

SCHOOL DISTRICT
OF
PALMYRA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

of the

Palmyra Board of Education

Palmyra, New Jersey

For the Fiscal Year Ended June 30, 2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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For the Fiscal Year Ended June 30, 2022

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

Jared Toscano
*Business Administrator/
Board Secretary*

February 20, 2023

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 2021-2022 fiscal year with an average enrollment of 934 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:

Continued with 5-year technology cycle for one-to-one Chromebooks, staff laptops, and Smartboard technology throughout the district.

Ongoing digital and infrastructure upgrades in support of wireless access and remote learning.

Refinished the flooring and installed new bleachers in the PHS gymnasium.

Updated HVAC micro melt for CSS units, and upgrades for AAon units at PHS.

Microsoft Office 365 migration was completed for data security purposes.

Renegotiated a 3-year contract with the Palmyra Police Department for the SRO position.

4. Internal Accounting Controls:

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

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

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

5. Budgetary Controls:

In addition to internal controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budgets and adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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, 2022.

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, 2022, the District's outstanding debt consisted of Series 2017 school refunding bonds, in the amount of \$5,075,000.

8. Cash Management:

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

9. Risk Management:

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

10. Other Information:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board of Education, at its reorganization meeting, appointed the accounting firm of Nightlinger, Colavita & Volpa, PA. In addition to meeting the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-0MB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, the auditor's report on the general-purpose financial statements and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

11. Acknowledgements:

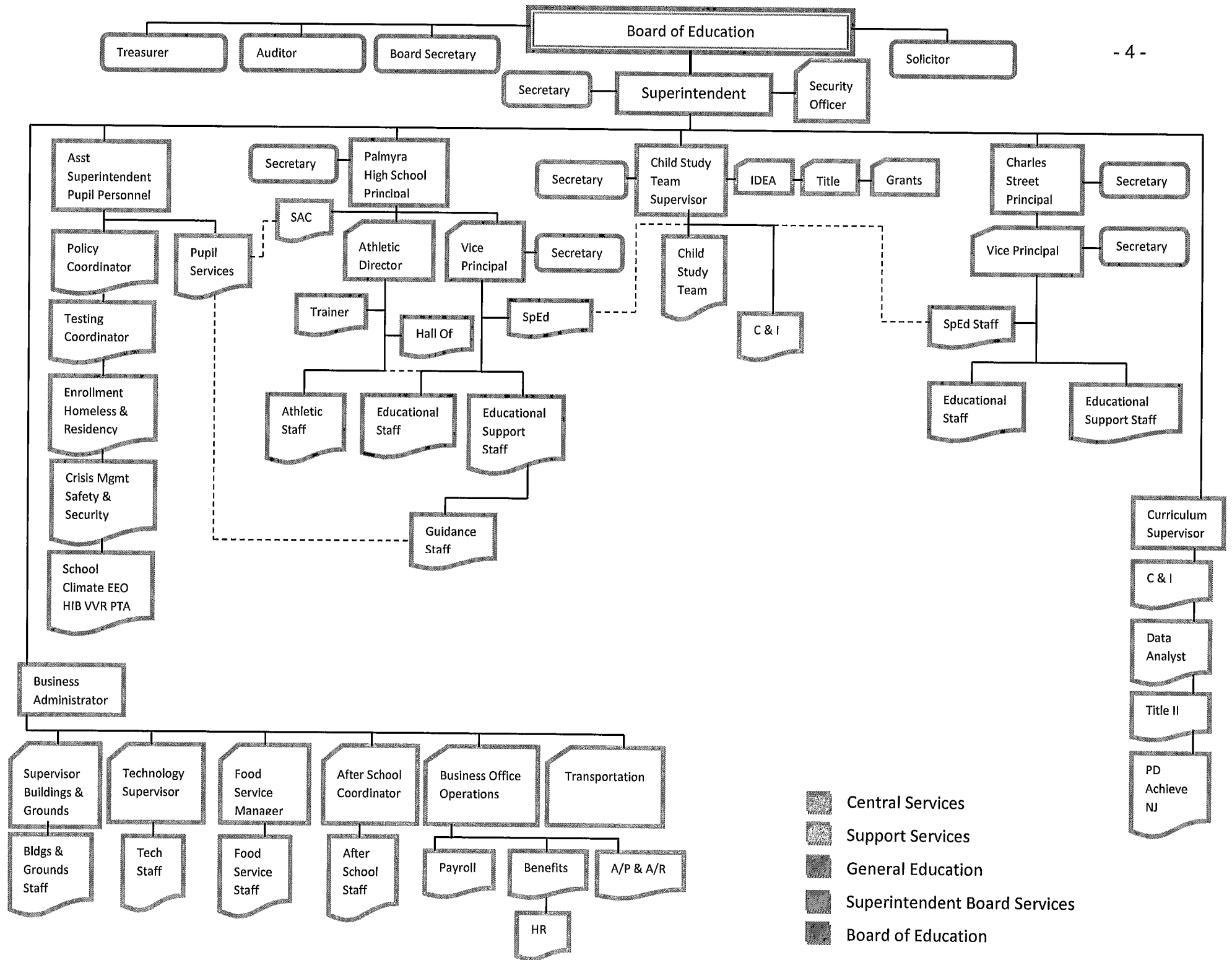
We would like to express our appreciation to the members of the Borough of Palmyra School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.



Brian J. McBride
Superintendent



Jared Toscano
School Business Administrator



BOROUGH OF PALMYRA BOARD OF EDUCATION
PALMYRA, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2022

<u>Board Members Name</u>	<u>Position</u>	<u>Term Expires</u>
Sean Toner	President	2023
Amy Austin	Vice President	2024
Erica Campbell	Board Member	2024
James Dickinson	Board Member	2024
Judy Belton	Board Member	2023
John Liebe	Board Member	2023
Laurie Beck	Board Member	2022
Mark Russell	Board Member	2022
Kate Allen-Yoakum	Board Member	2022
<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

Opinions

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 year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board of Education of the Palmyra Borough School District in the County of Burlington, State of New Jersey's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of Palmyra Borough School District in the County of Burlington, State of New Jersey, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board of Education of the Palmyra Borough School District in the County of Burlington, State of New Jersey, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board of Education of the Palmyra Borough School District in the County of Burlington, State of New Jersey's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Board of Education of the Palmyra Borough School District in the County of Burlington, State of New Jersey's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board of Education of the Palmyra Borough School District in the County of Burlington, State of New Jersey's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Palmyra Borough School District in the County of Burlington, State of New Jersey's basic financial statements. The combining and individual fund financial statements 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 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 statements and related major fund supporting financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report, as required by the Office of School Finance, Department of Education, State of New Jersey. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2023 on our consideration of the Palmyra Borough Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Palmyra Borough 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 Palmyra Borough School District'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
February 20, 2023

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**BOROUGH OF PALMYRA BOARD OF EDUCATION
SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2022**

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 (2021-22) and the prior year (2020-21) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2021-22 fiscal year include the following:

- Net Position for Governmental and Business-Type activities were \$6,711,195 and \$484,991, respectively.
- Net Position for the Governmental activities increased by \$375,648 from operations while the Net Position for Business-Type activities increased by \$74,941 from July 1, 2021 to June 30, 2022.
- The General Fund, fund balance as of June 30, 2022 was \$6,055,458, an increase of \$572,935 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 government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds** - Services for which the School District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.
- **Fiduciary funds** - The School District is the trustee, or fiduciary, for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the government-wide financial statements because the School District cannot use these assets to finance its operations.

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

Net Position. The School District's net position for the fiscal years ended June 30, 2021 and 2022 are reflected in the following table.

	NET POSITION					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Assets						
Current and Other Assets	\$ 6,255,147	\$ 5,774,573	\$ 457,527	\$ 390,017	\$ 6,712,674	\$ 6,164,590
Capital Assets, Net	9,331,403	10,450,490	38,375	42,755	9,369,778	10,493,245
Total Assets	15,586,550	16,225,063	495,902	432,772	16,082,452	16,657,835
Deferred Outflows of Resources	573,816	765,989			573,816	765,989
Liabilities						
Other Liabilities	61,183	155,085	10,911	22,722	72,094	177,807
Non-Current Liabilities	8,044,556	9,277,293			8,044,556	9,277,293
Total Liabilities	8,105,739	9,432,378	10,911	22,722	8,116,650	9,455,100
Deferred Inflows of Resources	1,343,432	1,223,127			1,343,432	1,223,127
Net Position						
Invested in Capital Assets, Net of Debt	3,896,044	4,593,313	38,375	42,755	3,934,419	4,636,068
Restricted	5,445,165	5,241,126			5,445,165	5,241,126
Unrestricted (Deficit)	(2,630,014)	(3,498,892)	446,616	367,295	(2,183,398)	(3,131,597)
Total Net Position	\$ 6,711,195	\$ 6,335,547	\$ 484,991	\$ 410,050	\$ 7,196,186	\$ 6,745,597

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

- Program revenues were \$6,406,353.
 - ✓ Operating Grants & Contributions - \$3,974,478.
 - ✓ Charges for Services - \$2,431,875.
- General revenues amounted to \$17,654,651.
- Total Program Expenditures were \$24,506,417.
- Total School District revenues and beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net position of \$7,196,186 as of June 30, 2022:
 - Revenues (\$24,061,004) + Beginning net position (\$6,745,597) - Net expenditures (\$23,610,415) = Net Position of \$7,196,186.

Changes in Net Position - Net position for governmental and business-type activities increased from June 30, 2021 to June 30, 2022 as reflected in the following table.

	<u>CHANGES IN NET POSITION</u>					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,217,527	\$ 2,037,396	\$ 214,348	\$ 883	\$ 2,431,875	\$ 2,038,279
Operating Grants and Contributions	3,319,647	4,631,710	654,831	204,071	3,974,478	4,835,781
General Revenues:						
Property Taxes	10,711,921	10,914,744			10,711,921	10,914,744
Grants and Contributions	7,342,420	6,941,219			7,342,420	6,941,219
Other	45,475	78,357	248	121	45,723	78,478
Total Revenues	23,636,990	24,603,426	869,427	205,075	24,506,417	24,808,501
Expenses						
Instruction	7,803,040	7,373,452			7,803,040	7,373,452
Support Services	14,782,778	15,304,283			14,782,778	15,304,283
Interest on Debt and Related Costs	230,111	230,390			230,111	230,390
Food Services			646,932	166,222	646,932	166,222
Childcare			147,554	76,624	147,554	76,624
Total Expenses	22,815,929	22,908,125	794,486	242,846	23,610,415	23,150,971
Increase (Decrease) in Net Position	821,061	1,695,301	74,941	(37,771)	896,002	1,657,530
Net Position, July 1	6,335,547	4,640,246	410,050	447,821	6,745,597	5,088,067
Net Position, June 30	\$ 7,156,608	\$ 6,335,547	\$ 484,991	\$ 410,050	\$ 7,641,599	\$ 6,745,597

Total revenues for the School District were \$24,506,417. Government funding of \$11,316,898 was the source of 46.2% of the School District's revenues. This includes the State of New Jersey and Federal sources.

Property taxes of \$10,711,921 provided 43.7% of revenues. Charges for services provided 9.9% of revenues.

Other miscellaneous revenues of \$45,475 represent 0.2% of the School District revenues. Miscellaneous revenue was primarily provided from interest, refunds and athletic sales.

The School District's expenses for government activities are predominantly related to instruction and support services. Instruction and tuition totaled \$9,524,941 (41.7%) of total expenditures. Student and instruction or related support services totaled \$2,434,481 or (10.7%) of total expenditures. Employee benefits of \$6,346,814 accounted for (27.8%) of expenditures, plant operations totaled \$1,694,045 (7.4%) of total expenditures and transportation, general, school and business administrative services totaled \$2,572,905 (11.3%). Interest on long-term debt totaled \$230,111 (1.0%).

Total revenues exceeded expenditures for governmental activities, increasing net position by \$375,648 from the beginning balance at July 1, 2022.

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 \$6,237,571.

All governmental funds had total revenues of \$24,038,400 and total expenditures of \$23,381,454.

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>% of Increase (Decrease)</u>
Revenues:				
Local Sources:				
Local Tax Levy	\$ 10,711,921	\$ 10,914,744	\$ (202,823)	-1.86%
Tuition & Transportation	2,059,314	1,964,690	94,624	4.82%
Miscellaneous and Local Grants	274,822	216,297	58,525	27.06%
Total	<u>13,046,057</u>	<u>13,095,731</u>	<u>(49,674)</u>	<u>-0.38%</u>
Government Sources:				
State Sources	9,694,239	8,341,158	1,353,081	16.22%
Federal Sources	1,298,104	921,770	376,334	40.83%
Total	<u>10,992,343</u>	<u>9,262,928</u>	<u>1,729,415</u>	<u>18.67%</u>
Total Revenues	<u>\$ 24,038,400</u>	<u>\$ 22,358,659</u>	<u>\$ 1,679,741</u>	<u>7.51%</u>

One of the primary sources of funding for the School District is received from local property taxes and accounted for 44.6% of total revenues. State aid accounted for 40.3% of total revenues.

Total Governmental Fund revenues increased by \$1,679,741, or 7.5%, 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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Expenditures				
Instruction				
Regular	\$ 4,911,947	\$ 4,645,260	\$ 266,687	5.74%
Special Education	2,129,543	1,741,183	388,360	22.30%
Other	761,550	749,769	11,781	1.57%
Total Instruction	<u>7,803,040</u>	<u>7,136,212</u>	<u>666,828</u>	<u>9.34%</u>
Support Services				
Tuition	1,721,901	1,139,645	582,256	51.09%
Student and Instruction Related Services	2,434,481	2,271,463	163,018	7.18%
School Administration	562,394	494,388	68,006	13.76%
General/Business Administration	795,368	724,505	70,863	9.78%
Plant Operations and Maintenance	1,691,002	1,683,241	7,761	0.46%
Pupil Transportation	510,861	292,099	218,762	74.89%
Unallocated Benefits	3,404,256	3,159,408	244,848	7.75%
TPAF and FICA Reimbursements	3,771,275	2,946,923	824,352	27.97%
Total Support Services	<u>14,891,538</u>	<u>12,711,672</u>	<u>2,179,866</u>	<u>17.15%</u>
Capital Outlay	<u>13,251</u>	<u>599,653</u>	<u>(586,402)</u>	<u>-97.79%</u>
Debt Service	<u>673,625</u>	<u>1,155,625</u>	<u>(482,000)</u>	<u>-41.71%</u>
Total Expenditures	<u>\$ 23,381,454</u>	<u>\$ 21,603,162</u>	<u>\$ 1,778,292</u>	<u>8.23%</u>

Total Governmental Fund expenditures increased \$1,778,292 or 8.2% 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 2022, 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 \$673,625 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 \$285,063 as of June 30, 2022. This reflects an increase of \$69,384 from June 30, 2021.

AFTER SCHOOL PROGRAM PROPRIETARY FUND

The After School Program Fund's net position was \$199,928 as of June 30, 2022. This reflects a increase of \$5,557 from June 30, 2021.

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 2022, the School District had capital assets allocated to governmental activities with a net book value of \$9,331,403 and business-type activities of \$38,375. This consists of a broad range of capital assets, including land, land improvements, buildings and improvements, furniture, fixtures and equipment, and right-to-use lease assets. Total depreciation expense for the year was \$706,706.

CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 46,066	\$ 46,066	\$	\$	\$ 46,066	\$ 46,066
Building and Improvements	8,920,912	9,955,858			8,920,912	9,955,858
Vehicles	78,079	90,585			78,079	90,585
Furniture, Fixtures and Equipment	261,081	357,981	38,375	42,755	299,456	400,736
Right-to-Use Lease Assets	25,265				25,265	
Total	\$ 9,331,403	\$ 10,450,490	\$ 38,375	\$ 42,755	\$ 9,369,778	\$ 10,493,245

Debt Administration - Long-term Obligations

At fiscal year-end, the School District had \$5,075,000 in general obligation bonds outstanding, a decrease of \$480,000 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's has a right-to-use lease liability, in the amount of \$33,032.

The School District also had a \$321,593 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 \$2,103,612.

SCHEDULE OF LONG TERM OBLIGATIONS

	2022	2021	Increase (Decrease)	Percent Change
Bonds Payable	\$ 5,075,000	\$ 5,555,000	\$ (480,000)	-8.64%
Add: Issuance Premium	511,319	573,611	(62,292)	-10.86%
Total Bonds Payable	5,586,319	6,128,611	(542,292)	
Compensated Absences	321,593	342,639	(21,046)	-6.14%
Net Pension Liability	2,103,612	2,806,043	(702,431)	-25.03%
Right-to-Use Lease Liability	33,032		33,032	100.00%
Total	\$ 8,044,556	\$ 9,277,293	\$ (1,232,737)	-13.29%

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, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 5,477,194	\$ 391,427	\$ 5,868,621
Receivables, Net	777,953	53,722	831,675
Inventory		12,378	12,378
Capital Assets, Net (Note 6)	9,331,403	38,375	9,369,778
Total Assets	15,586,550	495,902	16,082,452
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Loss on Refunding	183,992		183,992
Related to Pensions (Note 9)	389,824		389,824
Total Deferred Outflows of Resources	573,816		573,816
LIABILITIES:			
Accounts Payable	15,735		15,735
Accrued Interest	43,607		43,607
Unearned Revenue	1,841	10,911	12,752
Noncurrent Liabilities (Note 7):			
Due within One Year	664,197		664,197
Due beyond One Year	7,380,359		7,380,359
Total Liabilities	8,105,739	10,911	8,116,650
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	1,343,432		1,343,432
NET POSITION:			
Net Investment in Capital Assets	3,896,044	38,375	3,934,419
Restricted for:			
Unemployment Compensation	219,830		219,830
Scholarships	73,014		73,014
Student Activity	109,099		109,099
Capital Projects	1,131,320		1,131,320
Maintenance Reserve	1,399,898		1,399,898
Other Purposes	2,512,004		2,512,004
Unrestricted (Deficit)	(2,630,014)	446,616	(2,183,398)
Total Net Position	\$ 6,711,195	\$ 484,991	\$ 7,196,186

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, 2022

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	\$ 4,911,947	\$ 2,059,314			\$ (2,852,633)		\$ (2,852,633)
Special Education	2,129,543		\$ 970,366		(1,159,177)		(1,159,177)
Other Special Instruction	761,550				(761,550)		(761,550)
Support Services:							
Tuition	1,721,901				(1,721,901)		(1,721,901)
Student and Instruction Related Services	2,434,481	158,213	461,303		(1,814,965)		(1,814,965)
School Administrative Services	1,279,308				(1,279,308)		(1,279,308)
General and Business Administrative Services	795,368				(795,368)		(795,368)
Plant Operations and Maintenance	1,694,045				(1,694,045)		(1,694,045)
Pupil Transportation	510,861				(510,861)		(510,861)
Unallocated Benefits	6,346,814		1,887,978		(4,458,836)		(4,458,836)
Interest on Long-Term Debt	230,111				(230,111)		(230,111)
Total Governmental Activities	22,815,929	2,217,527	3,319,647		(17,278,755)		(17,278,755)
Business-Type Activities:							
Food Service	646,932	61,407	654,831			69,306	69,306
After School Program	147,554	152,941				5,387	5,387
Total Business-Type Activities	794,486	214,348	654,831			74,693	74,693
Total Government	\$ 23,610,415	\$ 2,431,875	\$ 3,974,478		(17,278,755)	74,693	(17,204,062)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					10,127,361		10,127,361
Property Taxes Levied for Debt Service					584,560		584,560
Federal and State Aid not Restricted					7,342,420		7,342,420
Miscellaneous Income					45,475	248	45,723
Special Items:							
Fixed Asset Adjustment					(450,278)		(450,278)
Prior Year Right-to-Use Assets and Lease Liability Adjustment					4,865		4,865
Total General Revenues					17,654,403	248	17,654,651
Change in Net Position					375,648	74,941	450,589
Net Position -- July 1					6,335,547	410,050	6,745,597
Net Position -- June 30					\$ 6,711,195	\$ 484,991	\$ 7,196,186

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, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 5,295,261	\$ 182,113	\$ 5,477,374
Receivables, net:			
Interfunds Receivable:			
Special Revenue Fund	151,621		151,621
Receivables from Other Governments:			
State Sources	522,981		522,981
Federal Sources	1,389	153,462	154,851
Local Sources	100,121		100,121
Total Assets	<u>\$ 6,071,373</u>	<u>\$ 335,575</u>	<u>\$ 6,406,948</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$	\$	\$
Unemployment Compensation Claims Payable	4,619		4,619
Flexible Spending Reserve	11,116		11,116
Interfunds Payable:			
General Fund		151,621	151,621
Food Service Fund	180		180
Unearned Revenue		1,841	1,841
Total Liabilities	<u>15,915</u>	<u>153,462</u>	<u>169,377</u>
Fund Balances:			
Restricted:			
Excess Surplus	1,408,238		1,408,238
Excess Surplus - Subsequent Year's Expenditures	1,103,766		1,103,766
Capital Reserve	1,131,320		1,131,320
Maintenance Reserve	1,399,898		1,399,898
Unemployment Compensation	219,830		219,830
Scholarships		73,014	73,014
Student Activities		109,099	109,099
Assigned:			
Subsequent Year's Expenditures	35,812		35,812
Unassigned	756,594		756,594
Total Fund Balances	<u>6,055,458</u>	<u>182,113</u>	<u>6,237,571</u>
Total Liabilities and Fund Balances	<u>\$ 6,071,373</u>	<u>\$ 335,575</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 \$23,016,602, and the accumulated depreciation is \$13,685,199.	9,331,403
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.	(5,940,944)
Net Pension Liability	(2,103,612)
Deferred Outflows of Resources - Related to Pensions	389,824
Deferred Inflows of Resources - Related to Pensions	(1,343,432)
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.	183,992
Interest on long term debt is accrued on the Statement of Net Position regardless when due.	(43,607)
Net Position of Governmental Activities	<u>\$ 6,711,195</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, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Tax Levy	\$ 10,127,361	\$	\$ 584,560	\$ 10,711,921
Tuition and Transportation	2,059,314			2,059,314
Miscellaneous	102,941			102,941
Other Restricted Miscellaneous Revenue	9,754			9,754
State Sources	9,605,174		89,065	9,694,239
Local Sources		162,127		162,127
Federal Sources	15,685	1,282,419		1,298,104
Total Revenues	21,920,229	1,444,546	673,625	24,038,400
EXPENDITURES:				
Regular Instruction	4,911,947			4,911,947
Special Education Instruction	1,159,177	970,366		2,129,543
Other Special Instruction	761,550			761,550
Support Services and Undistributed Costs:				
Tuition	1,721,901			1,721,901
Student and Instruction Related Services	1,973,178	461,303		2,434,481
School Administrative Services	562,394			562,394
Other Administrative Services	795,368			795,368
Plant Operations and Maintenance	1,691,002			1,691,002
Pupil Transportation	510,861			510,861
Unallocated Benefits	7,175,531			7,175,531
Debt Service:				
Principal			480,000	480,000
Interest and Other Charges			193,625	193,625
Capital Outlay	13,251			13,251
Total Expenditures	21,276,160	1,431,669	673,625	23,381,454
Excess (Deficiency) of Revenues over Expenditures	644,069	12,877		656,946
OTHER FINANCING SOURCES (USES):				
Transfer of Funds to Charter School	(71,134)			(71,134)
Total Other Financing Sources (Uses)	(71,134)			(71,134)
Net Change in Fund Balances	572,935	12,877		585,812
Fund Balance - July 1	5,482,523	\$ 169,236		5,651,759
Fund Balance - June 30	\$ 6,055,458	\$ 182,113	\$	\$ 6,237,571

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, 2022

Total Net Change in Fund Balances - Governmental Funds	\$ 585,812
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	\$ (716,914)
Fixed Asset Adjustment	(450,278)
Capital Outlays	<u>10,208</u>
	(1,156,984)
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.	480,000
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. (+)	(11,336)
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.	477,395
Repayment of right-to-use lease 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.	4,865
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 (+).	<u>21,046</u>
Change in Net Position of Governmental Activities	<u>\$ 375,648</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, 2022

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 195,419	\$ 195,828	\$ 391,247
Accounts Receivable:			
State	498		498
Federal	49,124		49,124
Other		4,100	4,100
Interfund Receivable:			
General Fund	180		180
Inventories	12,378		12,378
Total Current Assets	<u>257,599</u>	<u>199,928</u>	<u>457,527</u>
Noncurrent Assets:			
Furniture, Fixtures and Equipment	337,711		337,711
Less Accumulated Depreciation	(299,336)		(299,336)
Total Noncurrent Assets	<u>38,375</u>		<u>38,375</u>
Total Assets	<u>295,974</u>	<u>199,928</u>	<u>495,902</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	10,911		10,911
Total Liabilities	<u>10,911</u>		<u>10,911</u>
NET POSITION:			
Restricted:			
Net Investment in Capital Assets	38,375		38,375
Unrestricted	246,688	199,928	446,616
Total Net Position	<u>\$ 285,063</u>	<u>\$ 199,928</u>	<u>\$ 484,991</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, 2022

	Food Service	After School Program	Total
OPERATING REVENUES:			
Charges for Services:			
Daily Sales:			
Non-reimbursable Programs	\$ 61,368	\$	\$ 61,368
Reimbursable Program -- School Lunch	39		39
Child Care Fees		152,941	152,941
Total Operating Revenues	61,407	152,941	214,348
OPERATING EXPENSES:			
Salaries	237,543	138,263	375,806
Management Fee	24,725		24,725
General Supplies	25,952	5,972	31,924
Direct Expenses	14,385		14,385
Depreciation	4,380		4,380
Other Professional and Technical Services	135,024	2,700	137,724
Cost of Sales - Reimbursable Programs	162,330		162,330
Cost of Sales - Non-reimbursable Programs	42,344		42,344
Miscellaneous	249	619	868
Total Operating Expenses	646,932	147,554	794,486
Operating Income / (Loss)	(585,525)	5,387	(580,138)
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	11,585		11,585
Federal Sources:			
National School Lunch Program	493,068		493,068
National School Breakfast Program	53,252		53,252
Supply Chain Assistance Funding	23,801		23,801
E.O.C. Reimbursement Program	22,292		22,292
Food Distribution Program	50,833		50,833
Interest Revenue	78	170	248
Total Nonoperating Revenues	654,909	170	655,079
Change in Net Position	69,384	5,557	74,941
Net Position -- July 1	215,679	194,371	410,050
Net Position -- June 30	\$ 285,063	\$ 199,928	\$ 484,991

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, 2022

	Food Service	After School Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 21,104	\$ 148,841	\$ 169,945
Payments to Management Company	(24,725)		(24,725)
Payments to Employees	(237,543)	(138,263)	(375,806)
Payments for Employee Benefits			0
Payments for Supplies and Services	(383,060)	(9,291)	(392,351)
Net Cash Provided by (Used for) Operating Activities	(624,224)	1,287	(622,937)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	11,585		11,585
Federal Sources	643,246		643,246
Net Cash Provided by (Used for) Non-Capital Financing Activities	654,831		654,831
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	78	170	248
Net Increase in Cash and Cash Equivalents	30,685	1,457	32,142
Cash and Cash Equivalents -- July 1	164,734	194,371	359,105
Cash and Cash Equivalents -- June 30	\$ 195,419	\$ 195,828	\$ 391,247
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Operating Income (Loss)	\$ (585,525)	\$ 5,387	\$ (580,138)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	4,380		4,380
(Increase) Decrease in Accounts Receivable	(40,303)	(4,100)	(44,403)
(Increase) Decrease in Inventories	9,035		9,035
(Increase) Decrease in Interfund Receivable			
Increase (Decrease) in Unearned Revenue	(10,947)		(10,947)
Increase (Decrease) in Accounts Payable	(864)		(864)
Total Adjustments	(38,699)	(4,100)	(42,799)
Net Cash Provided by (Used for) Operating Activities	\$ (624,224)	\$ 1,287	\$ (622,937)

Noncash Investing, Capital, and Financing Activities:

During the year, the District received \$41,660 of food commodities from the U.S. Department of Agriculture

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

NOTES TO THE FINANCIAL STATEMENTS

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022 of 969.

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022. The School District had no prepaid expenses for the fiscal year ended June 30, 2022.

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, 2022

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, 2022

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

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2022 and 2021 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, 2022, 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, 2022

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, 2022

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, 2022

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 Statement 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 June 15, 2021. The adoption of GASB 87 will impact the financial statements of the School District.
- GASB Statement 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, 2020. The adoption of GASB 89 did not impact the financial statements of the School District.
- GASB Statement No. 92 – *Omnibus 2020*: The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The adoption of GASB 92 did not impact the financial statements of the School District.
- GASB Statement No. 93 – *Replacement of Interbank Offered Rates*: The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The adoption of GASB 93 did not impact the financial statements of the School District.
- GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*: The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans); and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans). The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The adoption of GASB 97 did not impact the financial statements of the School District.
- GASB Statement No. 98 – *The Annual Comprehensive Financial Report*: This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for reporting periods ending after December 15, 2021. The adoption of GASB 98 did not impact the financial statements of the School District.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022, the School District's bank balances of \$6,671,467 were exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and collateralized under GUDPA by pledging financial institutions	<u>6,421,467</u>
	<u><u>\$ 6,671,467</u></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.

The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance July 1, 2021	\$ 1,127,792
Add: Interest Earnings	<u>3,528</u>
Ending Balance June 30, 2022	<u><u>\$ 1,131,320</u></u>

The June 30, 2021 LRFP balance of local support costs of uncompleted projects at June 30, 2022 is \$2,652,500.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 3: RESERVE ACCOUNTS (CONT'D)

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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance July 1, 2021	\$ 1,394,108
Add: Interest Earnings	<u>5,790</u>
Ending Balance June 30, 2022	<u><u>\$ 1,399,898</u></u>

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2022 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:

	General	Special	Enterprise	
Receivables:	Fund	Revenue	Funds	Total
Governmental	\$ 624,491	\$ 153,462	\$ 49,622	\$ 827,575
Other			4,100	4,100
Totals	<u><u>\$ 624,491</u></u>	<u><u>\$ 153,462</u></u>	<u><u>\$ 53,722</u></u>	<u><u>\$ 831,675</u></u>

NOTE 5: INVENTORY

Inventory recorded at June 30, 2022 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 \$6,238 of federal commodities, consisted of the following:

Food	\$ 9,665
Supply	<u>2,713</u>
Totals	<u><u>\$ 12,378</u></u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 6: CAPITAL ASSETS

The Capital asset activity for the year ended June 30, 2022 was as follows

	<u>Balance</u> <u>7/1/2021</u>	<u>Additions</u>	<u>Adjustment</u>	<u>Balance</u> <u>6/30/2022</u>
Governmental activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 46,066	\$	\$	\$ 46,066
Construction in Progress				
Total capital assets not being depreciated	46,066			46,066
Capital Assets being Depreciated and Amortized				
Land Improvements	449,615			449,615
Building and Improvements	21,408,852		(400,202)	21,008,650
Vehicles	298,137			298,137
Furniture, Fixtures & Equipment	1,190,840	10,208	(50,076)	1,150,972
Right-to-Use Lease Assets			63,162	63,162
Totals at historical cost	23,347,444	10,208	(387,116)	22,970,536
Less Accumulated Depreciation and Amortization				
Land Improvements	(449,615)			(449,615)
Building and Improvements	(11,452,994)	(634,744)		(12,087,738)
Vehicles	(207,552)	(12,506)		(220,058)
Furniture, Fixtures & Equipment	(832,859)	(57,032)		(889,891)
Right-to-Use Lease Assets		(12,632)	(25,265)	(37,897)
Total accumulated depreciation and Amortization	(12,943,020)	(716,914)	(25,265)	(13,685,199)
Total capital assets being depreciated and Amortized, Net of Accumulated Depreciation and Amortization	10,404,424	(706,706)	(387,116)	9,285,337
Government activities capital assets, net	<u>\$ 10,450,490</u>	<u>\$ (706,706)</u>	<u>\$ (387,116)</u>	<u>\$ 9,331,403</u>
	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	(294,956)	(4,380)		(299,336)
Business-type activities capital assets, net	<u>\$ 42,755</u>	<u>\$ (4,380)</u>	<u>\$</u>	<u>\$ 38,375</u>

* Depreciation expense was charged to governmental functions as follows:

Unallocated	\$ 706,706
Total depreciation expense	<u>\$ 706,706</u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 7: LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2022, the following changes occurred in long-term obligations for governmental activities:

	<u>Beginning Balance 7/1/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 6/30/2022</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Bonds payable:						
General obligation debt	\$ 5,555,000	\$	\$ (480,000)	\$ 5,075,000	\$ 635,000	\$ 4,440,000
Add Amounts:						
Issuance Premium	573,611		(62,292)	511,319		511,319
Total bonds payable	6,128,611		(542,292)	5,586,319	635,000	4,951,319
Other Liabilities:						
Compensated absences payable	342,639		(21,046)	321,593	13,195	308,398
Net Pension Liability	2,806,043		(702,431)	2,103,612		2,103,612
Right-to-Use Lease Liability		48,566	(15,534)	33,032	16,002	17,030
Total Liabilities	\$ 9,277,293	\$ 48,566	\$ (1,281,303)	\$ 8,044,556	\$ 664,197	\$ 7,380,359
Business-Type Activities:						
Compensated absences payable	\$	\$	\$	\$	\$	\$
Total Long-Term Obligations	\$ 9,277,293	\$	\$ (1,281,303)	\$ 8,044,556	\$ 664,197	\$ 7,380,359

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, 2022

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>
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>\$ 5,075,000</u>	<u>\$ 764,550</u>	<u>\$ 5,839,550</u>

Bonds Authorized but not Issued - As of June 30, 2022, 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: LEASES

The School is a lessee for various copiers. The District recognizes a lease liability – finance purchase and a capital asset or recognizes a lease liability – right to use and an intangible right-to use lease asset in the district-wide financial statements based on the criteria dictated in GASB Statement No. 87 – Leases.

At the commencement of a lease, the School determines based on the criteria dictated in GASB Statement No. 87 – Leases, if the lease is a finance purchase or a right to use lease liability. Then the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position.

A finance purchased asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The asset is depreciated on a straight-line basis over the life of the lease which is considered the asset's useful life. The asset is reported with the School capital assets as land, land improvements, buildings and improvements or furniture and equipment.

An intangible right-to use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date. The intangible right-to use lease asset is amortized on a straight-line basis over the life of the lease. The intangible right-to use lease asset is reported with the School's capital assets in its own category called Right-to-Use Lease Assets.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: LEASES (CONT'D)

Key estimates and judgements related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District is utilizing the treasury bill rate (corresponding to length of lease) in place at the date of implementation along with other risk factors to determine the discount interest rate for leases.

The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The District has determined all of their copier lease agreements qualify as right-to-use assets. As of June 30, 2022, total future minimum lease payments under right-to-use lease agreements are as follows:

Year Ending				
June 30,	Total	Principal	Interest	
2023	\$ 16,996	\$ 16,002	\$ 994	
2024	17,542	17,030	512	
Total	\$ 34,538	\$ 33,032	\$ 1,506	

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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, 2020 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2022 were 110,761. 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 2022 is 15.98% 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, 2022, and 2021, were \$207,958 and \$188,238 respectively.

The total payroll for the year ended June 30, 2022 was \$10,427,982. Payroll covered by PERS was \$1,476,804 for fiscal year 2022.

Components of Net Pension Liability - At June 30, 2022, the District's proportionate share of the PERS net pension liability was \$2,103,612. The net pension liability was measured as of June 30, 2021. 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, 2021. The District's proportion measured as of June 30, 2021 was 0.017757% which was an increase of 0.00055% from its proportion measured as of June 30, 2020.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2022 PERS pension expense, with respect to GASB 68, was \$(249,716). The District's 2022 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	\$ 33,177	\$ 15,059
Changes of assumptions	10,956	748,900
Net difference between projected and actual earnings on pension plan investments		554,147
Changes in proportion	137,733	25,326
Contributions subsequent to the measurement date	207,958	
Total	<u>\$ 389,824</u>	<u>\$ 1,343,432</u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

Year		PERS
2022	\$	(418,602)
2023		(271,157)
2024		(202,795)
2025		(181,195)
2026		(87,817)
Thereafter		
Total	\$	(1,161,566)

Additional Information - Collective Balances at June 30, 2022 and 2021 are as follows:

Year		2022		2021
Collective deferred outflows of resources	\$	389,824	\$	494,555
Collective deferred inflows of resources	\$	1,343,432	\$	1,223,127
Collective Net Pension Liability	\$	2,103,612	\$	2,806,043
District's Proportion		0.017757%		0.017207%

Actuarial Assumptions - The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	PERS
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%

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2021) 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, 2021 are summarized in the following table:

PERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
Total	<u>100.00%</u>	

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 and the nonemployer contributing entity will be based on 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2021, 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 (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$ 2,895,231	\$ 2,103,612	\$ 1,473,266

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

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.

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, 2020. 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 2021, 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, 2022 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$2,579,575 to the TPAF for pension contributions, \$602,693 for post-retirement benefits on behalf of the School, and \$1,133 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$587,874 during the year ended June 30, 2022 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, 2022, 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, 2022, the District recognized pension expense of \$697,411 and revenue of \$697,411 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2022

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, 2021 are summarized in the following table:

TPAF		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2021, 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 (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
State's Share of the Net Pension Liability associated with the District	\$ 47,789,798	\$ 29,638,670	\$ 34,786,438
State's Share of the Net Pension Liability	\$ <u>56,988,413,045</u>	\$ <u>48,165,991,182</u>	\$ <u>40,755,711,186</u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9. PENSION PLANS (CONTINUED)

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, 2022, employee contributions totaled \$8,902 and the District's employer contribution, recognized in pension expense, was \$4,856. 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.

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).

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

General Information about the OPEB Plan (Continued)

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.

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2021, was \$60,007,650,970. Of this amount, the total OPEB liability attributable to the School District was \$43,925,759. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.07320%. The total OPEB liability for the School District measured as of June 30, 2021 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, 2021 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, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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	Service Years	Service Years
Through 2026	1.55% - 4.45%	2.00% - 6.00%	3.25% - 15.25%
Thereafter	2.75% - 5.65%	3.00% - 7.00%	N/A

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Total Nonemployer OPEB Liability (Continued)

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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 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 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2021 was 2.16%. 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	
Balance as of June 30, 2020 Measurement Date	<u>Total OPEB Liability</u>
	\$ <u>67,809,962,609</u>
Changes for the year:	
Service Cost	3,217,184,264
Interest	1,556,661,679
Changes of Benefit Terms	(63,870,842)
Differences between Expected and Actual experience	(11,385,071,658)
Changes of Assumptions	59,202,105
Benefit Payments	(1,226,213,382)
Contributions from Members	<u>39,796,196</u>
Net Changes	<u>(7,802,311,638)</u>
Balance as of June 30, 2021 Measurement Date	\$ <u><u>60,007,650,971</u></u>

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

The following presents the total nonemployer OPEB liability as of June 30, 2021, 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, 2021		
At 1.00% Decrease 1.16%	At Discount Rate 2.16%	At 1.00% Increase 3.16%
\$ 71,879,745,555	60,007,650,970	50,659,089,138

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, 2021, 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, 2021		
1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$ 48,576,388,417	60,007,650,970	75,358,991,782

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

For the year ended June 30, 2022, the School District recognized OPEB expense of \$2,154,581. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 6,621,613	\$ 13,182,901
Changes of Assumptions	7,451,448	4,712,825
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion	676,114	1,006,799
Contributions Subsequent to the Measurement Date		
Total	\$ 14,749,175	\$ 18,902,525

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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 June 30,		OPEB
2022	\$	(939,647)
2023		(939,647)
2024		(939,647)
2025		(939,647)
2026		(690,304)
Thereafter		295,542
Total	\$	(4,153,350)

NOTE 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2022, 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 \$2,579,575, \$602,693, and \$1,133, respectively. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$587,874 during the year ended June 30, 2022 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.

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>
2022	\$	\$	18,752	\$ 436	\$ 219,830
2021	25,000	29,119	551	8,069	200,642
2020		16,666	2,054	39,255	154,041

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12: RISK MANAGEMENT (CONT'D)

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

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, 2022 the liability for compensated absences reported on the government-wide statement of net position was \$321,593.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2022 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 151,621	\$ 180
Special Revenue Fund		151,621
Food Service	180	
Total	<u>\$ 151,801</u>	<u>\$ 151,801</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2022, 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.

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 2021-22 School Year, \$87,442 was amortized, resulting in a balance in Deferred Outflows of Resources of \$183,992, as of June 30, 2022.

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.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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.

As of June 30, 2022, the District had no deficit in fund balance (modified accrual basis).

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, 2022.

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, 2022 is \$2,512,004, of which \$1,103,766 was assigned for utilization in the 2022-23 budget and \$1,408,238 will be utilized in the 2023-24 budget.

BOROUGH OF PALMYRA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 20: FUND BALANCES (CONT'D)

RESTRICTED (Continued)

For Capital Reserve Account - As of June 30, 2022, the balance in the capital reserve account is \$1,131,320. 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, 2022, the balance in the maintenance reserve account is \$1,399,898. 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, 2022.

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, 2023 \$35,812 of general fund balance at June 30, 2022.

Other Purposes - As of June 30, 2022, 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.

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, 2022, the School District has a fund balance of \$756,594 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.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF PALMYRA SCHOOL DISTRICTGeneral FundRequired Supplementary InformationBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
General Fund:					
Local Sources:					
Local Tax Levy	\$ 9,928,786	\$	\$ 9,928,786	\$ 9,928,786	\$
Tuition from Individuals				6,300	6,300
Tuition from Other LEAs within the State	1,880,231		1,880,231	1,958,390	78,159
Interest on Maintenance Reserve	5,860		5,860	5,860	
Interest on Capital Reserve	4,062		4,062	5,417	1,355
Other Restricted Miscellaneous Revenues				551	551
Unrestricted Miscellaneous Revenues	35,000		35,000	101,874	66,874
Total - Local Sources	11,853,939		11,853,939	12,007,178	153,239
State Sources:					
Special Education Categorical Aid	696,197		696,197	696,197	
Equalization Aid	3,991,748	(2,038)	3,989,710	3,989,710	
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				127,870	127,870
Reimbursed TPAF Social Security Contributions (non-budgeted)				547,328	547,328
On-behalf TPAF Pension Contributions - Normal (non-budgeted)				1,826,207	1,826,207
On-behalf TPAF Medical Contributions (non-budgeted)				572,305	572,305
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				1,083	1,083
Total - State Sources	5,106,898	(2,038)	5,104,860	8,179,653	3,074,793
Federal Sources:					
Medicaid Administrative Claiming Aid				4,463	4,463
Medical Reimbursement Program (SEMI)	25,422		25,422	10,645	(14,777)
Total - Federal Sources	25,422		25,422	15,108	(10,314)
Total Revenues	16,986,259	(2,038)	16,984,221	20,201,939	3,217,718

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 207,326	\$	\$ 207,326	\$ 176,386	\$ 30,940
Grades 1 - 5	1,420,497	47,000	1,467,497	1,449,679	17,818
Grades 6 - 8	879,927		879,927	794,278	85,649
Grades 9 - 12	1,824,325		1,824,325	1,815,764	8,561
Regular Programs - Home Instruction:					
Salaries of Teachers	8,625		8,625	3,041	5,584
Purchased Professional/Educational Services	3,450	2,000	5,450	2,139	3,311
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	235,252	(19,000)	216,252	201,011	15,241
Purchased Professional/Educational Services	33,393		33,393	32,214	1,179
Purchased Technical Services	122,455	(1,101)	121,354	115,987	5,367
Other Purchased Services	104,257	(1,346)	102,911	99,291	3,620
General Supplies	94,029	1,963	95,992	86,363	9,629
Textbooks	162,000	(30,155)	131,845	127,927	3,918
Other Objects	17,305	(5,991)	11,314	7,867	3,447
Total Regular Programs	5,112,841	(6,630)	5,106,211	4,911,947	194,264
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	187,526	1,201	188,727	188,726	1
Other Salaries for Instruction	22,250		22,250		22,250
General Supplies	1,000	(1,000)			
Total - Learning and/or Language Disabilities	210,776	201	210,977	188,726	22,251
Behavioral Disabilities:					
Salaries of Teachers					
Other Salaries for Instruction					
General Supplies					
Total - Behavioral Disabilities - Part-Time					

BOROUGH OF PALMYRA SCHOOL DISTRICTGeneral FundRequired Supplementary InformationBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2022

	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):					
Multiple Disabilities:					
Salaries of Teachers					
General supplies					
Total -Multiple Disabilities					
Resource Room/Center:					
Salaries of Teachers	652,178	2,655	654,833	643,088	11,745
Other Salaries for Instruction	250,300		250,300	209,633	40,667
General Supplies	23,500	(9,267)	14,233	14,232	1
Total - Resource Room/Center	925,978	(6,612)	919,366	866,953	52,413
Preschool Disabilities - Part-Time:					
Salaries of Teachers	80,967		80,967	80,967	
Other Salaries for Instruction	17,876		17,876	16,942	934
General Supplies	375		375		375
Total - Preschool Disabilities - Part-Time	99,218		99,218	97,909	1,309
Other Salaries for Instruction					
General Supplies					
Total - Preschool Disabilities - Part-Time					
Home Instruction:					
Salaries of Teachers	3,400	2,085	5,485	5,485	
Purchased Professional/Educational Services	4,000	(2,000)	2,000	104	1,896
Total - Home Instruction	7,400	85	7,485	5,589	1,896
Total - Special Education	1,243,372	(6,326)	1,237,046	1,159,177	77,869
Basic Skills/Remedial:					
Salaries of Teachers	170,801	1,205	172,006	172,001	5
General Supplies	300		300		300
Total - Basic Skills/Remedial	171,101	1,205	172,306	172,001	305
Bilingual Education:					
Salaries of Teachers	80,417		80,417	80,417	
Purchased Professional - Educational Services					
General Supplies	500		500		500
Total - Bilingual Education	80,917		80,917	80,417	500
School Sponsored Cocurricular Activities - Instruction:					
Salaries	68,000		68,000	55,050	12,950
Supplies and Materials	27,200	(9,500)	17,700	9,588	8,112
Total - School Sponsored Cocurricular Activities - Instruction	95,200	(9,500)	85,700	64,638	21,062

BOROUGH OF PALMYRA SCHOOL DISTRICTGeneral FundRequired Supplementary InformationBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2022

	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	\$ 406,139	\$ 1	\$ 406,140	\$ 373,647	\$ 32,493
Purchased Services	88,130	(1,900)	86,230	57,221	29,009
Supplies and Materials	9,000	1,000	10,000	9,950	50
Other Objects	3,600	900	4,500	3,676	824
Total - School Sponsored Cocurricular Athletics - Instruction	506,869	1	506,870	444,494	62,376
Total - Instruction	7,210,300	(21,250)	7,189,050	6,832,674	356,376
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within State-Regular	141,263	61,887	203,150	68,139	135,011
Tuition to Other LEAs within State-Special	293,000	66,160	359,160	352,043	7,117
Tuition to County Vocational School District - Regular	109,200	(30,100)	79,100	78,914	186
Tuition to County Vocational School District - Special	20,000	(20,000)			
Tuition to CSSD & Reg. Day Schools	697,500	262,283	959,783	959,783	
Tuition to Private School for the Handicapped- State	470,689	(278,090)	192,599	136,152	56,447
Tuition - Other	138,000	(11,130)	126,870	126,870	
Total Undistributed Expenditures - Instruction	1,869,652	51,010	1,920,662	1,721,901	198,761
Undistributed Expenditures - Attendance and Social Work:					
Salaries	128,769		128,769	128,096	673
Purchased Professional and Technical Services	4,300		4,300	4,000	300
Total - Undistributed Expenditures - Attendance and Social Work	133,069		133,069	132,096	973
Undistributed Expenditures - Health Services:					
Salaries	151,699	200	151,899	151,868	31
Purchased Professional and Technical Services	37,350	6,190	43,540	43,365	175
Supplies and Materials	5,600	(484)	5,116	4,614	502
Total - Undistributed Expenditures - Health Services	194,649	5,906	200,555	199,847	708
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	66,367		66,367	66,367	
Purchased Professional/Educational Services	203,000	(20,534)	182,466	136,630	45,836
Supplies and Materials	600		600		600
Total - Undistributed Expenditures - Speech, OT, PT and Related Services	269,967	(20,534)	249,433	202,997	46,436

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2022

	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	\$ 43,470	\$	\$ 43,470	\$ 42,000	\$ 1,470
Purchased Professional/Educational Services	129,600	(15,000)	114,600	114,032	568
Supplies and Materials	2,100		2,100	1,940	160
Total - Undistributed Expenditures - Other Support Services					
Students - Extraordinary Services	175,170	(15,000)	160,170	157,972	2,198
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	283,068		283,068	247,173	35,895
Salaries of Secretarial and Clerical Assistants	35,416	1	35,417	35,416	1
Purchased Professional - Educational Services	36,350	(20,131)	16,219	16,219	
Other Purchased Professional and Technical Services	5,900	(215)	5,685	3,838	1,847
Supplies and Materials	2,675	215	2,890	2,890	
Total - Undistributed Expenditures - Guidance	363,409	(20,130)	343,279	305,536	37,743
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	392,873		392,873	391,582	1,291
Salaries of Secretarial and Clerical Assistants	38,923		38,923	38,923	
Purchased Professional - Educational Services	52,100	(8,000)	44,100	39,517	4,583
Other Purchased Services	1,224		1,224		1,224
Supplies and Materials	5,000		5,000	3,654	1,346
Other Objects	2,500		2,500	2,240	260
Total - Undistributed Expenditures - Child Study Teams	492,620	(8,000)	484,620	475,916	8,704
Undistributed Expenditures - Improvement of Instruction Services/Other Support:					
Services - Instructional Staff:					
Salaries of Supervisors of Instruction	209,004	(107,500)	101,504	94,672	6,832
Salaries of Other Professional Staff	25,712	(10,000)	15,712	14,803	909
Purchased Professional - Educational Services	50,000	(9,393)	40,607	38,407	2,200
Purchased Professional - Technical Services	35,000	17,000	52,000	50,829	1,171
Supplies and Materials	3,200		3,200	3,111	89
Other Objects	7,530	(247)	7,283	6,940	343
Total - Undistributed Expenditures - Improvement of Instruction					
Services/Other Support Services - Instructional Staff	330,446	(110,140)	220,306	208,762	11,544

BOROUGH OF PALMYRA SCHOOL DISTRICTGeneral FundRequired Supplementary InformationBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2022

	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	\$ 137,649	\$	\$ 137,649	\$ 137,234	\$ 415
Salaries of Technology Coordinators	184,796	(35,420)	149,376	144,713	4,663
Purchased Professional and Technical Services	7,100	(500)	6,600	4,874	1,726
Other Purchased Services	1,500		1,500	1,000	500
Supplies and Materials	5,650	(3,264)	2,386	2,231	155
Total - Undistributed Expenditures - Educational Media Services/School Library	336,695	(39,184)	297,511	290,052	7,459
Undistributed Expenditures - Support Services General Administration:					
Salaries	237,463	1	237,464	237,463	1
Legal Services	20,000	10,959	30,959	25,092	5,867
Audit Fees	26,000		26,000	24,468	1,532
Architectural		21,000	21,000	20,908	92
Other Purchased Professional Services	4,900		4,900	4,685	215
Communications/Telephone	33,100		33,100	31,119	1,981
Other Purchased Services	11,375	(9,500)	1,875	1,103	772
General Supplies	2,650	(461)	2,189	1,241	948
Miscellaneous Expenditures	3,000	1,036	4,036	4,011	25
BOE Membership Dues and Fees	6,800	(35)	6,765	6,765	
Total - Undistributed Expenditures - Support Services General Administration	345,288	23,000	368,288	356,855	11,433
Undistributed Expenditures - Support Services School Administration:					
Salaries of Principals/Assistant Principals	444,713	27,001	471,714	471,713	1
Salaries of Secretarial and Clerical Assistants	79,139	1	79,140	79,139	1
Other Purchased Services	1,300		1,300	884	416
Supplies and Materials	6,800		6,800	6,206	594
Other Objects	4,420	35	4,455	4,452	3
Total - Undistributed Expenditures - Support Services School Administration	536,372	27,037	563,409	562,394	1,015
Undistributed Expenditures - Central Services:					
Salaries	287,979	1	287,980	287,980	
Purchased Professional Services	6,000	(2,800)	3,200		3,200
Purchased Technical Services	17,200	(2,000)	15,200	12,879	2,321
Miscellaneous Purchased Services	12,325	(8,212)	4,113	2,807	1,306
Supplies and Materials	7,300	(100)	7,200	6,607	593
Other Objects	1,500		1,500	1,325	175
Total - Undistributed Expenditures - Central Services	332,304	(13,111)	319,193	311,598	7,595

BOROUGH OF PALMYRA SCHOOL DISTRICTGeneral FundRequired Supplementary InformationBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures - Administrative Information Technology:					
Salaries	\$	\$ 83,000	\$ 83,000	\$ 72,625	\$ 10,375
Purchased Technical Services	58,416	(5,000)	53,416	50,177	3,239
Other Purchased Services	4,062	(2,000)	2,062	1,947	115
Supplies and Materials	2,700		2,700	2,166	534
Total - Undistributed Expenditures - Administrative Information Technology	65,178	76,000	141,178	126,915	14,263
Undistributed Expenditures - Required Maintenance:					
Salaries	172,869	2	172,871	167,738	5,133
Cleaning, Repair & Maintenance Services	355,061	(127,750)	227,311	210,315	16,996
General Supplies	49,300		49,300	36,722	12,578
Other Objects	10,200	108	10,308	8,998	1,310
Total - Undistributed Expenditures - Required Maintenance	587,430	(127,640)	459,790	423,773	36,017
Undistributed Expenditures - Custodial Services:					
Salaries	493,967	(5,326)	488,641	476,111	12,530
Salaries of Non-Instructional Aides	45,360	(21,846)	23,514		23,514
Cleaning, Repair & Maintenance Services	52,000		52,000	35,983	16,017
Other Purchased Property Services	66,000		66,000	49,624	16,376
Insurance	239,450		239,450	234,023	5,427
General Supplies	46,700	(9,405)	37,295	37,075	220
Energy (Natural Gas)	65,000	22,500	87,500	82,989	4,511
Energy (Electricity)	220,000		220,000	217,198	2,802
Other Objects	2,000	(2,000)			
Total - Undistributed Expenditures - Custodial Services	1,230,477	(16,077)	1,214,400	1,133,003	81,397
Undistributed Expenditures - Security:					
Salaries		45,000	45,000	45,000	
Purchased Professional and Technical Services	141,895	(52,995)	88,900	88,899	1
General Supplies	2,000	(1,600)	400	327	73
Other Objects	475		475		475
Total - Undistributed Expenditures - Security	144,370	(9,595)	134,775	134,226	549
Total - Operation and Maintenance of Plant Services	1,962,277	(153,312)	1,808,965	1,691,002	117,963

BOROUGH OF PALMYRA SCHOOL DISTRICTGeneral FundRequired Supplementary InformationBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2022

	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.	\$ 49,500	\$	\$ 49,500	\$ 49,500	\$
Salaries for Pupil Transportation (Other than Between Home & School)	19,500		19,500	6,335	13,165
Cleaning, Repair, & Maintenance Services	7,000		7,000	4,701	2,299
Contracted Services (Other Than Home & School) - Vendors	38,000	12,687	50,687	50,687	
Contracted Services (Special Education Students) - Vendors	280,000	125,006	405,006	393,595	11,411
Contracted Services (Special Education Students) - Joint Agreements	22,500	(22,500)			
General Supplies	9,500		9,500	6,043	3,457
Total Student Transportation Services	426,000	115,193	541,193	510,861	30,332
Unallocated Benefits - Employee Benefits:					
Social Security Contribution	180,000		180,000	177,992	2,008
Other Retirement Contributions - PERS	195,000	138,058	333,058	333,056	2
Other Retirement Contributions - Regular	4,500	355	4,855	4,855	
Unemployment Contribution	20,000	(3,700)	16,300	900	15,400
Workmen's Compensation	184,300	(9,574)	174,726	171,226	3,500
Health Benefits	2,906,890	(27,024)	2,879,866	2,571,497	308,369
Tuition Reimbursements	22,572	(12,000)	10,572	5,871	4,701
Other Employee Benefits	142,840	2,000	144,840	112,955	31,885
Unused Sick Payment to Terminated/Retired Staff	20,625	14,400	35,025	25,904	9,121
Total Unallocated Benefits - Employee Benefits	3,676,727	102,515	3,779,242	3,404,256	374,986
On-behalf TPAF Pension Contributions - Normal (Non-Budgeted)				2,579,575	(2,579,575)
On-behalf TPAF Medical Contributions (Non-Budgeted)				602,693	(602,693)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				1,133	(1,133)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				587,874	(587,874)
Total TPAF Contributions				3,771,275	(3,771,275)
Total Undistributed Expenses	11,509,823	21,250	11,531,073	14,430,235	(2,899,162)
Interest on Maintenance Reserve	5,790		5,790		5,790
Total Expenditures - Current Expense	18,725,913		18,725,913	21,262,909	(2,536,996)

BOROUGH OF PALMYRA SCHOOL DISTRICT

General Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	\$	\$	\$	\$	\$
Undistributed Expenditures - School Administration	11,850		11,850	10,208	1,642
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	3,043		3,043	3,043	
Interest Deposit to Capital Reserve	4,074		4,074		4,074
Total Capital Outlay	18,967		18,967	13,251	5,716
Total Expenditures	18,744,880		18,744,880	21,276,160	(2,531,280)
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	(1,263,535)		(1,263,535)	621,472	1,885,007
Operating Financing Sources (Uses)					
Transfer of Funds to Charter School	(71,134)		(71,134)	(71,134)	
Total Other Financing Sources (Uses)	(71,134)		(71,134)	(71,134)	
Excess (Deficiency) of Revenues and Other					
Financing Source Over (Under) Expenditures					
and Other Financing (Uses)	(1,334,669)		(1,334,669)	550,338	1,885,007
Fund Balances, July 1	5,943,294		5,943,294	5,943,294	
Fund Balances, June 30	\$ 4,608,625	\$	\$ 4,608,625	\$ 6,493,632	\$ 1,885,007
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 1,131,320	
Maintenance Reserve				1,399,898	
Excess Surplus Previous Year - Designated for Subsequent Year's Expenditures				1,103,766	
Excess Surplus - Current Year				1,408,238	
Unemployment Compensation				219,830	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				35,812	
Unassigned Fund Balance				1,194,768	
				6,493,632	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(438,174)	
Fund Balance per Governmental Funds (GAAP)				\$ 6,055,458	

BOROUGH OF PALMYRA SCHOOL DISTRICTSpecial Revenue FundRequired Supplementary InformationBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Federal Sources:					
Title I, Part A	\$ 185,258	\$ 2,494	\$ 187,752	\$ 185,100	\$ (2,652)
Title I, SIA	44,800	41,385	86,185	29,665	(56,520)
Title II, Part A	22,395		22,395	18,466	(3,929)
Title IV	15,946	1,183	17,129	12,445	(4,684)
I.D.E.A., Part B Basic	258,477	39,120	297,597	267,116	(30,481)
I.D.E.A., Part B, Preschool	6,874	934	7,808	7,808	
ARP I.D.E.A., Part B Basic	45,838		45,838	45,609	(229)
ARP I.D.E.A., Part B, Preschool	3,899		3,899	1,225	(2,674)
CRRSA:					
ESSER II	716,034		716,034	635,005	(81,029)
Learning Acceleration	45,951		45,951	37,660	(8,291)
Mental Health	45,000		45,000	42,320	(2,680)
Total - Federal Sources	1,390,472	85,116	1,475,588	1,282,419	(193,169)
Local Sources				162,127	162,127
Total Revenues	\$ 1,390,472	\$ 85,116	\$ 1,475,588	\$ 1,444,546	\$ (31,042)
EXPENDITURES:					
Instruction:					
Salaries	\$ 408,674	\$ 17,934	\$ 426,608	\$ 417,154	\$ 9,454
Purchased Professional and Technical Services	40,650	(35,800)	4,850	3,000	1,850
Other Purchased Services	317,236	34,253	351,489	318,471	33,018
General Supplies	258,882	(21,877)	237,005	231,741	5,264
Other Objects	2,500		2,500		2,500
Total Instruction	1,027,942	(5,490)	1,022,452	970,366	52,086
Support Services:					
Salaries	76,367	11,785	88,152	66,767	21,385
Personal Services - Employee Benefits	158,947	(1,440)	157,507	75,792	81,715
Purchased Professional and Technical Services	72,055	82,921	154,976	154,053	923
Other Purchased Services	6,398		6,398	3,965	2,433
Supplies and Materials	48,763	(2,660)	46,103	11,476	34,627
Scholarships Awarded				8,614	(8,614)
Student Activities				140,636	(140,636)
Total Support Services	362,530	90,606	453,136	461,303	(8,167)
Facilities Acquisitions & Const Serv:					
Non-Instructional Equipment					
Total Facilities Acquisition & Const Serv					
Total Expenditures	1,390,472	85,116	1,475,588	1,431,669	43,919
Excess (Deficiency) of Revenues Over (Under) Expenditures				12,877	12,877
Fund Balance July 1				169,236	
Fund Balance June 30				\$ 182,113	
Recapitulation:					
Restricted:					
Scholarships				\$ 73,014	
Student Activities				109,099	
				\$ 182,113	

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, 2022

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 21,897,632	[E-1] \$ 1,444,546
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, 2021.	460,771	
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, 2022.	(438,174)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 21,920,229</u>	[B-2] <u>\$ 1,444,546</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>\$ 21,276,160</u>	[E-1] <u>\$ 1,444,546</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>2021</u>	<u>2020</u>	<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	0.017757%	0.017207%	0.016967%	0.017225%	0.017233%	0.016815%	0.016885%	0.019718%	0.017493%
District's Proportionate Share of the Net Pension Liability	\$ 2,103,612	\$ 2,806,043	\$ 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	\$ 1,476,804	\$ 1,345,260	\$ 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	142.44%	208.59%	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	70.33%	58.32%	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 207,958	\$ 188,238	\$ 165,883	\$ 172,035	\$ 161,331	\$ 159,641	\$ 149,378	\$ 145,162	\$ 162,550
Contributions in relation to the Contractually Required Contribution	(207,958)	(188,238)	(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>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 1,476,804	\$ 1,345,260	\$ 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	14.08%	13.99%	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>2021</u>	<u>2020</u>	<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	0.061651%	0.061545%	0.063254%	0.063751%	0.062543%	0.062357%	0.061856%	0.058143%	0.062280%
District's Proportionate Share of the Net Pension Liability	\$ 29,638,670	\$ 40,526,893	\$ 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	\$ 7,663,319	\$ 7,273,374	\$ 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	386.76%	557.20%	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	35.52%	24.60%	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

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 2,089,723	\$ 1,164,903	\$ 1,180,978	\$ 1,310,245	\$ 1,576,958
Interest Cost	1,139,480	1,075,574	1,339,589	1,458,299	1,260,137
Changes of Benefit Terms	(46,754)				
Differences Between Expected and Actual Experiences	(7,832,865)	8,991,686	(5,971,368)	(3,988,362)	
Changes of Assumptions	43,336	9,023,920	446,992	(3,887,439)	(5,169,974)
Member Contributions	29,131	26,068	27,279	31,307	33,994
Gross Benefit Payments	(897,591)	(860,036)	(920,272)	(905,832)	(923,190)
Net Change in Total OPEB Liability	(5,475,540)	19,422,115	(3,896,802)	(5,981,782)	(3,222,075)
Total OPEB Liability - Beginning	49,401,299	29,979,184	33,875,986	39,857,768	43,079,843
Total OPEB Liability - Ending	\$ 43,925,759	\$ 49,401,299	\$ 29,979,184	\$ 33,875,986	\$ 39,857,768
Covered-Employee Payroll	\$ 9,140,123	\$ 8,618,634	\$ 8,117,162	\$ 7,993,839	\$ 7,879,015
Total OPEB Liability as a Percentage of Covered-Employee Payroll	480.58%	618.41%	369.33%	423.78%	505.87%

Notes to Schedule:

Changes of Benefit Terms: The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Differences Between Expected and Actual Experiences: The decrease in liability from June 30, 2020 to June 30, 2021 is due to changes in the census.

Changes in Assumptions: The increase in the liability from June 30, 2020 to June 30, 2021 is due to the combined effect of Trend Updates, Mortality Projection Scale Updates, Discount Rate Changes, and Salary Scale changes.

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, 2022

[illegible]

BOROUGH OF PALMYRA SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	Sub-Total	ESSER II	CRRSA Learning Acceleration	Mental Health	Scholarship Fund	Student Activity Fund
REVENUES:						
Federal Sources	\$ 714,985	\$ 635,005	\$ 37,660	\$ 42,320	\$	\$
State Sources						
Local Sources	162,127				3,914	158,213
Total Revenues	877,112	635,005	37,660	42,320	3,914	158,213
EXPENDITURES:						
Instruction:						
Salaries Teachers	261,228	227,768	33,460			
Other Purchased Services	6,987	6,987				
General Supplies	215,116	215,116				
Total Instruction	483,331	449,871	33,460			
Support Services:						
Support Salaries	66,767	41,467		25,300		
Purchased Professional and Tech. Services	36,100	25,000	4,200	6,900		
Personal Services	117,815	107,695		10,120		
Other Purchased Services						
Supplies and Materials	10,972	10,972				
Scholarships Awarded	8,614				8,614	
Student Activities	140,636					140,636
Total Support Services	380,904	185,134	4,200	42,320	8,614	140,636
Facilities Acquisitions & Const Serv:						
Non-Instructional Equipment						
Total Facilities Acquisition & Const Serv						
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Total Expenditures	864,235	635,005	37,660	42,320	8,614	140,636
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,877				(4,700)	17,577
Fund Balance July 1	169,236				77,714	91,522
Fund Balance June 30	\$ 182,113	\$	\$	\$	\$ 73,014	\$ 109,099

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.

ENTERPRISE FUND

BOROUGH OF PALMYRA SCHOOL DISTRICT

Proprietary Fund

Business-Type Activities - Enterprise Funds

Combining Statement of Net Position

June 30, 2022

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 195,419	\$ 195,828	\$ 391,247
Accounts Receivable:			
State	498		498
Federal	49,124		49,124
Other		4,100	4,100
Interfund Receivable:			
General Fund	180		180
Inventories	12,378		12,378
Total Current Assets	<u>257,599</u>	<u>199,928</u>	<u>457,527</u>
Noncurrent Assets:			
Furniture, Fixtures and Equipment	337,711		337,711
Less Accumulated Depreciation	(299,336)		(299,336)
Total Noncurrent Assets	<u>38,375</u>		<u>38,375</u>
Total Assets	<u>295,974</u>	<u>199,928</u>	<u>495,902</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	10,911		10,911
Total Liabilities	<u>10,911</u>		<u>10,911</u>
NET POSITION:			
Restricted:			
Net Investment in Capital Assets	38,375		38,375
Unrestricted	246,688	199,928	446,616
Total Net Position	<u>\$ 285,063</u>	<u>\$ 199,928</u>	<u>\$ 484,991</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, 2022

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales:			
Non-reimbursable Programs	\$ 61,368	\$	\$ 61,368
Reimbursable Program - School Lunch	39		39
Child Care Fees		152,941	152,941
Total Operating Revenues	<u>61,407</u>	<u>152,941</u>	<u>214,348</u>
OPERATING EXPENSES:			
Salaries	237,543	138,263	375,806
Management Fee	24,725		24,725
General Supplies	25,952	5,972	31,924
Direct Expenses	14,385		14,385
Depreciation	4,380		4,380
Other Professional and Technical Services	135,024	2,700	137,724
Cost of Sales - Non-reimbursable Programs	42,344		42,344.00
Cost of Sales - Reimbursable Programs	162,330		162,330
Miscellaneous	249	619	868
Total Operating Expenses	<u>646,932</u>	<u>147,554</u>	<u>794,486</u>
Operating Income / (Loss)	<u>(585,525)</u>	<u>5,387</u>	<u>(580,138)</u>
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	11,585		11,585
Federal Sources:			
National School Lunch Program	493,068		493,068
National School Breakfast Program	53,252		53,252
Supply Chain Assistance Funding	23,801		23,801
E.O.C. Reimbursement Program	22,292		22,292
Food Distribution Program	50,833		50,833
Interest Revenue	78	170	248
Total Nonoperating Revenues	<u>654,909</u>	<u>170</u>	<u>655,079</u>
Change in Net Position	69,384	5,557	74,941
Net Position -- July 1	215,679	194,371	410,050
Net Position -- June 30	<u>\$ 285,063</u>	<u>\$ 199,928</u>	<u>\$ 484,991</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, 2022

	Food Service	After School Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 21,104	\$ 148,841	\$ 169,945
Payments to Management Company	(24,725)		(24,725)
Payments to Employees	(237,543)	(138,263)	(375,806)
Payments for Supplies and Services	(383,060)	(9,291)	(392,351)
Net Cash Provided by (Used for) Operating Activities	(624,224)	1,287	(622,937)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	11,585		11,585
Federal Sources	643,246		643,246
Net Cash Provided by (Used for) Non-Capital Financing Activities	654,831		654,831
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	78	170	248
Net Increase in Cash and Cash Equivalents	30,685	1,457	32,142
Cash and Cash Equivalents -- July 1	164,734	194,371	359,105
Cash and Cash Equivalents -- June 30	\$ 195,419	\$ 195,828	\$ 391,247
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Operating Income (Loss)	\$ (585,525)	\$ 5,387	\$ (580,138)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	4,380		4,380
(Increase) Decrease in Accounts Receivable	(40,303)	(4,100)	(44,403)
(Increase) Decrease in Interfund Receivable	0		0
(Increase) Decrease in Inventories	9,035		9,035
Increase (Decrease) in Unearned Revenue	(10,947)		(10,947)
Increase (Decrease) in Accounts Payable	(864)		(864)
Total Adjustments	(38,699)	(4,100)	(42,799)
Net Cash Provided by (Used for) Operating Activities	\$ (624,224)	\$ 1,287	\$ (622,937)

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, 2022

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2021	Issued	Retired	Balance June 30, 2022
			Date	Amount					
School District Refunding Bonds - Series 2016	09-14-16	\$ 8,365,000	03-01-23	\$ 635,000	4.00%	\$ 5,555,000		\$ 480,000	\$ 5,075,000
			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%				
						<u>\$ 5,555,000</u>	<u></u>	<u>\$ 480,000</u>	<u>\$ 5,075,000</u>

BOROUGH OF PALMYRA SCHOOL DISTRICTDebt Service FundBudgetary Comparison ScheduleFor the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 584,560		\$ 584,560	\$ 584,560	
State Sources:					
Debt Service Aid Type II	89,065		89,065	89,065	
Total Revenues	673,625		673,625	673,625	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	193,625		193,625	193,625	
Redemption of Principal	480,000		480,000	480,000	
Total Expenditures	673,625		673,625	673,625	
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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Net Investment in Capital Assets	\$ 3,896,044	\$ 4,593,313	\$ 3,779,374	\$ 2,864,732	\$ 2,543,351	\$ 1,769,218	\$ 1,967,127	\$ 1,687,809	\$ 1,504,616	\$ 1,450,787
Restricted	5,445,165	5,241,126	4,532,667	4,148,012	3,649,028	3,159,870	2,998,955	2,640,525	2,329,781	1,679,066
Unrestricted (Deficit)	<u>(2,630,014)</u>	<u>(3,498,892)</u>	<u>(3,977,757)</u>	<u>(4,211,094)</u>	<u>(4,385,670)</u>	<u>(3,667,853)</u>	<u>(4,199,304)</u>	<u>(4,120,110)</u>	<u>(224,102)</u>	<u>(142,141)</u>
Total Governmental Activities Net Position	<u>\$ 6,711,195</u>	<u>\$ 6,335,547</u>	<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>
Business-type Activities:										
Net Investment in Capital Assets	\$ 38,375	\$ 42,755	\$ 47,136	\$ 51,663	\$ 17,212	\$ 19,186	\$ 21,403	\$ 26,537	\$ 31,922	\$ 22,052
Unrestricted	<u>446,616</u>	<u>367,295</u>	<u>400,685</u>	<u>413,590</u>	<u>477,047</u>	<u>435,609</u>	<u>390,792</u>	<u>322,962</u>	<u>248,229</u>	<u>186,763</u>
Total Business-type Activities Net Position	<u>\$ 484,991</u>	<u>\$ 410,050</u>	<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>
Government-wide:										
Net Investment in Capital Assets	\$ 3,934,419	\$ 4,636,068	\$ 3,826,510	\$ 2,916,395	\$ 2,560,563	\$ 1,788,404	\$ 1,988,530	\$ 1,714,346	\$ 1,536,538	\$ 1,472,839
Restricted	5,445,165	5,241,126	4,532,667	4,148,012	3,649,028	3,159,870	2,998,955	2,640,525	2,329,781	1,679,066
Unrestricted (Deficit)	<u>(2,183,398)</u>	<u>(3,131,597)</u>	<u>(3,577,072)</u>	<u>(3,797,504)</u>	<u>(3,908,623)</u>	<u>(3,232,244)</u>	<u>(3,808,512)</u>	<u>(3,797,148)</u>	<u>24,126</u>	<u>44,622</u>
Total Government-wide Net Position	<u>\$ 7,196,186</u>	<u>\$ 6,745,597</u>	<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>

Source: Exhibit A-1

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

For the fiscal year ended June 30, 2015, the School District adopted GASBS No's. 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred out 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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
EXPENSES:										
Governmental Activities:										
Instruction:										
Regular	\$ 4,911,947	\$ 4,882,500	\$ 4,599,642	\$ 4,638,050	\$ 4,432,535	\$ 4,391,258	\$ 4,897,047	\$ 5,240,728	\$ 4,685,701	\$ 4,736,984
Special Education	2,129,543	1,741,183	1,679,943	1,764,431	1,615,646	1,617,712	1,683,856	1,416,951	1,420,120	1,682,763
Other Special Education	761,550	749,769	675,449	519,836	548,518	726,868	591,072	522,805	487,942	427,228
Support Services:										
Tuition	1,721,901	1,139,645	1,661,860	1,336,684	1,295,971	1,380,458	1,450,814	1,371,105	1,425,581	1,064,517
Student and Instruction Related Services	2,434,481	2,271,463	1,829,566	1,803,019	1,752,793	1,619,126	1,525,066	1,651,117	1,565,243	1,584,884
School Administrative Services	1,279,308	941,187	481,667	1,097,280	423,498	413,584	403,066	509,522	368,970	502,060
General and Business Administrative Services	795,368	724,505	702,211	744,938	690,026	796,722	713,233	942,828	838,531	690,948
Plant Operations and Maintenance	1,694,045	1,686,284	2,269,359	1,593,714	2,239,552	1,544,631	1,417,720	1,487,968	1,433,716	1,410,294
Pupil Transportation	510,861	292,099	337,129	357,474	397,385	370,634	289,333	316,263	294,760	310,514
Unallocated Benefits	6,346,814	8,249,100	6,258,068	9,815,194	8,664,268	7,889,694	6,198,135	4,062,962	3,603,120	3,888,106
Special Schools										
Interest on Long-term Debt	230,111	230,390	304,774	187,874	434,809	298,544	395,020	427,371	448,970	473,181
Unallocated Depreciation										
Total Governmental Activities Expenses	22,815,929	22,908,125	20,799,668	23,858,494	22,495,001	21,049,231	19,564,361	17,949,621	16,572,653	16,771,480
Business-type Activities:										
Food Service	646,932	166,222	290,272	450,478	371,481	371,310	364,319	348,434	365,504	354,224
After School Program	147,554	76,624	120,683	147,530	144,562	132,725	119,501	114,003	96,814	131,485
Total Business-type Activities Expense	794,486	242,846	410,955	598,008	516,043	504,035	483,820	462,437	462,317	485,710
Total Government Expenses	\$ 23,610,415	\$ 23,150,971	\$ 21,210,623	\$ 24,456,502	\$ 23,011,044	\$ 21,553,266	\$ 20,048,181	\$ 18,412,058	\$ 17,034,970	\$ 17,257,189
PROGRAM REVENUES:										
Governmental Activities:										
Operating Grants and Contributions	\$ 3,319,647	\$ 4,631,710	\$ 3,945,338	\$ 4,042,579	\$ 4,611,312	\$ 5,304,567	\$ 4,043,731	\$ 1,910,537	\$ 1,659,253	\$ 1,907,858
Charges for Services	2,217,527	2,037,396	1,878,779	1,615,418	1,438,398	1,103,457	1,361,193	1,749,865	1,853,201	1,800,427
Total Governmental Activities Program Revenues	5,537,174	6,669,106	5,824,117	5,657,997	6,049,710	6,408,023	5,404,925	3,660,402	3,512,454	3,708,285
Business-type Activities:										
Charges for Services:										
Food Service	61,407	883	141,122	200,712	164,881	160,491	146,001	138,635	146,565	143,416
After School Program	152,941	0	95,434	137,093	148,461	154,699	148,714	165,802	152,379	128,924
Operating Grants and Contributions	654,831	204,071	156,658	230,790	238,370	237,138	251,721	227,293	219,204	217,621
Total Business-type Activities Program Revenues	869,179	204,954	393,214	568,595	551,712	552,328	546,436	531,731	518,148	489,960
Total Government Program Revenues	\$ 6,406,353	\$ 6,874,060	\$ 6,217,331	\$ 6,226,592	\$ 6,601,422	\$ 6,960,352	\$ 5,951,360	\$ 4,192,133	\$ 4,030,602	\$ 4,198,245
NET (EXPENSE)/REVENUE:										
Governmental Activities	\$ (17,278,755)	\$ (16,239,019)	\$ (14,975,551)	\$ (18,200,497)	\$ (16,445,291)	\$ (14,641,208)	\$ (14,159,437)	\$ (14,289,219)	\$ (13,060,199)	\$ (13,063,195)
Business-type Activities	74,693	(37,892)	(17,741)	(29,413)	35,669	48,294	62,616	69,293	55,831	4,251
Total Government-wide Net Expense	\$ (17,204,062)	\$ (16,276,911)	\$ (14,993,292)	\$ (18,229,910)	\$ (16,409,622)	\$ (14,592,914)	\$ (14,096,821)	\$ (14,219,925)	\$ (13,004,369)	\$ (13,058,944)

BOROUGH OF PALMYRA SCHOOL DISTRICT

Changes in Net Position

Last Ten Fiscal Years (Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 10,127,361	\$ 9,928,786	\$ 9,552,528	\$ 9,365,224	\$ 9,181,593	\$ 8,806,464	\$ 8,633,789	\$ 8,155,162	\$ 7,586,442	\$ 7,225,184
Taxes Levied for Debt Service	584,560	985,958	981,317	987,461	1,042,046	1,094,439	948,158	948,158	967,890	925,603
Unrestricted Grants and Contributions	7,342,420	6,941,219	5,400,356	8,698,562	6,749,597	5,097,356	5,041,154	5,033,439	5,073,565	4,937,350
Investment Earnings	18,325	30,285	62,039	84,978	35,078	3,729	4,171	3,747		2,700
Other	27,150	48,072	511,945	64,251	93,979	133,678	90,718	89,822	70,339	17,790
Disposal of Assets										
Fixed Asset Adjustment	(450,278)									
Right-to-Use Lease Adjustment	4,865									
Transfers									(15,454)	
Total Governmental Activities	17,654,403	17,934,320	16,508,185	19,200,476	17,102,293	15,135,666	14,717,990	14,230,328	13,682,782	13,108,627
Business-type Activities:										
Investment Earnings	248	121	309	407	3,796	110	80	55	52	69
Contribution of Capital Assets										
Transfers									15,454	
Total Business-type Activities	248	121	309	407	3,796	110	80	55	15,506	69
Total Government-wide	\$ 17,654,651	\$ 17,934,441	\$ 16,508,494	\$ 19,200,883	\$ 17,106,089	\$ 15,135,776	\$ 14,718,070	\$ 14,230,382	\$ 13,698,287	\$ 13,108,696
CHANGE IN NET POSITION:										
Governmental Activities	\$ 375,648	\$ 1,695,301	\$ 1,532,634	\$ 999,979	\$ 657,002	\$ 494,458	\$ 558,553	\$ (58,891)	\$ 622,582	\$ 45,432
Business-type Activities	74,941	(37,771)	(17,432)	(29,006)	39,465	48,404	62,696	69,348	71,336	4,320
Total Government	\$ 450,589	\$ 1,657,530	\$ 1,515,202	\$ 970,973	\$ 696,467	\$ 542,861	\$ 621,249	\$ 10,457	\$ 693,919	\$ 49,752

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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund:										
Restricted	\$ 5,263,052	\$5,071,890	\$4,532,667	\$ 4,148,012	\$3,624,024	\$3,134,365	\$3,373,278	\$3,051,837	\$2,329,780	\$1,849,780
Committed										
Assigned	35,812	83,187	118,661	62,389	65,877	245,506	40,370	86,984	132,294	68,875
Unassigned (Deficit)	756,594	327,446	4,206	29,439	(19,680)	(15,850)	(23,568)	(71,432)	(33,661)	(90,817)
Total General Fund	<u>\$ 6,055,458</u>	<u>\$5,482,523</u>	<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>
All Other Governmental Funds:										
Restricted, Reported in:										
Capital Projects Fund										
Special Revenue Fund	\$ 182,113	\$ 169,236	\$	\$						
Debt Service Fund					\$ 25,004	\$ 25,505	\$ 501	\$ 501	\$ 1	\$ 1
Permanent Fund										
Total All Other Governmental Funds	<u>\$ 182,113</u>	<u>\$ 169,236</u>	<u>\$</u>	<u>\$</u>	<u>\$ 25,505</u>	<u>\$ 25,505</u>	<u>\$ 501</u>	<u>\$ 501</u>	<u>\$ 1</u>	<u>\$ 1</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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES:										
Tax Levy	\$ 10,711,921	\$ 10,914,744	\$ 10,533,845	\$ 10,352,685	\$ 10,223,639	\$ 9,900,903	\$ 9,581,947	\$ 9,103,320	\$ 8,554,332	\$ 8,150,787
Other Local Revenue	2,334,136	2,180,987	2,452,763	1,764,647	1,567,455	1,263,263	1,456,082	1,843,434	1,923,540	1,820,917
State Sources	9,694,239	8,341,158	7,790,878	7,712,447	7,175,737	6,848,984	6,590,796	6,342,142	6,180,513	6,234,002
Federal Sources	1,298,104	921,770	653,795	616,502	568,759	570,718	606,194	601,834	552,304	603,065
Total Revenues	24,038,400	22,358,659	21,431,281	20,446,281	19,535,590	18,583,868	18,235,019	17,890,730	17,210,690	16,808,771
EXPENDITURES:										
Instruction										
Regular Instruction	4,911,947	4,645,260	4,544,738	4,602,714	4,406,508	4,348,615	4,409,816	4,268,397	4,191,463	4,300,228
Special Education Instruction	2,129,543	1,741,183	1,679,943	1,764,431	1,615,646	1,617,712	1,683,856	1,416,951	1,420,120	1,675,457
Other Special Instruction	761,550	749,769	675,449	519,836	548,518	726,868	591,072	514,858	487,942	427,228
Support Services:										
Tuition	1,721,901	1,139,645	1,661,860	1,336,684	1,295,971	1,380,458	1,450,814	1,371,105	1,425,581	1,064,517
Student and Instruction Related Services	2,434,481	2,271,463	1,829,566	1,803,019	1,744,009	1,575,495	1,540,934	1,613,266	1,558,038	1,576,677
School Administrative Services	562,394	494,388	481,667	468,226	420,764	386,961	426,397	464,598	368,797	501,863
Other Administrative Services	795,368	724,505	702,211	744,938	689,508	791,826	628,642	762,944	741,803	594,238
Plant Operations and Maintenance	1,691,002	1,683,241	1,619,476	1,590,671	1,439,696	1,441,720	1,338,401	1,387,803	1,323,077	1,299,136
Pupil Transportation	510,861	292,099	337,129	357,474	397,385	370,634	294,129	311,467	294,760	310,514
Unallocated Benefits	7,175,531	6,106,331	5,572,946	5,401,796	5,230,382	4,639,523	4,237,291	3,902,021	3,603,120	3,888,106
Debt Service:										
Principal	480,000	925,000	885,000	895,000	905,000	910,000	885,000	720,000	725,000	705,000
Interest and Other Charges	193,625	230,625	266,023	292,875	313,975	353,044	405,405	431,168	451,918	476,393
Special Schools										
Capital Outlay	13,251	599,653	759,579	124,002	222,529	162,413	20,570	86,677	18,497	11,639
Total Expenditures	23,381,454	21,603,162	21,015,587	19,901,666	19,229,891	18,705,269	17,912,328	17,251,254	16,610,114	16,830,995
Excess (Deficiency) of Revenues Over (Under) Expenditures	656,946	755,497	415,694	544,615	305,699	(121,401)	322,691	639,476	600,575	(22,223)
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
Transfers Out	(71,134)	(65,234.00)					(151,154)			(44,245)
Total Other Financing Sources (Uses)	(71,134)	(65,234.00)				120,345				
Net Change in Fund Balances	\$ 585,812	\$ 690,263	\$ 415,694	\$ 544,615	\$ 305,699	\$ (1,055)	\$ 322,691	\$ 639,476	\$ 600,575	\$ (22,223)
Debt Service as a Percentage of Non-capital Expenditures	2.88%	5.50%	5.68%	6.01%	6.41%	6.81%	7.21%	6.71%	7.09%	7.02%

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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Interest on Investments	\$ 12,535	\$ 19,008	\$ 62,039	\$ 84,978	\$ 35,078	\$ 3,729	\$ 4,171	\$ 3,747	\$ 2,889	\$ 2,700
Tuition	2,059,314	1,964,690	1,878,779	1,615,418	1,438,398	1,103,457	1,361,193	1,749,865	1,853,201	1,800,427
Transportation Fees						5,918				
Solar Energy Rebate						53,550				
Rental/Lease of Facilities								1,800	3,699	500
Prior Year E-Rate	33,264	33,264	63,131	47,385	58,041	42,196	38,914	48,074		
Prior Year Refunds	1,243	3,536	7,377		14,920	13,034	29,581	14,228	17,687	12,636
Athletics	12,428		21,654	15,276	19,530	13,895	15,917	21,525	40,731	
Miscellaneous	53,225	57,894	1,580	1,590	488	4,814	6,305	4,195	5,333	4,654
Total Miscellaneous Revenues	<u>\$2,172,009</u>	<u>\$2,078,392</u>	<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>

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)
2022	\$ 6,567,000	\$ 411,485,645	\$	\$ 30,186,600	\$ 9,486,300	\$ 21,399,400	\$ 479,124,945	\$ 85	\$ 479,125,030	\$ 51,801,155	\$ 561,036,235	\$ 2.34
2021	4,733,600	409,706,845		32,267,600	9,486,300	21,205,900	477,400,245	94	477,400,339	\$ 52,145,755	526,060,876	2.24
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

(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)		
	General	Total Direct				Total Direct and Overlapping Tax Rate
	Basic Rate	Obligation Debt Service	School Tax Rate	Borough of Palmyra	Burlington County	
2022	\$ 2.211	\$ 0.128	\$ 2.339	\$ 1.352	\$ 0.443	\$ 4.134
2021	2.040	0.203	2.243	1.313	0.434	3.990
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

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	2022			2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Willow Shores LP	\$ 11,406,700	1	2.39%	\$ 3,500,000	3	0.73%
Boss Lady, LLC	3,500,000	2	0.73%	2,372,700	4	0.50%
River Villas Mew LLC	2,261,600	3	0.47%	2,009,000	6	0.42%
NAI Entertainment Holdings LLC	2,009,000	4	0.42%	1,809,200	7	0.38%
Philadelphia Sign Company	1,809,200	5	0.38%	1,197,800	8	0.25%
Taxpayer #1	1,530,300	6	0.32%			
Palmyra Holdings LLC	1,320,600	7	0.28%			
ROTO Cylinders, INC	1,247,800	8	0.26%	2,314,800	5	0.48%
Taxpayer #2	1,177,700	9	0.25%	1,177,700	10	0.25%
Taxpayer #3	1,173,600	10	0.25%			
Willow Associates				5,459,200	1	1.14%
Korman Corporation				3,941,700	2	0.82%
Davidrew Associates				1,260,600	9	0.26%
Total	\$ 27,943,100		3.36%	\$ 25,042,700		5.23%

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>	
2022	\$ 10,711,921	\$ 10,711,921	100%	
2021	10,914,744	10,914,744	100%	
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%	

(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	Percentage of		
	General Obligation Bonds (1)	Capital Leases	Bonds Authorized But not Issued	Capital Leases	Total District	Personal Income (2)	Per Capita (3)
2022	\$ 5,075,000				\$ 5,075,000	1.21%	\$ 676
2021	5,555,000				5,555,000	1.23%	781
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

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)		
2022	\$ 5,075,000		\$ 5,075,000	0.90%	\$ 676
2021	5,555,000		5,555,000	1.06%	781
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

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, 2021
(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	\$ 5,555,000	\$ 5,555,000	\$	\$
Palmyra Borough Sewer Utility	5,528,344	5,528,344		
Palmyra Borough	<u>13,602,342</u>	<u>493,850</u>	<u>13,108,492</u>	<u>13,108,492</u>
	<u>\$ 24,685,686</u>	<u>\$ 11,577,194</u>	<u>\$ 13,108,492</u>	<u>\$ 13,108,492</u>
Overlapping Debt Apportioned to the Municipality:				
County of Burlington: (2)				
General:				
Bonds	\$ 176,500,000	\$ 12,070,000	\$ 164,430,000	\$ 1,736,081
Bonds Authorized but not Issued	24,327,265	5,833,104	18,494,161	
Bonds Issued by Other Public Bodies				
Guaranteed by the County	390,398,600	390,398,600		
Solid Waste Utility	<u>42,179,193</u>	<u>42,179,193</u>		
	<u>633,405,058</u>	<u>450,480,897</u>	<u>182,924,161</u>	<u>1,736,081</u>
	<u>\$ 658,090,744</u>	<u>\$ 462,058,091</u>	<u>\$ 196,032,653</u>	<u>\$ 14,844,573</u>

Sources:

- (1) 2021 Annual Debt Statement
- (2) County's 2020 Audit Report

BOROUGH OF PALMYRA SCHOOL DISTRICT

Legal Debt Margin Information

Last Ten Fiscal Years

(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2021

Equalized Valuation Basis (1):

2021 \$ 559,016,680

2020 525,217,901

2019 509,643,050

[A] \$1,593,877,631

Average Equalized Valuation of Taxable Property

[A/3] \$ 531,292,544

Debt Limit (4% of Average Equalization Value) (2)

[B] 21,251,702

Total Net Debt Applicable to Limit (3)

[C] 5,075,000

Legal Debt Margin

[B-C] \$ 16,176,702

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt Limit	\$ 21,251,702	\$ 20,637,834	\$ 20,426,844	\$ 20,392,550	\$ 20,443,263	\$ 20,871,496	\$ 21,209,348	\$ 21,399,907	\$ 21,650,176	\$ 22,516,840
Total Net Debt Applicable to Limit (3)	5,075,000	5,555,000	6,480,000	7,365,000	8,260,000	9,165,000	10,335,000	11,220,000	11,940,000	12,665,000
Legal Debt Margin	<u>\$ 16,176,702</u>	<u>\$ 15,082,834</u>	<u>\$ 13,946,844</u>	<u>\$ 13,027,550</u>	<u>\$ 12,183,263</u>	<u>\$ 11,706,496</u>	<u>\$ 10,874,348</u>	<u>\$ 10,179,907</u>	<u>\$ 9,710,176</u>	<u>\$ 9,851,840</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	23.88%	26.92%	31.72%	36.12%	40.40%	43.91%	48.73%	52.43%	55.15%	56.25%

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>
2022	*	7,506	\$ 420,486,073	\$ 56,017	5.04%
2021		7,424	453,343,914	56,582	5.60%
2020		7,135	426,806,946	57,154	8.50%
2019		7,149	428,523,181	63,528	3.30%
2018		7,158	428,874,531	61,140	3.90%
2017		7,177	427,993,666	59,271	4.20%
2016		7,202	413,719,331	57,583	4.50%
2015		7,252	406,145,000	55,925	5.00%
2014		7,296	390,148,766	53,572	6.30%
2013		7,314	376,538,752	51,634	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

(Unaudited)

*Information for Burlington County. The number of employees per company was not given.

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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction:										
Regular	64	64	61	61	59	65	65	64	59	61
Special education	29	29	30	27	26	26	27	27	27	33
Athletics	2	2	2	2	2	3	3	3	3	3
Adult/continuing education programs										
Support Services:										
Student & instruction related services	16	16	20	19	24	24	22	22	26	25
School administrative services	9	9	9	8	6	5	6	5	6	6
General and business administrative services	7	7	7	8	7	6	6	5	6	8
Plant operations and maintenance	16	16	16	19	19	14	14	14	16	15
Business and other support services	4	4		2	2	1	2	2	2	1
Child Care	1	1	1	1	1	1	1	1	1	1
Total	<u>148</u>	<u>148</u>	<u>146</u>	<u>147</u>	<u>145</u>	<u>145</u>	<u>142</u>	<u>145</u>	<u>152</u>	<u>154</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	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Junior/Senior High School				
2022	969	\$ 22,694,578	\$ 23,421	10.21%	91	1:11.0	1:11.0	969	932	3.75%	96.18%
2021	934	19,847,884	21,250	2.10%	91	1:12.0	1:11.0	934	885	1.74%	94.75%
2020	938	19,523,188	20,814	2.90%	91	1:14.0	1:14.0	918	885	-0.65%	96.41%
2019	919	15,589,789	20,228	5.98%	90	1:14.0	1:14.0	924	880	-0.65%	95.24%
2018	932	17,788,387	19,086	-1.14%	86	1:14.0	1:11.0	930	879	4.45%	94.52%
2017	895	17,279,812	19,307	9.44%	93	1:11.0	1:8.33	890	842	-4.85%	94.53%
2016	941	16,601,354	17,642	4.11%	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	-1.17%	94.11%
2014	960	16,013,409	16,681	3.68%	86	1:13.0	1:12.0	956	902	-0.87%	94.39%
2013	972	15,637,963	16,088	9.11%	93	1:12.0	1:10.0	964	905	0.23%	93.90%

Sources: District Records

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

District Building	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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	372	360	353	459	495	495	520	525	529	481
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
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	597	574	585	460	400	400	421	420	431	449

Number of Schools at June 30, 2022
 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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Charles Street School	\$ 242,174	\$ 194,612	\$ 189,591	\$ 165,310	\$ 130,952	\$ 132,314	\$ 115,208	\$ 132,252	\$ 111,027	\$ 112,451
Delaware Avenue School	153,443	37,841	36,865	32,144	25,462	25,728	22,402	18,466	21,589	21,865
Junior/Senior High School	28,156	298,076	300,186	261,740	207,343	209,498	182,413	183,820	176,807	178,047
Total School Facilities	<u>\$ 423,773</u>	<u>\$ 530,529</u>	<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>

* 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, 2022

(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	
Property & Auto Physical Damage	500,000,000	2,500/1,000
Cyber Liability	2,000,000	10,000
Comprehensive Crime Coverage		
Money and Securities	50,000	
Blanket Dishonesty Bond	100,000 person/ 500,000 per loss	
Computer Fraud	50,000	
Forgery and Alteration	50,000	
Environmental Impairment Liability	1,000,000	5,000
School Excess Liability	10,000,000	10,000
School Leaders Professional Liability	5,000,000	10,000
Workers' Compensation	Statutory	
Employer's Liability	5,000,000	
Supplemental Indemnity	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, 2022, 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 February 20, 2023.

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 no instance of noncompliance, or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and is described in the accompanying schedule of findings and questioned costs.

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.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
February 20, 2023

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

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

Opinion on 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's compliance with the types of compliance requirements identified as subject to audit 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 Board of Education of the Palmyra Borough School District, in the County of Burlington, State of New Jersey's major federal and state programs for the year ended June 30, 2022. The Board of Education of the Palmyra Borough School District, in the County of Burlington, State of New Jersey'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.

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 year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Board of Education of the Palmyra Borough School District, in the County of Burlington, State of New Jersey and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and

appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of The Board of Education of the Palmyra Borough School District, in the County of Burlington, State of New Jersey's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Board of Education of the Palmyra Borough School District, in the County of Burlington, State of New Jersey's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Board of Education of the Palmyra Borough School District, in the County of Burlington, State of New Jersey's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance and New Jersey OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Board of Education of the Palmyra Borough School District, in the County of Burlington, State of New Jersey's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance and New Jersey OMB 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Board of Education of the Palmyra Borough School District, in the County of Burlington, State of New Jersey's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Board of Education of the Palmyra Borough School District, in the County of Burlington, State of New Jersey's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of The Board of Education of the Palmyra Borough School District, in the County of Burlington, State of New Jersey's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

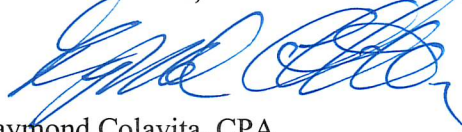
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
February 20, 2023

BOROUGH OF PALMYRA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2022

												Budgetary Funds		Balance June 30, 2022		
Pass-through	Federal	Federal	Pass-Through	Program or	Grant Period		Balance	Carry-over /					Total			
Grantor/Program Title	CFDA	FAIN	Entity Identifying	Award	From	To	June 29,	(Walkover)	Cash	Adjust-	Pass-Through	Budgetary	(Accounts	Unearned	Due to	
	Number	Number	Number	Amount			2021	Amount	Received	ment	Funds	Expenditures	Receivable)	Revenue	Grantor	
U.S. Department of Education:																
Passed-through the State Department of Education:																
General Fund:																
Medicaid Administrative Claiming Aid	93.778	2205NJ5MAP	Unavailable	\$ 3,955	07-01-21	06-30-22	\$	\$	\$ 2,566	\$	\$ (3,955)	\$ (3,955)	\$ (1,389)	\$	\$	
Medical Assistance Program (SEMI)	93.778	2205NJ5MAP	Unavailable	11,730	07-01-21	06-30-22			11,730		(11,730)	(11,730)				
Total General Fund:																
									14,296		(15,685)	(15,685)	(1,389)			
U.S. Department of Education:																
Passed-through State Department of Education:																
Special Revenue Fund:																
E.S.E.A.:																
Title I, Part A	84.010	S010A210030	ESEA392022	187,752	07-01-21	09-30-22			170,855		(185,100)	(185,100)	(14,245)			
Title I, Part A	84.010	S010A200030	ESEA392021	218,434	07-01-20	09-30-21	(15,048)		15,048							
Title I, Part A - Reallocated	84.010	S010A200030	ESEA392021	12,247	07-01-20	09-30-21	(5,400)		5,400							
Title I, SIA Part A	84.010	S010A210030	ESEA392022	86,185	07-01-21	09-30-22			27,251		(29,665)	(29,665)	(2,414)			
Title II, Part A	84.367A	S367A210029	ESEA392022	22,395	07-01-21	09-30-22			18,387		(18,466)	(18,466)	(79)			
Title II, Part A	84.367A	S367A200029	ESEA392021	21,402	07-01-20	09-30-21	(2,760)		2,760							
Title IV, Part A	84.424A	S424A210031	ESEA392022	17,129	07-01-21	09-30-22			12,445		(12,445)	(12,445)				
Title IV, Part A	84.424A	S424A200031	ESEA392021	22,044	07-01-20	09-30-21	(12,233)		12,233							
Education Stabilization Fund:																
CARES Act	84.425D	S425D200027	CARES392022	184,222	03-13-20	09-30-22			1,841					1,841		
CRRSA:																
Learning Acceleration	84.425D	S425D200027	NA	45,951	03-13-20	09-30-23			33,460		(37,660)	(37,660)	(4,200)			
Mental Health	84.425D	S425D200027	NA	45,000	03-13-20	09-30-23			26,540		(42,320)	(42,320)	(15,780)			
ESSER II	84.425D	S425D200027	NA	716,034	03-13-20	09-30-23	(28,330)		605,655		(635,005)	(635,005)	(57,680)			
IDEA Cluster:																
I.D.E.A. Part B Basic	84.027A	H027A210100	IDEA392022	297,597	07-01-21	09-30-22			255,671		(267,116)	(267,116)	(11,445)			
I.D.E.A. Part B Basic	84.027A	H027A200100	IDEA392021	287,197	07-01-20	06-30-21	(17,625)		17,625							
I.D.E.A. Part B, Pre-school	84.173	H173A210114	IDEA392022	7,808	07-01-21	09-30-22			7,023		(7,808)	(7,808)	(785)			
I.D.E.A. Part B, Pre-school	84.173	H173A200114	IDEA392021	7,637	07-01-20	06-30-21	(747)		747							
ARP IDEA Part B-Basic	84.027X	H027X210100	IDEA392022	45,838	07-01-21	09-30-22					(45,609)	(45,609)	(45,609)			
ARP IDEA Part B, Pre-school	84.173X	H173X200114	IDEA392022	3,899	07-01-21	09-30-22					(1,225)	(1,225)	(1,225)			
COVID Relief	21.019	NA	21E00041	60,305	07-01-20	12/31/20	79			(79)						
Total Special Revenue Fund							(82,064)		1,212,941	(79)	(1,282,419)	(1,282,419)	(153,462)	1,841		
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	41,660	07-01-21	06-30-22			41,660		(35,422)	(35,422)		6,238		
Food Distribution Program	10.565	Unknown	Unavailable	34,467	07-01-20	06-30-21	15,411				(15,411)	(15,411)				
Child Nutrition Cluster:																
Cash Assistance:																
National School Breakfast Program	10.553	221NJ304N1099	Unavailable	53,252	07-01-21	06-30-22			49,574		(53,252)	(53,252)	(3,678)			
National School Breakfast Program	10.553	211NJ304N1099	Unavailable	62,536	07-01-20	06-30-21	(2,852)		2,852							
National School Lunch Program	10.555	221NJ304N1099	Unavailable	493,068	07-01-21	06-30-22			471,423		(493,068)	(493,068)	(21,645)			
National School Lunch Program	10.555	211NJ304N1099	Unavailable	105,681	07-01-20	06-30-21	(5,536)		5,536							
Emergency Operational Costs																
Reimbursement Program	10.555	221NJ304N1099	Unavailable	22,292	07-01-21	06-30-22			22,292		(22,292)	(22,292)				
Supply Chain Assistance Funding	10.555	221NJ344N8903	Unavailable	23,801	07-01-21	06-30-22					(23,801)	(23,801)	(23,801)			
P-EBT Administrative Cost Reimburse	10.649	202122S900941	Unavailable	614	07-01-20	06-30-21			614		(614)	(614)				
P-EBT Administrative Cost Reimburse	10.649	202222S900941	Unavailable	628	07-01-21	06-30-22			628		(628)	(628)				
Total Enterprise Fund							7,023		594,579		(644,488)	(644,488)	(49,124)	6,238		
Total Federal Financial Assistance							\$(75,041)	\$	\$ 1,821,816	\$ (79)	\$ (1,942,592)	\$ (1,942,592)	\$ (203,975)	\$ 8,079	\$	

(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, 2022

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021			Balance June 30, 2022			Memo		
					Unearned Revenue/ Accounts Receivable	Due to Grantor	Cash Received	Total Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2021	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Equalization Aid	22-495-034-5120-078	4,156,476	07-01-21	06-30-22			\$ 3,813,924	\$ (4,156,476)	\$ (342,552)			\$ (342,552)	\$ (4,156,476)
Equalization Aid	21-495-034-5120-078	3,989,710	07-01-20	06-30-21	\$ (360,115)		360,115						
Special Education Categorical Aid	22-495-034-5120-089	741,300	07-01-21	06-30-22			680,206	(741,300)	(61,094)			(61,094)	(741,300)
Special Education Categorical Aid	21-495-034-5120-089	696,197	07-01-20	06-30-21	(62,840)		62,840						
Security Aid	22-495-034-5120-084	218,608	07-01-21	06-30-22			200,592	(218,608)	(18,016)			(18,016)	(218,608)
Security Aid	21-495-034-5120-084	218,608	07-01-20	06-30-21	(19,732)		19,732						
Adjustment Aid	22-495-034-5120-085	102,575	07-01-21	06-30-22			94,121	(102,575)	(8,454)			(8,454)	(102,575)
Adjustment Aid	21-495-034-5120-085	102,575	07-01-20	06-30-21	(9,259)		9,259						
Transportation Aid	22-495-034-5120-014	97,770	07-01-21	06-30-22			89,712	(97,770)	(8,058)			(8,058)	(97,770)
Transportation Aid	21-495-034-5120-014	97,770	07-01-20	06-30-21	(8,825)		8,825						
Extraordinary Aid	22-100-034-5120-473	301,343	07-01-21	06-30-22				(301,343)	(301,343)				(301,343)
Extraordinary Aid	21-100-034-5120-473	127,870	07-01-20	06-30-21	(127,870)		127,870						
Maintenance of Equity Aid	22-495-034-5120-128	193,230	07-01-20	06-30-21				(193,230)	(193,230)				
Reimbursed TPAF Social Security Contributions	22-495-034-5095-003	587,874	07-01-21	06-30-22			559,466	(587,874)	(28,408)				(587,874)
Reimbursed TPAF Social Security Contributions	21-495-034-5095-003	547,328	07-01-20	06-30-21									
On-behalf T.P.A.F. Pension Contrib - Normal Cost	22-495-034-5094-002	2,579,575	07-01-21	06-30-22			2,579,575	(2,579,575)					(2,579,575)
On-behalf T.P.A.F. Pension Contrib - Post-Retirement Med	22-495-034-5094-001	602,693	07-01-21	06-30-22			602,693	(602,693)					(602,693)
On-behalf T.P.A.F. Pension Contrib - Long Term Disability	22-495-034-5094-004	1,133	07-01-21	06-30-22			1,133	(1,133)					(1,133)
Total General Fund					(588,641)		9,210,063	(9,582,577)	(961,155)			(438,174)	(9,389,347)
Debt Service Fund:													
Debt Service Aid Type II	22-100-034-5120-017	89,065	07-01-21	06-30-22			89,065	(89,065)					89,065
Total Debt Service Fund:							89,065	(89,065)					89,065
New Jersey Department of Agriculture:													
Enterprise Fund:													
State School Lunch Aid	22-100-010-3350-023	11,585	07-01-21	06-30-22			11,087	(11,585)	(498)				(11,585)
State School Lunch Aid	21-100-010-3350-023	5,992	07-01-20	06-30-21	(931)		931						
Total Enterprise Fund					(931)		12,018	(11,585)	(498)				(11,585)
Total State Financial Assistance					\$ (589,572)		\$ 9,311,146	\$ (9,683,227)	\$ (961,653)			\$ (438,174)	\$ (9,311,867)
Less: On-Behalf TPAF Pension System Contributions													
On-behalf T.P.A.F. Pension Contrib. - Normal Cost	22-495-034-5094-002	2,579,575	07-01-21	06-30-22			\$ 2,579,575	\$ (2,579,575)					
On-behalf T.P.A.F. Pension Contrib. - Post-Retire. Medical	22-495-034-5094-001	602,693	07-01-21	06-30-22			602,693	(602,693)					
On-behalf T.P.A.F. Pension Contrib. - Long Term Disability	22-495-034-5094-004	1,133	07-01-21	06-30-22			1,133	(1,133)					
Total General Fund (Non-Cash Assistance)							3,183,401	(3,183,401)					
Total State Financial Assistance - Major Program Determination							\$ 6,127,745	\$ (6,499,826)					

(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, 2022

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 \$22,597 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, 2022

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

	Federal	State	Total
General Fund	\$ 15,685	\$ 9,605,174	\$ 9,620,859
Special Revenue Fund		1,282,419	1,282,419
Debt Service Fund		89,065	89,065
Food Service Fund	643,246	11,585	654,831
Total Awards & Financial Assistance	\$ 658,931	\$ 10,988,243	\$ 11,647,174

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, 2022.

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, 2022. 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, 2022.

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.

NOTE 9: ADJUSTMENTS

As of June 30, 2022, there was one immaterial adjustment reflected on Schedule A, in the amount of (\$79). There was no adjustment reflected on Schedule B.

**BOROUGH OF PALMYRA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Significant deficiencies identified? _____ yes X no

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

Federal Awards

Internal control over major programs:

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

2) Significant deficiencies identified? _____ Yes X no

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)? _____ yes X no

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.425D	S425D200027	Education Stabilization Fund

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, 2022
(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>
22-495-034-5120-078	Equalization Aid
22-495-034-5120-089	Special Education Categorical Aid
22-495-034-5120-084	Security Aid
22-495-034-5120-085	Adjustment Aid
22-495-034-5095-003	Reimbursed TPAF SS Contribution

**BOROUGH OF PALMYRA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(continued)**

Section II - Financial Statement Findings

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

Finding: None

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

**BOROUGH OF PALMYRA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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

Finding: None

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

STATE AWARDS

Finding: None

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
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

STATUS OF PRIOR - YEAR FINDINGS

Finding: 2021-1

Condition:

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

Status: Resolved - No longer considered material.