT AVAILABLE		
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>

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction:										
Regular	61	61	59	65	65	64	59	61	64	69
Special education	30	27	26	26	27	27	27	33	29	19
Athletics	2	2	2	3	3	3	3	3	3	3
Adult/continuing education programs										
Support Services:										
Student & instruction related services	20	19	24	24	22	22	26	25	25	10
School administrative services	9	8	6	5	6	5	6	6	7	6
General and business administrative services	7	8	7	6	6	5	6	8	8	1
Plant operations and maintenance	16	19	19	14	14	14	16	15	16	12
Business and other support services		2	2	1	2	2	2	1	1	13
Child Care	1	1	1	1	1	1	1	1	1	1
Total	<u>146</u>	<u>147</u>	<u>145</u>	<u>145</u>	<u>142</u>	<u>145</u>	<u>152</u>	<u>154</u>	<u>134</u>	<u>134</u>

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	<u>Pupil/Teacher Ratio</u>		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Junior/Senior High School				
2020	938	\$ 19,523,188	\$ 20,814	9.05%	91	1:14.0	1:14.0	918	885	-1.29%	96.41%
2019	919	15,589,789	20,228	5.98%	90	1:14.0	1:14.0	924	880	-1.29%	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%

Sources: District Records

BOROUGH OF PALMYRA SCHOOL DISTRICT

School Building Information

Last Ten Fiscal Years

(Unaudited)

District Building	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
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	353	459	495	495	520	525	529	481	493	470
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
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	585	460	400	400	421	420	431	449	433	512
Number of Schools at June 30, 2020										
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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Charles Street School	\$ 189,591	\$ 165,310	\$ 130,952	\$ 132,314	\$ 115,208	\$ 132,252	\$ 111,027	\$ 112,451	\$ 71,365	\$ 69,286
Delaware Avenue School	36,865	32,144	25,462	25,728	22,402	18,466	21,589	21,865	13,876	13,472
Junior/Senior High School	300,186	261,740	207,343	209,498	182,413	183,820	176,807	178,047	112,994	109,702
Total School Facilities	<u>\$ 526,642</u>	<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>

* 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, 2020

(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

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

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, 2020, 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 December 22, 2020.

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 (internal control) as a basis for designing 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. Accordingly, we do not express an opinion on the effectiveness of the Palmyra Borough Board of Education's internal control.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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 one 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 and is described in the accompanying schedule of findings and questioned costs, labeled finding 2020-1.

Palmyra Board of Education's Response to Findings

Palmyra Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
December 22, 2020

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

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, 2020. 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 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*, 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 Federal and State 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, 2020.

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 as a basis for designing 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.

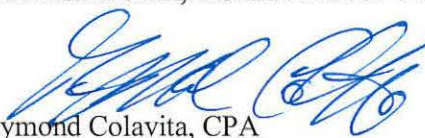
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify 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 December 22, 2020. 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. Accordingly, this report 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, 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

December 22, 2020

BOROUGH OF PALMYRA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2020

Pass-through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period		Balance June 29, 2019	Carry-over / (Walkover) Amount	Cash Received	Adjust/ ment	Budgetary Funds		Balance June 30, 2020		
					From	To					Pass-Through Funds	Total Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education:															
Passed-through the State Department of Education:															
General Fund:															
Medicaid Administrative Claiming Aid	93.778	2005NJ5MAP	Unavailable	\$ 5,296	07-01-19	06-30-20			\$ 5,296		\$ (5,296)	\$ (5,296)			
Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	Unavailable	15,960	07-01-19	06-30-20			15,960		(15,960)	(15,960)			
Total General Fund:									21,256		(21,256)	(21,256)			
U.S. Department of Education:															
Passed-through State Department of Education:															
Special Revenue Fund:															
E.S.E.A.:															
Title I, Part A	84.010	S010A190030	ESEA392020	217,275	07-01-19	09-30-20			186,192		(235,864)	(235,864)	\$ (49,672)		
Title I, Part A	84.010	S010A180030	ESEA392019	231,844	07-01-18	06-30-19	\$ (20,881)		20,881						
Title I, Part A - Reallocated	84.010	S010A190030	ESEA392020	9,922	07-01-19	09-30-20			7,150		(8,920)	(8,920)	(1,770)		
Title I, Part A - Reallocated	84.010	S010A180030	ESEA392019	15,872	07-01-18	06-30-19	(15,831)		15,831						
Title I, SIA Part A	84.010	S010A190030	ESEA392020	51,000	07-01-19	09-30-20			48,216		(64,816)	(64,816)	(16,600)		
Title I, SIA Part A	84.010	S010A180030	ESEA392019	184,138	07-01-18	06-30-19	(3,314)		3,314						
Title II, Part A	84.367	S367A190029	ESEA392020	22,812	07-01-19	09-30-20			22,365		(22,641)	(22,641)	(276)		
Title II, Part A	84.367	S367A180029	ESEA392019	27,633	07-01-18	06-30-19	(197)		197						
Title IV, Part A	84.424A	S424A190031	ESEA392020	13,530	07-01-19	09-30-20			12,689		(14,198)	(14,198)	(1,509)		
Title IV, Part A	84.424A	S424A180031	ESEA392019	13,919	07-01-18	06-30-19	16			(16)					
IDEA Cluster:															
I.D.E.A. Part B Basic	84.027	H027A190100	IDEA392020	277,515	07-01-19	09-30-20			231,354		(278,443)	(278,443)	(47,089)		
I.D.E.A. Part B, Pre-school	84.173	H173A190114	IDEA392020	7,657	07-01-19	09-30-20			6,124		(7,657)	(7,657)	(1,533)		
I.D.E.A. Part B, Pre-school	84.173	H173A180114	IDEA392019	7,543	07-01-18	06-30-19	(754)		754						
CARES ACT 2020/ESSER	84.425D	S425D200027	CARES392020	174,680	03-13-20	09-30-20									
Total Special Revenue Fund							(40,961)		555,067	(16)	(632,539)	(632,539)	(118,449)		
U.S. Department of Agriculture:															
Passed-through State Department of Agriculture:															
Enterprise Fund:															
Non-Cash Assistance (Food Distribution):															
Food Distribution Program	10.565	Unknown	Unavailable	38,541	07-01-19	06-30-20			38,541		(27,735)	(27,735)	\$ 10,806		
Food Distribution Program	10.565	Unknown	Unavailable	34,176	07-01-18	06-30-19	3,896				(3,896)	(3,896)			
Child Nutrition Cluster:															
Cash Assistance:															
National School Breakfast Program	10.553	201NJ304N1099	Unavailable	22,573	07-01-19	06-30-20			21,544		(22,573)	(22,573)	(1,029)		
National School Breakfast Program	10.553	191NJ304N1099	Unavailable	31,502	07-01-18	06-30-19	(1,713)		1,713						
National School Lunch Program	10.555	201NJ304N1099	Unavailable	103,496	07-01-19	06-30-20			101,868		(103,496)	(103,496)	(1,628)		
National School Lunch Program	10.555	191NJ304N1099	Unavailable	160,792	07-01-18	06-30-19	(7,547)		7,547						
Total Enterprise Fund							(5,364)		171,213		(157,700)	(157,700)	(2,657)	10,806	
Total Federal Financial Assistance							\$ (46,325)		\$ 747,536	\$ (16)	\$ (811,495)	\$ (811,495)	\$ (121,106)	\$ 10,806	

(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, 2020

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019			Balance June 30, 2020			Memo		
					Unearned Revenue/ Accounts Receivable	Due to Grantor	Cash Received	Total Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2020	Cumulative Total Expenditures
			From	To									
State Department of Education:													
General Fund:													
Equalization Aid	20-495-034-5120-078	\$ 3,988,761	07-01-19	06-30-20			\$ 3,635,042	\$ (3,988,761)			\$ (353,719)	\$ (353,719)	\$ 3,988,761
Equalization Aid	19-495-034-5120-078	3,932,441	07-01-18	06-30-19	\$ (344,990)		344,990						
Special Education Categorical Aid	20-495-034-5120-089	696,197	07-01-19	06-30-20			634,459	(696,197)	(61,738)			(61,738)	696,197
Special Education Categorical Aid	19-495-034-5120-089	696,197	07-01-18	06-30-19	(61,077)		61,077						
Security Aid	20-495-034-5120-084	218,608	07-01-19	06-30-20			199,222	(218,608)	(19,386)			(19,386)	218,608
Security Aid	19-495-034-5120-084	218,608	07-01-18	06-30-19	(19,178)		19,178						
Adjustment Aid	20-495-034-5120-085	102,575	07-01-19	06-30-20			93,479	(102,575)	(9,096)			(9,096)	102,575
Adjustment Aid	19-495-034-5120-085	102,575	07-01-18	06-30-19	(8,999)		8,999						
Transportation Aid	20-495-034-5120-014	97,770	07-01-19	06-30-20			89,100	(97,770)	(8,670)			(8,670)	97,770
Transportation Aid	19-495-034-5120-014	97,770	07-01-18	06-30-19	(8,577)		8,577						
Extraordinary Aid	20-100-034-5120-473	128,509	07-01-19	06-30-20				(128,509)	(128,509)				128,509
Extraordinary Aid	19-100-034-5120-473	156,986	07-01-18	06-30-19	(156,986)		156,986						
Reimbursed TPAF Social Security Contributions	20-495-034-5095-003	513,334	07-01-19	06-30-20			488,341	(513,334)	(24,993)				513,334
Reimbursed TPAF Social Security Contributions	19-495-034-5095-003	505,037	07-01-18	06-30-19	(24,513)		24,513						
On-behalf T.P.A.F. Pension Contrib - Normal Cost	19-495-034-5094-002	1,374,122	07-01-19	06-30-20			1,374,122	(1,374,122)					1,374,122
On-behalf T.P.A.F. Pension Contrib - Post-Retirement Med	19-495-034-5094-001	509,774	07-01-19	06-30-20			509,774	(509,774)					509,774
On-behalf T.P.A.F. Pension Contrib - Long Term Disability	19-495-034-5094-004	1,310	07-01-19	06-30-20			1,310	(1,310)					1,310
Total General Fund					(624,320)		7,649,169	(7,630,960)	(606,111)			(452,609)	7,630,960
Debt Service Fund:													
Debt Service Aid Type II	20-100-034-5120-017	169,706	07-01-19	06-30-20			169,706	(169,706)					169,706
Total Debt Service Fund:							169,706	(169,706)					169,706
New Jersey Department of Agriculture:													
Enterprise Fund:													
State School Lunch Aid	20-100-010-3350-023	2,854	07-01-19	06-30-20			2,825	(2,854)	(29)				2,854
State School Lunch Aid	19-100-010-3350-023	4,320	07-01-18	06-30-19	(209)		209						
Total Enterprise Fund					(209)		3,034	(2,854)	(29)				2,854
Total State Financial Assistance					\$ (624,529)		\$ 7,821,909	\$ (7,803,520)	\$ (606,140)			\$ (452,609)	\$ 7,803,520
Less: On-Behalf TPAF Pension System Contributions													
On-behalf T.P.A.F. Pension Contrib. - Normal Cost	20-495-034-5094-002	1,374,122	07-01-19	06-30-20			\$ 1,374,122	\$ (1,374,122)					
On-behalf T.P.A.F. Pension Contrib. - Post-Retire. Medical	20-495-034-5094-001	509,774	07-01-19	06-30-20			509,774	(509,774)					
On-behalf T.P.A.F. Pension Contrib. - Long Term Disability	20-495-034-5094-004	1,310	07-01-19	06-30-20			1,310	(1,310)					
Total General Fund (Non-Cash Assistance)							1,885,206	(1,885,206)					
Total State Financial Assistance - Major Program Determination							\$ 5,936,703	\$ (5,918,314)					

(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, 2020

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 \$9,788 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, 2020

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

	Federal	State	Total
General Fund	\$ 21,256	\$ 7,621,172	\$ 7,642,428
Special Revenue Fund	632,539		632,539
Debt Service Fund		169,706	169,706
Food Service Fund	153,804	2,854	156,658
Total Awards & Financial Assistance	\$ 807,599	\$ 7,793,732	\$ 8,601,331

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, 2020.

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, 2020. 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, 2020.

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, 2020**

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? X yes _____ 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:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.010	S010A190030	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, 2020
(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>
20-495-034-5120-078	Equalization Aid
20-495-034-5120-089	Special Education Categorical Aid
20-495-034-5120-084	Security Aid
20-495-034-5120-085	Adjustment Aid

**BOROUGH OF PALMYRA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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: 2020-1

Criteria or specific requirement:

The New Jersey Department of Agriculture requires a School Food Authority to maintain a nonprofit School Food Service. The nonprofit status of the School Food Service is determined by evaluating net cash resources, which may not exceed three months average expenditures.

Condition:

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

Context:

Utilizing the USDA net cash resource calculation form, it was determined the District's net cash resources exceeded three months average expenditures by \$22,471, as of June 30, 2020.

Effect:

Violation of New Jersey Department of Agriculture requirements.

Cause:

Inadvertent oversight

Recommendation:

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand in the Food Service Fund through capital expenditure or otherwise.

**BOROUGH OF PALMYRA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020**

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

There were no prior findings.