

**SCHOOL DISTRICT  
OF  
PALMYRA**



Palmyra Board of Education  
Palmyra, New Jersey

Comprehensive Annual Financial Report  
For the Fiscal Year Ending June 30, 2015

**BOROUGH OF PALMYRA SCHOOL DISTRICT**  
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## INTRODUCTORY SECTION



# PALMYRA BOARD OF EDUCATION

## PALMYRA, N.J. 08065

Brian J. McBride  
*Superintendent of Schools*

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

William R. Blatchley  
*Business Administrator/  
Board Secretary*

### 1. **Reporting Entity and Its Services**

The Palmyra Borough Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by NCGA Statement No. 3 all funds and account groups 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 2014-2015 fiscal year with an average enrollment of 945 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 has a train station in Palmyra and runs through the heart of the Borough's business district. The Palmyra School District is a three building district, which is located on the Delaware River in close proximity to Philadelphia and Trenton.

### 3. **Major Initiatives:**

Adopted and implemented a new K-8 Math curriculum aligned to Common Core Standards to include a new textbook and supplemental materials series.

Increased the number of digital projectors and SmartBoards to specifically support new curriculum and classroom initiatives.

Increased the number of elective offerings for Middle and High School student.

Increased access to digital library resources.

Incorporated SAT preparation into the instructional program and added a supplemental educational program to the districts after school care component.

### **3. Major Initiatives (Cont'd):**

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

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

Added technology and S.T.E.A.M. based curriculum components in preparation for a rollout in 2015-2016.

Increased the availability of Advanced Placement offerings for students.

### **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 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 described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws and regulations.

### **5. Budgetary Controls:**

In addition to internal 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 reservations of fund balances as of June 30, 2015.

**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. 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.

**8. 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.

**9. Other Information:**

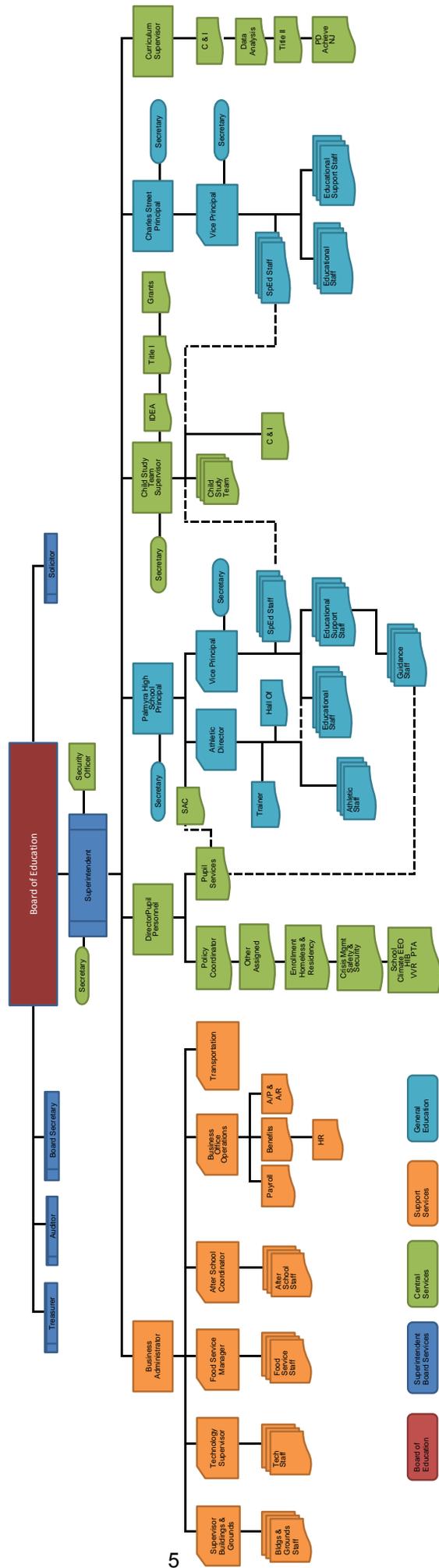
Independent Audit – State statutes require an annual audit by independent certified public accountants. The Board of Education at its reorganization meeting appointed the accounting firm of Bowman & Company, LLP. In addition to meeting the requirements of the single audit act of 1984 and the related OMB Circular A-133 and New Jersey Circular Letter 15-08 OMB. 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.



Brian J. McBride  
Superintendent



William R. Blatchley  
School Business Administrator





**PALMYRA BOARD OF EDUCATION  
PALMYRA, N.J. 08065**

Brian J. McBride  
*Superintendent of Schools*

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

William R. Blatchley  
*Business Administrator/  
Board Secretary*

**ROSTER OF OFFICIALS  
June 30, 2015**

**MEMBERS OF THE BOARD OF EDUCATION**

	<b><u>TERM EXPIRES</u></b>
Keith Austin	2017
Nancy Brett	2017
Howard Norcross	2017
Lori Gilmore	2015
John Gural	2015
John Kay	2015
Mark Russell	2016
John Quigg	2016
Laurie Beck	2015 (unexpired term)

**OTHER OFFICIALS/ADMINISTRATORS**

Brian J. McBride	Superintendent of Schools
William R. Blatchley	Business Administrator/Board Secretary
Donna Gidjunis	Treasurer of School Monies
Kenneth Holloway	Principal – Palmyra High School
Michael Papenberg	Vice-Principal – Palmyra High School
Mark Pease	Principal – Charles Street School
Joni Geiser	Vice-Principal – Charles Street School

**PALMYRA SCHOOL DISTRICT  
CONSULTANTS AND ADVISORS**

**Audit Firm**

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

**Attorney**

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

**Bond Counsel**

McManimon, Scotland, Bauman  
75 Livingston Avenue  
Roseland NJ 07068

**Financial Advisor**

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

**Official Depository**

Beneficial Bank  
712 Broad Street  
Riverton, NJ 08077

FINANCIAL SECTION

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Palmyra School District  
County of Burlington  
Palmyra, NJ

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Palmyra School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

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

**Emphasis of Matter***Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2015, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

*Prior Period Restatement*

Because of the implementation of GASB Statements No. 68 and No. 71, net position as of June 30, 2014 on the statement of activities has been restated, as discussed in note 19 to the financial statements. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, and schedule of School District's contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Palmyra School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Matters (Cont'd)**

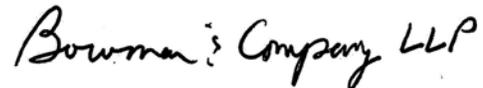
*Other Information (Cont'd)*

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2015 on our consideration of the Borough of Palmyra School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Palmyra School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



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

Voorhees, New Jersey  
December 7, 2015

**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 School District  
County of Burlington  
Palmyra, 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 statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Palmyra School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 7, 2015. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the adoption of new accounting principles.

***Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* that we consider to be a significant deficiency: 2015-001.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Borough of Palmyra School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and which is described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as finding no.: 2015-001.

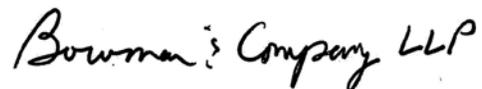
### ***The Borough of Palmyra School District's Response to Findings***

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

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



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

Voorhees, New Jersey  
December 7, 2015

REQUIRED SUPPLEMENTARY INFORMATION  
PART I

# **Borough of Palmyra Board of Education School District**

## **Management's Discussion and Analysis Fiscal Year Ended June 30, 2015**

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, 2015. 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 (2014-15) and the prior year (2013-14) is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2014-15 fiscal year include the following:

- During the fiscal year ended June 30, 2015 the School District was required to implement Governmental Accounting Standards Board (GASB) Statement No. , *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*. In addition, the notes to the financial statements provide a more thorough discussion of the implementation of GASB 68 and the effects to the financial statements.
- Net Position for Governmental and Business-Type activities were \$208,224 and \$349,499, respectively.
- Net Position for the Governmental activities decreased by \$58,891 and the Net Position for Business-Type activities increased by \$69,348 from July 1, 2014 to June 30, 2015.
- The General Fund, fund balance as of June 30, 2015 was \$3,067,389, an increase of \$638,976 when compared with the beginning balance as of July 1, 2014 of \$2,428,413.

### **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.

Borough of Palmyra School District  
Palmyra, New Jersey

Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015

- Proprietary funds statements offer short-term and long-term financial information about the activities that the Borough of Palmyra School District operates like businesses.
- Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

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

Table A-1

**MAJOR FEATURES OF THE GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

Borough of Palmyra School District  
Palmyra, New Jersey

Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015

### 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 revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

### Fund Financial Statements

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

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

The School District has three kinds of funds:

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

Borough of Palmyra School District  
Palmyra, New Jersey

Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015

**Fund Financial Statements (Cont'd)**

- **Fiduciary funds** – The School District is the trustee, or fiduciary, for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. 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, 2015 and 2014 are reflected in the following table.

<b>BOROUGH OF PALMYRA SCHOOL DISTRICT'S NET POSITION</b>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and Other Assets	\$ 3,068,030	\$ 2,436,836	\$ 324,242	\$ 249,361	\$ 3,392,272	\$ 2,686,197
Capital Assets	12,907,809	13,444,616	26,537	31,922	12,934,346	13,476,538
<b>Total Assets</b>	<b>15,975,839</b>	<b>15,881,452</b>	<b>350,779</b>	<b>281,283</b>	<b>16,326,618</b>	<b>16,162,735</b>
Deferred Outflow of Resources	620,482	-	-	-	620,482	-
Noncurrent Liabilities	14,958,806	12,098,011			14,958,806	12,098,011
Other Liabilities	1,209,285	173,146	1,280	1,133	1,210,565	174,279
<b>Total Liabilities</b>	<b>16,168,091</b>	<b>12,271,157</b>	<b>1,280</b>	<b>1,133</b>	<b>16,169,371</b>	<b>12,272,290</b>
Deferred Inflow of Resources	620,482	-	-	-	620,482	-
<b>Net Position:</b>						
Net Investment in Capital Assets	1,687,809	1,504,616	26,537	31,922	1,714,346	1,536,538
Restricted	2,640,525	2,329,781			2,640,525	2,329,781
Unrestricted	(4,120,110)	(224,102)	322,962	248,228	(3,797,148)	24,126
	208,224	3,610,295	349,499	280,150	557,723	3,890,445
Restatement to Record The School District's Net Pension Liability and Pension Related Deferred Outflows of Resources per GASB 68	-	(3,343,179)	-	-	-	(3,343,179)
<b>Total Net Position</b>	<b>\$ 208,224</b>	<b>\$ 267,116</b>	<b>\$ 349,499</b>	<b>\$ 280,150</b>	<b>\$ 557,723</b>	<b>\$ 547,266</b>

Borough of Palmyra School District  
Palmyra, New Jersey

Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015

<b>BOROUGH OF PALMYRA SCHOOL DISTRICT'S NET POSITION - EFFECT OF PENSION RELATED ITEMS</b>				
	Governmental <u>Activities</u>			
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pension	\$ 620,482		\$ 620,482	100%
Less: Net Pension Liability	(3,691,696)	\$ (3,343,179)	(348,517)	10%
Less: Deferred Inflows Related to Pension	(620,482)		(620,482)	-100%
	<u>\$ (3,691,696)</u>	<u>\$ (3,343,179)</u>	<u>\$ (348,517)</u>	<u>10%</u>

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

- Program revenues were \$4,192,133.
  - ✓ Operating Grants & Contributions--\$2,137,831.
  - ✓ Charges for Services--\$2,054,302.
- General revenues amounted to \$14,230,382.
- Net Expenditures were \$14,219,925.
- Total School District revenues and beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net position of \$557,723 as of June 30, 2015.
- Revenues (\$14,230,382) + Beginning assets (\$547,266) – Net expenditures (\$14,219,925) = Net Position of \$557,723.

**Change in Net Position.** Net position for **governmental and business-type activities** increased from June 30, 2014 to June 30, 2015 as reflected in the following table.

Borough of Palmyra School District  
Palmyra, New Jersey

Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015

<b>BOROUGH OF PALMYRA SCHOOL DISTRICT'S CHANGES IN NET POSITION</b>						
	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,749,865	\$ 1,853,201	\$ 304,437	\$ 298,944	\$ 2,054,302	\$ 2,152,145
Operating Grants and Contributions	1,910,537	1,659,253	227,293	219,204	2,137,830	1,878,457
General Revenues:						
Property Taxes	9,103,320	8,554,332			9,103,320	8,554,332
Grants and Contributions Restricted and not Restricted to Programs	5,033,439	5,073,565			5,033,439	5,073,565
Other	93,569	70,339	55	51	93,624	70,390
<b>Total Revenues</b>	<b>17,890,730</b>	<b>17,210,690</b>	<b>531,785</b>	<b>518,199</b>	<b>18,422,515</b>	<b>17,728,889</b>
Expenses:						
Instruction	7,180,484	6,593,763			7,180,484	6,593,763
Support Services	10,341,766	9,529,920			10,341,766	9,529,920
Interest on Debt and Related Costs	427,371	448,970			427,371	448,970
Childcare			114,003	96,813	114,003	96,813
Food Services			348,434	365,504	348,434	365,504
<b>Total Expenses</b>	<b>17,949,621</b>	<b>16,572,653</b>	<b>462,437</b>	<b>462,317</b>	<b>18,412,058</b>	<b>17,034,970</b>
Increase (Decrease) in Net Position before Contributions	(58,891)	638,037	69,348	55,882	10,457	693,919
Capital Contributions		(15,454)		15,454		
Increase (Decrease) in Net Position	(58,891)	622,583	69,348	71,336	10,457	693,919
Net Position, July 1	267,116	2,987,712	280,151	208,815	547,267	3,196,527
Net Position Prior to Restatement	208,224	3,610,295	349,499	280,151	557,723	3,890,446
Restatement to Record the School District's Net Pension Liability and Pension Related Deferred Outflows of Resources per GASB 68	-	(3,343,179)	-	-	-	(3,343,179)
<b>Net Position, June 30</b>	<b>\$ 208,224</b>	<b>\$ 267,116</b>	<b>\$ 349,499</b>	<b>\$ 280,151</b>	<b>\$ 557,723</b>	<b>\$ 547,267</b>

Total revenues for the School District were \$18,422,515. Government funding was the source of 38.93% of the School District's revenues. This includes the State of New Jersey and Federal sources.

Property taxes of \$9,103,320 provided 49.41% of revenues.

Borough of Palmyra School District  
Palmyra, New Jersey

Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015

Other miscellaneous revenues of \$93,624 (net of asset items) represent 0.51% of the School District revenues. Miscellaneous revenue was primarily provided from interest, refunds and athletic sales.

The School District's expenses for government activities are predominantly related to instruction and support services. Instruction together with tuition totaled \$8,551,589 (47.64%) of total expenditures. Student support services including transportation, exclusive of administration, totaled \$1,967,380 (10.96%) of total expenditures. Total expenditures exceeded revenues for governmental activities, decreasing net position by \$58,891 from the beginning balance at July 1, 2014.

### **Activity Descriptions**

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

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

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

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

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

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

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

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

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

The financial performance of the Borough of Palmyra School District as a whole is also reflected in the governmental funds which are accounted for by using the modified accrual basis of accounting. As the School District completed the year, its governmental funds reported a combined fund balance of \$3,067,890. At June 30, 2014 the fund balance was \$2,428,414.

All governmental funds had total revenues of \$17,890,730 and total expenditures of \$17,251,254.

### **GENERAL FUND BUDGETING HIGHLIGHTS**

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

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

Borough of Palmyra School District  
Palmyra, New Jersey

Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015

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

<b>GOVERNMENTAL FUNDS COMPARISON OF REVENUES FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014</b>				
	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
<b>REVENUES</b>				
<b>Local Sources:</b>				
Local Tax Levy	\$ 9,103,320	\$ 8,554,332	\$ 548,988	6.42%
Miscellaneous	1,843,434	1,923,541	(80,107)	-4.16%
Total	10,946,754	10,477,873	468,881	4.47%
<b>Government Sources:</b>				
State Sources	6,342,142	6,180,513	161,629	2.62%
Federal Sources	601,834	552,304	49,530	8.97%
Total	6,943,976	6,732,817	211,159	3.14%
Total Revenues	\$ 17,890,730	\$ 17,210,690	\$ 680,040	3.95%

One of the primary sources of funding for the School District is received from local property taxes and accounted for 50.88% of total revenues. State aid accounted for 35.45% of total revenues.

Total Governmental Fund revenues increased by \$680,040, or 3.95%, from the previous year. The major component of this increase was an increase in taxes.

Borough of Palmyra School District  
Palmyra, New Jersey

Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015

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

<b>GOVERNMENTAL FUNDS COMPARISON OF EXPENDITURES FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014</b>				
	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
<b>EXPENDITURES</b>				
<b>Instruction:</b>				
Regular	\$ 4,268,397	\$ 4,191,463	\$ 76,934	1.80%
Special Education	1,416,951	1,420,120	(3,169)	-0.22%
Other	514,858	487,942	26,916	5.23%
Total Instruction	6,200,206	6,099,525	100,681	1.65%
<b>Support Services:</b>				
Tuition	1,371,105	1,425,581	(54,476)	-3.97%
Student and Instruction Related Services	1,613,266	1,558,037	55,229	3.42%
School Administration	464,598	368,797	95,801	20.62%
General/Business Administration	762,944	741,803	21,141	2.77%
Plant Operations and Maintenance	1,387,803	1,323,077	64,726	4.66%
Pupil Transportation	311,467	294,760	16,707	5.36%
Unallocated Benefits	2,558,624	2,491,044	67,580	2.64%
TPAF and FICA Reimbursements	1,343,397	1,112,076	231,321	17.22%
Total Instruction	9,813,204	9,315,175	498,029	5.08%
Capital Outlay	86,677	18,497	68,180	78.66%
Debt Service	1,151,167	1,176,917	(25,750)	-2.24%
Total Expenditures	\$ 17,251,254	\$ 16,610,114	\$ 641,140	3.72%

Total Governmental Fund expenditures increased \$641,140 or 3.72% from the previous year. This increase was primarily due to an increase in TPAF and FICA reimbursements.

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 2015 the School District modified the General Fund Budget as needed to ensure no line item was projected to be over-expended.

**DEBT SERVICE FUND**

The current year obligations for payment of debt service principal and interest amounted to \$1,151,167 where funding was provided by the local tax levy.

Borough of Palmyra School District  
Palmyra, New Jersey

Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015

**FOOD SERVICE PROPRIETARY FUND**

The Food Service Fund's net position was \$100,874 as of June 30, 2015. This reflects an increase of \$17,549 from June 30, 2014.

**AFTER SCHOOL PROGRAM PROPRIETARY FUND**

The After School Program Fund's net position was \$248,625 as of June 30, 2015. This reflects an increase of \$51,799 from June 30, 2014.

**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 2015, the School District had capital assets allocated to government activities with a book value of \$12,907,809. This consists of a broad range of capital assets, including land, land improvements, buildings and improvements, and furniture, fixtures and equipment. Total depreciation expense for the year was \$654,580.

<b>BOROUGH OF PALMYRA SCHOOL DISTRICT'S CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)</b>						
	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 46,066	\$ 46,067			\$ 46,066	\$ 46,067
Land Improvements	155,143	48,991			155,143	48,991
Building and Improvements	12,571,871	13,176,570			12,571,871	13,176,570
Furniture, Fixtures and Equipment	134,729	172,988	\$ 26,537	\$ 31,922	161,266	204,910
<b>Total</b>	<b>\$ 12,907,809</b>	<b>\$ 13,444,616</b>	<b>\$ 26,537</b>	<b>\$ 31,922</b>	<b>\$ 12,934,346</b>	<b>\$ 13,476,538</b>

**Long-term Obligations**

At year-end, the School District had \$11,220,000 in general obligation bonds and loans outstanding, a decrease of \$720,000 from last year – as shown below. The School District does not anticipate incurring any new long-term debt at this time.

The School District also had a \$953,209 liability for compensated absences allocated to government activities. This liability represents the School District's contractual obligation to compensate employees for accumulated unused sick and vacation leave entitlements upon retirement.

The School District's proportionate share of net pension liability was \$3,691,696.

Borough of Palmyra School District  
Palmyra, New Jersey

Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015

<b>BOROUGH OF PALMYRA SCHOOL DISTRICT SCHEDULE OF LONG TERM OBLIGATIONS</b>				
	<u>2015</u>	<u>2014</u>	Increase (Decrease)	Percent of Increase (Decrease)
<b>GOVERNMENT ACTIVITIES</b>				
Bonds	\$ 11,220,000	\$ 11,940,000	\$ (720,000)	-6.03%
Net Pension Liability	3,691,696	3,343,179	348,517	10.42%
Compensated Absences	953,209	158,011	795,198	503.25%
Total	\$ 15,864,905	\$ 15,441,190	\$ 423,715	2.74%

**THE FUTURE OUTLOOK**

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

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

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

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

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

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

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**PALMYRA SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 2,916,767.89	\$ 297,290.12	\$ 3,214,058.01
Receivables, net	151,262.15	17,935.78	169,197.93
Inventory		9,016.28	9,016.28
Capital Assets, net (Note 6)	<u>12,907,809.00</u>	<u>26,536.96</u>	<u>12,934,345.96</u>
<b>Total Assets</b>	<u>15,975,839.04</u>	<u>350,779.14</u>	<u>16,326,618.18</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 9)	<u>620,482.00</u>		<u>620,482.00</u>
<b>LIABILITIES:</b>			
Accounts Payable	145,162.00		145,162.00
Accrued Interest	157,884.20		157,884.20
Unearned Revenue	140.01	1,280.28	1,420.29
Noncurrent Liabilities (Note 7):			
Due within One Year	906,099.40		906,099.40
Due beyond One Year	<u>14,958,806.08</u>		<u>14,958,806.08</u>
<b>Total Liabilities</b>	<u>16,168,091.69</u>	<u>1,280.28</u>	<u>16,169,371.97</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 9)	<u>220,005.00</u>		<u>220,005.00</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	1,687,809.00	26,536.96	1,714,345.96
Restricted for:			
Debt Service	501.42		501.42
Capital Projects	802,929.81		802,929.81
Other Purposes	1,837,093.92		1,837,093.92
Unrestricted (Deficit)	<u>(4,120,109.80)</u>	<u>322,961.90</u>	<u>(3,797,147.90)</u>
<b>Total Net Position</b>	<u>\$ 208,224.35</u>	<u>\$ 349,498.86</u>	<u>\$ 557,723.21</u>

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

**PALMYRA SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2015

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 5,240,728.20	\$ 1,749,864.89	\$ 478,407.52		\$ (3,490,863.31)	\$	\$ (3,490,863.31)
Special Education	1,416,951.08				(938,543.56)		(938,543.56)
Other Special Instruction	522,804.51				(522,804.51)		(522,804.51)
Support Services:							
Tuition	1,371,105.33				(1,371,105.33)		(1,371,105.33)
Student and Instruction Related Services	1,651,117.47		85,689.55		(1,565,427.92)		(1,565,427.92)
School Administrative Services	509,522.04				(509,522.04)		(509,522.04)
General and Business Administrative Services	942,828.41				(942,828.41)		(942,828.41)
Plant Operations and Maintenance	1,487,968.43				(1,487,968.43)		(1,487,968.43)
Pupil Transportation	316,262.61				(316,262.61)		(316,262.61)
Unallocated Benefits	2,719,564.82		1,343,397.17		(2,719,564.82)		(2,719,564.82)
Reimbursed TPAF and Social Security	1,343,397.17						
Interest on Long-Term Debt	424,327.87				(424,327.87)		(424,327.87)
Debt Assessment	3,043.00		3,043.00				
<b>Total Governmental Activities</b>	<b>17,949,620.94</b>	<b>1,749,864.89</b>	<b>1,910,537.24</b>	<b>-</b>	<b>(14,289,218.81)</b>	<b>-</b>	<b>(14,289,218.81)</b>
Business-Type Activities:							
Food Service	348,434.10	138,635.07	227,293.25			\$ 17,494.22	17,494.22
After School Program	114,003.07	165,802.23				51,799.16	51,799.16
<b>Total Business-Type Activities</b>	<b>462,437.17</b>	<b>304,437.30</b>	<b>227,293.25</b>	<b>-</b>	<b>-</b>	<b>69,293.38</b>	<b>69,293.38</b>
<b>Total Primary Government</b>	<b>\$ 18,412,058.11</b>	<b>\$ 2,054,302.19</b>	<b>\$ 2,137,830.49</b>	<b>-</b>	<b>(14,289,218.81)</b>	<b>69,293.38</b>	<b>(14,219,925.43)</b>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					8,155,162.00		8,155,162.00
Property Taxes Levied for Debt Service					948,158.00		948,158.00
Federal and State Aid not Restricted					5,033,438.61		5,033,438.61
Miscellaneous Income					93,569.04	54.83	93,623.87
<b>Total General Revenues</b>					<b>14,230,327.65</b>	<b>54.83</b>	<b>14,230,382.48</b>
<b>Change in Net Position</b>					<b>(58,891.16)</b>	<b>69,348.21</b>	<b>10,457.05</b>
<b>Net Position -- July 1 (Restated)</b>					<b>267,115.51</b>	<b>280,150.65</b>	<b>547,266.16</b>
<b>Net Position -- June 30</b>					<b>\$ 208,224.35</b>	<b>\$ 349,498.86</b>	<b>\$ 557,723.21</b>

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

FUND FINANCIAL STATEMENTS

**PALMYRA SCHOOL DISTRICT**  
Governmental Funds  
Balance Sheet  
June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 2,916,266.47		\$ 501.42	\$ 2,916,767.89
Receivables, net:				
Interfunds Receivable:				
Special Revenue Fund	28,293.06			28,293.06
Payroll Fund	8,792.34			8,792.34
Flexible Benefits Fund	3,015.39			3,015.39
Receivables from Other Governments:				
Federal Sources	10,979.71	\$ 28,293.06		39,272.77
State Sources	96,817.25			96,817.25
Other Receivables	3,364.40			3,364.40
<b>Total Assets</b>	<b>\$ 3,067,528.62</b>	<b>\$ 28,293.06</b>	<b>\$ 501.42</b>	<b>\$ 3,096,323.10</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Unearned Revenue	\$ 140.01			\$ 140.01
Interfunds Payable:				
General Fund		\$ 28,293.06		28,293.06
<b>Total Liabilities</b>	<b>140.01</b>	<b>28,293.06</b>	<b>-</b>	<b>28,433.07</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Excess Surplus	574,973.00			574,973.00
Excess Surplus - Subsequent Year's Expenditures	899,801.96			899,801.96
Capital Reserve	802,929.81			802,929.81
Maintenance Reserve	362,318.96			362,318.96
Debt Service Fund			\$ 501.42	501.42
<b>Assigned:</b>				
Subsequent Year's Expenditures	86,260.12			86,260.12
Subsequent Year's Expenditures - ARRA Reconciliation	723.92			723.92
<b>Unassigned:</b>				
General Fund	340,380.84			340,380.84
<b>Total Fund Balances</b>	<b>3,067,388.61</b>	<b>-</b>	<b>501.42</b>	<b>3,067,890.03</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,067,528.62</b>	<b>\$ 28,293.06</b>	<b>\$ 501.42</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$22,489,318.39, and the accumulated depreciation is \$9,581,509.39.	12,907,809.00
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(12,173,209.48)
Net Pension Liability	(3,691,696.00)
Accounts Payable related to the April 1, 2016 Required PERS pension contribution that is not to be liquidated with current financial resources.	(145,162.00)
Deferred Outflows of Resources - Related to Pensions	620,482.00
Deferred Inflows of Resources - Related to Pensions	(220,005.00)
Interest on long term debt is accrued on the Statement of Net Position regardless when due.	(157,884.20)
<b>Net Position of Governmental Activities</b>	<b>\$ 208,224.35</b>

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

**PALMYRA SCHOOL DISTRICT**  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Tax Levy	\$ 8,155,162.00		\$ 948,158.00	\$ 9,103,320.00
Miscellaneous	1,843,433.93			1,843,433.93
State Sources	6,138,632.17		203,510.00	6,342,142.17
Federal Sources	<u>37,736.61</u>	<u>\$ 564,097.07</u>		<u>601,833.68</u>
Total Revenues	<u>16,174,964.71</u>	<u>564,097.07</u>	<u>1,151,668.00</u>	<u>17,890,729.78</u>
EXPENDITURES:				
Regular Instruction	4,268,397.33			4,268,397.33
Special Education Instruction	938,543.56	478,407.52		1,416,951.08
Other Special Instruction	514,857.51			514,857.51
Support Services and Undistributed Costs:				
Tuition	1,371,105.33			1,371,105.33
Student and Instruction Related Services	1,527,576.03	85,689.55		1,613,265.58
School Administrative Services	464,597.68			464,597.68
Other Administrative Services	762,943.61			762,943.61
Plant Operations and Maintenance	1,387,802.55			1,387,802.55
Pupil Transportation	311,466.69			311,466.69
Unallocated Benefits	2,558,624.29			2,558,624.29
Reimbursed TPAF Pension and Social Security	1,343,397.17			1,343,397.17
Debt Service:				
Principal			720,000.00	720,000.00
Interest and Other Charges			431,167.50	431,167.50
Capital Outlay	<u>86,677.36</u>			<u>86,677.36</u>
Total Expenditures	<u>15,535,989.11</u>	<u>564,097.07</u>	<u>1,151,167.50</u>	<u>17,251,253.68</u>
Net Change in Fund Balances	638,975.60		500.50	639,476.10
Fund Balance -- July 1	<u>2,428,413.01</u>	<u>-</u>	<u>0.92</u>	<u>2,428,413.93</u>
Fund Balance -- June 30	<u>\$ 3,067,388.61</u>	<u>-</u>	<u>\$ 501.42</u>	<u>\$ 3,067,890.03</u>

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



**PALMYRA SCHOOL DISTRICT**  
Proprietary Funds  
Statement of Net Position  
June 30, 2015

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 49,095.93	\$ 248,194.19	\$ 297,290.12
Accounts Receivable:			
State	428.08		428.08
Federal	14,171.58		14,171.58
Other	2,905.60	430.52	3,336.12
Inventories	9,016.28		9,016.28
Total Current Assets	<u>75,617.47</u>	<u>248,624.71</u>	<u>324,242.18</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment	304,189.75		304,189.75
Less Accumulated Depreciation	<u>(277,652.79)</u>		<u>(277,652.79)</u>
Total Noncurrent Assets	<u>26,536.96</u>	<u>-</u>	<u>26,536.96</u>
Total Assets	<u>102,154.43</u>	<u>248,624.71</u>	<u>350,779.14</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Unearned Revenue	<u>1,280.28</u>		<u>1,280.28</u>
Total Liabilities	<u>1,280.28</u>	<u>-</u>	<u>1,280.28</u>
<b>NET POSITION:</b>			
Restricted:			
Net Investment in Capital Assets	26,536.96		26,536.96
Unrestricted	<u>74,337.19</u>	<u>248,624.71</u>	<u>322,961.90</u>
Total Net Position	<u>\$ 100,874.15</u>	<u>\$ 248,624.71</u>	<u>\$ 349,498.86</u>

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

**PALMYRA SCHOOL DISTRICT**  
 Proprietary Funds  
 Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales:			
Non-reimbursable Programs	\$ 56,454.19		\$ 56,454.19
Reimbursable Program -- School Breakfast	5,566.75		5,566.75
Reimbursable Program -- School Lunch	76,614.13		76,614.13
Child Care Fees		\$ 165,802.23	165,802.23
<b>Total Operating Revenues</b>	<u>138,635.07</u>	<u>165,802.23</u>	<u>304,437.30</u>
<b>OPERATING EXPENSES:</b>			
Salaries	141,510.72	70,701.96	212,212.68
Employee Benefits		25,358.70	25,358.70
Management Fee	18,180.12		18,180.12
General Supplies	9,549.89	11,735.41	21,285.30
Direct Expenses	8,465.90		8,465.90
Depreciation	5,384.85		5,384.85
Other Professional and Technical Services		6,207.00	6,207.00
Cost of Sales	<u>165,342.62</u>		<u>165,342.62</u>
<b>Total Operating Expenses</b>	<u>348,434.10</u>	<u>114,003.07</u>	<u>462,437.17</u>
<b>Operating Income / (Loss)</b>	<u>(209,799.03)</u>	<u>51,799.16</u>	<u>(157,999.87)</u>
<b>NONOPERATING REVENUES:</b>			
State Sources:			
State School Lunch Program	4,489.90		4,489.90
Federal Sources:			
National School Lunch Program	192,688.36		192,688.36
Food Distribution Program	30,114.99		30,114.99
Interest Revenue	<u>54.83</u>		<u>54.83</u>
<b>Total Nonoperating Revenues</b>	<u>227,348.08</u>	<u>-</u>	<u>227,348.08</u>
<b>Change in Net Position</b>	17,549.05	51,799.16	69,348.21
<b>Net Position -- July 1</b>	<u>83,325.10</u>	<u>196,825.55</u>	<u>280,150.65</u>
<b>Net Position -- June 30</b>	<u>\$ 100,874.15</u>	<u>\$ 248,624.71</u>	<u>\$ 349,498.86</u>

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

**PALMYRA SCHOOL DISTRICT**  
Proprietary Funds  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 140,504.68	\$ 165,371.71	\$ 305,876.39
Payments to Management Company	(314,592.03)		(314,592.03)
Payments to Employees		(70,701.96)	(70,701.96)
Payments for Employee Benefits		(25,358.70)	(25,358.70)
Payments for Supplies and Services	(30,342.79)	(17,942.41)	(48,285.20)
Payments to General Fund	<u>(2.00)</u>		<u>(2.00)</u>
Net Cash Provided by (used for) Operating Activities	<u>(204,432.14)</u>	<u>51,368.64</u>	<u>(153,063.50)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
State Sources	4,326.64		4,326.64
Federal Sources	<u>221,001.36</u>		<u>221,001.36</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>225,328.00</u>	<u>-</u>	<u>225,328.00</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest Revenue	<u>54.83</u>		<u>54.83</u>
Net Increase in Cash and Cash Equivalents	20,950.69	51,368.64	72,319.33
Cash and Cash Equivalents -- July 1	<u>28,145.24</u>	<u>196,825.55</u>	<u>224,970.79</u>
Cash and Equivalents -- June 30	<u>\$ 49,095.93</u>	<u>\$ 248,194.19</u>	<u>\$ 297,290.12</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (209,799.03)	\$ 51,799.16	\$ (157,999.87)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b>			
Depreciation and Net Amortization	5,384.85		5,384.85
(Increase) Decrease in Inventories	(1,885.57)		(1,885.57)
Increase (Decrease) in Interfund Payable	(2.00)		(2.00)
Increase (Decrease) in Unearned Revenue	147.49		147.49
(Increase) Decrease in Accounts Receivable	<u>1,722.12</u>	<u>(430.52)</u>	<u>1,291.60</u>
Total Adjustments	<u>5,366.89</u>	<u>(430.52)</u>	<u>4,936.37</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (204,432.14)</u>	<u>\$ 51,368.64</u>	<u>\$ (153,063.50)</u>

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

**PALMYRA SCHOOL DISTRICT**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2015

	Private-Purpose Trust Funds		Agency Funds	
	Flexible Benefit	Unemployment Compensation	Student Activity	Payroll
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 4,123.83	\$ 70,339.72	\$ 75,485.20	\$ 16,401.69
Interfund Accounts Receivable:				
Due Payroll Agency Fund		4,048.78		
<b>Total Assets</b>	<u>4,123.83</u>	<u>74,388.50</u>	<u>\$ 75,485.20</u>	<u>\$ 16,401.69</u>
<b>LIABILITIES:</b>				
Accounts Payable		717.46		
Interfund Accounts Payable:				
Due General Fund	3,015.39			\$ 8,792.34
Due Unemployment Compensation Trust Fund				4,048.78
Payable to Student Groups			\$ 75,485.20	
Payroll Deductions and Withholdings				3,560.57
<b>Total Liabilities</b>	<u>3,015.39</u>	<u>717.46</u>	<u>\$ 75,485.20</u>	<u>\$ 16,401.69</u>
<b>NET POSITION:</b>				
Restricted:				
Held in Trust for Payment of Claims	<u>\$ 1,108.44</u>	<u>\$ 73,671.04</u>		

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

**PALMYRA SCHOOL DISTRICT**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2015

	<u>Private-Purpose Trust Funds</u>	
	<u>Flexible Benefits Trust Fund</u>	<u>Unemployment Compensation Insurance Trust Fund</u>
ADDITIONS:		
Interest on Investments		\$ 56.85
Employer Contributions		25,000.00
Employee Contributions	\$ 9,360.00	13,972.09
Total Additions	<u>9,360.00</u>	<u>39,028.94</u>
DEDUCTIONS:		
Claims Paid	<u>9,062.15</u>	<u>14,272.44</u>
Total Deductions	<u>9,062.15</u>	<u>14,272.44</u>
Changes in Net Position	297.85	24,756.50
Net Position - July 1	<u>810.59</u>	<u>48,914.54</u>
Net Position - June 30	<u>\$ 1,108.44</u>	<u>\$ 73,671.04</u>

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

**BOROUGH OF PALMYRA SCHOOL DISTRICT**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2015

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**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. In addition, the Board includes two members from sending districts that comprise at least ten percent of the District's pupil population. 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 in grades Pre-K through 12 at its three schools. The School District has an approximate enrollment at June 30, 2015 of 944.

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. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**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*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

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

Based upon the application of these criteria, the School District has no component units, and is not a component unit of another governmental agency.

**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 primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

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

The School District reports the following major governmental funds:

**General Fund** - The general fund is the primary operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

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

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

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

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

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

The School District reports the following major proprietary funds:

***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 category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

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

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

***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.

***Flexible Spending Account*** - Revenues consist of contributions held in trust by the district for medical claims and expenditures represent claims incurred by employees for medical expenditures.

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 taxes.

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

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

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

**Cash, Cash Equivalents and Investments**

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

**Inventories**

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

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

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

**Tuition Receivable**

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

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

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

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

**Short-Term Interfund Receivables / Payables**

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

**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 fair market value at the time received.

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

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

The School District does not possess any infrastructure assets.

**Deferred Outflows and Deferred Inflows of Resources**

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

Transactions are classified as deferred outflows of resources and deferred inflow 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:

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

**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.

**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2015 and 2014 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, 2015, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

**Compensated Absences**

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

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

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

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from 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:

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

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

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

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

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

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

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

**Interfund Activity**

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

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

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

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

For the fiscal year ended June 30, 2015, the School District adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the School District was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. The cumulative effect of adopting GASB Statements No. 68 and No. 71 totaled \$3,343,179.00, and was recognized as a restatement of the School District's June 30, 2014 net position on the statement of activities (see note 19).

**Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Statement will become effective for the School District in fiscal year 2016. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the School District in fiscal year 2018. Management has not yet determined the impact of this Statement on the financial statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement will become effective for the School District in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the notes to the financial statements.

**Note 2: CASH AND CASH EQUIVALENTS**

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

As of June 30, 2015, the School District's bank balances of \$3,825,250.94 were insured by FDIC or GUDPA.

**Note 3: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the School District by inclusion of for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)**

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014		\$ 651,146.09
Increased by:		
Interest Earnings	\$ 629.72	
Deposits:		
Board Resolution (June 10, 2015)	<u>151,154.00</u>	
		<u>151,783.72</u>
Ending Balance, June 30, 2015		<u>\$ 802,929.81</u>

The June 30, 2015 LRFP balance of local support costs of uncompleted projects at June 30, 2015 is \$3,590,500.00.

**Note 4: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal 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:

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Fund</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>After School Fund</u>	
Federal Awards	\$ 10,979.71	\$ 28,293.06	\$ 39,272.77	\$ 14,171.58		\$ 53,444.35
State Awards	96,817.25		96,817.25	428.08		97,245.33
Fiduciary Fund	11,807.73		11,807.73			11,807.73
Other				2,905.60	\$ 430.52	3,336.12
Tuition Charges	<u>3,364.40</u>		<u>3,364.40</u>			<u>3,364.40</u>
	<u>\$ 122,969.09</u>	<u>\$ 28,293.06</u>	<u>\$ 151,262.15</u>	<u>\$ 17,505.26</u>	<u>\$ 430.52</u>	<u>\$ 169,197.93</u>

**Note 5: INVENTORY**

Inventory recorded at June 30, 2015 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 3,768.97
USDA Commodities	3,490.73
Supplies	<u>1,756.58</u>
	<u>\$ 9,016.28</u>

**Note 6: CAPITAL ASSETS**

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 46,066.49			\$ 46,066.49
Total Capital Assets, not being Depreciated	46,066.49	-	-	46,066.49
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	1,472,571.60			1,472,571.60
Buildings and Improvements	20,364,376.31			20,364,376.31
Land Improvements	488,530.62	\$ 117,773.37		606,303.99
Total Capital Assets, being Depreciated	22,325,478.53	117,773.37	-	22,443,251.90
Total Capital Assets, Cost	22,371,545.02	117,773.37	-	22,489,318.39
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(1,299,583.14)	(38,259.82)		(1,337,842.96)
Buildings and Improvements	(7,187,208.05)	(605,297.09)		(7,792,505.14)
Land Improvements	(440,138.06)	(11,023.23)		(451,161.29)
Total Accumulated Depreciation	(8,926,929.25)	(654,580.14)	-	(9,581,509.39)
Total Capital Assets, being Depreciated, Net	13,398,549.28	(536,806.77)	-	12,861,742.51
Governmental Activities Capital Assets, Net	<u>\$ 13,444,615.77</u>	<u>\$ (536,806.77)</u>	<u>-</u>	<u>\$ 12,907,809.00</u>
<b>Business-Type Activities:</b>				
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	\$ 304,189.75			\$ 304,189.75
Less Accumulated Depreciation	(272,267.94)	\$ (5,384.85)		(277,652.79)
Business-Type Activities Capital Assets, Net	<u>\$ 31,921.81</u>	<u>\$ (5,384.85)</u>	<u>-</u>	<u>\$ 26,536.96</u>

**Note 6: CAPITAL ASSETS (CONT'D)**

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

<b>Governmental Activities:</b>	
Instruction	\$ 447,443.74
Related Services	6,660.34
General and Business Administrative Services	95,074.28
School Administration	140.31
Plant Operations and Maintenance	<u>105,261.47</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 654,580.14</u>
<b>Business-Type Activities:</b>	
Food Service	<u>\$ 5,384.85</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 5,384.85</u>

**Note 7: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 11,940,000.00		\$ (720,000.00)	\$ 11,220,000.00	\$ 885,000.00
Other Liabilities:					
Net Pension Liability	3,343,179.00	\$ 348,517.00		3,691,696.00	
Compensated Absences	<u>158,011.36</u>	<u>801,226.52</u>	<u>(6,028.40)</u>	<u>953,209.48</u>	<u>21,099.40</u>
Total Other Liabilities	<u>3,501,190.36</u>	<u>1,149,743.52</u>	<u>(6,028.40)</u>	<u>4,644,905.48</u>	<u>21,099.40</u>
Governmental Activity Long-Term Liabilities	<u>\$ 15,441,190.36</u>	<u>\$ 1,149,743.52</u>	<u>\$ (726,028.40)</u>	<u>\$ 15,864,905.48</u>	<u>\$ 906,099.40</u>

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

**Bonds Payable** - Bonds and loans are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are general obligation bonds.

On July 1, 2006, the School District issued \$3,487,000.00 general obligation bonds at interest rates varying from 4.00% to 4.25% for various construction and renovation projects. The final maturity of these bonds is January 1, 2021. On May 1, 2008, the School District issued \$1,745,000.00 refunding bonds at interest rates varying from 2.50% to 4.75% for various construction and renovation projects. The final maturity of these bonds was May 1, 2015. On October 15, 2009, the School District issued \$9,883,000.00 general obligation bonds at interest rates varying from 2.50% to 4.00% for various construction and renovation projects. The final maturity of these bonds is March 1, 2030. The bonds will be paid from property taxes.

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

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 885,000.00	\$ 405,405.00	\$ 1,290,405.00
2017	910,000.00	375,005.00	1,285,005.00
2018	910,000.00	342,967.50	1,252,967.50
2019	910,000.00	310,292.50	1,220,292.50
2020	935,000.00	276,617.50	1,211,617.50
2021-2025	3,422,000.00	948,747.50	4,370,747.50
2026-2030	3,248,000.00	371,725.00	3,619,725.00
Total	<u>\$ 11,220,000.00</u>	<u>\$ 3,030,760.00</u>	<u>\$ 14,250,760.00</u>

**Bonds Authorized but not Issued** - As of June 30, 2015, 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 are budgeted and paid from the general fund on an annual basis.

**Note 8: OPERATING LEASES**

At June 30, 2015, the School District had operating lease agreements in effect for copy machines and a mail machine. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2016	\$ 35,386.20
2017	6,776.00
2018	1,053.96
2019	1,053.96
2020	526.98
	<u>\$ 44,797.10</u>

Rental payments under operating leases for the fiscal year ended June 30, 2015 were \$35,122.71.

**Note 9: PENSION PLANS**

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

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

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

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund ("TPAF") is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. Substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified, are covered under TPAF.

**Public Employees' Retirement System** - The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. Substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund, are covered under PERS.

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

**Vesting and Benefit Provisions**

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

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

**Teachers' Pension and Annuity Fund (Cont'd)** - The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

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

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

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

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

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. 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 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

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

The School District's contractually required contribution rate for the fiscal year ended June 30, 2015 was 3.86% of the School District's covered-employee payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2015 because of the 100.00% special funding situation with the State of New Jersey.

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2015 was 12.47% of the District's covered-employee payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$145,162.00 for the fiscal year ended June 30, 2015. Employee contributions were \$82,007.53 for the fiscal year ended June 30, 2015.

**Defined Contribution Retirement Program** - State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary.

For the fiscal year ended June 30, 2015, employee contributions totaled \$2,061.07, and the School District recognized pension expense of \$920.68. There were no forfeitures during the fiscal year.

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

**Teachers' Pension and Annuity Fund** - At June 30, 2015, the School 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 School District. The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>31,075,683.00</u>
	<u>\$ 31,075,683.00</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation of the State of New Jersey. For the fiscal year ended June 30, 2015, the School District recognized \$1,672,164.00 in revenue and expense, in the Government-Wide Financial Statements, for the State of New Jersey on-behalf TPAF pension contributions.

**Public Employees' Retirement System** - At June 30, 2015, the School District reported a liability of \$3,691,696.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the School District's proportion was .0197177152%, which was an increase of .0022251375% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the School District recognized \$255,835.00, in the Government-Wide Financial Statements, for pension expense for PERS.

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

**Public Employees' Retirement System (Cont'd)** - At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	116,087.00	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	220,005.00
Changes in Proportion and Differences Between School District Contributions and Proportionate Share of Contributions	359,233.00	-
School District Contributions Subsequent to the Measurement Date	<u>145,162.00</u>	<u>-</u>
	<b><u>\$ 620,482.00</u></b>	<b><u>\$ 220,005.00</u></b>

\$145,162.00 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

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

<b><u>Fiscal Year Ending June 30,</u></b>	<b><u>PERS</u></b>
2015	\$ 82,702.95
2016	82,702.95
2017	82,702.95
2018	82,702.95
2019	(52,428.52)
Thereafter	<u>(23,068.55)</u>
	<b><u>\$ 255,314.73</u></b>

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>TPAF</u></b>	<b><u>PERS</u></b>
Inflation	2.50%	3.01%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012	July 1, 2008 - June 30, 2011

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

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

## Actuarial Assumptions (Cont'd)

<u>Asset Class</u>	<u>TPAF</u>		<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%	6.00%	0.80%
Core Fixed Income	-	2.19%	-	-
Core Bonds	1.00%	1.38%	1.00%	2.49%
Short-Term Bonds	-	1.00%	-	-
Intermediate-Term Bonds	11.20%	2.60%	11.20%	2.26%
Long-Term Bonds	-	3.23%	-	-
Mortgages	2.50%	2.84%	2.50%	2.17%
High Yield Bonds	5.50%	4.15%	5.50%	4.82%
Non-US Fixed Income	-	1.41%	-	-
Inflation-Indexed Bonds	2.50%	1.30%	2.50%	3.51%
Broad US Equities	25.90%	5.88%	25.90%	8.22%
Large Cap US Equities	-	5.62%	-	-
Mid Cap US Equities	-	6.39%	-	-
Small Cap US Equities	-	7.39%	-	-
Developed Foreign Equities	12.70%	6.05%	12.70%	8.12%
Emerging Market Equities	6.50%	8.90%	6.50%	9.91%
Private Equity	8.25%	9.15%	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	3.85%	12.25%	4.92%
Real Estate (Property)	3.20%	4.43%	3.20%	5.80%
Real Estate (REITS)	-	5.58%	-	-
Commodities	2.50%	3.60%	2.50%	5.35%
Long Credit Bonds	-	3.74%	-	-
	<u>100.00%</u>		<u>100.00%</u>	

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

The discount rate used to measure the total pension liability was 4.68% and 4.95% for TPAF as of June 30, 2014 and 2013, respectively, and 5.39% and 5.55% for PERS as of June 30, 2014 and 2013, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate****Teachers' Pension and Annuity Fund (TPAF)**

As indicated above, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the net pension liability as of June 30, 2014 attributable to the School District is \$0 and the State's net pension liability attributable to the School District, using a discount rate of 4.68%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>TPAF</b>		
	<b>1% Decrease (3.68%)</b>	<b>Current Discount Rate (4.68%)</b>	<b>1% Increase (5.68%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	37,375,883.63	31,075,683.00	25,835,564.15
	<u>\$ 37,375,883.63</u>	<u>\$ 31,075,683.00</u>	<u>\$ 25,835,564.15</u>

**Note 9: PENSION PLANS (CONT'D)****Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)****Public Employees' Retirement System (PERS)**

The following presents the School District's proportionate share of the net pension liability at June 30, 2014 calculated using a discount rate of 5.39% for PERS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<u>PERS</u>		
	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 4,644,278.73</u>	<u>\$ 3,691,695.57</u>	<u>\$ 2,891,768.14</u>

**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: STATE POST-RETIREMENT MEDICAL BENEFITS**

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

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

**Note 11: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2015, 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 for normal costs and post-retirement medical costs were \$334,417.00 and \$530,886.00, respectively.

**Note 12: RISK MANAGEMENT**

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

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

**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</u> <u>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>
2015	\$ 25,000.00	\$ 13,972.09	\$ 56.85	\$ 14,272.44	\$ 73,671.04
2014	60,000.00	13,939.46	25.25	50,030.24	48,914.54
2013	-	20,186.43	14.97	14,682.73	24,980.07

**Joint Insurance Pool** - 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 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.

The Fund publishes its own financial report for the fiscal year ended June 30, 2015, 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 two 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, 2015, the liability for compensated absences reported on the government-wide statement of net position was \$953,209.48 and there was no liability on the proprietary fund statement of net position.

**Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2015 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 40,100.79	
Special Revenue		\$ 28,293.06
Fiduciary	4,048.78	15,856.51
	<u>\$ 44,149.57</u>	<u>\$ 44,149.57</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2016, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 16: CONTINGENCIES**

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

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

**Note 17: 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 18: FUND BALANCES****NONSPENDABLE**

As stated in note 1, the nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. There are no nonspendable fund balances of the School District as of June 30, 2015.

**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 reserve 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, 2015 is \$574,973.00. Additionally, \$899,801.96 of excess fund balance generated during 2013-2014 has been restricted and designated for utilization in the 2015-2016 budget.

**For Capital Reserve Account** - As of June 30, 2015, the balance in the capital reserve account is \$802,929.81. 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, 2015, the balance in the maintenance reserve account is \$362,318.96. 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).

**Note 18: FUND BALANCES****RESTRICTED (CONT'D)**

**Debt Service Fund** - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. As a result, the School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2016 \$1.00 of debt service fund balance at June 30, 2015, leaving \$500.42 for the following year.

**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, 2014.

**ASSIGNED**

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

**General Fund**

**For Subsequent Year's Expenditures** - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2016 \$86,260.12 of general fund balance at June 30, 2015.

The School District has appropriated and included as anticipated revenue for the fiscal year ending June 30, 2016 \$723.92 of general fund balance at June 30, 2015, resulting from the Special Education Medicaid Initiative (SEMI) reimbursement received during the current fiscal year for reimbursement of previous fiscal year expenditures.

**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, 2015, \$340,380.84 of general fund balance was unassigned.

**Note 19: RESTATEMENT OF NET POSITION**

As indicated in note 1 to the financial statements, the School District adopted GASB Statement 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68, for the fiscal year ended June 30, 2015. As a result of implementing these two Statements, a restatement of unrestricted net position on the government-wide statement of activities was required to record the School District's proportionate share of its net pension liability. The cumulative effect on the financial statements as reported for June 30, 2014 is as follows:

	Net Position As Previously Reported June 30, 2014	GASB 68 Implementation			Net Position As Restated June 30, 2014
		Net Pension Liability (1)	Deferred Outflows (2)	Accounts Payable (3)	
<b>Governmental Activities:</b>					
Net Investment in Capital Assets	\$ 1,504,615.77	\$ -	\$ -	\$ -	\$ 1,504,615.77
Reserve for:					
Debt Service	0.92				0.92
Other Purposes	2,329,780.24				2,329,780.24
Unrestricted (Deficit)	<u>(224,102.42)</u>	<u>(3,343,179.00)</u>	<u>162,550.00</u>	<u>(162,550.00)</u>	<u>(3,567,281.42)</u>
Total Net Position	<u>\$ 3,610,294.51</u>	<u>\$ (3,343,179.00)</u>	<u>\$ 162,550.00</u>	<u>\$ (162,550.00)</u>	<u>\$ 267,115.51</u>

- (1) Represents the District's proportionate share of the Public Employees' Retirement System (PERS) June 30, 2013 Net Pension Liability.
- (2) Represents the District's beginning deferred outflow of resources for contributions subsequent to the measurement date, paid on April 1, 2015.
- (3) Represents the District's accounts payable for contributions subsequent to the measurement date, paid on April 1, 2015. The State of New Jersey Division of Pension and Benefits has an accounts receivable recorded in the PERS Plan Audit.

REQUIRED SUPPLEMENTARY INFORMATION  
PART II

BUDGETARY COMPARISON SCHEDULES

**PALMYRA SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
General Fund:					
Local Sources:					
Local Tax Levy	\$ 8,155,162.00	\$	\$ 8,155,162.00	\$ 8,155,162.00	\$ 154,380.89
Tuition	1,595,484.00		1,595,484.00	1,749,864.89	35,041.04
Unrestricted Miscellaneous Revenues	58,528.00		58,528.00	93,569.04	
<b>Total - Local Sources</b>	<b>9,809,174.00</b>	<b>-</b>	<b>9,809,174.00</b>	<b>9,998,595.93</b>	<b>189,421.93</b>
State Sources:					
Special Education Categorical Aid	468,409.00		468,409.00	468,409.00	
Equalization Aid	3,854,272.00		3,854,272.00	3,854,272.00	
Security Aid	155,831.00		155,831.00	155,831.00	
Adjustment Aid	106,295.00		106,295.00	106,295.00	
Transportation Aid	97,930.00		97,930.00	97,930.00	
Under Adequacy Aid	11,616.00		11,616.00	11,616.00	
PARCC Readiness Aid	8,930.00		8,930.00	8,930.00	
Per Pupil Growth Aid	8,930.00		8,930.00	8,930.00	
Extraordinary Special Education Cost Aid				56,529.00	56,529.00
Homeless Tuition Aid				17,004.00	17,004.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				478,094.17	478,094.17
On-behalf TPAF Pension Contributions (non-budgeted)				334,417.00	334,417.00
On-behalf TPAF Medical Contributions (non-budgeted)				530,886.00	530,886.00
<b>Total - State Sources</b>	<b>4,712,213.00</b>	<b>-</b>	<b>4,712,213.00</b>	<b>6,129,143.17</b>	<b>1,416,930.17</b>
Federal Sources:					
ARRA - Medical Assistance Program (SEMI)				723.92	723.92
Medicaid Administrative Claiming Aid				2,155.06	2,155.06
Medical Reimbursement Program (SEMI)			22,653.00	34,857.63	12,204.63
<b>Total - Federal Sources</b>	<b>22,653.00</b>	<b>-</b>	<b>22,653.00</b>	<b>37,736.61</b>	<b>15,083.61</b>
<b>Total Revenues</b>	<b>14,544,040.00</b>	<b>-</b>	<b>14,544,040.00</b>	<b>16,165,475.71</b>	<b>1,621,435.71</b>

**PALMYRA SCHOOL DISTRICT**

General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES:</b>					
<b>GENERAL CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 251,739.00	\$ 45,473.00	\$ 297,212.00	\$ 297,211.25	\$ 0.75
Grades 1 - 5	1,230,830.00	52,822.53	1,283,652.53	1,283,613.95	38.58
Grades 6 - 8	617,812.00	1,896.00	619,708.00	619,642.00	66.00
Grades 9 - 12	1,621,458.00	(50,761.53)	1,570,696.47	1,569,896.40	800.07
Regular Programs - Home Instruction:					
Salaries of Teachers	8,125.00	11,262.50	19,387.50	19,387.50	
Purchased Professional/Educational Services	12,000.00	6,500.00	18,500.00	18,150.00	350.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	118,640.00	(47,585.50)	71,054.50	70,178.10	876.40
Purchased Professional/Educational Services	107,428.25	(94,755.00)	12,673.25	12,087.34	585.91
Purchased Technical Services	25,250.00	26,426.15	51,676.15	51,630.00	46.15
Other Purchased Services	94,675.00	2,821.50	97,496.50	97,042.64	453.86
General Supplies	87,862.00	25,800.33	113,662.33	101,919.08	11,743.25
Textbooks	209,267.41	(92,038.24)	117,229.17	110,149.92	7,079.25
Other Objects	10,475.00	8,443.88	18,918.88	17,489.15	1,429.73
<b>Total Regular Programs</b>	<b>4,395,561.66</b>	<b>(103,694.38)</b>	<b>4,291,867.28</b>	<b>4,268,397.33</b>	<b>23,469.95</b>
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	56,471.00	(55,690.00)	781.00	140.00	641.00
General Supplies	500.00	700.00	1,200.00	527.95	672.05
<b>Total - Learning and/or Language Disabilities</b>	<b>56,971.00</b>	<b>(54,990.00)</b>	<b>1,981.00</b>	<b>667.95</b>	<b>1,313.05</b>
Auditory Impairments:					
Cleaning, Repair & Maintenance Services	1,200.00		1,200.00	250.00	950.00
General Supplies	1,355.00	(500.00)	855.00	855.00	
<b>Total - Auditory Impairments</b>	<b>2,555.00</b>	<b>(500.00)</b>	<b>2,055.00</b>	<b>1,105.00</b>	<b>950.00</b>
Multiple Disabilities:					
Salaries of Teachers	143,484.00		143,484.00	143,484.00	
General Supplies	300.00		300.00	239.98	60.02
<b>Total - Multiple Disabilities</b>	<b>143,784.00</b>	<b>-</b>	<b>143,784.00</b>	<b>143,723.98</b>	<b>60.02</b>

(Continued)

**PALMYRA SCHOOL DISTRICT**

General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
<b>GENERAL CURRENT EXPENSE (CONT'D):</b>					
Special Education (Cont'd):					
Resource Room/Center:					
Salaries of Teachers	\$ 534,797.00	\$ 12,915.00	\$ 547,712.00	\$ 547,712.00	\$ 9,669.30
Other Salaries for Instruction	160,538.00	(677.00)	159,861.00	150,191.70	1,320.87
General Supplies	1,500.00	13,085.60	14,585.60	13,264.73	1,320.87
Total - Resource Room/Center	696,835.00	25,323.60	722,158.60	711,168.43	10,990.17
Preschool Disabilities - Part-Time:					
Salaries of Teachers	62,496.00	65.00	62,561.00	62,561.00	
Other Salaries for Instruction	20,322.00	(4,797.00)	15,525.00	13,734.40	1,790.60
General Supplies		600.00	600.00	487.80	112.20
Total - Preschool Disabilities - Part-Time	82,818.00	(4,132.00)	78,686.00	76,783.20	1,902.80
Home Instruction:					
Salaries of Teachers	9,750.00		9,750.00	3,885.00	5,865.00
Purchased Professional/Educational Services	3,900.00		3,900.00	1,210.00	2,690.00
Total - Home Instruction	13,650.00	-	13,650.00	5,095.00	8,555.00
Total - Special Education	996,613.00	(34,298.40)	962,314.60	938,543.56	23,771.04
Basic Skills/Remedial:					
General Supplies	1,000.00	9,041.88	10,041.88	10,041.88	
Total - Basic Skills/Remedial	1,000.00	9,041.88	10,041.88	10,041.88	-
Bilingual Education:					
General Supplies	500.00		500.00	438.00	62.00
Total - Bilingual Education	500.00	-	500.00	438.00	62.00
School Sponsored Cocurricular Activities - Instruction:					
Salaries	48,900.00		48,900.00	44,058.00	4,842.00
General Supplies	4,350.00	9,000.00	13,350.00	12,684.17	665.83
Total - School Sponsored Cocurricular Activities - Instruction	53,250.00	9,000.00	62,250.00	56,742.17	5,507.83

**PALMYRA SCHOOL DISTRICT**  
 General Fund  
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 For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
<b>GENERAL CURRENT EXPENSE (CONT'D):</b>					
School Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 311,913.00	\$ 36,164.58	\$ 348,077.58	\$ 348,076.84	\$ 0.74
Purchased Services	72,350.00	(9,505.00)	62,845.00	60,924.48	1,920.52
Workshops / Travel	1,450.00	(600.00)	850.00	801.00	49.00
Supplies and Materials	18,753.50	10,909.00	29,662.50	29,490.50	172.00
Other Objects	5,000.00	3,400.00	8,400.00	8,342.64	57.36
<b>Total - School Sponsored Cocurricular Athletics - Instruction</b>	<b>409,466.50</b>	<b>40,368.58</b>	<b>449,835.08</b>	<b>447,635.46</b>	<b>2,199.62</b>
<b>Total - Instruction</b>	<b>5,856,391.16</b>	<b>(79,582.32)</b>	<b>5,776,808.84</b>	<b>5,721,798.40</b>	<b>55,010.44</b>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within State-Regular	94,852.00	(26,500.00)	68,352.00	64,852.00	3,500.00
Tuition to Other LEAs within State-Special	154,909.00		154,909.00	121,821.60	33,087.40
Tuition to County Vocational School District - Regular	68,200.00	(9,447.00)	58,753.00	49,936.00	8,817.00
Tuition to County Vocational School District - Special	12,400.00	9,447.00	21,847.00	21,847.00	
Tuition to CSSD & Reg. Day Schools	579,330.00	(25,000.00)	554,330.00	536,468.00	17,862.00
Tuition to Private School for the Handicapped-State	799,064.00	(180,776.00)	618,288.00	430,196.73	188,091.27
Tuition - State Facilities	79,708.00	66,276.00	145,984.00	145,984.00	
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,788,463.00</b>	<b>(166,000.00)</b>	<b>1,622,463.00</b>	<b>1,371,105.33</b>	<b>251,357.67</b>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	50,409.00	1.00	50,410.00	50,409.36	0.64
Purchased Professional and Technical Services	7,450.00	(1.00)	7,449.00	7,140.40	308.60
<b>Total - Undistributed Expenditures - Attendance and Social Work</b>	<b>57,859.00</b>	<b>-</b>	<b>57,859.00</b>	<b>57,549.76</b>	<b>309.24</b>
Undistributed Expenditures - Health Services:					
Salaries	131,692.00	(4,028.00)	127,664.00	127,423.22	240.78
Purchased Professional and Technical Services	3,725.00	(500.00)	3,225.00	958.25	2,266.75
Supplies and Materials	3,250.00		3,250.00	2,851.01	398.99
<b>Total - Undistributed Expenditures - Health Services</b>	<b>138,667.00</b>	<b>(4,528.00)</b>	<b>134,139.00</b>	<b>131,232.48</b>	<b>2,906.52</b>
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	137,549.00	(41,778.00)	95,771.00	57,310.08	38,460.92
Purchased Professional/Educational Services	100,000.00	3,740.00	103,740.00	86,685.96	17,054.04
Supplies and Materials	400.00	994.00	1,394.00	1,228.48	165.52
<b>Total - Undistributed Expenditures - Speech, OT, PT and Related Services</b>	<b>237,949.00</b>	<b>(37,044.00)</b>	<b>200,905.00</b>	<b>145,224.52</b>	<b>55,680.48</b>

**PALMYRA SCHOOL DISTRICT**  
 General Fund  
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 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
<b>GENERAL CURRENT EXPENSE (CONT'D):</b>					
Other Support Services - Students - Related Services:					
Salaries	\$ 108,728.00	\$ (18,600.00)	\$ 90,128.00	\$ 84,608.46	\$ 5,519.54
Purchased Professional/Educational Services	49,200.00	500.00	49,700.00	45,047.05	4,652.95
Supplies and Materials	600.00	1,491.00	2,091.00	2,090.36	0.64
<b>Total - Undistributed Expenditures - Other Support Services</b>	<b>158,528.00</b>	<b>(16,609.00)</b>	<b>141,919.00</b>	<b>131,745.87</b>	<b>10,173.13</b>
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	236,335.00	4,926.00	241,261.00	241,260.56	0.44
Salaries of Secretarial and Clerical Assistants	26,283.00		26,283.00	26,282.88	0.12
Purchased Professional - Educational Services	5,050.00	(348.00)	4,702.00	3,284.55	1,417.45
Other Purchased Professional and Technical Services	2,500.00	(566.00)	1,934.00	1,694.11	239.89
Other Purchased Services	750.00	(500.00)	250.00	250.00	0.00
Supplies and Materials	4,550.00		4,550.00	4,213.22	336.78
<b>Total - Undistributed Expenditures - Guidance</b>	<b>275,468.00</b>	<b>3,512.00</b>	<b>278,980.00</b>	<b>276,735.32</b>	<b>2,244.68</b>
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	225,621.00	2,374.00	227,995.00	220,369.05	7,625.95
Salaries of Secretarial and Clerical Assistants	72,829.00		72,829.00	72,828.72	0.28
Purchased Professional - Educational Services	16,900.00	7,235.00	24,135.00	20,224.78	3,910.22
Workshops / Travel	1,200.00	(300.00)	900.00	590.99	309.01
Miscellaneous Purchased Services	9,800.00	(3,051.00)	6,749.00	6,342.00	407.00
Supplies and Materials	2,750.00	7,370.53	10,120.53	8,908.31	1,212.22
Other Objects	300.00	2,811.00	3,111.00	3,066.78	44.22
<b>Total - Undistributed Expenditures - Child Study Teams</b>	<b>329,400.00</b>	<b>16,439.53</b>	<b>345,839.53</b>	<b>332,330.63</b>	<b>13,508.90</b>
Undistributed Expenditures - Improvement of Instruction Services/Other Support:					
Services - Instructional Staff:					
Salaries of Supervisors of Instruction	168,953.00	1,200.00	170,153.00	170,152.80	0.20
Salaries of Other Professional Staff	3,250.00	2,405.00	5,655.00	5,655.00	0.00
Purchased Professional - Educational Services	14,700.00	(355.00)	14,345.00	14,198.73	146.27
Purchased Professional - Technical Services	2,600.00		2,600.00	2,600.00	0.00
Supplies and Materials	2,200.00	3,500.00	5,700.00	5,511.89	188.11
<b>Total - Undistributed Expenditures - Improvement of Instruction Services/Other Support Services - Instructional Staff</b>	<b>191,703.00</b>	<b>6,750.00</b>	<b>198,453.00</b>	<b>198,118.42</b>	<b>334.58</b>

(Continued)

**PALMYRA SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
<b>GENERAL CURRENT EXPENSE (CONT'D):</b>					
Educational Media Services/School Library:					
Salaries	\$ 55,559.00	\$ 56,206.42	\$ 111,765.42	\$ 111,765.00	\$ 0.42
Salaries of Technology Coordinators	130,621.00	(4,132.00)	126,489.00	124,930.07	1,558.93
Purchased Professional and Technical Services	6,500.00	(1,514.18)	4,985.82	4,507.76	478.06
Other Purchased Services	300.00	(300.00)			
Supplies and Materials	1,800.00	12,140.18	13,940.18	13,436.20	503.98
<b>Total - Undistributed Expenditures - Educational Media Services/School Library</b>	<b>194,780.00</b>	<b>62,400.42</b>	<b>257,180.42</b>	<b>254,639.03</b>	<b>2,541.39</b>
Undistributed Expenditures - Support Services General Administration:					
Salaries	322,690.00	4,181.00	326,871.00	326,870.64	0.36
Legal Services	28,000.00		28,000.00	20,050.96	7,949.04
Audit Fees	25,500.00	(2,500.00)	23,000.00	23,000.00	
Other Purchased Professional Services	7,800.00	(500.00)	7,300.00	7,300.00	
Communications/Telephone	34,000.00	(7,020.00)	26,980.00	26,225.16	754.84
Other Purchased Services	13,600.00	(5,117.33)	8,482.67	8,427.99	54.68
General Supplies	3,000.00	8,255.59	11,255.59	11,106.32	149.27
Miscellaneous Expenditures	2,500.00	(1,699.00)	801.00	801.00	
BOE Membership Dues and Fees	6,900.00	(134.86)	6,765.14	6,765.14	
<b>Total - Undistributed Expenditures - Support Services General Administration</b>	<b>443,990.00</b>	<b>(4,534.60)</b>	<b>439,455.40</b>	<b>430,547.21</b>	<b>8,908.19</b>
Undistributed Expenditures - Support Services School Administration:					
Salaries of Principals/Assistant Principals	316,461.00	85,000.00	401,461.00	401,060.64	400.36
Salaries of Secretarial and Clerical Assistants	55,589.00	(4,979.00)	50,610.00	50,529.36	80.64
Other Purchased Services	5,475.00	(1,302.50)	4,172.50	3,900.75	271.75
Supplies and Materials	10,931.00	(299.71)	10,631.29	9,106.93	1,524.36
<b>Total - Undistributed Expenditures - Support Services School Administration</b>	<b>388,456.00</b>	<b>78,418.79</b>	<b>466,874.79</b>	<b>464,597.68</b>	<b>2,277.11</b>

(Continued)

**PALMYRA SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
<b>GENERAL CURRENT EXPENSE (CONT'D):</b>					
Undistributed Expenditures - Central Services:					
Salaries	\$ 228,344.00	\$ (21,368.00)	\$ 206,976.00	\$ 206,407.52	\$ 568.48
Purchased Professional Services	5,750.00	3,988.00	9,738.00	8,337.50	1,400.50
Purchased Technical Services	39,300.00	(6,053.00)	33,247.00	32,094.80	1,152.20
Miscellaneous Purchased Services	6,100.00	1,065.00	7,165.00	6,892.77	272.23
Supplies and Materials	8,250.00	(171.67)	8,078.33	8,022.11	56.22
Miscellaneous Expenditures	500.00		500.00	446.19	53.81
<b>Total - Undistributed Expenditures - Central Services</b>	<b>288,244.00</b>	<b>(22,539.67)</b>	<b>265,704.33</b>	<b>262,200.89</b>	<b>3,503.44</b>
Undistributed Expenditures - Administrative Information Technology:					
Purchased Technical Services	49,050.00	17,825.00	66,875.00	65,570.65	1,304.35
Workshops / Travel	1,200.00	2,800.00	4,000.00	3,905.00	95.00
Supplies and Materials	1,175.00		1,175.00	719.86	455.14
<b>Total - Undistributed Expenditures - Administrative Information Technology</b>	<b>51,425.00</b>	<b>20,625.00</b>	<b>72,050.00</b>	<b>70,195.51</b>	<b>1,854.49</b>
Undistributed Expenditures - Required Maintenance:					
Salaries	136,575.00	1,000.00	137,575.00	131,807.23	5,767.77
Cleaning, Repair & Maintenance Services	121,950.00	42,504.22	164,454.22	163,095.39	1,358.83
General Supplies	36,275.00	3,016.16	39,291.16	36,684.67	2,606.49
Other Objects	3,150.00		3,150.00	2,950.65	199.35
<b>Total - Undistributed Expenditures - Required Maintenance</b>	<b>297,950.00</b>	<b>46,520.38</b>	<b>344,470.38</b>	<b>334,537.94</b>	<b>9,932.44</b>
Undistributed Expenditures - Custodial Services:					
Salaries	409,409.00	5,399.00	414,808.00	404,188.77	10,639.23
Cleaning, Repair & Maintenance Services	28,500.00		28,500.00	23,383.00	5,117.00
Other Purchased Property Services	64,000.00	(5,000.00)	59,000.00	51,022.13	7,977.87
Insurance	146,000.00	(5,288.00)	140,712.00	140,712.00	
General Supplies	45,250.00		45,250.00	45,240.20	9.80
Other Objects	1,000.00		1,000.00	832.00	168.00
Energy (Natural Gas)	76,000.00	1,000.00	77,000.00	66,602.49	10,397.51
Energy (Electricity)	260,250.00	(1,000.00)	259,250.00	244,483.35	14,766.65
<b>Total - Undistributed Expenditures - Custodial Services</b>	<b>1,030,409.00</b>	<b>(4,889.00)</b>	<b>1,025,520.00</b>	<b>976,443.94</b>	<b>49,076.06</b>

**PALMYRA SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
<b>GENERAL CURRENT EXPENSE (CONT'D):</b>					
Undistributed Expenditures - Security:					
Salaries	\$ 26,000.00	\$ 9,000.00	\$ 35,000.00	\$ 34,401.00	\$ 599.00
Purchased Professional and Technical Services	10,000.00		10,000.00	10,000.00	
General Supplies	800.00	32,100.00	32,900.00	32,419.67	480.33
<b>Total - Undistributed Expenditures - Security</b>	<b>36,800.00</b>	<b>41,100.00</b>	<b>77,900.00</b>	<b>76,820.67</b>	<b>1,079.33</b>
<b>Total - Operation and Maintenance of Plant Services</b>	<b>1,365,159.00</b>	<b>82,731.38</b>	<b>1,447,890.38</b>	<b>1,387,802.55</b>	<b>60,087.83</b>
<b>Student Transportation Services:</b>					
Salaries for Pupil Transportation (Between Home & School) - Spec. Ed.	39,600.00		39,600.00	39,596.88	3.12
Salaries for Pupil Transportation (Other than Between Home & School)	31,500.00		31,500.00	25,123.93	6,376.07
Cleaning, Repair, & Maintenance Services	4,200.00		5,700.00	4,410.89	1,289.11
Contracted Services (Other Than Home & School) - Vendors	10,200.00		10,200.00	4,420.00	5,780.00
Contracted Services (Special Education Students) - Vendors	275,000.00	(6,635.00)	268,365.00	230,066.80	38,298.20
Contracted Services (Special Education Students) - Joint Agreements	12,000.00	(8,600.00)	3,400.00		3,400.00
General Supplies	11,000.00	(1,500.00)	9,500.00	7,848.19	1,651.81
<b>Total Student Transportation Services</b>	<b>383,500.00</b>	<b>(16,735.00)</b>	<b>366,765.00</b>	<b>311,466.69</b>	<b>56,798.31</b>
<b>Unallocated Benefits - Employee Benefits:</b>					
Social Security Contribution	261,000.00	(10,500.00)	250,500.00	126,769.04	123,730.96
Other Retirement Contributions - E RIP	1,600.00		1,600.00	1,105.43	494.57
PERS State Contribution	167,500.00	(1,000.00)	166,500.00	164,624.30	1,875.70
Unemployment Contribution	25,000.00		25,000.00	21,146.20	3,853.80
Workmen's Compensation	158,000.00	5,388.00	163,388.00	148,120.00	15,268.00
Health Benefits	2,321,855.00	(14,300.00)	2,307,555.00	2,052,127.80	255,427.20
Tuition Reimbursements	13,000.00	11,600.00	24,600.00	22,600.00	2,000.00
Other Employee Benefits	16,280.00	8,018.10	24,298.10	22,131.52	2,166.58
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>2,964,235.00</b>	<b>(793.90)</b>	<b>2,963,441.10</b>	<b>2,558,624.29</b>	<b>404,816.81</b>
<b>On-behalf TPAF Pension Contributions (Non-Budgeted)</b>					
On-behalf TPAF Medical Contributions (Non-Budgeted)				334,417.00	(334,417.00)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				530,886.00	(530,886.00)
<b>Total TPAF Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,343,397.17</b>	<b>(1,343,397.17)</b>
<b>Total Undistributed Expenses</b>	<b>9,257,826.00</b>	<b>2,092.95</b>	<b>9,261,418.95</b>	<b>9,727,513.35</b>	<b>(466,094.40)</b>
<b>Total Expenditures - Current Expense</b>	<b>15,114,217.16</b>	<b>(77,489.37)</b>	<b>15,038,227.79</b>	<b>15,449,311.75</b>	<b>(411,083.96)</b>

(Continued)

**PALMYRA SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Grades 1 - 5	\$ 2,857.00		\$ 2,857.00	\$ 1,549.99	\$ 1,307.01
Undistributed Expenditures - Instruction		45,241.75	45,241.75	45,241.75	
Undistributed Expenditures - Central Services		7,249.78	7,249.78	7,249.78	
Undistributed Expenditures - Custodial Services	6,500.00	8,273.84	14,773.84	14,368.84	405.00
Undistributed Expenditures - Security		3,695.00	3,695.00	3,695.00	
School-Sponsored and Other Instructional Programs		11,529.00	11,529.00	11,529.00	
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	3,043.00		3,043.00		
<b>Total Capital Outlay</b>	<u>12,400.00</u>	<u>75,989.37</u>	<u>88,389.37</u>	<u>86,677.36</u>	<u>1,712.01</u>
<b>Total Expenditures</b>	<u>15,126,617.16</u>	<u>-</u>	<u>15,126,617.16</u>	<u>15,535,989.11</u>	<u>(409,371.95)</u>
<b>Calculation of Deficiency of Revenues Under Expenditures:</b>					
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(582,577.16)</u>	<u>-</u>	<u>(582,577.16)</u>	<u>629,486.60</u>	<u>1,212,063.76</u>
<b>Fund Balances, July 1</b>	<u>582,577.16</u>	<u>-</u>	<u>582,577.16</u>	<u>2,849,715.01</u>	<u>2,267,137.85</u>
<b>Fund Balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,479,201.61</u>	<u>\$ 3,479,201.61</u>
<b>Recapitulation:</b>					
Restricted Fund Balance:					
Capital Reserve				\$ 802,929.81	
Maintenance Reserve				362,318.96	
Excess Surplus Previous Year - Designated for Subsequent Year's Expenditures				899,801.96	
Excess Surplus - Current Year				986,786.00	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures					
General Fund Balance				86,260.12	
ARRA - Medical Assistance Program (SEMI)				723.92	
Unassigned Fund Balance				<u>340,380.84</u>	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Last State Aid Payment Not Recognized on GAAP Basis				3,479,201.61	
				<u>(411,813.00)</u>	
<b>Fund Balance per Governmental Funds (GAAP)</b>				<u>\$ 3,067,388.61</u>	

**PALMYRA SCHOOL DISTRICT**  
 Special Revenue Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Federal Sources:					
Title I, Part A	\$ 205,279.00	\$ 24,170.00	\$ 229,449.00	\$ 229,354.06	\$ (94.94)
Title II, Part A	15,750.00	22,002.00	37,752.00	37,752.00	
I.D.E.A., Part B Basic	238,749.00	42,749.00	281,498.00	281,498.00	
I.D.E.A., Part B, Preschool Incentive		7,071.00	7,071.00	7,071.00	
<b>Total - Federal Sources</b>	<b>459,778.00</b>	<b>95,992.00</b>	<b>555,770.00</b>	<b>555,675.06</b>	<b>(94.94)</b>
<b>8 Total Revenues</b>	<b>\$ 459,778.00</b>	<b>\$ 95,992.00</b>	<b>\$ 555,770.00</b>	<b>\$ 555,675.06</b>	<b>\$ (94.94)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries	\$ 159,050.58	\$ 25,724.42	\$ 184,775.00	\$ 184,774.99	\$ 0.01
Other Purchased Services	238,749.00	42,749.00	281,498.00	281,498.00	
General Supplies	4,875.30	666.70	5,542.00	5,447.07	94.93
<b>Total Instruction</b>	<b>402,674.88</b>	<b>69,140.12</b>	<b>471,815.00</b>	<b>471,720.06</b>	<b>94.94</b>
Support Services:					
Personal Services - Employee Benefits	41,353.12	4,849.88	46,203.00	46,203.00	
Purchased Professional and Technical Services	8,343.93	11,656.07	20,000.00	20,000.00	
Other Purchased Services	5,006.36	6,993.64	12,000.00	12,000.00	
Supplies and Materials	2,399.71	3,352.29	5,752.00	5,752.00	
<b>Total Support Services</b>	<b>57,103.12</b>	<b>26,851.88</b>	<b>83,955.00</b>	<b>83,955.00</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 459,778.00</b>	<b>\$ 95,992.00</b>	<b>\$ 555,770.00</b>	<b>\$ 555,675.06</b>	<b>\$ 94.94</b>

**PALMYRA SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2015

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources / Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 16,165,475.71	\$ 555,675.06
<b>Differences - Budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		8,422.01
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, 2014.	421,302.00	
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July, 2015.	<u>(411,813.00)</u>	<u>                    </u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 16,174,964.71</u>	<u>\$ 564,097.07</u>
<b>Uses / Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 15,535,989.11	\$ 555,675.06
<b>Differences - Budget to GAAP:</b>		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>8,422.01</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 15,535,989.11</u>	<u>\$ 564,097.07</u>

REQUIRED SUPPLEMENTARY INFORMATION  
PART III

**PALMYRA SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Two Fiscal Years

	<u>Measurement Date Ending June 30,</u>	
	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0197177152%	0.0174925777%
School District's Proportionate Share of the Net Pension Liability	\$ 3,691,696.00	\$ 3,343,179.00
School District's Covered-Employee Payroll	\$ 1,160,363.00	\$ 1,311,956.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	318.15%	254.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

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

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

	<u>Fiscal Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 145,162.00	\$ 162,550.00
Contributions in Relation to the Contractually Required Contribution	<u>(145,162.00)</u>	<u>(162,550.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
School District's Covered-Employee Payroll	\$ 1,163,832.00	\$ 1,160,363.00
Contributions as a Percentage of School District's Covered-Employee Payroll	12.47%	14.01%

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

**PALMYRA SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 Teachers' Pension and Annuity Fund (TPAF)  
 Last Two Fiscal Years

	<u>Measurement Date Ending June 30,</u>	
	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>31,075,683.00</u>	<u>31,476,018.00</u>
	<u>\$ 31,075,683.00</u>	<u>\$ 31,476,018.00</u>
School District's Covered-Employee Payroll	\$ 5,999,834.00	\$ 5,974,464.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	517.94%	526.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

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

**PALMYRA SCHOOL DISTRICT**  
Required Supplementary Information  
Schedule of School District's Contributions  
Teachers' Pension and Annuity Fund (TPAF)  
Last 10 Fiscal Years

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This schedule is not applicable.

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

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

**PALMYRA SCHOOL DISTRICT**  
Notes to Required Supplementary Information - Part III  
For the Fiscal Year Ended June 30, 2015

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**Public Employees' Retirement System (PERS)**

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 5.55% as of June 30, 2013, to 5.39% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

**Teachers' Pension and Annuity Fund (TPAF)**

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 4.95% as of June 30, 2013, to 4.68% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**PALMYRA SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2015

	NCLB				I.D.E.A. Part B	
	Total	Title I, Part A	Title II, Part A	Basic	Preschool	
<b>REVENUES:</b>						
Federal Sources	\$ 555,675.06	\$ 229,354.06	\$ 37,752.00	\$ 281,498.00		\$ 7,071.00
Total Revenues	<u>\$ 555,675.06</u>	<u>\$ 229,354.06</u>	<u>\$ 37,752.00</u>	<u>\$ 281,498.00</u>		<u>\$ 7,071.00</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries	\$ 184,774.99	\$ 177,703.99				\$ 7,071.00
Other Purchased Services	281,498.00			\$ 281,498.00		
General Supplies	5,447.07	5,447.07				
Total Instruction	<u>471,720.06</u>	<u>183,151.06</u>	-	<u>281,498.00</u>		<u>7,071.00</u>
Support Services:						
Personal Services - Employee Benefits	46,203.00	46,203.00				
Purchased Professional and Technical Services	20,000.00		\$ 20,000.00			
Other Purchased Services	12,000.00		12,000.00			
Supplies and Materials	5,752.00		5,752.00			
Total Support Services	<u>83,955.00</u>	<u>46,203.00</u>	<u>37,752.00</u>	-		-
Total Expenditures	<u>\$ 555,675.06</u>	<u>\$ 229,354.06</u>	<u>\$ 37,752.00</u>	<u>\$ 281,498.00</u>		<u>\$ 7,071.00</u>

PROPRIETARY FUNDS

**PALMYRA SCHOOL DISTRICT**  
 Proprietary Fund  
 Business-Type Activities - Enterprise Funds  
 Combining Statement of Net Position  
 June 30, 2015

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 49,095.93	\$ 248,194.19	\$ 297,290.12
Accounts Receivable:			
State	428.08		428.08
Federal	14,171.58		14,171.58
Other	2,905.60	430.52	3,336.12
Inventories	9,016.28		9,016.28
<b>Total Current Assets</b>	<u>75,617.47</u>	<u>248,624.71</u>	<u>324,242.18</u>
<b>Noncurrent Assets:</b>			
Furniture, Machinery and Equipment	304,189.75		304,189.75
Less Accumulated Depreciation	<u>(277,652.79)</u>		<u>(277,652.79)</u>
<b>Total Noncurrent Assets</b>	<u>26,536.96</u>	<u>-</u>	<u>26,536.96</u>
<b>Total Assets</b>	<u>102,154.43</u>	<u>248,624.71</u>	<u>350,779.14</u>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Unearned Revenue	1,280.28		1,280.28
<b>Total Liabilities</b>	<u>1,280.28</u>	<u>-</u>	<u>1,280.28</u>
<b>NET POSITION:</b>			
<b>Restricted:</b>			
Net Investment in Capital Assets	26,536.96		26,536.96
Unrestricted	74,337.19	248,624.71	322,961.90
<b>Total Net Position</b>	<u>\$ 100,874.15</u>	<u>\$ 248,624.71</u>	<u>\$ 349,498.86</u>

**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, 2015

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales:			
Non-reimbursable Programs	\$ 56,454.19		\$ 56,454.19
Reimbursable Program -- School Breakfast	5,566.75		5,566.75
Reimbursable Program -- School Lunch	76,614.13		76,614.13
Child Care Fees		<u>\$ 165,802.23</u>	<u>165,802.23</u>
Total Operating Revenues	<u>138,635.07</u>	<u>165,802.23</u>	<u>304,437.30</u>
<b>OPERATING EXPENSES:</b>			
Salaries	141,510.72	70,701.96	212,212.68
Employee Benefits		25,358.70	25,358.70
Management Fee	18,180.12		18,180.12
General Supplies	9,549.89	11,735.41	21,285.30
Direct Expenses	8,465.90		8,465.90
Depreciation	5,384.85		5,384.85
Other Professional and Technical Services		6,207.00	6,207.00
Cost of Sales	<u>165,342.62</u>		<u>165,342.62</u>
Total Operating Expenses	<u>348,434.10</u>	<u>114,003.07</u>	<u>462,437.17</u>
Operating Income / (Loss)	<u>(209,799.03)</u>	<u>51,799.16</u>	<u>(157,999.87)</u>
<b>NONOPERATING REVENUES:</b>			
State Sources:			
State School Lunch Program	4,489.90		4,489.90
Federal Sources:			
National School Lunch Program	192,688.36		192,688.36
Food Distribution Program	30,114.99		30,114.99
Interest Revenue	<u>54.83</u>		<u>54.83</u>
Total Nonoperating Revenues	<u>227,348.08</u>	<u>-</u>	<u>227,348.08</u>
Change in Net Position	17,549.05	51,799.16	69,348.21
Net Position -- July 1	<u>83,325.10</u>	<u>196,825.55</u>	<u>280,150.65</u>
Net Position -- June 30	<u>\$ 100,874.15</u>	<u>\$ 248,624.71</u>	<u>\$ 349,498.86</u>

**PALMYRA SCHOOL DISTRICT**  
Proprietary Fund  
Business-Type Activities - Enterprise Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 140,504.68	\$ 165,371.71	\$ 305,876.39
Payments to Management Company	(314,592.03)		(314,592.03)
Payments to Employees		(70,701.96)	(70,701.96)
Payments for Employee Benefits		(25,358.70)	(25,358.70)
Payments for Supplies and Services	(30,342.79)	(17,942.41)	(48,285.20)
Payments to General Fund	(2.00)		(2.00)
Net Cash Provided by (used for) Operating Activities	<u>(204,432.14)</u>	<u>51,368.64</u>	<u>(153,063.50)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
State Sources	4,326.64		4,326.64
Federal Sources	221,001.36		221,001.36
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>225,328.00</u>	<u>-</u>	<u>225,328.00</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest Revenue	54.83		54.83
Net Increase in Cash and Cash Equivalents	20,950.69	51,368.64	72,319.33
Cash and Cash Equivalents -- July 1	28,145.24	196,825.55	224,970.79
Cash and Equivalents -- June 30	<u>\$ 49,095.93</u>	<u>\$ 248,194.19</u>	<u>\$ 297,290.12</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (209,799.03)	\$ 51,799.16	\$ (157,999.87)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	5,384.85		5,384.85
(Increase) Decrease in Inventories	(1,885.57)		(1,885.57)
Increase (Decrease) in Interfund Payable	(2.00)		(2.00)
Increase (Decrease) in Unearned Revenue	147.49		147.49
(Increase) Decrease in Accounts Receivable	1,722.12	(430.52)	1,291.60
Total Adjustments	<u>5,366.89</u>	<u>(430.52)</u>	<u>4,936.37</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (204,432.14)</u>	<u>\$ 51,368.64</u>	<u>\$ (153,063.50)</u>

FIDUCIARY FUNDS

**PALMYRA SCHOOL DISTRICT**  
Fiduciary Funds  
Combining Statement of Fiduciary Net Position  
June 30, 2015

	<u>Private-Purpose Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>
	<u>Flexible Benefits</u>	<u>Unemployment Compensation Insurance</u>	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 4,123.83	\$ 70,339.72	\$ 75,485.20	\$ 16,401.69	\$ 166,350.44
Interfund Accounts Receivable:					
Due Payroll Agency Fund		<u>4,048.78</u>			<u>4,048.78</u>
<b>Total Assets</b>	<u>4,123.83</u>	<u>74,388.50</u>	<u>\$ 75,485.20</u>	<u>\$ 16,401.69</u>	<u>170,399.22</u>
<b>LIABILITIES:</b>					
Accounts Payable		717.46			717.46
Interfund Accounts Payable:					
Due General Fund	3,015.39			\$ 8,792.34	11,807.73
Due Unemployment Trust Fund				4,048.78	4,048.78
Payable to Student Groups			\$ 75,485.20		75,485.20
Payroll Deductions and Withholdings				<u>3,560.57</u>	<u>3,560.57</u>
<b>Total Liabilities</b>	<u>3,015.39</u>	<u>717.46</u>	<u>\$ 75,485.20</u>	<u>\$ 16,401.69</u>	<u>95,619.74</u>
<b>NET POSITION:</b>					
Restricted:					
Held in Trust for Payment of Claims	<u>\$ 1,108.44</u>	<u>\$ 73,671.04</u>			<u>\$ 74,779.48</u>

**PALMYRA SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2015

	<u>Private-Purpose Trust Funds</u>		<u>Total</u>
	<u>Flexible Benefits Trust Fund</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	
ADDITIONS:			
Interest on Investments		\$ 56.85	\$ 56.85
Employer Contributions		25,000.00	25,000.00
Employee Contributions	\$ 9,360.00	13,972.09	23,332.09
Total Additions	<u>9,360.00</u>	<u>39,028.94</u>	<u>48,388.94</u>
DEDUCTIONS:			
Claims Paid	<u>9,062.15</u>	<u>14,272.44</u>	<u>23,334.59</u>
Total Deductions	<u>9,062.15</u>	<u>14,272.44</u>	<u>23,334.59</u>
Changes in Net Position	297.85	24,756.50	25,054.35
Net Position - July 1	<u>810.59</u>	<u>48,914.54</u>	<u>49,725.13</u>
Net Position - June 30	<u>\$ 1,108.44</u>	<u>\$ 73,671.04</u>	<u>\$ 74,779.48</u>

**PALMYRA SCHOOL DISTRICT**  
 Fiduciary Funds  
 Student Activity Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2015

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	<u>Balance</u> <u>June 30, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
District Administration	\$ 1,237.99			\$ 1,237.99
Charles Street School	7,703.82	\$ 15,952.03	\$ 15,322.16	8,333.69
High School	49,442.72	106,919.17	106,996.79	49,365.10
Scholarships	17,488.30	8,160.12	9,100.00	16,548.42
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total All Schools	<u>\$ 75,872.83</u>	<u>\$ 131,031.32</u>	<u>\$ 131,418.95</u>	<u>\$ 75,485.20</u>

**PALMYRA SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 79,148.70	\$ 9,054,680.02	\$ 9,117,427.03	\$ 16,401.69
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 74,057.45	\$ 3,709,838.91	\$ 3,780,335.79	\$ 3,560.57
Net Payroll		5,322,220.61	5,322,220.61	
Interfund Accounts Payable:				
Due Unemployment Fund	4,947.32	13,972.09	14,870.63	4,048.78
Due General Fund	143.93	8,648.41		8,792.34
<b>Total Liabilities</b>	<u>\$ 79,148.70</u>	<u>\$ 9,054,680.02</u>	<u>\$ 9,117,427.03</u>	<u>\$ 16,401.69</u>

LONG-TERM DEBT

**PALMYRA SCHOOL DISTRICT**

Schedule of Serial Bonds

For the Fiscal Year Ended June 30, 2015

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2014</u>	<u>Paid By Budget Appropriation</u>	<u>Balance June 30, 2015</u>
School District Bonds-- Series 2006	07-01-06	\$ 3,487,000.00	01-01-16	\$ 485,000.00	4.00%			
			01-01-17	510,000.00	4.13%			
			01-01-18	510,000.00	4.25%			
			01-01-19	510,000.00	4.25%			
			01-01-20	510,000.00	4.25%			
			01-01-21	512,000.00	4.25%	\$ 3,112,000.00	\$ 75,000.00	\$ 3,037,000.00
School District Refunding Bonds-- Series 2008	05-01-08	1,745,000.00			4.75%	295,000.00	295,000.00	
School District Bonds-- Series 2009	10-15-09	9,883,000.00	03-01-16	400,000.00	3.00%			
			03-01-17	400,000.00	3.00%			
			03-01-18	400,000.00	3.00%			
			03-01-19	400,000.00	4.00%			
			03-01-20	425,000.00	4.00%			
			03-01-21	460,000.00	4.00%			
			03-01-22	500,000.00	4.00%			
			03-01-23	650,000.00	4.00%			
			03-01-24	650,000.00	4.00%			
			03-01-25	650,000.00	4.00%			
			03-01-26	650,000.00	4.00%			
			03-01-27	650,000.00	4.00%			
			03-01-28	650,000.00	4.00%			
			03-01-29	650,000.00	4.00%			
			03-01-30	648,000.00	4.00%			
						8,533,000.00	350,000.00	8,183,000.00
						\$ 11,940,000.00	\$ 720,000.00	\$ 11,220,000.00

**PALMYRA SCHOOL DISTRICT**  
 Debt Service Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 948,158.00		\$ 948,158.00	\$ 948,158.00	
State Aid:					
Debt Service Aid Type II	203,510.00		203,510.00	203,510.00	
Total Revenues	1,151,668.00	-	1,151,668.00	1,151,668.00	-
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	431,668.00		431,668.00	431,167.50	\$ 500.50
Redemption of Principal	720,000.00		720,000.00	720,000.00	
Total Expenditures	1,151,668.00	-	1,151,668.00	1,151,167.50	500.50
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	500.50	500.50
Fund Balance, July 1	0.92	-	0.92	0.92	0.92
Fund Balance, June 30	\$ 0.92	-	\$ 0.92	\$ 501.42	\$ 501.42

STATISTICAL SECTION

## Financial Trends Information

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

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 1,687,809.00	\$ 1,504,615.77	\$ 1,450,786.66	\$ 1,410,647.00	\$ 868,901.00	\$ 905,874.00	\$ 2,034,468.00	\$ 2,605,099.00	\$ 2,703,829.00	\$ 2,534,796.00
Restricted	2,640,525.15	2,329,781.16	1,679,066.32	1,922,185.00	2,063,474.00	1,930,621.00	2,651,616.00	2,130,052.00	2,239,710.00	1,225,628.00
Unrestricted	(4,120,109.80)	(224,102.42)	(142,140.97)	(250,459.00)	(354,049.00)	(652,811.00)	(629,620.00)	(449,969.00)	(278,354.00)	(237,791.00)
<b>Total Governmental Activities Net Position</b>	<b>\$ 208,224.35</b>	<b>\$ 3,610,294.51</b>	<b>\$ 2,987,712.01</b>	<b>\$ 3,082,373.00</b>	<b>\$ 2,578,326.00</b>	<b>\$ 2,183,684.00</b>	<b>\$ 4,056,464.00</b>	<b>\$ 4,285,182.00</b>	<b>\$ 4,665,185.00</b>	<b>\$ 3,522,633.00</b>
<b>Business-type Activities:</b>										
Net Investment in Capital Assets	\$ 26,536.96	\$ 31,921.81	\$ 22,052.03	\$ 30,266.00	\$ 8,967.00	\$ 13,289.00	\$ 19,187.00	\$ 25,809.00	\$ 32,431.00	\$ 39,053.00
Unrestricted	322,961.90	248,228.84	186,762.51	174,228.00	202,484.00	167,318.00	189,240.00	183,162.00	151,234.00	133,185.00
<b>Total Business-type Activities Net Position</b>	<b>\$ 349,498.86</b>	<b>\$ 280,150.65</b>	<b>\$ 208,814.54</b>	<b>\$ 204,494.00</b>	<b>\$ 211,451.00</b>	<b>\$ 180,587.00</b>	<b>\$ 208,427.00</b>	<b>\$ 208,971.00</b>	<b>\$ 183,665.00</b>	<b>\$ 172,238.00</b>
<b>Government-wide:</b>										
Net Investment in Capital Assets	\$ 1,714,345.96	\$ 1,536,537.58	\$ 1,472,838.69	\$ 1,440,913.00	\$ 877,868.00	\$ 919,143.00	\$ 2,053,655.00	\$ 2,630,908.00	\$ 2,736,260.00	\$ 2,573,849.00
Restricted	2,640,525.15	2,329,781.16	1,679,066.32	1,922,185.00	2,063,120.00	1,930,621.00	2,651,616.00	2,130,052.00	2,239,710.00	1,225,628.00
Unrestricted	(3,797,147.90)	(24,126.42)	(44,621.54)	(76,231.00)	(151,211.00)	(485,493.00)	(440,380.00)	(266,807.00)	(127,120.00)	(104,606.00)
<b>Total Government-wide Net Position</b>	<b>\$ 557,723.21</b>	<b>\$ 3,890,445.16</b>	<b>\$ 3,196,526.55</b>	<b>\$ 3,286,867.00</b>	<b>\$ 2,789,777.00</b>	<b>\$ 2,364,271.00</b>	<b>\$ 4,264,891.00</b>	<b>\$ 4,494,153.00</b>	<b>\$ 4,848,850.00</b>	<b>\$ 3,694,871.00</b>

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. See the Notes to the Financial Statements.

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.

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>EXPENSES:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 5,240,728.20	\$ 4,685,701.31	\$ 4,736,984.27	\$ 4,297,173.00	\$ 4,542,144.00	\$ 4,846,951.00	\$ 4,652,891.00	\$ 5,063,129.00	\$ 4,201,162.00	\$ 4,323,777.00
Special Education	1,416,951.08	1,420,119.63	1,682,762.58	1,597,824.00	1,228,009.00	1,319,211.00	1,354,492.00	1,219,958.00	1,258,529.00	1,202,268.00
Other Special Education	522,804.51	487,941.74	427,228.41	334,896.00	310,407.00	387,271.00	408,698.00	369,346.00	340,048.00	325,055.00
Support Services:										
Tuition	1,371,105.33	1,425,681.06	1,064,516.85	987,665.00	1,068,813.00	827,855.00	929,455.00	849,561.00	782,378.00	1,177,690.00
Student and Instruction Related Services	1,651,117.47	1,565,242.50	1,584,884.45	1,662,108.00	1,427,491.00	1,524,423.00	1,483,964.00	1,459,106.00	1,232,518.00	1,399,763.00
School Administrative Services	509,522.04	368,969.86	502,059.98	503,830.00	484,710.00	467,671.00	466,558.00	448,421.00	437,253.00	389,641.00
General and Business Administrative Services	942,828.41	838,530.88	690,948.07	565,790.00	621,374.00	638,261.00	621,490.00	639,535.00	600,348.00	698,397.00
Plant Operations and Maintenance	1,487,968.43	1,433,715.81	1,410,294.48	1,337,947.00	1,493,770.00	1,389,150.00	1,389,150.00	1,254,304.00	1,056,904.00	1,050,570.00
Pupil Transportation	316,262.61	294,759.71	310,514.06	253,947.00	315,102.00	306,731.00	342,235.00	308,483.00	291,818.00	330,931.00
Unallocated Benefits	4,062,961.99	3,603,120.28	3,888,105.85	3,491,252.00	3,278,700.00	3,159,569.00	2,951,276.00	3,865,598.00	3,295,423.00	2,839,948.00
Special Schools						193,289.00	174,789.00	178,724.00	153,092.00	144,223.00
Interest on Long-term Debt	424,327.87	448,970.23	473,180.60	488,934.00	562,219.00	703,617.00	267,642.00	290,230.00	222,740.00	184,032.00
Debt Assessment	3,043.00			597,286.00	19,318.00				74,199.00	105,718.00
Unallocated Depreciation										
Total Governmental Activities Expenses	17,949,620.94	16,572,653.01	16,771,479.60	16,118,654.00	15,599,766.00	15,868,625.00	15,168,850.00	16,015,777.00	13,946,412.00	14,172,013.00
Business-type Activities:										
Food Service	348,434.10	365,503.74	354,224.27	345,900.00	320,327.00	336,756.00	300,253.00	324,110.00	326,157.00	363,125.00
After-School Program	114,003.07	96,813.59	131,485.31	63,624.00	64,104.00	116,010.00	81,640.00	82,399.00	67,525.00	77,048.00
Total Business-type Activities Expense	462,437.17	462,317.33	485,709.58	409,524.00	384,431.00	452,766.00	381,893.00	406,509.00	393,682.00	440,171.00
Total Government Expenses	\$ 18,412,058.11	\$ 17,034,970.34	\$ 17,257,189.18	\$ 16,528,178.00	\$ 15,984,197.00	\$ 16,321,391.00	\$ 15,550,743.00	\$ 16,422,286.00	\$ 14,340,094.00	\$ 14,612,184.00
<b>PROGRAM REVENUES:</b>										
Governmental Activities:										
Operating Grants and Contributions	\$ 1,910,537.24	\$ 1,659,252.63	\$ 1,907,857.76	\$ 1,869,015.00	\$ 1,794,424.00	\$ 1,839,864.00	\$ 1,492,374.00	\$ 2,483,694.00	\$ 2,225,419.00	\$ 1,849,001.00
Charges for Services	1,749,864.89	1,853,201.27	1,800,426.78	1,740,648.00	1,728,342.00	1,606,803.00	1,423,288.00	1,835,783.00	1,865,238.00	1,885,347.00
Total Governmental Activities Program Revenues	3,660,402.13	3,512,453.90	3,708,284.54	3,609,663.00	3,522,766.00	3,446,667.00	2,915,662.00	4,319,477.00	4,090,657.00	3,734,348.00
Business-type Activities:										
Charges for Services:										
Food Service	138,635.07	146,564.50	143,415.71	145,386.00	152,888.00	157,885.00	165,975.00	170,434.00	169,389.00	197,193.00
After-School Program	165,802.23	152,379.09	128,923.80	116,270.00	93,683.00	93,517.00	86,113.00	111,387.00	101,731.00	92,100.00
Operating Grants and Contributions	227,293.25	219,204.25	217,620.95	205,030.00	167,318.00	172,116.00	128,120.00	130,567.00	128,627.00	122,583.00
Total Business-type Activities Program Revenues	531,730.55	518,147.84	489,960.46	466,686.00	413,889.00	423,518.00	380,208.00	412,388.00	399,747.00	411,876.00
Total Government Program Revenues	\$ 4,192,132.68	\$ 4,030,601.74	\$ 4,198,245.00	\$ 4,076,349.00	\$ 3,936,655.00	\$ 3,870,185.00	\$ 3,295,870.00	\$ 4,731,865.00	\$ 4,490,404.00	\$ 4,146,224.00
<b>NET (EXPENSE)/REVENUE:</b>										
Governmental Activities	\$ (14,289,218.81)	\$ (13,060,199.11)	\$ (13,063,195.06)	\$ (12,508,991.00)	\$ (12,027,000.00)	\$ (12,421,958.00)	\$ (12,253,188.00)	\$ (11,696,300.00)	\$ (9,855,755.00)	\$ (10,437,665.00)
Business-type Activities	69,293.38	55,830.51	4,250.88	57,162.00	29,458.00	(29,248.00)	(1,685.00)	5,879.00	6,065.00	(28,295.00)
Total Government-wide Net Expense	\$ (14,219,925.43)	\$ (13,004,368.60)	\$ (13,058,944.18)	\$ (12,451,829.00)	\$ (12,047,542.00)	\$ (12,451,206.00)	\$ (12,254,873.00)	\$ (11,690,421.00)	\$ (9,849,690.00)	\$ (10,465,960.00)

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 8,155,162.00	\$ 7,586,442.08	\$ 7,225,184.00	\$ 7,225,184.00	\$ 7,151,345.00	\$ 6,972,447.00	\$ 6,780,632.00	\$ 6,519,838.00	\$ 6,121,339.00	\$ 5,729,721.00
Taxes Levied for Debt Service	948,158.00	987,889.92	925,603.00	925,603.00	999,442.00	924,190.00	380,547.00	697,997.00	488,036.00	515,000.00
Unrestricted Grants and Contributions	5,033,438.61	5,073,564.72	4,937,349.52	4,725,939.00	4,267,162.00	4,350,482.00	4,794,502.00	4,491,178.00	4,194,561.00	4,193,756.00
Restricted Grants and Contributions									8,235.00	82,921.00
Investment Earnings	3,746.94	2,700.40	2,700.40	1,182.00	9,345.00	67,282.00	50,088.00	11,523.00	97,997.00	15,127.00
Other	89,822.10	70,338.99	17,790.05	35,263.00	44,348.00	83,872.00	58,301.00	48,346.00	88,139.00	118,178.00
Disposal of Assets				(133.00)						(101.00)
Transfers		(15,454.10)		100,000.00				(16,000.00)		
<b>Total Governmental Activities</b>	<b>14,230,327.65</b>	<b>13,682,781.61</b>	<b>13,108,626.97</b>	<b>13,013,038.00</b>	<b>12,471,642.00</b>	<b>12,198,273.00</b>	<b>12,024,470.00</b>	<b>11,752,882.00</b>	<b>10,998,307.00</b>	<b>10,654,604.00</b>
Business-type Activities:										
Investment Earnings	54.83	51.50	69.35	99.00	1,406.00	1,408.00	1,141.00	3,427.00	5,362.00	3,909.00
Contribution of capital assets				25,782.00						
Transfers		15,454.10		(90,000.00)				16,000.00		
<b>Total Business-type Activities</b>	<b>54.83</b>	<b>15,505.60</b>	<b>69.35</b>	<b>(64,119.00)</b>	<b>1,406.00</b>	<b>1,408.00</b>	<b>1,141.00</b>	<b>19,427.00</b>	<b>5,362.00</b>	<b>3,909.00</b>
<b>Total Government-wide</b>	<b>\$ 14,230,382.48</b>	<b>\$ 13,698,287.21</b>	<b>\$ 13,108,696.32</b>	<b>\$ 12,948,919.00</b>	<b>\$ 12,473,048.00</b>	<b>\$ 12,199,681.00</b>	<b>\$ 12,025,611.00</b>	<b>\$ 11,772,309.00</b>	<b>\$ 11,003,669.00</b>	<b>\$ 10,658,513.00</b>
<b>CHANGE IN NET POSITION:</b>										
Governmental Activities	\$ (58,891.16)	\$ 622,582.50	\$ 45,431.91	\$ 504,047.00	\$ 394,642.00	\$ (223,885.00)	\$ (228,718.00)	\$ 56,582.00	\$ 1,142,552.00	\$ 216,939.00
Business-type Activities	69,346.21	71,336.11	4,320.23	(6,957.00)	(30,864.00)	(27,640.00)	(544.00)	23,306.00	11,427.00	(24,386.00)
<b>Total Government</b>	<b>\$ 10,457.05</b>	<b>\$ 693,918.61</b>	<b>\$ 49,752.14</b>	<b>\$ 497,090.00</b>	<b>\$ 425,506.00</b>	<b>\$ (251,525.00)</b>	<b>\$ (229,262.00)</b>	<b>\$ 81,888.00</b>	<b>\$ 1,153,979.00</b>	<b>\$ 192,553.00</b>

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. See the notes to the financial statements.

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.

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund:										
Restricted	\$ 2,640,023.73	\$ 2,329,780.24	\$ 1,849,779.92	\$ 1,302,191.00	\$ 1,418,045.00	\$ 1,647,394.00	\$ 1,509,127.00	\$ 1,520,872.00	\$ 1,149,891.00	\$ 454,438.00
Assigned	86,984.04	132,294.03	68,874.78	619,994.00	623,095.00	206,982.00	501,111.00	565,160.00	718,762.00	529,168.00
Unassigned (Deficit)	340,380.84	(33,661.26)	(90,816.59)	(72,123.00)	(52,145.00)	(122,966.00)	(162,530.00)	52,885.00	80,888.00	59,076.00
<b>Total General Fund</b>	<b>\$ 3,067,388.61</b>	<b>\$ 2,428,413.01</b>	<b>\$ 1,827,838.11</b>	<b>\$ 1,850,062.00</b>	<b>\$ 1,968,993.00</b>	<b>\$ 1,731,410.00</b>	<b>\$ 1,827,708.00</b>	<b>\$ 2,138,920.00</b>	<b>\$ 1,949,541.00</b>	<b>\$ 1,042,682.00</b>
All Other Governmental Funds:										
Assigned					\$ 354.00	\$ 76,245.00	\$ 641,378.00	\$ 41,226.00	\$ 368,263.00	\$ 239,228.00
Restricted, Reported In:	\$ 501.42	\$ 0.92	\$ 0.50							
Debt Service Fund										
<b>Total All Other Governmental Funds</b>	<b>\$ 501.42</b>	<b>\$ 0.92</b>	<b>\$ 0.50</b>	<b>\$ -</b>	<b>\$ 354.00</b>	<b>\$ 76,245.00</b>	<b>\$ 641,378.00</b>	<b>\$ 41,226.00</b>	<b>\$ 368,263.00</b>	<b>\$ 239,228.00</b>

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. See the notes to the financial statements.

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>REVENUES:</b>										
Tax Levy	\$ 9,103,320.00	\$ 8,554,332.00	\$ 8,150,787.00	\$ 8,150,787.00	\$ 8,150,787.00	\$ 7,496,837.00	\$ 7,161,179.00	\$ 7,217,835.00	\$ 6,609,375.00	\$ 6,244,721.00
Other Local Revenue	1,843,433.93	1,923,540.26	1,820,917.23	1,777,093.00	1,782,035.00	1,757,955.00	1,531,677.00	1,895,652.00	2,051,374.00	2,018,652.00
State Sources	6,342,142.17	6,180,513.25	6,234,002.04	5,814,744.00	5,382,319.00	4,975,970.00	5,752,413.00	6,432,331.00	5,960,243.00	5,567,729.00
Federal Sources	601,833.68	552,304.10	603,064.85	780,210.00	679,267.00	1,414,376.00	494,863.00	542,541.00	467,972.00	557,951.00
<b>Total Revenues</b>	<b>17,890,729.78</b>	<b>17,210,689.61</b>	<b>16,808,771.12</b>	<b>16,522,834.00</b>	<b>15,994,408.00</b>	<b>15,644,938.00</b>	<b>14,940,132.00</b>	<b>16,088,359.00</b>	<b>15,089,964.00</b>	<b>14,389,053.00</b>
<b>EXPENDITURES:</b>										
Instruction	4,268,397.33	4,191,462.91	4,300,227.70	4,400,577.00	4,683,486.00	4,939,279.00	4,673,552.00	4,641,545.00	4,137,738.00	4,293,124.00
Regular Instruction	1,416,951.08	1,420,119.63	1,675,456.58	1,597,924.00	1,228,609.00	1,319,156.00	1,354,492.00	1,219,958.00	1,258,529.00	1,202,268.00
Special Education Instruction	514,857.51	487,941.74	427,228.41	334,968.00	310,407.00	386,271.00	408,698.00	369,346.00	340,048.00	325,055.00
Other Special Instruction										
Support Services:										
Tuition	1,371,105.33	1,425,581.06	1,064,516.85	987,665.00	1,068,813.00	827,855.00	928,455.00	849,561.00	782,378.00	1,177,690.00
Student and Instruction Related Services	1,613,265.58	1,558,037.50	1,576,676.92	1,662,108.00	1,427,491.00	1,521,822.00	1,483,964.00	1,459,106.00	1,232,518.00	1,399,763.00
School Administrative Services	464,597.68	368,797.22	501,862.90	469,404.00	450,862.00	466,664.00	466,568.00	448,421.00	437,253.00	389,641.00
Other Administrative Services	762,943.61	741,803.09	594,237.92	531,363.00	487,525.00	630,738.00	593,468.00	610,751.00	578,057.00	675,209.00
Plant Operations and Maintenance	1,387,802.55	1,323,076.55	1,299,136.18	1,274,658.00	1,237,806.00	1,137,642.00	1,245,449.00	1,225,520.00	1,031,931.00	1,027,382.00
Pupil Transportation	311,466.69	294,769.71	310,514.06	246,582.00	315,102.00	306,731.00	328,224.00	294,091.00	280,673.00	319,337.00
Unallocated Benefits	3,902,021.46	3,603,120.28	3,888,105.85	3,491,252.00	3,278,700.00	3,159,569.00	2,951,276.00	3,865,598.00	3,295,423.00	2,839,948.00
Debt Service:										
Principal	720,000.00	725,000.00	705,000.00	660,000.00	640,000.00	325,000.00	295,000.00	630,000.00	560,000.00	515,000.00
Interest and Other Charges	431,167.50	451,917.50	476,392.50	494,067.00	634,290.00	423,702.00	216,004.00	351,703.00	162,750.00	189,063.00
Special Schools										
Capital Outlay	86,677.36	18,497.10	11,638.64	633,700.00	27,646.00	668,651.00	9,413,263.00	65,693.00	3,321,625.00	376,423.00
<b>Total Expenditures</b>	<b>17,251,253.68</b>	<b>16,610,114.29</b>	<b>16,830,994.51</b>	<b>16,784,098.00</b>	<b>15,790,737.00</b>	<b>16,306,369.00</b>	<b>24,534,192.00</b>	<b>16,210,017.00</b>	<b>17,572,015.00</b>	<b>14,874,126.00</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>639,476.10</b>	<b>600,575.32</b>	<b>(22,223.39)</b>	<b>(261,264.00)</b>	<b>203,671.00</b>	<b>(661,431.00)</b>	<b>(9,594,060.00)</b>	<b>(121,658.00)</b>	<b>(2,483,051.00)</b>	<b>(485,073.00)</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Proceeds from borrowing										
Accrued interest on sale of bonds										
Transfers In			44,245.00	100,000.00	100,000.00	136,649.00	43,860.00	293,922.00	3,487,000.00	31,945.00
Transfers Out			(44,245.00)			(136,649.00)	(43,860.00)	(309,922.00)	188,478.00	(188,478.00)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000.00</b>	<b>-</b>	<b>-</b>	<b>9,883,000.00</b>	<b>(16,000.00)</b>	<b>3,516,945.00</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 639,476.10</b>	<b>\$ 600,575.32</b>	<b>\$ (22,223.39)</b>	<b>\$ (161,264.00)</b>	<b>\$ 203,671.00</b>	<b>\$ (661,431.00)</b>	<b>\$ 288,940.00</b>	<b>\$ (137,658.00)</b>	<b>\$ 1,035,894.00</b>	<b>\$ (485,073.00)</b>
<b>Debt Service as a Percentage of Non-capital Expenditures</b>	<b>6.71%</b>	<b>7.09%</b>	<b>7.02%</b>	<b>7.15%</b>	<b>8.08%</b>	<b>4.79%</b>	<b>3.38%</b>	<b>6.08%</b>	<b>5.07%</b>	<b>4.86%</b>

Source: Exhibit B-2

**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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Interest on Investments										
Tuition	\$ 3,746.94	\$ 2,889.31	\$ 2,700.40	\$ 1,182.00	\$ 18,553.00	\$ 81,195.00	\$ 63,928.00	\$ 45,056.00	\$ 97,997.00	\$ 76,485.00
Shared Services	1,749,864.89	1,853,201.27	1,800,426.78	1,740,648.00	1,728,342.00	1,606,803.00	1,423,288.00	1,835,783.00	1,865,238.00	1,885,437.00
Commissions				7,130.00	16,000.00					
Municipal Share of Costs						18,748.00				3,912.00
Solar Energy Rebate	1,800.00	3,699.00	500.00	855.00	205.00	36,288.00				983.00
Rental/Lease of Facilities	48,074.49									
Prior Year E-Rate	14,227.89	17,687.13	12,636.36	12,202.00	12,841.00	10,952.00	43,824.00	3,495.00	88,139.00	48,742.00
Prior Year Refunds	21,525.20	40,730.98								
Athletics										
Miscellaneous	4,194.52	5,332.57	4,653.69	15,076.00	6,094.00	3,969.00	837.00	11,318.00		3,093.00
<b>Total Miscellaneous Revenues</b>	<b>\$ 1,843,433.93</b>	<b>\$ 1,923,540.26</b>	<b>\$ 1,820,917.23</b>	<b>\$ 1,777,093.00</b>	<b>\$ 1,782,035.00</b>	<b>\$ 1,757,955.00</b>	<b>\$ 1,531,677.00</b>	<b>\$ 1,896,652.00</b>	<b>\$ 2,051,374.00</b>	<b>\$ 2,018,652.00</b>

Source: District Records

## Revenue Capacity Information

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

**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)
2015	\$ 4,719,400.00	\$ 409,719,630.00	\$ 5,500.00	\$ 32,778,100.00	\$ 10,706,100.00	\$ 20,816,400.00	\$ 478,745,130.00	\$ 91.00	\$ 478,745,221.00	\$ 52,110,800.00	\$ 541,077,329.00	2.001
2014	4,719,400.00	410,223,830.00	5,500.00	32,599,300.00	10,715,100.00	20,865,900.00	479,129,030.00	284,018.00	479,413,048.00	52,161,100.00	530,998,495.00	1.898
2013 (1)	4,786,000.00	411,786,330.00	5,500.00	32,858,100.00	10,790,100.00	21,033,600.00	480,659,630.00	478,375.00	481,138,005.00	51,354,800.00	530,832,154.00	1.778
2012	4,036,900.00	268,395,315.00	27,800.00	19,347,300.00	7,042,500.00	12,942,600.00	311,792,415.00	285,208.00	312,077,623.00	31,866,102.00	558,878,264.00	2.611
2011	4,038,900.00	268,830,970.00	27,800.00	19,431,900.00	7,588,900.00	12,942,600.00	312,861,070.00	278,442.00	313,139,512.00	31,753,302.00	598,972,916.00	2.602
2010	3,945,700.00	271,283,170.00	35,000.00	18,910,400.00	6,000,400.00	13,047,200.00	313,221,870.00	326,992.00	313,548,862.00	31,753,302.00	598,298,970.00	2.599
2009	3,888,800.00	271,442,170.00	89,900.00	19,221,800.00	6,250,400.00	13,160,400.00	314,053,470.00	328,736.00	314,382,206.00	31,284,102.00	609,455,922.00	2.384
2008	3,957,700.00	271,022,270.00	130,400.00	19,224,800.00	6,250,400.00	13,160,400.00	313,745,970.00	335,019.00	314,070,989.00	31,144,802.00	583,539,921.00	2.280
2007	3,926,400.00	270,920,370.00	209,000.00	19,017,400.00	6,250,400.00	13,160,400.00	313,483,970.00	331,475.00	313,815,445.00	31,109,502.00	554,518,781.00	2.300
2006	4,032,600.00	270,502,170.00	209,000.00	19,121,000.00	6,250,400.00	13,160,400.00	313,275,570.00	367,529.00	313,643,099.00	30,967,302.00	485,725,686.00	2.107

(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

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

Year Ended Dec. 31	District Direct Rate (1)			Overlapping Rates (1)			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Borough of Palmyra	Burlington County	Total Direct and Overlapping Tax Rate	
2015	\$ 1.793	\$ 0.208	\$ 2.001	\$ 1.177	0.470	\$ 3.648	
2014	1.683	0.215	1.898	1.165	0.424	3.487	
2013 (2)	1.576	0.202	1.778	1.142	0.420	3.340	
2012	2.285	0.326	2.611	1.729	0.681	5.021	
2011	2.276	0.326	2.602	1.700	0.726	5.028	
2010	2.281	0.318	2.599	1.644	0.725	4.968	
2009	2.218	0.166	2.384	1.504	0.737	4.625	
2008	2.160	0.120	2.280	1.450	0.723	4.453	
2007	2.080	0.220	2.300	1.288	0.742	4.330	
2006	1.947	0.160	2.107	1.211	0.684	4.002	

Source: Municipal Tax Collector

(1) Rate per \$100 of Assessed Value

(2) Revaluation

**PALMYRA SCHOOL DISTRICT**  
 Principal Property Tax Payers  
 Current Year and Nine Years Ago  
 (Unaudited)

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Willow Shores LP	\$ 11,365,900.00	1	2.37%			
Boss Lady, LLC	3,500,000.00	2	0.73%	\$ 2,200,000.00	2	0.70%
River Villas Mews, LLC	2,261,600.00	3	0.47%			
Roto Cylinders, Inc.	2,247,800.00	4	0.47%	1,742,600.00	5	0.56%
Nai Entertainment Holdings, LLC	2,009,000.00	5	0.42%			
Philadelphia Sign Company	1,809,200.00	6	0.38%	2,046,900.00	3	0.65%
David Drew Associates	1,260,600.00	7	0.26%	1,050,000.00	7	0.33%
Rainer, Joseph	1,197,800.00	8	0.25%			
Trustee of Paul W. Callahan	1,177,700.00	9	0.25%	736,000.00	9	0.23%
Haroution K. Aydjian	1,053,500.00	10	0.22%	912,100.00	8	0.29%
Korman Corporation of New Jersey				3,167,600.00	1	1.01%
National Amusements, Inc.				1,747,700.00	4	0.56%
Tower Management Services				1,540,000.00	6	0.49%
Piergross, J&A				630,200.00	10	0.20%
<b>Total</b>	<b>\$ 27,883,100.00</b>		<b>5.82%</b>	<b>\$ 15,773,100.00</b>		<b>5.02%</b>

Source: Municipal Tax Assessor

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

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<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>	
2015	\$ 9,103,320.00	\$ 9,103,320.00	100.00%	-
2014	8,554,332.00	8,554,332.00	100.00%	-
2013	8,150,787.00	8,150,787.00	100.00%	-
2012	8,150,787.00	8,150,787.00	100.00%	-
2011	8,150,787.00	8,150,787.00	100.00%	-
2010	7,496,637.00	7,496,637.00	100.00%	-
2009	7,161,179.00	7,161,179.00	100.00%	-
2008	7,217,835.00	7,217,835.00	100.00%	-
2007	6,609,375.00	6,609,375.00	100.00%	-
2006	6,244,721.00	6,244,721.00	100.00%	-

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

Source: District Records

## Debt Capacity Information

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

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

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Total District	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Capital Leases	Bonds Authorized But not Issued	Capital Leases			
2015	\$ 11,220,000.00	-	-	-	\$ 11,220,000.00	Unavailable	Unavailable
2014	11,940,000.00	-	-	-	11,940,000.00	Unavailable	\$ 1,628.26
2013	12,665,000.00	-	-	-	12,665,000.00	3.33%	1,720.55
2012	13,370,000.00	-	-	-	13,370,000.00	3.53%	1,804.32
2011	14,030,000.00	-	-	-	14,030,000.00	3.92%	1,893.13
2010	14,670,000.00	-	-	-	14,670,000.00	4.18%	1,981.09
2009	14,995,000.00	-	-	-	14,995,000.00	4.40%	2,044.03
2008	5,407,000.00	-	-	-	5,407,000.00	1.54%	735.15
2007	5,967,000.00	-	-	-	5,967,000.00	1.77%	805.05
2006	3,040,000.00	-	\$ 3,487,823.00	-	6,527,823.00	2.00%	866.22

## 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 2000 Census published

**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)		
2015	\$ 11,220,000.00	-	\$ 11,220,000.00	2.34%	Unavailable
2014	11,940,000.00	-	11,940,000.00	2.49%	\$ 1,628.26
2013	12,665,000.00	-	12,665,000.00	2.63%	1,720.55
2012	13,370,000.00	-	13,370,000.00	4.28%	1,804.32
2011	14,030,000.00	-	14,030,000.00	4.48%	1,893.13
2010	14,670,000.00	-	14,670,000.00	4.68%	1,981.09
2009	14,995,000.00	-	14,995,000.00	4.77%	2,044.03
2008	5,407,000.00	-	5,407,000.00	1.72%	735.15
2007	5,967,000.00	-	5,967,000.00	1.90%	805.05
2006	3,040,000.00	-	3,040,000.00	0.97%	403.40

## 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.

**PALMYRA SCHOOL DISTRICT**  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2014  
 (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	\$ 11,940,000.00	\$ 11,940,000.00		
Palmyra Borough Sewer Utility	6,002,421.19	6,002,421.19		
Palmyra Borough	10,913,586.67	507,202.55	\$ 10,406,384.12	\$ 10,406,384.12
	<u>28,856,007.86</u>	<u>18,449,623.74</u>	<u>10,406,384.12</u>	<u>10,406,384.12</u>
Overlapping Debt Apportioned to the Municipality:				
County of Burlington: (2)				
General:				
Bonds	265,151,276.00	31,458,482.00	233,692,794.00	2,723,474.56 (3)
Bonds Issued by Other Public Bodies				
Guaranteed by the County	278,510,000.00	278,510,000.00		
Solid Waste Utility	68,544,755.00	68,544,755.00		
	<u>612,206,031.00</u>	<u>378,513,237.00</u>	<u>233,692,794.00</u>	<u>2,723,474.56</u>
	<u>\$ 641,062,038.86</u>	<u>\$ 396,962,860.74</u>	<u>\$ 244,099,178.12</u>	<u>\$ 13,129,858.68</u>

Sources:

- (1) 2014 Annual Debt Statement
- (2) County's 2014 Audit Report
- (3) Such debt is allocated as a proportion of the Borough's share of the total 2014 Equalized Value, which is 1.17%.  
 The source for this computation was the 2014 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

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

Equalized Valuation Basis (1)	
2014	\$ 541,511,110
2013	532,409,869
2012	531,072,075

[A] \$ 1,604,993,054

[A/3] \$ 534,997,684.67

[B] 21,399,907

[C] 11,220,000

[B-C] \$ 10,179,907

Average Equalized Valuation of Taxable Property

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

Total Net Debt Applicable to Limit (3)

Legal Debt Margin

Fiscal Year Ended June 30,

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt limit	\$ 21,399,907.39	\$ 21,650,176.40	\$ 22,516,839.91	\$ 23,401,220.00	\$ 24,015,997.00	\$ 23,792,314.00	\$ 23,184,746.00	\$ 21,550,159.00	\$ 19,511,194.00	\$ 17,241,347.00
Total net debt applicable to limit (3)	11,220,000.00	11,940,000.00	12,665,000.00	13,370,000.00	14,030,000.00	14,670,000.00	14,995,000.00	5,407,000.00	5,967,000.00	3,040,000.00
Legal debt margin	\$ 10,179,907.39	\$ 9,710,176.40	\$ 9,851,839.91	\$ 10,031,220.00	\$ 9,985,997.00	\$ 9,122,314.00	\$ 8,189,746.00	\$ 16,143,159.00	\$ 13,544,194.00	\$ 14,201,347.00
Total net debt applicable to the limit as a percentage of debt limit	52.43%	55.15%	56.25%	57.13%	58.42%	61.66%	64.68%	25.09%	30.58%	17.63%

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 8 district.
- (3) District Records

## Demographic and Economic Information

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

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

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<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2014	7,333	Unavailable	Unavailable	6.3%
2013	7,361	\$ 380,107,318.00	\$ 51,638.00	11.1%
2012	7,410	378,495,390.00	51,079.00	11.6%
2011	7,411	358,084,698.00	48,318.00	11.1%
2010	7,405	350,930,355.00	47,391.00	11.4%
2009	7,336	341,094,656.00	46,496.00	10.8%
2008	7,355	350,634,915.00	47,673.00	6.3%
2007	7,412	336,653,040.00	45,420.00	4.6%
2006	7,536	326,798,640.00	43,365.00	5.1%
2005	7,566	307,830,276.00	40,686.00	4.7%

## 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

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

<u>Employer</u>	2014 (1)			2005 (1)		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
	-		-	-		-

(1) Unavailable

Source: Individual Employers

## Operating Information

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

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

Function/Program	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction:										
Regular	64	59	61	64	69	69	69	69	67	67
Special education	27	27	33	29	19	19	19	19	17	17
Adult/continuing education programs	0	0	0	0	0	0	1	1	1	1
Support Services:										
Student & instruction related services	22	26	25	25	10	10	10	10	10	9
School administrative services	5	5	6	7	6	6	6	6	6	6
General and business administrative services	6	7	8	8	1	1	1	1	1	1
Plant operations and maintenance	14	16	15	16	12	12	13	13	13	13
Business and other support services	2	2	1	1	13	13	14	14	14	14
Child Care	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>140</b>	<b>143</b>	<b>149</b>	<b>151</b>	<b>131</b>	<b>131</b>	<b>134</b>	<b>134</b>	<b>130</b>	<b>129</b>

Source: District Records

**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				
2015	945	\$ 16,013,409	\$ 16,945	1.59%	91	1:10	1:11	944	889	-1.12%	94.11%
2014	960	16,013,409	16,681	0.91%	86	1:13	1:12	955	902	-0.92%	94.45%
2013	946	15,637,963	16,531	7.14%	93	1:12	1:10	964	905	0.23%	93.92%
2012	972	14,996,331	15,428	8.29%	80	1:12	1:10	962	910	1.26%	94.57%
2011	1,017	14,488,801	14,247	-2.50%	114	1:12	1:10	950	924	-1.02%	97.30%
2010	1,019	14,889,016	14,611	1.71%	114	1:12	1:10	960	904	1.03%	94.25%
2009	1,017	14,609,925	14,366	-3.08%	114	1:12	1:10	950	894	-2.67%	94.17%
2008	1,023	15,162,621	14,822	14.06%	115	1:12	1:10	976	924	-6.58%	94.70%
2007	1,041	13,527,640	12,995	0.80%	113	1:19	1:15	1,045	1,004	-4.63%	96.11%
2006	1,070	13,793,640	12,891	4.68%	113	1:16	1:13	1,095	1,041	0.37%	95.02%

Sources: District Records

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

	Fiscal Year Ended June 30,									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>District Building</u>										
<u>Elementary</u>										
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	525	529	481	493	470	467	467	467	467	461
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	0	0	16	27	35	35	43	43	43	32
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	420	431	449	433	512	512	517	534	534	600
Number of Schools at June 30, 2015										
Elementary School = 2										
Junior/Senior High School = 1										
Other = 0										

Source: District Records

**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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Charles Street School	\$ 132,252.00	\$ 111,026.88	\$ 112,451.00	\$ 71,365.00	\$ 69,286.00	\$ 654,656.00	\$ 87,631.00	\$ 58,164.00	\$ 44,373.00	\$ 65,946.00
Delaware Avenue School	18,466.00	21,588.56	21,865.00	13,876.00	13,472.00	229,188.00	64,140.00	34,517.00	17,311.00	16,064.00
Junior/Senior High School	183,819.94	176,807.09	178,046.90	112,994.00	109,702.00	1,015,396.00	99,782.00	77,164.00	70,058.00	85,402.00
<b>Total School Facilities</b>	<b>\$ 334,537.94</b>	<b>\$ 309,422.53</b>	<b>\$ 312,362.90</b>	<b>\$ 198,235.00</b>	<b>\$ 192,460.00</b>	<b>\$ 1,899,240.00</b>	<b>\$ 251,553.00</b>	<b>\$ 169,845.00</b>	<b>\$ 131,742.00</b>	<b>\$ 167,412.00</b>

\* 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

## PALMYRA SCHOOL DISTRICT

Insurance Schedule

June 30, 2015

(Unaudited)

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	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Building and Contents (All Locations)		
Limits of liability per occurrence	\$ 44,447,287	\$ 2,500
General and Automobile Liability	15,000,000	1,000
Pollution Liability	1,000,000	5,000
School Board Legal Liability	15,000,000	5,000
School Excess Liability	10,000,000	
Blanket Dishonesty Bond	100,000	
Workers' Compensation	Statutory	
Student Accident Liability (1)	1,000,000	
Surety Bonds (2)		
Treasurer	250,000	
Board Secretary	150,000	

(1) School Alliance Insurance Fund

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

Source: District Records

SINGLE AUDIT SECTION

Exhibit K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND  
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the Borough of Palmyra School District's, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2015. The School District's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Palmyra School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Borough of Palmyra School District, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and New Jersey Circular 15-08-OMB, and which is described in the accompanying *Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as item 2015-002. Our opinion on each major federal and state program is not modified with respect to these matters.

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

**Report on Internal Control Over Compliance**

Management of the Borough of Palmyra School District, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

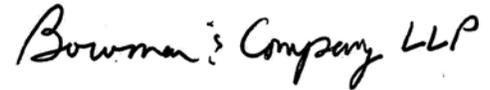
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, as item 2015-002 to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



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

Voorhees, New Jersey  
December 7, 2015

**PALMYRA SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards - Schedule A  
 For the Fiscal Year Ended June 30, 2015

<u>Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>State Project Number</u>	<u>Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2014</u>
				<u>From</u>	<u>To</u>	
<b>General Fund:</b>						
U.S. Department of Education:						
Passed-through the State Department of Education:						
Medical Assistance Program (SEMI)	93.778	N/A	\$ 6,000.59	7-1-11	6-30-12	
Medical Assistance Program (SEMI)	93.778	N/A	564.18	7-1-12	6-30-13	
Medicaid Administrative Claiming Aid	93.778	N/A	2,155.06	7-1-14	6-30-15	
Medical Assistance Program (SEMI)	93.778	N/A	28,292.86	7-1-14	6-30-15	
ARRA - Medical Assistance Program (SEMI)	93.778	N/A	723.92	7-1-14	6-30-15	
Total General Fund						-
<b>Special Revenue Fund:</b>						
U.S. Department of Education:						
Passed-through State Department of Education:						
N.C.L.B.:						
Title I, Part A	84.010	NCLB392015	229,449.00	7-1-14	6-30-15	
Total Title I, Part A						-
Title II, Part A	84.367	NCLB392015	37,752.00	7-1-14	6-30-15	
Total Title II, Part A						-
I.D.E.A. Part B:						
Basic	84.027	FT392014	258,733.00	7-1-13	6-30-14	\$ (47,241.00)
Basic	84.027	FT392015	281,498.00	7-1-14	6-30-15	
Pre-School	84.173	PS392014	6,930.00	7-1-13	6-30-14	(6,930.00)
Pre-School	84.173	PS392015	7,071.00	7-1-14	6-30-15	
Total I.D.E.A. Part B Special Education Cluster						(54,171.00)
Total Special Revenue Fund						(54,171.00)
<b>Enterprise Fund:</b>						
U.S. Department of Agriculture:						
Passed-through State Department of Agriculture:						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
Food Distribution Program	10.555	Unavailable	30,811.98	7-1-13	6-30-14	3,721.47
Food Distribution Program	10.555	Unavailable	30,114.99	7-1-14	6-30-15	
Cash Assistance:						
National School Breakfast Program	10.553	Unavailable	26,027.03	7-1-13	6-30-14	(1,964.59)
National School Breakfast Program	10.553	Unavailable	26,489.18	7-1-14	6-30-15	
National School Lunch Program	10.555	Unavailable	158,284.95	7-1-13	6-30-14	(10,405.00)
National School Lunch Program	10.555	Unavailable	166,199.18	7-1-14	6-30-15	
Total Enterprise Fund:						(8,648.12)
Total Federal Financial Assistance						\$ (62,819.12)

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

Carry-over Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2015		
				Accounts Receivable	Unearned Revenue	Due to Grantor
	\$ 6,000.59	\$ 6,000.59				
	564.18	564.18				
	2,155.06	2,155.06				
	17,313.15	28,292.86		\$ (10,979.71)		
	723.92	723.92				
-	26,756.90	37,736.61	-	(10,979.71)	-	-
	208,112.00	229,354.06		(21,337.00)	\$ 94.94	
-	208,112.00	229,354.06	-	(21,337.00)	94.94	-
	31,439.00	37,752.00		(6,313.00)		
-	31,439.00	37,752.00	-	(6,313.00)	-	-
	47,241.00					
	281,498.00	281,498.00				
	6,930.00					
	6,333.00	7,071.00		(738.00)		
-	342,002.00	288,569.00	-	(738.00)	-	-
-	581,553.00	555,675.06	-	(28,388.00)	94.94	-
	30,114.99	3,721.47			3,490.73	
	1,964.59	26,624.26				
	24,466.88	26,489.18		(2,022.30)		
	10,405.00					
	154,049.90	166,199.18		(12,149.28)		
-	221,001.36	223,034.09	-	(14,171.58)	3,490.73	-
-	\$ 829,311.26	\$ 816,445.76	-	\$ (53,539.29)	\$ 3,585.67	-

**PALMYRA SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance - Schedule B  
 For the Fiscal Year Ended June 30, 2015

State Grantor/ Program Title	State Project Number	Award Amount	Grant Period		Balance at June 30, 2014	
			From	To	Unearned Revenue/ Accounts Receivable	Due to Grantor
<b>General Fund:</b>						
State Department of Education:						
Current Expense:						
State Aid - Public Cluster:						
Equalization Aid	14-495-034-5120-078	\$ 3,854,272.00	7-1-13	6-30-14	\$ (345,907.62)	
Equalization Aid	15-495-034-5120-078	3,854,272.00	7-1-14	6-30-15		
Special Education Categorical Aid	14-495-034-5120-089	468,409.00	7-1-13	6-30-14	(42,038.10)	
Special Education Categorical Aid	15-495-034-5120-089	468,409.00	7-1-14	6-30-15		
Security Aid	14-495-034-5120-084	155,831.00	7-1-13	6-30-14	(13,985.29)	
Security Aid	15-495-034-5120-084	155,831.00	7-1-14	6-30-15		
Adjustment Aid	14-495-034-5120-085	106,295.00	7-1-13	6-30-14	(9,539.61)	
Adjustment Aid	15-495-034-5120-085	106,295.00	7-1-14	6-30-15		
Under Adequacy Aid	14-495-034-5120-096	11,616.00	7-1-13	6-30-14	(1,042.50)	
Under Adequacy Aid	15-495-034-5120-096	11,616.00	7-1-14	6-30-15		
PARCC Readiness Aid	15-495-034-5120-098	8,930.00	7-1-14	6-30-15		
Per Pupil Growth Aid	15-495-034-5120-097	8,930.00	7-1-14	6-30-15		
Total State Aid - Public Cluster					(412,513.12)	-
Transportation Aid:						
Transportation Aid	14-495-034-5120-014	97,930.00	7-1-13	6-30-14	(8,788.88)	
Transportation Aid	15-495-034-5120-014	97,930.00	7-1-14	6-30-15		
Total Transportation Aid					(8,788.88)	-
Extraordinary Aid						
Extraordinary Aid	14-100-034-5120-473	112,101.00	7-1-13	6-30-14	(112,101.00)	
Extraordinary Aid	15-100-034-5120-473	56,529.00	7-1-14	6-30-15		
Total Extraordinary Aid					(112,101.00)	-
Homeless Tuition Aid:						
Homeless Tuition Aid	14-100-034-5120-005	53,998.00	7-1-13	6-30-14	(53,998.00)	
Homeless Tuition Aid	15-100-034-5120-005	17,004.00	7-1-14	6-30-15		
Total Homeless Tuition Aid					(53,998.00)	-
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	478,094.17	7-1-14	6-30-15		
Total Reimbursed TPAF Social Security Contributions					-	-
Total General Fund					(587,401.00)	-
<b>Debt Service Fund:</b>						
State Department of Education:						
State Support	15-100-034-5120-017	203,510.00	7-1-14	6-30-15		
Total Debt Service Fund					-	-
<b>Enterprise Fund:</b>						
New Jersey Department of Agriculture:						
State School Lunch Aid	14-100-010-3350-023	4,080.76	7-1-13	6-30-14	(264.82)	
State School Lunch Aid	15-100-010-3350-023	4,489.90	7-1-14	6-30-15		
Total Enterprise Fund					(264.82)	-
Total State Financial Assistance subject to Major Determination for State Single Audit					\$ (587,665.82)	-
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:						
General Fund (Non-Cash Assistance):						
New Jersey Department of Treasury:						
On-behalf T.P.A.F. Pension Contributions - Normal Cost	495-034-5094-006/007	334,417.00	7-1-14	6-30-15		
On-behalf T.P.A.F. Pension Contributions - Post-Retirement Medical	495-034-5094-001	530,886.00	7-1-14	6-30-15		
Total General Fund (Non-Cash Assistance):					-	-
Total State Financial Assistance					\$ (587,665.82)	-

(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.

Cash Received	Budgetary Expenditures	Balance at June 30, 2015			Memo	
		Accounts Receivable	Unearned Revenue/ Interfunds Payable	Due to Grantor	Budgetary Receivable June 30, 2015	Cumulative Total Expenditures
\$ 345,907.62						
3,517,436.78	\$ 3,854,272.00	\$ (336,835.22)			\$ (336,835.22)	\$ 3,854,272.00
42,038.10						
427,473.47	468,409.00	(40,935.53)			(40,935.53)	468,409.00
13,985.29						
142,212.51	155,831.00	(13,618.49)			(13,618.49)	155,831.00
9,539.61						
97,005.59	106,295.00	(9,289.41)			(9,289.41)	106,295.00
1,042.50						
10,600.85	11,616.00	(1,015.15)			(1,015.15)	11,616.00
8,149.58	8,930.00	(780.42)			(780.42)	8,930.00
8,149.59	8,930.00	(780.41)			(780.41)	8,930.00
<u>4,623,541.49</u>	<u>4,614,283.00</u>	<u>(403,254.63)</u>	<u>-</u>	<u>-</u>	<u>(403,254.63)</u>	<u>4,614,283.00</u>
8,788.88						
89,371.63	97,930.00	(8,558.37)			(8,558.37)	97,930.00
98,160.51	97,930.00	(8,558.37)	-	-	(8,558.37)	97,930.00
112,101.00						
	56,529.00	(56,529.00)				56,529.00
112,101.00	56,529.00	(56,529.00)	-	-	-	56,529.00
53,998.00						
	17,004.00	(17,004.00)				17,004.00
53,998.00	17,004.00	(17,004.00)	-	-	-	17,004.00
454,809.92	478,094.17	(23,284.25)				478,094.17
454,809.92	478,094.17	(23,284.25)	-	-	-	478,094.17
5,342,610.92	5,263,840.17	(508,630.25)	-	-	(411,813.00)	5,263,840.17
203,510.00	203,510.00					203,510.00
203,510.00	203,510.00	-	-	-	-	203,510.00
264.82						
4,061.82	4,489.90	(428.08)				4,489.90
4,326.64	4,489.90	(428.08)	-	-	-	4,489.90
<u>\$ 5,550,447.56</u>	<u>\$ 5,471,840.07</u>	<u>\$ (509,058.33)</u>	<u>-</u>	<u>-</u>	<u>\$ (411,813.00)</u>	<u>\$ 5,471,840.07</u>
334,417.00	334,417.00					334,417.00
530,886.00	530,886.00					530,886.00
865,303.00	865,303.00	-	-	-	-	865,303.00
<u>\$ 6,415,750.56</u>	<u>\$ 6,337,143.07</u>	<u>\$ (509,058.33)</u>	<u>-</u>	<u>-</u>	<u>\$ (411,813.00)</u>	<u>\$ 6,337,143.07</u>

**BOROUGH OF PALMYRA SCHOOL DISTRICT**

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2015

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**Note 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Borough of Palmyra School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. 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 using 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 1 to the School District's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is \$9,489.00 for the general fund and \$8,422.01 for the special revenue fund. The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$8,422.01 for the special revenue fund. There is no adjustment needed to reconciled expenditures for the general fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)**

Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 37,736.61	\$ 5,273,329.17	\$ 5,311,065.78
Special Revenue	564,097.07		564,097.07
Debt Service		203,510.00	203,510.00
Food Service	222,803.35	4,489.90	227,293.25
Total Awards and Financial Assistance	<u>\$ 824,637.03</u>	<u>\$ 5,481,329.07</u>	<u>\$ 6,305,966.10</u>

**Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**Note 5: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2015, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the Federal Food Distribution Program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF members.

**Note 6: MAJOR PROGRAMS**

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



**PALMYRA BOARD OF EDUCATION**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2015

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

**State Financial Assistance**

Internal control over major programs:

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

Significant deficiency(ies) identified? X yes \_\_\_\_\_ none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or New Jersey Circular 15-08-OMB? X yes \_\_\_\_\_ no

Identification of major programs:

<b><u>GMIS Number(s)</u></b>	<b><u>Name of State Program</u></b>
<u>15-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>15-495-034-5120-084</u>	<u>Security Aid</u>
<u>15-495-034-5120-089</u>	<u>Special Education</u>
<u>15-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>15-495-034-5120-096</u>	<u>Under Adequacy Aid</u>
<u>15-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>15-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>15-495-034-5095-001</u>	<u>TPAF Social Security Aid</u>

Dollar threshold used to determine Type A programs \$ 300,000.00

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

**PALMYRA BOARD OF EDUCATION**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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***Section 2- Schedule of Financial Statement Findings***

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

**Finding No. 2015-001**

**Criteria or Specific Requirement**

Regulations require accurate calculations of health benefits contribution and the timely filing of payroll reports.

**Condition**

While testing payroll, several instances of non-compliance were noted:

- Several health benefits contributions were not calculated correctly.
- Two late filings were noted where interest was charged.
- Workers' compensation wages were not properly adjusted for one employee.

**Context**

Payroll transactions are tested to determine that proper internal controls are in place. In addition, tax filing reports are reviewed for accuracy.

**Effect**

The correct amount of deductions and the amount reimbursing the budget was not correct. Additionally, reports were not filed timely which resulted in interest charges.

**Cause**

There was employee turnover in the business office/payroll position.

**Recommendation**

That health benefit contributions be calculated correctly and reports filed timely and accurately.

**View of Responsible Officials and Planned Corrective Action**

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

**PALMYRA BOARD OF EDUCATION**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

None.

**PALMYRA BOARD OF EDUCATION**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2015

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

**Finding No. 2015-002**

**Information on the State Program**

State Aid Public:

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

**Criteria or Specific Requirement**

N.J.S.A. 18A:18A and N.J.S.A. 18A:19 require the District's to establish internal controls so that payments for claims are properly authorized.

**Condition**

The following errors were noted in our tests of internal controls and compliance requirements for the payment of claims:

- Quotes were not obtained for one purchase subject to the threshold.
- Eight general fund expenditures were incorrectly charged to the wrong budget account.
- One travel reimbursed was not calculated correctly resulting in an overpayment.
- Two expenditures made subsequent to June 30 should have been encumbered.
- Two contracts that exceeded the bid threshold were not awarded in the minutes.
- Two contracts that exceeded \$17,500 did not have the pay to play forms on file.

**Questioned Costs**

None.

**Context**

We noted the errors during out test of internal controls and compliance requirements.

**Effect**

Noncompliance may result in the potential for inaccurate reporting.

**Cause**

A minor weakness in compliance as it relates to expenditures.

**Recommendation**

The District should ensure adherence to compliance with the New Jersey Statutes relating to expenditures.

**View of Responsible Officials and Planned Corrective Action**

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

**PALMYRA BOARD OF EDUCATION**  
 Summary Schedule of Prior Year Audit Findings  
 and Questioned Costs as Prepared by Management

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This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2014-001**

**Condition**

The following errors were noted in our tests of internal controls and compliance requirements for the payment of claims:

- Quotes were not obtained for one purchase subject to the threshold.
- Occupational therapy and physical therapy services were charged to child study team instead of the occupational and physical therapy line item. However, this was corrected for the 2014-15 budget.
- Playground equipment was not charged to capital outlay and therefore, not included in fixed assets.
- Three general fund expenditures were incorrectly charged to the wrong budget account.
- Two afterschool fund disbursements were incorrectly charged to the wrong budget account.
- Three student activity disbursements did not have supporting documentation available for review and one student activity disbursement was not authorized by the advisor.
- Two purchase orders for Athletic event staff were not approved prior to payment.

**Current Status**

This condition has not been resolved in its entirety. All conditions were resolved except for:

- Quotes were not obtained for one purchase subject to the threshold.
- Several general fund expenditures were incorrectly charged to the wrong budget accounts.

This portion of the finding remains as finding no. 2015-002.

**Planned Corrective Action**

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

**Finding No. 2014-002**

**Condition**

The following errors were noted in our tests of internal controls and compliance requirements for the deposit of receipts:

- Several receipts in the After School Program and Student Activity funds were not recorded on the actual date of receipt and therefore, were not able to determine if they were deposited within a reasonable period of time.
- One After School Program receipt was not deposited timely.
- One athletic event deposit prepared from the athletic event report did not agree to the amount deposited in the bank.

**Current Status**

This condition has been resolved in its entirety.

**PALMYRA BOARD OF EDUCATION**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management (Cont'd)

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**FEDERAL AWARDS**

None.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

None.

