

**Comprehensive Annual  
Financial Report**

**of the**

**Borough of Emerson Board of Education**

**County of Bergen**

**Emerson, New Jersey**

**For the Fiscal Year Ended June 30, 2020**

**Prepared by**

**Borough of Emerson, Board of Education  
Finance Department**



## TABLE OF CONTENTS

<b>INTRODUCTORY SECTION</b>	<b>PAGE</b>
Letter of Transmittal	1-3
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors	6
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	7-9
<b>REQUIRED SUPPLEMENTARY INFORMATION – Part I</b>	10
Management's Discussion and Analysis (Unaudited)	11-21
<b>BASIC FINANCIAL STATEMENTS</b>	22
A. District-Wide Financial Statements	23
A-1 Statement of Net Position	24
A-2 Statement of Activities	25
B. Major Fund Financial Statements	26
Governmental Funds:	
B-1 Balance Sheet	27-28
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	29
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Other Funds:	31
Proprietary Funds:	
B-4 Statement of Net Assets	32
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	33
B-6 Statement of Cash Flows	34
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	35
B-8 Statement of Changes in Fiduciary Net Position	36
<b>Notes to the Financial Statements</b>	37-78

## TABLE OF CONTENTS (CONTINUED)

	<b>PAGE</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION – Part II</b>	79
C. Budgetary Comparison Schedules:	80
C-1 General Fund	81-88
C-1A Budgetary Comparison Schedule	N/A
C-2 Special Revenue Fund	89
C-3 Budget to GAAP Reconciliation	90
<b>REQUIRED SUPPLEMENTARY INFORMATION – Part III</b>	91
L. Schedules Related to Accounting and Reporting for Pension (GASB 68)	92
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System – Last Seven Years	93
L-2 Schedule of the District’s Contributions – Public Employees Retirement System – Last Seven Years	94
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability Teachers Pension and Annuity Fund – Last Seven Years	95
L-4 Notes to the Required Supplementary Information	96
<b>REQUIRED SUPPLEMENTARY INFORMATION – Part IV</b>	97
M. Schedule Related to Accounting and Reporting for Postemployment Benefits Other than Pensions (GASB 75)	98
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios – Last Ten Years	99
M-2 Notes to Required Supplementary Information Part IV for the Fiscal Year Ended June 30, 2019	100
<b>OTHER SUPPLEMENTARY INFORMATION</b>	101
D. School Level Schedules	N/A
E. Special Revenue Fund:	102
E-1 Combining Schedule of Revenues and Expenditures - Budgetary Basis	103-104
E-2 Schedule of Expenditures - Preschool Education Aid - Budgetary Basis	N/A
F. Capital Projects Fund	105
F-1 Summary Statement of Project Expenditures – Budgetary Basis	106
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	107
F-2A Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	108

## TABLE OF CONTENTS (CONTINUED)

	<b>PAGE</b>
G. Proprietary Funds	109
Enterprise Fund:	
G-1 Combining Statement of Net Position	110
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	111
G-3 Combining Statement of Cash Flows	112
H. Fiduciary Fund	113
H-1 Combining Statement of Fiduciary Net Position	114
H-2 Combining Statement of Changes in Fiduciary Net Position	115
H-3 Schedule of Receipts and Disbursements - Student Activity Agency Fund	116
H-4 Schedule of Receipts and Disbursements - Payroll Agency Fund	117
H-5 Schedule of Receipts and Disbursements – Merchant Fees Fund	118
I. Long-Term Debt	119
I-1 Schedule of Serial Bonds	120
I-3 Budgetary Comparison Schedule - Debt Service Fund	121

## STATISTICAL SECTION (UNAUDITED)

J-1 Net Assets by Component	122
J-2 Changes in Net Position	123-124
J-3 Fund Balances – Governmental Funds	125
J-4 Changes in Governmental Fund Balances – Governmental Funds	126
J-5 General Fund Other Local Revenue by Source	127
J-6 Assessed Value and Actual Value of Taxable Property	128
J-7 Direct and Overlapping Property Tax Rates	129
J-8 Principal Property Tax Payers - Current Year and Nine Years Ago	130
J-9 Property Tax Levies and Collections	131
J-10 Ratios of Outstanding Debt by Type	132
J-11 Ratios of Net Bonded Debt Outstanding	133
J-12 Ratios of Overlapping Governmental Activities Debt	134
J-13 Legal Debt Margin Information	135
J-14 Demographic and Economic Statistics	136
J-15 Principal Employers – Current and Nine Years Ago	137
J-16 Full-Time Equivalent District Employees by Function/Program	138
J-17 Operating Statistic	139
J-18 School Building Information	140
J-19 Schedule of Required Maintenance for School Facilities	141
J-20 Insurance Schedule	142

## TABLE OF CONTENTS (CONTINUED)

	<b>PAGE</b>
<b>SINGLE AUDIT SECTION</b>	
K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	143-144
K-2 Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Financial Assistance Program and on Internal Control Over Compliance in Accordance with New Jersey OMB Circular 15-08	145-146
K-3 Schedule of Expenditures of Federal Awards, Schedule A	147
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	148
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	149-150
K-6 Schedule of Findings and Questioned Costs	151-152
K-7 Schedule of Prior Audit Findings	153

**INTRODUCTORY SECTION**

# EMERSON BOARD OF EDUCATION

Brian P. Gatens, Ed.D.  
Superintendent of Schools  
bgatens@emersonschools.org



Philip H. Nisonoff, Ed.D.  
Asst. Superintendent of Schools/S.B.A.  
phnisonoff@emersonschools.org

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January 15, 2021

Honorable President and Members of the Board of Education  
Emerson School District, County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Emerson School District for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Emerson Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis, basic financial statements, combining and individual fund financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. The District is required to undergo an annual single audit in conformity with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance), and the State OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Emerson School District is an independent reporting entity as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account

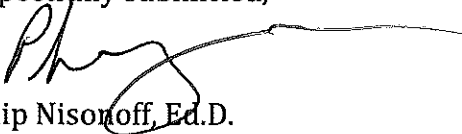


groups of the District are included in this report. The Emerson Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular as well as special education for handicapped students.

2. **ECONOMIC CONDITION AND OUTLOOK:** The Emerson area is substantially developed which both residential and industrial taxpayers. The situation is expected to continue, which suggests that its tax base will remain stable.
3. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally 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 the District management. 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 awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.
4. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality (if applicable). Annual appropriated budgets are adopted for the general fund, the special revenue and the debt 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 canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2020.
5. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

6. CASH MANAGEMENT: The investment policy of the District is guided in large part by the 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 loss of funds on deposits 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 the funds are secured in accordance with the act.
7. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
8. OTHER INFORMATION: Independent Audit- State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney & Company, was selected by the Board of Education. In addition to meeting the requirements set forth in the state statutes, the audit also was designed to meet the requirements of the U.S. Uniform Guidance and NJ State OMB Circular 15-08. The auditor's report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
9. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby continuing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Business Office staff.

Respectfully submitted,



Philip Nisonoff, Ed.D.  
Assistant Superintendent of Schools  
School Business Administrator  
Board Secretary

EMERSON SCHOOL DISTRICT  
 ORGANIZATIONAL CHART

POLICY

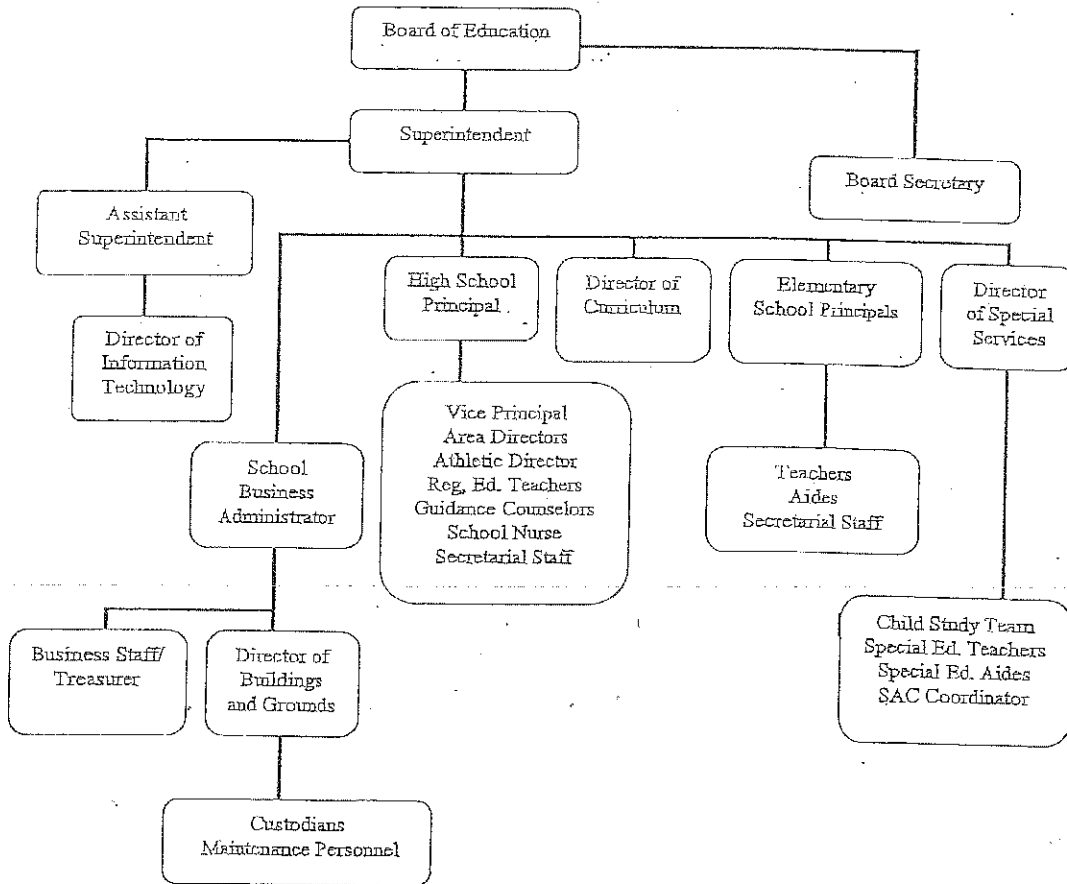
EMERSON  
 BOARD OF EDUCATION

ADMINISTRATION

1110 / Page 1 of 1

ORGANIZATIONAL CHART

1110 ORGANIZATIONAL CHART



Adopted: 26 August 2002  
 Revised: January 2004,  
 February, 2005



*Handwritten signature and date: 1/8 2/14*

BOARD OF EDUCATION OF EMERSON  
EMERSON, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2020

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM ENDS</u>
Ann Pressimone-President	2020
Benjamin Sallemi-Vice President	2022
David Cannici	2022
Jeremy Teigen	2020
Behrooz Pasdar	2021

OTHER OFFICIALS

Philip H. Nisonoff, Ed.D., Assistant Superintendent, School Business  
Administrator/Board Secretary

Brian P. Gatens, Ed.D., Superintendent

Douglas S. Barrett, Treasurer of School Monies

**BOROUGH OF EMERSON SCHOOL DISTRICT  
CONSULTANTS AND ADVISORS  
JUNE 30, 2020**

**Architect**

ENV  
180 Sylvan Avenue, Suite 3  
Englewood Cliffs, NJ 07632

**Audit Firm**

Suplee, Clooney & Company  
308 East Broad Street  
Westfield, NJ 07090

**General Counsel**

John L. Schettino, Esq.  
800 Main Street, Suite 101  
Hackensack, NJ 07601

**Special Education Counselor**

Joanne Butler, Esq.  
Schenck, Price, Smith & King, LLP  
110 Washington Street  
P.O. Box 905  
Morristown, NJ 07963

**Official Depositories**

Valley National Bank  
Investors Bank  
State of N.J. Cash Management Fund

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**FINANCIAL SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scnco.com](mailto:info@scnco.com)

## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Borough of Emerson School District  
County of Bergen  
Emerson, New Jersey 07630

### ***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 Emerson School District, in the County of Bergen, State of New Jersey (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey and State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



## **SUPLEE, CLOONEY & COMPANY**

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 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

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 District as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 and M-2 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.

# SUPLEE, CLOONEY & COMPANY

## *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules such as the introductory section, combining statements and individual fund financial statements, the statistical section and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the State of New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the State of New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates 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 records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, such as the introductory and statistical sections, has 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 it.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2021 on our consideration of the Borough of Emerson 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 effectiveness of the District's 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 District's internal control over financial reporting and compliance.

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
PUBLIC SCHOOL ACCOUNTANT NO. 948

January 15, 2021

**REQUIRED SUPPLEMENTARY INFORMATION – Part I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**EMERSON BOARD OF EDUCATION  
EMERSON, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

The discussion and analysis of Emerson Board of Education District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2020 are as follows:

- In total, net position increased \$958,158.48, which represents a 13 percent increase from 2019.
- General revenues accounted for \$22,391,581.30 in revenue, or 77 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$6,681,939.47 in revenue or 27 percent of total revenues.
- The School District had \$28,115,362.29 in expenses; only \$6,681,939.47 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily tax levy and unrestricted state aid) of \$22,391,581.30 were adequate to provide for these programs.
- Total Governmental Activities Net Position increased by \$987,297.15 as cash and cash equivalents decreased by \$6,787,400.64, receivables decreased by \$94,827.46, capital assets, net increased by \$7,948,172.53 and liabilities decreased by \$201,469.40.
- Among governmental funds, the General Fund had \$27,077,205.63 in revenues and \$34,589,301.43 in expenditures.

**EMERSON BOARD OF EDUCATION  
EMERSON, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and explanatory notes. The report is organized so that the reader can first understand Emerson School District as a financial whole. The financial operations of each individual fund are also described in detail later in the report.

The *Statement of Net Position and Statement of Activities*: The purpose of the Statement of Net Position and Statement of Activities is to combine financial data of all individual fund operations to present information about the activities of the School District as a whole. Activities are broken down into two broad categories: Governmental Activities and Business-Type Activities. The most significant amount of activity for the Emerson Board of Education occurs in the category of Governmental Activities.

**Reporting the School District as a Whole**

**State of Net Position and the Statement of Activities**

While the CAFR report contains detail of all individual funds used by the School District to provide programs and activities, the most significant statements are the Statement of Net Position and Activities. These statements include all assets, liabilities and activities using the accrual basis of accounting. The accrual basis of accounting reflects recognition of revenues and expenditures when earned rather than received.

The Statements of Assets and Activities report the School District's net position and changes in those assets. This change in net position is important because it tells the reader whether the financial position of the School District has improved or diminished. The causes of this change may be attributable to non-financial factors such as: The School District's property tax base, changes in current State law, facility conditions, mandated educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District's operating activities are divided into two distinct types:

- *Government Activities* - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- *Business-Type Activities* – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service program is reported as a business activity.

**EMERSON BOARD OF EDUCATION  
EMERSON, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

Fund financial statements provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

**Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows through those funds and the balances left at year-end. These funds are reported using an accounting method referred to as the modified accrual basis of accounting, which recognizes revenue and expenditures when they become both measurable and available. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine the availability of financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities. These statements closely resemble financial statements of a private sector business entity.

**The School District as a Whole**

The Statement of Net Position provides the perspective of the School District as a whole.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**EMERSON BOARD OF EDUCATION  
EMERSON, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Table 1** provides a summary of the School District's net position for 2020.

	<u>2020</u>	<u>2019</u>
<b>Table 1 Net Position</b>		
<b>Assets</b>		
Current and Other Assets	\$12,460,121.67	\$19,367,156.92
Capital Assets	<u>15,373,963.03</u>	<u>7,425,790.50</u>
Total Assets	27,834,084.70	26,792,947.42
Deferred Outflows:		
Related to Pensions	<u>1,124,920.00</u>	<u>1,407,829.00</u>
<b>Liabilities</b>		
Other Liabilities	5,517,656.65	5,104,762.91
Long-Term Liabilities	<u>13,045,314.06</u>	<u>13,557,210.00</u>
Total Liabilities	18,562,970.71	18,661,972.91
Deferred Inflows:		
Related to Pensions	<u>1,754,062.00</u>	<u>1,854,990.00</u>
<b>Net Position</b>		
Net Investment in Capital Assets(Deficit)	15,043,500.58	6,622,328.05
Restricted	(3,977,076.23)	3,339,940.86
Unrestricted(Deficit)	<u>(2,424,452.36)</u>	<u>(2,278,455.40)</u>
Total Net Position	<u><u>\$8,641,971.99</u></u>	<u><u>\$7,683,813.51</u></u>

The District's combined net position was \$8,641,971.99 on June 30, 2020. Table 2 shows changes in net position for fiscal years 2020 and 2019. The District's investment in capital assets is shown net of any related debt used to acquire those assets.



**EMERSON BOARD OF EDUCATION  
EMERSON, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Table 2** shows changes in net position for fiscal year 2020.

**Changes in Net Position**

	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues:		
Charges for Services	\$597,844.90	\$847,776.01
Operating Grants and Contributions	6,084,094.57	6,824,424.18
General Revenues:		
Property Taxes	21,460,370.00	20,137,326.00
Grants and Entitlements	229,197.81	30,073.00
Other	<u>702,013.49</u>	<u>883,511.41</u>
Total Revenues	<u>29,073,520.77</u>	<u>28,723,110.60</u>
Program Expenses		
Instruction	17,211,721.10	16,484,235.18
Support Services:		
Student and Instruction Related	3,172,280.03	2,825,775.15
General Administration	686,964.19	596,052.49
School Administration	2,122,303.01	2,025,960.15
Central Services/ Adm. Of Technology	615,101.25	665,710.48
Maintenance of Facilities	2,249,687.82	2,097,949.59
Student Transportation	680,689.67	683,796.71
Business Type Activities	673,499.58	769,482.49
Other	<u>703,115.64</u>	<u>370,107.18</u>
Total Expenses	<u>28,115,362.29</u>	<u>26,519,069.41</u>
Increase/ (Decrease) in Net Position	<u>\$958,158.48</u>	<u>\$2,204,041.19</u>

**EMERSON BOARD OF EDUCATION  
EMERSON, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Governmental Activities**

Property taxes made up 75 percent of revenues for governmental activities for the Emerson School District for fiscal year 2020. Property tax revenues increased by \$1,323,044.00, which is a 6 percent increase over the prior year. The District's total revenues were \$28,521,657.63 for the year ended June 30, 2020.

Instruction comprises 63 percent of district expenses. Support Services costs make up 35 percent of district expenses and other services make up 2 percent of district expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. **Table 3** shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of Services 2020</u>	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2020</u>	<u>Net Cost of Services 2019</u>
Instruction	\$17,211,721.10	16,484,235.18	\$12,978,886.92	\$11,698,098.44
Support Services:				
Students and Instruction Related	3,172,280.03	2,825,775.15	2,414,606.56	2,022,265.17
General Administration, School				
& Central Administration	3,424,368.45	3,287,723.12	2,642,586.85	2,392,344.74
Maintenance of Facilities	2,249,687.82	2,097,949.59	2,164,035.13	1,951,714.33
Student Transportation	680,689.67	683,796.71	501,053.05	492,251.02
Other	703,115.64	370,107.19	703,115.64	370,107.19
Business-Type Activities	<u>673,499.58</u>	<u>769,482.49</u>	<u>29,138.67</u>	<u>(79,911.67)</u>
Total Net Cost of Services	<u>\$28,115,362.29</u>	<u>\$26,519,069.42</u>	<u>\$21,433,422.82</u>	<u>\$18,846,869.22</u>

**EMERSON BOARD OF EDUCATION  
EMERSON, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching students.

General administration, school administration and central services include expenses associated with administrative and financial supervision of the district.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective condition and providing for the safety and security for all members of the school community while on school property.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services.

Pupil transportation includes activities associated with the conveyance of both regular education and special education students to and from school, school activities and athletic events, as provided by state law.

Extracurricular activities include expenses related to student activities provided by the school district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the school district.

The School District relies mainly upon tax revenues to function. The community, as a whole, is the primary support for the Emerson School District

**Business-Type Activities**

Revenue for the District's business-type activities was comprised of the Food Service Program, Aftercare, Adult Education, BCBANC and Preschool Program. Overall business type expenses exceeded revenues by \$29,138.67.

**EMERSON BOARD OF EDUCATION  
EMERSON, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$27,077,205.63 and expenditures and financing uses were \$34,589,301.43.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedules present a summary of general fund, special revenue fund, capital projects and debt service fund revenues for the fiscal year ended June 30, 2020 and the amount and percentage of increase and decrease in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/(Decrease) from FY 2019</u>	<u>Percent Increase / (Decrease)</u>
Local Sources	\$22,132,668.02	82.18%	\$1,170,929.20	4.13%
State Sources	4,466,317.00	16.58%	355,958.06	1.40%
Federal Sources	332,082.00	1.23%	(4,585.00)	-0.31%
<b>Total</b>	<b><u>\$26,931,067.02</u></b>	<b><u>100.00%</u></b>	<b><u>\$1,522,302.26</u></b>	<b><u>2.76%</u></b>

Local revenues increased mainly due to a property tax increase needed to fund the additional expenditures associated with the instructional program and increased operating costs. Federal and State sources increased due to more grant funding.

The following schedule represents a summary of general fund, special revenue fund, capital projects and debt service fund expenditures for the fiscal year ended June 30, 2020, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/(Decrease) from FY 2019</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$9,423,622.78	27.24%	\$319,799.95	3.28%
Support Services	15,959,164.67	46.14%	1,972,613.65	11.00%
Capital Outlay	8,211,887.82	23.74%	6,957,278.91	45.86%
<b>Total</b>	<b><u>\$34,589,301.43</u></b>	<b><u>100.00%</u></b>	<b><u>\$10,244,318.67</u></b>	<b><u>19.04%</u></b>

**EMERSON BOARD OF EDUCATION  
EMERSON, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

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.

- Over the course of the year, the Board of Education, when appropriate, approved budget transfers to keep accounts in balance. Transfers to the budget were made to accurately reflect expenditures according to state guidelines and prevent over-expenditures in specific line item accounts.

**Capital Assets**

At the end of the fiscal year 2020, the School District had \$15,373,863.03 invested in building, building improvements, furniture, equipment and vehicles. **Table 5** shows fiscal year 2020 balances compared to 2019.

**Table 5  
Capital Assets (Net of Depreciation) at June 30, 2020**

	<u>2020</u>	<u>2019</u>
Governmental Activities Capital Assets, Net:		
Land	\$5,071,938.32	\$5,071,938.32
Land improvements	141,679.54	141,366.63
Construction in Progress	8,556,214.16	818,212.45
Building and Building Improvements	1,202,577.15	1,128,455.66
Machinery and Equipment	<u>375,075.12</u>	<u>244,976.61</u>
Total Governmental Activities Capital Assets, Net	<u>15,347,484.29</u>	<u>7,404,949.67</u>
Business Type Activities Capital Assets, Net:		
Machinery and Equipment	<u>26,378.74</u>	<u>20,740.83</u>
Total Business Type Activities Capital Assets, Net:	<u>26,378.74</u>	<u>20,740.83</u>
Total Capital Assets, Net	<u><u>\$15,373,863.03</u></u>	<u><u>\$7,425,690.50</u></u>

Overall capital assets increased \$7,948,172.53 from fiscal year 2019 to fiscal year 2020. The increase in capital assets is due primarily to the start of the Referendum projects.

**EMERSON BOARD OF EDUCATION  
EMERSON, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Debt Administration**

At June 30, 2020, the School District had \$17,122,277.06 of outstanding long-term liabilities. Of this amount, \$150,314.06 is for compensated absences, \$4,126,963.00 is pension related and \$12,895,000.00 is for serial bonds for school construction. For more detailed information on the District's long-term liabilities, please refer to the Notes to the Basic Financial Statements.

**For the Future**

While many factors influence the District's future, the availability of State funding, special education needs, capital improvements, enrollment trends and the economy will have the most impact on educational and fiscal decisions in the future. Many factors were considered by the District's administration during the process of developing the fiscal year 2020-2021 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs. In addition, increased special education tuition and transportation costs continue to impact budget decisions. Also impacting future budgets will be preparing our schools to mitigate the Covid-19 pandemic and address the fiscal impact of Chapter 44 legislative changes to health benefits.

**Contacting the School District's Financial Management Office**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact Dr. Philip H. Nisonoff, Assistant Superintendent of Schools, Emerson Board of Education, - Emerson, NJ 07630.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2020

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of changes in net position display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.



BOROUGH OF EMERSON SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$11,900,790.62	\$204,160.01	\$12,104,950.63
Receivables, net	338,362.83	5,348.10	343,710.93
Inventory		11,460.11	11,460.11
Capital assets:			
Non Depreciable	13,628,152.48		13,628,152.48
Depreciable - Net	1,719,331.81	26,478.74	1,745,810.55
Total Assets	27,586,637.74	247,446.96	27,834,084.70
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to pension	1,124,920.00		1,124,920.00
<b>LIABILITIES:</b>			
Accounts payable	1,215,373.23	15,404.84	1,230,778.07
Unearned revenue	213.11	20,086.12	20,299.23
Accrued interest payable	139,616.35		139,616.35
Noncurrent liabilities:			
Net pension liability	4,126,963.00		4,126,963.00
Due within one year	473,000.00		473,000.00
Due beyond one year	12,572,314.06		12,572,314.06
Total liabilities	18,527,479.75	35,490.96	18,562,970.71
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to pension	1,754,062.00		1,754,062.00
<b>NET POSITION:</b>			
Net Investment in capital assets	15,017,021.84	26,478.74	15,043,500.58
Restricted for:			
Capital projects	(4,344,096.62)		(4,344,096.62)
Other purposes	306,664.22		306,664.22
Unrestricted(deficit)	(2,559,929.62)	185,477.26	(2,374,452.36)
Total net position	\$8,430,015.99	\$211,956.00	\$8,641,971.99

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

**BOROUGH OF EMERSON SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
JUNE 30, 2020**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 6,586,863.13	\$ 3,294,426.64	\$ 2,025,571.84	\$	\$ (7,855,717.94)	\$ (7,855,717.94)
Special	3,992,855.15	1,741,562.28	1,982,528.94		(3,751,888.49)	(3,751,888.49)
Other Instruction	967,642.05	628,371.85	224,733.41		(1,371,280.49)	(1,371,280.49)
Support services:						
Student & instruction related services	1,814,879.39	1,357,400.64	757,673.47		(2,414,606.56)	(2,414,606.56)
General administrative services	387,340.47	299,623.72	179,689.99		(507,274.20)	(507,274.20)
School administrative services	1,068,658.91	1,053,644.10	564,339.51		(1,557,963.50)	(1,557,963.50)
Central services	411,140.68	203,960.57	37,752.09		(577,349.15)	(577,349.15)
Administration information technology						
Plant operations and maintenance	1,740,742.64	508,945.18	85,652.68		(2,164,035.13)	(2,164,035.13)
Pupil transportation	562,257.51	118,432.16	155,711.25		(501,053.05)	(501,053.05)
Unallocated benefits	9,206,367.14	(9,206,367.14)				
Unallocated depreciation and amortization	247,109.64				(247,109.64)	(247,109.64)
Interest on Long-Term Debt	456,006.00				(456,006.00)	(456,006.00)
Total governmental activities	<u>27,441,862.71</u>		<u>23,925.37</u>	<u>6,013,653.19</u>	<u>(21,404,284.15)</u>	<u>(21,404,284.15)</u>
<b>Business-type activities</b>						
Food Service	354,892.26		250,204.78	70,441.38	(34,246.10)	(34,246.10)
Preschool Program	93,332.50		110,470.00		17,137.50	17,137.50
Afterschool Program	73,647.91		78,681.00		5,033.09	5,033.09
Adult Education Program	150,723.91		134,563.75		(16,160.16)	(16,160.16)
Total business-type activities	<u>673,499.58</u>		<u>573,919.53</u>	<u>70,441.38</u>	<u>(29,138.67)</u>	<u>(29,138.67)</u>
<b>Total primary government</b>	<u>\$ 28,115,362.29</u>		<u>\$ 597,844.90</u>	<u>\$ 6,084,094.57</u>	<u>\$ (21,404,284.15)</u>	<u>\$ (21,433,422.82)</u>
<b>General Revenues:</b>						
Taxes:						
Property taxes, levied for general purposes, net					\$ 20,703,830.00	\$ 20,703,830.00
Taxes levied for debt service					756,540.00	756,540.00
Federal and state aid not restricted					78,110.81	78,110.81
Federal and state aid restricted					151,087.00	151,087.00
Miscellaneous income					794,511.26	794,511.26
Other charges					(92,497.77)	(92,497.77)
Total general revenues and special items					<u>22,391,581.30</u>	<u>22,391,581.30</u>
Change in net position					<u>987,297.15</u>	<u>987,297.15</u>
Net Position- beginning					<u>7,442,718.84</u>	<u>7,442,718.84</u>
Net Position ending					<u>8,430,015.99</u>	<u>8,430,015.99</u>

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

**MAJOR FUND FINANCIAL STATEMENTS**

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

BOROUGH OF EMERSON SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 6,345,726.85	\$ 781.34	\$ 5,404,309.91	\$ 149,972.52	\$ 11,900,790.62
Accounts receivable:					
State	<u>338,362.83</u>				<u>338,362.83</u>
<b>Total assets</b>	<u>\$ 6,684,089.68</u>	<u>\$ 781.34</u>	<u>\$ 5,404,309.91</u>	<u>\$ 149,972.52</u>	<u>\$ 12,239,153.45</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 963,132.00	\$ 568.23			\$ 963,700.23
Unearned revenue		<u>213.11</u>			<u>213.11</u>
<b>Total liabilities</b>	<u>963,132.00</u>	<u>781.34</u>			<u>963,913.34</u>
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Capital reserve account	2,816,131.02				2,816,131.02
Emergency reserve account	206,664.22				206,664.22
Maintenance reserve account	100,000.00				100,000.00
Capital projects			1,398,951.89		1,398,951.89
Debt service				149,972.52	149,972.52
<b>Assigned:</b>					
Year-end encumbrances	1,757,385.66		4,005,358.02		5,762,743.68
Designated for subsequent years expenditures	100,000.00				100,000.00
Unassigned	<u>740,776.78</u>				<u>740,776.78</u>
<b>Total fund balances</b>	<u>5,720,957.68</u>		<u>5,404,309.91</u>	<u>149,972.52</u>	<u>11,275,240.11</u>
<b>Total liabilities and fund balances</b>	<u>\$ 6,684,089.68</u>	<u>\$ 781.34</u>	<u>\$ 5,404,309.91</u>	<u>\$ 149,972.52</u>	<u>\$ 12,239,153.45</u>

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

BOROUGH OF EMERSON SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

Total Fund Balances (Brought Forward)	\$	11,275,240.11
<p>Amounts Reported for Governmental Activities in the Statement  of Net Position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial  resources and therefore are not reported in the funds.</p>		
Cost of assets	\$ 22,122,035.61	
Accumulated depreciation	<u>(6,774,551.32)</u>	15,347,484.29
<p>Long term liabilities, including bonds payable, and other related  amounts that are not due and payable in the current period  and therefore are not reported as liabilities in the funds.</p>		
Serial bonds payable, net	(12,895,000.00)	
Net pension liability	(4,126,963.00)	
Compensated absences payable	<u>(150,314.06)</u>	(17,172,277.06)
<p>Deferred Outflows and Inflows of resources are applicable  to future periods and therefore are not reported in the funds.</p>		
Pensions:		
Deferred Outflows		
Pension related		1,124,920.00
Deferred Inflows:		
Pension related		(1,754,062.00)
<p>Certain liabilities are not due and payable in the current period  and therefore, are not reported in the governmental funds.</p>		
Accounts payable - pension related		(251,673.00)
Accrued interest payable		<u>(139,616.35)</u>
Net Position of Governmental Activities	\$	<u><u>8,430,015.99</u></u>

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

BOROUGH OF EMERSON SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 20,703,830.00	\$	\$	\$ 756,540.00	\$ 21,460,370.00
Other Local Government Units-Restricted	503,845.00				503,845.00
Transportation	23,925.37				23,925.37
Miscellaneous	144,527.65		146,138.61		290,666.26
<b>Total - local sources</b>	<b>21,376,128.02</b>		<b>146,138.61</b>	<b>756,540.00</b>	<b>22,278,806.63</b>
State sources	4,314,559.00	671.00		151,087.00	4,466,317.00
Federal sources		332,082.00			332,082.00
<b>Total revenues</b>	<b>25,690,687.02</b>	<b>332,753.00</b>	<b>146,138.61</b>	<b>907,627.00</b>	<b>27,077,205.63</b>
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	6,192,755.13	96,591.00			6,289,346.13
Special instruction	1,930,966.60	235,668.00			2,166,634.60
Other Instruction	967,642.05				967,642.05
Support services:					
Tuition	2,123,737.55				2,123,737.55
Student & instruction related services	1,814,685.39	194.00			1,814,879.39
General administrative services	387,340.47				387,340.47
School administrative services	1,068,658.91				1,068,658.91
Central services	411,140.68				411,140.68
Plant operations and maintenance	1,718,199.08	300.00			1,718,499.08
Student transportation	562,257.51				562,257.51
Unallocated benefits	7,872,651.08				7,872,651.08
Debt Service:					
Principal				473,000.00	473,000.00
Interest				521,626.16	521,626.16
Capital outlay	992,521.57		7,219,366.25		8,211,887.82
<b>Total expenditures</b>	<b>26,042,556.02</b>	<b>332,753.00</b>	<b>7,219,366.25</b>	<b>994,626.16</b>	<b>34,589,301.43</b>
Excess (deficiency) of revenues over (under) expenditures	(351,869.00)		(7,073,227.64)	(86,999.16)	(7,512,095.80)
Other financing sources (uses):					
Operating transfers in/out			(87,000.00)	87,000.00	
Other charges	(92,497.77)				(92,497.77)
<b>Total other financing sources</b>	<b>(92,497.77)</b>		<b>(87,000.00)</b>	<b>87,000.00</b>	<b>(92,497.77)</b>
<b>Net change in fund balances</b>	<b>(444,366.77)</b>		<b>(7,160,227.64)</b>	<b>0.84</b>	<b>(7,604,593.57)</b>
Fund balances, July 1,	\$ 6,165,324.45	\$	\$ 12,564,537.55	\$ 149,971.68	\$ 18,879,833.68
Fund balances, June 30,	\$ 5,720,957.68	\$	\$ 5,404,309.91	\$ 149,972.52	\$ 11,275,240.11

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

BOROUGH OF EMERSON SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds (from B-2) \$ (7,604,593.57)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period

Depreciation expense	\$ (247,109.64)	
Capital outlays	8,211,887.82	
Donated Assets		
Less: Capital outlays not capitalized	(22,243.56)	7,942,534.62

Proceeds from debt issues are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

Capital lease proceeds		
Bond Proceeds		
Bonds Refunded		
Original Issue Premium/(Discount) on Refunding Bonds		
Retirement of Old Deferred Amount of Interest Costs on Refunding		
Deferred Amount of Interest Costs on Refunding		

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Payment of capital lease principal		
Payment of deferred pension		
Payment of bond principal	473,000.00	473,000.00

In the statement of changes in net position, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed.

Loss on Disposal of capital assets

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an increase in the reconciliation.

Increase in accrued interest payable 65,620.16

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District pension contributions	222,790.00	
Less: Pension expense	(150,950.00)	71,840.00

In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(Increase)/ Decrease in compensated absences payable 38,895.94

Change in net position of governmental activities \$ 987,297.15

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

**OTHER FUNDS**



EXHIBIT "B-4"

BOROUGH OF EMERSON SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				
	FOOD SERVICE SCHOOL NUTRITION	AFTERCARE PROGRAM	ADULT EDUCATION PROGRAM	PRESCHOOL PROGRAM	TOTALS
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents	\$ 19,596.77	\$ 76,010.53	\$ 36,189.37	\$ 72,363.34	\$ 204,160.01
Accounts receivable:					
Federal	5,293.40				5,293.40
State	54.70				54.70
Inventories	11,460.11				11,460.11
Total current assets	36,404.98	76,010.53	36,189.37	72,363.34	220,968.22
Noncurrent assets:					
Furniture, machinery and equipment	20,840.83		12,984.48		33,825.31
Less accumulated depreciation	(6,913.75)		(432.82)		(7,346.57)
Total noncurrent assets	13,927.08		12,551.66		26,478.74
Total assets	50,332.06	76,010.53	48,741.03	72,363.34	247,446.96
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	8,218.05	6,784.69	402.10		15,404.84
Unearned revenue	20,086.12				20,086.12
Total current liabilities	28,304.17	6,784.69	402.10		35,490.96
Total liabilities	28,304.17	6,784.69	402.10		35,490.96
<b>NET POSITION:</b>					
Net investment in capital assets	13,927.08		12,551.66		26,478.74
Unrestricted	8,100.81	69,225.84	35,787.27	72,363.34	185,477.26
Total net position	\$ 22,027.89	\$ 69,225.84	\$ 48,338.93	\$ 72,363.34	\$ 211,956.00

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

BOROUGH OF EMERSON SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND						
	FOOD SERVICE SCHOOL NUTRITION	AFTERCARE PROGRAM	ADULT EDUCATION PROGRAM	BOBANC PROGRAM	PRESCHOOL PROGRAM	TOTALS	
<b>OPERATING REVENUES:</b>							
Charges for services:							\$
Daily sales	150,274.78						150,274.78
Daily sales - non-reimbursable programs	99,930.00						99,930.00
Miscellaneous		78,681.00	134,563.75		110,470.00		323,714.75
Program Fees		78,681.00	134,563.75		110,470.00		573,919.53
<b>Total Operating Revenues</b>	<b>250,204.78</b>	<b>78,681.00</b>	<b>134,563.75</b>		<b>110,470.00</b>		<b>573,919.53</b>
<b>OPERATING EXPENSES:</b>							
Cost of sales-reimbursable	96,955.40						96,955.40
Cost of sales-non reimbursable	40,393.00						40,393.00
Salaries	100,147.63		85,901.60				186,049.23
Employee benefits	33,828.50		0.00				33,828.50
Other purchased services	45,766.59		34,485.52				80,252.11
Supplies and materials	13,820.63		29,903.97				43,724.60
Miscellaneous	17,066.76	73,647.91	0.00	903.00	93,332.50		184,950.17
<b>Total operating expenses</b>	<b>354,892.26</b>	<b>73,647.91</b>	<b>150,723.91</b>	<b>903.00</b>	<b>93,332.50</b>		<b>673,499.58</b>
<b>Operating income/(loss)</b>	<b>(104,687.48)</b>	<b>5,033.09</b>	<b>(16,160.16)</b>	<b>(903.00)</b>	<b>17,137.50</b>		<b>(99,560.05)</b>
<b>NON-OPERATING REVENUES:</b>							
State Sources							
State school lunch program	2,736.70						2,736.70
Federal Sources	0.00						0.00
National school lunch program	55,371.65						55,371.65
National school breakfast program	12,333.03						12,333.03
<b>Total non-operating revenues</b>	<b>70,441.38</b>						<b>70,441.38</b>
<b>Net income before contributions and transfers</b>	<b>(34,246.10)</b>	<b>5,033.09</b>	<b>(16,160.16)</b>	<b>(903.00)</b>	<b>17,137.50</b>		<b>(29,138.67)</b>
<b>Change in net position</b>	<b>(34,246.10)</b>	<b>5,033.09</b>	<b>(16,160.16)</b>	<b>(903.00)</b>	<b>17,137.50</b>		<b>(29,138.67)</b>
<b>Total net position - beginning</b>	<b>56,273.99</b>	<b>64,192.75</b>	<b>64,499.09</b>	<b>903.00</b>	<b>55,225.84</b>		<b>241,094.67</b>
<b>Total net position - ending</b>	<b>\$ 22,027.89</b>	<b>\$ 69,225.84</b>	<b>\$ 48,338.93</b>	<b>\$ 0.00</b>	<b>\$ 72,363.34</b>	<b>\$</b>	<b>\$ 211,956.00</b>

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

BOROUGH OF EMERSON SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND					TOTALS
	FOOD SERVICE SCHOOL NUTRITION	AFTERCARE PROGRAM	ADULT EDUCATION PROGRAM	BOBANC PROGRAM	PRESCHOOL PROGRAM	
Cash flows from operating activities:						
Receipts from customers	261,049.51	78,681.00	134,563.75	\$	110,470.00	\$ 584,764.26
Payments to employees and employee benefits	(82,556.18)	(70,284.07)	(94,301.60)		(93,332.50)	(340,474.35)
Payments to suppliers	(269,370.64)		(63,987.80)		(903.00)	(334,261.44)
Net cash provided by (used for) operating activities	(90,877.31)	8,396.93	(23,725.65)		(903.00)	(89,971.53)
Cash flows from noncapital financing activities:						
State Sources	3,381.92					3,381.92
Federal Sources	74,652.28					74,652.28
Net cash provided by noncapital financing activities:	78,034.20					78,034.20
Cash flows from capital and related financing activities:						
Purchase of capital assets			(12,984.48)			
Net cash provided by (used for) capital and related financing activities			(12,984.48)			
Net decrease in cash and cash equivalents	(12,843.11)	8,396.93	(36,710.13)	(903.00)	17,137.50	(11,937.33)
Cash and cash equivalents, July 1,	32,439.88	67,613.60	72,899.50	903.00	55,225.84	\$ 229,081.82
Cash and cash equivalents, June 30,	19,596.77	76,010.53	36,189.37	0.00	72,363.34	\$ 217,144.49
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ (104,687.48)	\$ 5,033.09	\$ (16,160.16)	\$ (903.00)	\$ 17,137.50	\$ (99,580.05)
Change in assets and liabilities:						
Increase (decrease) in accounts payable	4,134.17	3,363.84	(7,998.31)			(500.30)
Increase (decrease) in unearned revenue	10,469.73					10,469.73
(Increase) decrease in inventories	(7,707.48)					(7,707.48)
Net cash provided by (used for) operating activities	13,810.17	3,363.84	(7,565.49)			9,608.52
	(90,877.31)	8,396.93	(23,725.65)	(903.00)	17,137.50	(89,971.53)

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

BOROUGH OF EMERSON SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>AGENCY FUNDS</u>
ASSETS:		
Cash and cash equivalents	\$ <u>442,487.04</u>	\$ <u>716,285.28</u>
Total assets	<u>442,487.04</u>	<u>716,285.28</u>
LIABILITIES:		
Payroll deductions and withholdings		456,370.97
Due to student groups		258,894.08
Deposits Payable		<u>1,020.23</u>
Total liabilities		<u><u>716,285.28</u></u>
NET POSITION:		
Held in trust for unemployment claims	\$ <u><u>442,487.04</u></u>	

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

BOROUGH OF EMERSON SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>UNEMPLOYMENT COMPENSATION TRUST</u>
ADDITIONS:	
Contributions:	
Unemployment	\$ <u>396,226.91</u>
Total contributions	<u>396,226.91</u>
Investment earnings:	
Interest earned	<u>2,676.81</u>
Net investment earnings	<u>2,676.81</u>
Total additions	<u>398,903.72</u>
DEDUCTIONS:	
Unemployment claims	<u>40,560.85</u>
Total deductions	<u>40,560.85</u>
Change in net position	358,342.87
Net position beginning of year	<u>84,144.17</u>
Net position end of year	<u>\$ <u>442,487.04</u></u>

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

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Borough of Emerson School District have been prepared in conformity with U.S. generally accepted accounting principles (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 more significant of the Board's accounting policies are described below.

**Reporting Entity**

The Borough of Emerson School District is a Type II District located in Bergen County, New Jersey. The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a five member board elected to three-year terms and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "Determining Whether Certain Organizations are Component Units" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet all of the following criteria should be discreetly presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one junior/senior high school and two elementary schools. 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 District is not includable in any other reporting entity on the basis of such criteria.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

The District's basic financial statements consist of District-wide statements, including a Statement of Net Positions and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

District-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund Types**

**General Fund** - The general fund is the general operating fund of the 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 which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles 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, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**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 expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure 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 temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the State to offset the cost of approved capital projects.

**Debt Service Fund** - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.



**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Proprietary Fund**

**Enterprise Fund** - The enterprise fund accounts for all revenues and expenses pertaining to the food service, preschool, aftercare, BCBANC and adult education program operations. These funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

**Fiduciary Fund Types**

**Agency Funds** - The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

**Unemployment Compensation Insurance Trust Fund** - A trust fund used to account for unemployment compensation claims as they arise

**Payroll and Student Activities Funds (Agency)** - These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

**Basis of Accounting - Measurement Focus**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting - Measurement Focus**

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. 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:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfer must be approved by School Board resolution. Budget amendments during the year ended June 30, 2020 totaled net \$391,173.00, representing unbudgeted state aids. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control (Continued)**

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 recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. 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 grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting 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 records.

**Encumbrance Accounting**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned fund balances 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 special revenue fund for which the District has received advances are reflected in 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.

**Interfunds**

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available expendable resources.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventories and Prepaid Expenses**

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

**Capital Assets**

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements, and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition values on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
School Buildings	50
Building Improvements	5-20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Ground Equipment	15

**Compensated Absences**

The District accounts for compensated absences (e.g., unused sick days) 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.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences (Continued)**

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and/or collective bargaining unit contracts. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick days that are expected to become eligible for payment upon retirement. The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive retirement payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Fund Equity**

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the food service fund.

**Unearned Revenue**

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable under generally accepted accounting principles.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide 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, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**Fund Balance Reserves**

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Non-Spendable – includes amounts that cannot be spend because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Emergency Reserve and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amount that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances and amounts Designated for Subsequent Year's Expenditures as Assigned Fund Balance.

Unassigned – 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 should be the only fund that reports a positive unassigned fund balance amount.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Reserves (Continued)**

In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance. When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

**Revenues Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Allocation of Indirect Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function in the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately in the Statement of Activities.

**Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**Accounting and Financial Reporting for Pensions**

In the District-Wide Financial Statements 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 District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. 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.



**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounting and Financial Reporting for Pensions (Continued)**

In the Governmental Fund Financial Statements the year end Net Pension Liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflects both a revenue and expenses for this pension contribution.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The Board considers petty cash, change funds, cash in banks, certificates of deposits, deposits in the New Jersey Cash Management Fund, deposits in the governmental money market fund, deposits in the New Jersey Asset and Rebate Management Program and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Deposits**

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Borough of Emerson School District had the following cash and cash equivalents at June 30, 2020:

<b>Fund Type:</b>	<b><u>Bank Balance</u></b>	<b>Reconciling Items:</b>		<b><u>Reconciled Balance</u></b>
		<b><u>Additions</u></b>	<b><u>Deletions</u></b>	
Governmental	\$12,071,350.62	\$100,000.00	\$270,560.00	\$11,900,790.62
Proprietary	204,160.01			204,160.01
Fiduciary	<u>1,259,339.12</u>	<u>340.00</u>	<u>100,906.80</u>	<u>1,158,772.32</u>
	<u>\$13,534,849.75</u>	<u>\$100,340.00</u>	<u>\$371,466.80</u>	<u>\$13,263,722.95</u>

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Deposits (Continued)**

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2020, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$500,000.00 was covered by Federal Depository Insurance and \$12,928,185.53 was covered under the provisions of NJGUDPA. The District has \$106,664.22 in the New Jersey Cash Management Fund.

**Investments**

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Investments (Continued)**

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2020, the District had no outstanding investments.

As of June 30, 2020, the District has \$106,664.22 on deposit with the New Jersey Cash Management Fund. Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 3: CHANGE IN CAPITAL ASSETS**

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

	Beginning <u>Balance</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$5,071,938.32			\$5,071,938.32
Construction in progress	<u>818,212.45</u>	<u>\$7,738,001.71</u>		<u>8,556,214.16</u>
Total Capital Assets not being depreciated	<u>5,890,150.77</u>	<u>7,738,001.71</u>		<u>13,628,152.48</u>
Land Improvements	1,305,612.00	16,356.20		1,321,968.20
Buildings and Building Improvements	5,167,127.37	187,614.00		5,354,741.37
Machinery and Equipment	<u>1,569,501.21</u>	<u>247,672.35</u>		<u>1,817,173.56</u>
Totals at historical cost	<u>8,042,240.58</u>	<u>451,642.55</u>		<u>8,493,883.13</u>
Gross Assets (Memo only)	<u>13,932,391.35</u>	<u>8,189,644.26</u>		<u>22,122,035.61</u>
Less: Accumulated Depreciation				
Land Improvements	(1,164,245.37)	(16,043.29)		(1,180,288.66)
Buildings and Building Improvements	(4,038,671.71)	(113,492.51)		(4,152,164.22)
Machinery and Equipment	<u>(1,324,524.60)</u>	<u>(117,573.84)</u>		<u>(1,442,098.44)</u>
Total Depreciation	<u>(6,527,441.68)</u>	<u>(247,109.64)</u>		<u>(6,774,551.32)</u>
Total capital assets being depreciated, net of depreciation	<u>1,514,798.90</u>	<u>204,532.91</u>		<u>1,719,331.81</u>
Total Governmental Fund Activities	<u>\$7,404,949.67</u>	<u>\$7,942,534.62</u>		<u>\$15,347,484.29</u>

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 3: CHANGE IN CAPITAL ASSETS**

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

	Beginning <u>Balance</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Ending <u>Balance</u>
Proprietary Activities:				
Machinery and Equipment	<u>\$20,740.83</u>	<u>\$12,984.48</u>	<u>                    </u>	<u>\$33,725.31</u>
Totals at historical cost	<u>20,740.83</u>	<u>12,984.48</u>	<u>                    </u>	<u>33,725.31</u>
Less: Accumulated Depreciation				
Machinery and Equipment	<u>                    </u>	<u>(7,346.57)</u>	<u>                    </u>	<u>(7,346.57)</u>
Total Depreciation	<u>0.00</u>	<u>(7,346.57)</u>	<u>                    </u>	<u>(7,346.57)</u>
Total Proprietary Fund Activities	<u><u>\$20,740.83</u></u>	<u><u>\$5,637.91</u></u>	<u><u>                    </u></u>	<u><u>\$26,378.74</u></u>

**NOTE 4: LONG-TERM LIABILITIES**

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 4: LONG-TERM LIABILITIES (CONTINUED)**

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness. School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

At June 30, 2020, the District had bonds or notes authorized but not issued of \$446.00.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2020.

	Balance, <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2020</u>	Due Within <u>One Year</u>
Bonds Payable	\$13,368,000.00		(\$473,000.00)	\$12,895,000.00	\$473,000.00
Net Pension Liability	\$4,407,487.00		(280,524.00)	4,126,963.00	
Compensated Absence	<u>189,210.00</u>		<u>(38,895.94)</u>	<u>150,314.06</u>	
Total	<u>\$17,964,697.00</u>	<u>\$0.00</u>	<u>(\$792,419.94)</u>	<u>\$17,172,277.06</u>	<u>\$473,000.00</u>

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 4: LONG-TERM LIABILITIES (CONTINUED)**

**Debt Service Requirements**

The annual requirements to amortize all debt outstanding as of June 30, 2020, including interest payments on issued debt, are as follows:

Fiscal Year <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$495,000.00	\$399,550.01	\$894,550.01
2022	510,000.00	383,300.01	893,300.01
2023	530,000.00	366,503.13	896,503.13
2024	545,000.00	348,806.25	893,806.25
2025	565,000.00	330,118.75	895,118.75
2026-2030	3,125,000.00	1,347,450.00	4,472,450.00
2031-2035	3,695,000.00	775,590.63	4,470,590.63
2036-2039	3,430,000.00	154,434.38	3,584,434.38
	<u>\$12,895,000.00</u>	<u>\$4,105,753.16</u>	<u>\$17,000,753.16</u>

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

<u>Issue</u>	<u>Amount Outstanding June 30, 2020</u>
\$13,368,000.00 in 2018 Bonds due in annual remaining installments of between \$473,000.00 and \$900,000.00 ending September, 2038 with interest between 3.000% to 3.500%	<u>\$12,895,000.00</u>
	<u>\$12,895,000.00</u>



**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 4: LONG-TERM LIABILITIES (CONTINUED)**

**Debt Capacity**

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2020, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2019	\$1,334,534,439
2018	1,311,050,038
2017	1,289,303,274
	<u>\$3,934,887,751</u>
Average equalized valuation	<u>\$1,311,629,250</u>
School borrowing margin (4% of \$1,311,629,250)	\$52,465,170
Net school debt as of June 30 2020	<u>12,895,446</u>
School borrowing power available	<u>\$39,569,724</u>

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 5: PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Defined Contribution Retirement Program (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Significant Legislation**

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

**Pension Plan Design Changes**

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

**Funding Changes**

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

**COLA Suspension**

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

**Vesting and Benefit Provisions** The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A, 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Contribution Requirements** The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement.

<u>Three Year Trend Information for PERS</u>			
<u>Year Ended</u>	<u>Annual Pension</u>	<u>Percentage of</u>	<u>Net</u>
<u>June 30,</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Pension</u>
			<u>Obligation</u>
2020	\$222,790	100.00%	\$222,790
2019	\$223,389	100.00%	\$223,389
2018	\$211,293	100.00%	\$211,293

During the fiscal years ended June 30, 2020, 2019, and 2018, the State of New Jersey contributed \$1,879,288, \$1,699,341.00 and \$1,260,370.00 respectively, excluding post-retirement medical and long-term disability insurance, to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2020, 2019 and 2018, the State of New Jersey reimbursed the District \$645,235, \$610,502.94 and \$614,255.00 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS)**

At June 30, 2020, the District reported a liability of \$4,126,963.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.0229040562 percent, which was an increase of 0.0005190962 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$150,950.00 in the district-wide financial statements. This pension expense was based on the pension plans June 30, 2019 measurement date.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$74,074	\$18,231
Changes of assumptions	412,092	1,432,456
Net difference between projected and actual earnings on pension plan investments		65,146
Changes in proportion and differences between District contributions and proportionate share of contributions	387,081	238,229
District contributions subsequent to the measurement date	<u>251,673</u>	<u>                    </u>
	<u>\$1,124,920</u>	<u>\$1,754,062</u>

The \$251,673 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

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

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

Year Ended	<u>Amount</u>
<u>June 30</u>	
2020	(\$89,398)
2021	(356,808)
2022	(315,422)
2023	(132,315)
2024	<u>13,128</u>
	<u>(\$880,815)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. These actuarial valuations used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75%	2.25%
Salary Increases		
Through 2026	2.00-6.00%	1.65-4.15%
Thereafter	3.00-7.00%	2.65-5.15%
	Based on	Based on
	Years of Service	Age
Investment Rate of Return	7.00%	7.00%

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

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

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

**Actuarial Assumptions (Continued)**

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

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2019 and June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

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

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

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

**Discount Rate**

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and June 30, 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's proportionate share of the net pension liability	\$5,670,421	\$4,126,963	\$3,535,919



**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 by visiting <http://www.state.nj.us/treasury/pensions>.

**Teachers Pensions and Annuity Fund (TPAF)**

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2020 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$51,022,271</u>
	<u><u>\$51,022,271</u></u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 which was rolled forward to June 30, 2019. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2019, the proportion of the TPAF net pension liability associated with the District was .0831375039% which was an increase of .0015137385 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue of \$3,009,430.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2019 measurement date.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions**

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	1.55%-4.45%	1.55%-4.55%
	Based on Years of Service	Based on Years of Service
Thereafter	2.75%-5.65%	2.00%-5.45%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%

**Mortality Rate**

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.00% at June 30, 2019 and June 30, 2018 respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

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

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.60% and 4.86% as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00, and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 by visiting <http://www.state.nj.us/treasury/pensions>.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75**

**Plan Description and Benefits Provided**

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Employees Covered by Benefit Terms**

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	148,051
Inactive Plan Members or Beneficiaries	
Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>364,943</u>

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Total Non-Employer OPEB Liability**

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2020 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	<u>30,687,148</u>
	<u><u>\$30,687,148</u></u>

The total Non-Employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The total Non-Employer OPEB liability was determined separately based on actual data of the District.

For the year ended June 30, 2020, the District recognized on-behalf post-employment expense and revenue of \$1,011,491 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2019 measurement date.

At June 30, 2019, the District's proportion was .0735389978 percent, which was an increase of .0007311047 from its proportion measured as of June 30, 2018.

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Actuarial Assumptions and Other Input**

The total Non-Employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2019</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases			
Through 2026	1.55-3.05%*	2.00-6.00%*	3.25-15.25%*
Thereafter	1.55-3.05%*	3.00-7.00%*	Applied to All Future Years

\*Based on Years of Service

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

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

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Health Care Trend Assumptions**

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

**Discount Rate**

The discount rate for June 30, 2020 and June 30, 2019 was 3.50% and 3.87% respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Changes in the Total Non-Employer OPEB Liability**

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2018 to June 30, 2019.

Balance at 6/30/18		\$33,572,326
Changes for the year:		
Service cost	\$1,345,205	
Interest	1,333,789	
Differences between expected and actual experience	(5,107,640)	
Changes in assumptions or other inputs	457,548	
Membership Contributions	27,924	
Benefit payments - Net	(942,004)	
Net changes		(2,885,178)
Balance at 6/30/19		\$30,687,148



**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate**

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	<u>1.00% Decrease (2.50%)</u>	<u>At Discount Rate (3.50)</u>	<u>1.00% Increase (4.50%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$36,253,649	\$30,687,148	\$26,265,425

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends**

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$25,284,842	\$30,687,148	\$37,838,692



**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**State Health Benefit Local Education Retired Employee Plan Information**

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>

**NOTE 8: LITIGATION**

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

**NOTE 9: CONTINGENCIES**

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2019-2020 fiscal year were subject to the U.S. OMB Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

**NOTE 10: RISK MANAGEMENT**

The 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. The District maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**Property and Liability Insurance** - The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 10: RISK MANAGEMENT (CONTINUED)**

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the 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 District is billed quarterly for amounts due to the State. The following table is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

Year Ended			Amount	Ending
<u>June 30,</u>	<u>Interest</u>	<u>Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2020	\$2,676.81	\$396,226.91	\$40,560.85	\$442,487.04
2019	1,337.39	20,150.31	48,546.53	84,144.17
2018	710.00	20,158.00	34,109.00	111,203.00

**NOTE 11: COMPENSATED ABSENCES**

The District accounts for compensated absences (e.g. unused vacation and 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.

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

**NOTE 11: COMPENSATED ABSENCES (CONTINUED)**

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2020, a liability existed for compensated absences for governmental fund-types in the district-wide Statement of Net Position of \$150,314.06.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019 no liability existed for compensated absences in the proprietary funds.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 12: FUND BALANCE APPROPRIATED**

General Fund - Of the \$5,720,957.68 in General Fund Balance at June 30, 2020, \$1,757,385.66 has been assigned for encumbrances; \$2,816,131.02 has been restricted in the Capital Reserve Account; \$206,664.22 has been restricted in the Emergency Reserve Account; \$100,000.00 has been restricted in the Maintenance Reserve Account; \$-0- has been restricted as excess surplus; \$-0- has been restricted as excess surplus - subsequent years' expenditures; \$100,000.00 has been assigned - subsequent years expenditures and \$740,776.78 is unassigned.

**NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c73 (S1701), the Restricted Fund Balance Excess Surplus is a required calculation pursuant to the New Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restricted 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 resulting from the year ended June 30, 2020 is \$-0-.

**NOTE 14: CAPITAL RESERVE ACCOUNT**

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by 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. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 14: CAPITAL RESERVE ACCOUNT (CONTINUED)**

The activity of the capital reserve during the year ended June 30, 2020, is as follows:

Balance, June 30, 2019		\$3,234,883.81
Interest Earnings	\$27,137.98	
Deposits:		
Board Resolution dated 6/29/20	781,109.23	
		808,247.21
		\$4,043,131.02
Withdrawals:		
2019-20 Budget		1,227,000.00
Balance, June 30, 2020		\$2,816,131.02

**NOTE 15: EMERGENCY RESERVE ACCOUNT**

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

The emergency reserve account is used to finance unanticipated general fund expenditures required for a thorough and efficient education. Pursuant to N.J.A.C. 6A:23A-14.4(A), the maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both.

The activity of the emergency reserve during the year ended June 30, 2020, is as follows:

Balance, June 30, 2019		\$105,057.05
Interest Earnings	\$1,607.17	
Deposits:		
Board Resolution dated 6/29/20	100,000.00	
Balance, June 30, 2020		\$206,664.22

**Borough of Emerson School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 16: MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve was established through a board resolution by the District for the accumulation of funds for the required maintenance of a facility in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c. 73 (S1701). N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A:23A-14.2 permits districts, by board resolution, to transfer undesignated general fund balance to the maintenance reserve account if approved in the district's original budget certified for taxes or if the district received voter approval by a separate proposal at budget time or by special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C. 6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the maintenance reserve for withdrawal in subsequent school years.

The activity of the maintenance reserve during the year ended June 30, 2020, is as follows:

Deposits:		
Board Resolution dated 6/29/20	\$100,000.00	
Balance, June 30, 2020		<u>\$100,000.00</u>

**NOTE 17: INVENTORY**

Inventory in the Food Service Fund at June 30, 2020 consisted of the following:

Food and Supplies	<u>\$11,460.11</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

**NOTE 18: DEFERRED COMPENSATION**

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans 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. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2020.

**NOTE 19: SUBSEQUENT EVENTS**

The District has evaluated material subsequent events occurring after the financial statement date through January 15, 2021 which is the date the financial statements were available to be issued. The impact of the COVID-19 Corona Virus on the District's operations in the 2020-21 school year cannot reasonably be estimated at this time but may negatively affect revenues.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**



**BUDGETARY COMPARISON SCHEDULES**

BOROUGH OF EMERSON - SCHOOL DISTRICT  
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 20,703,830.00	\$	20,703,830.00	\$ 20,703,830.00	\$ 25,089.00
Other Local Governmental Units-Restricted	478,756.00		478,756.00	503,845.00	8,925.37
Transportation Fees From Individuals	15,000.00		15,000.00	23,925.37	(33,217.50)
Unrestricted Miscellaneous Revenues	149,000.00		149,000.00	115,782.50	1,607.17
Interest Earned on Maintenance Reserve				1,607.17	27,037.98
Interest Earned on Capital Reserve Funds	100.00		100.00	27,137.98	29,442.02
Total Local Sources	21,346,686.00		21,346,686.00	21,376,128.02	
State Sources:					
Categorical Transportation Aid	134,241.00		134,241.00	134,241.00	336,002.00
Extraordinary Aid				336,002.00	
Categorical Special Education Aid	540,178.00		540,178.00	540,178.00	1,846,197.00
Categorical Security Aid	81,391.00		81,391.00	81,391.00	33,091.00
On-behalf TPAF Contributions-non-budgeted				1,846,197.00	33,091.00
On-behalf TPAF N.C.G.I.-non-budgeted				33,091.00	645,235.00
Reimbursed TPAF Soc. Sec. Contribution-non-budgeted				645,235.00	697,181.00
Post Retirement Medical-non budgeted				697,181.00	1,863.00
Long Term Disability Insurance				1,863.00	4,315,379.00
Total State Sources	755,810.00		755,810.00	4,315,379.00	3,559,569.00
Total Revenues	22,102,496.00		22,102,496.00	25,691,507.02	3,589,011.02
<b>EXPENDITURES:</b>					
CURRENT EXPENSE:					
Instruction - Regular Programs:					
Preschool	177,033.00	(121,282.87)	55,750.13	51,660.13	4,090.00
Kindergarten	344,183.00	(17,065.50)	327,117.50	327,117.50	
Grades 1-5	1,568,177.12	19,540.00	1,587,717.12	1,587,612.80	104.32
Grades 6-8	1,273,074.50	(17,773.90)	1,255,300.60	1,253,750.60	1,550.00
Grades 9-12	2,021,263.67	20,016.60	2,041,280.27	2,039,379.50	1,900.77
Regular programs - home instruction: Salaries of teachers	21,265.46	(15,000.00)	6,265.46	2,804.09	3,461.37

BOROUGH OF EMERSON - SCHOOL DISTRICT  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Regular programs - undistributed instruction:					
Other salaries for instruction	\$ 100,555.00	\$ 17,618.00	\$ 118,173.00	\$ 118,172.48	\$ 0.52
Purchased professional - educational services	63,105.00	(14,420.00)	48,685.00	46,977.40	1,707.60
Other purchased services (400 - 500 series)	76,100.00	(41,000.00)	35,100.00	33,005.87	2,094.13
General supplies	405,842.41	33,076.02	438,918.43	403,190.76	35,727.67
Textbooks	3,000.00	(1,050.00)	1,950.00	1,901.70	48.30
Other objects	257,207.22	506,149.55	763,356.77	327,182.30	436,174.47
Total regular programs	6,310,806.38	368,807.90	6,679,614.28	6,192,755.13	486,859.15
Instruction - Special Education:					
Cognitive Mild:					
Salaries of Teachers	252,463.00	(146,298.00)	106,165.00	105,811.96	353.04
Other Salaries for Instruction	8,622.00	13,000.00	21,622.00	21,412.00	210.00
General Supplies	1,000.00	(771.00)	229.00	228.64	0.36
Total Cognitive Mild	262,085.00	(134,069.00)	128,016.00	127,452.60	563.40
Learning and/or Language Disabilities:					
Salaries of Teachers	260,413.00	(4,124.50)	256,288.50	185,148.77	71,139.73
Other salaries for instruction	82,331.84	(70,208.00)	12,123.84	11,071.75	1,052.09
General Supplies	971.00	(24.51)	946.49	946.49	
Total Learning and/or Language Disabilities	343,715.84	(74,357.01)	269,358.83	197,167.01	72,191.82
Behavioral Disabilities:					
Other Salaries for Instruction		159,073.00	159,073.00	159,072.81	0.19
Total Behavioral Disabilities		159,073.00	159,073.00	159,072.81	0.19
Resource Room / Resource Center:					
Salaries of Teachers	873,625.00	47,006.57	920,631.57	920,630.88	0.69
Other salaries for instruction	426,109.00	(78,565.63)	347,543.37	347,541.65	1.72
General Supplies	5,056.00	(592.49)	4,463.51	4,451.19	12.32
Total Resource Room / Resource Center	1,304,790.00	(32,151.55)	1,272,638.45	1,272,623.72	14.73
Preschool Disabilities - Part - Time:					
Salaries of Teachers	68,918.94	(1,143.78)	67,775.16	67,775.16	
Other Salaries for Instruction	52,030.54	3,240.66	55,271.20	55,271.10	0.10
Total Preschool Disabilities - Part - Time	120,949.48	2,096.88	123,046.36	123,046.26	0.10

BOROUGH OF EMERSON - SCHOOL DISTRICT  
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Preschool Disabilities - Full - Time:					
Salaries of Teachers	\$ 37,250.00	\$ 14,355.12	\$ 51,605.12	\$ 51,604.20	\$ 0.92
Other Salaries for Instruction	27,364.00	(27,363.12)	0.88		0.88
Total Preschool Disabilities - Full - Time	64,614.00	(13,008.00)	51,606.00	51,604.20	1.80
Total Special Education	2,096,154.32	(92,415.68)	2,003,738.64	1,930,966.60	72,772.04
Basic Skills / Remedial:					
Salaries of Teachers	78,857.10	99,952.00	178,809.10	178,557.00	252.10
Total Basic Skills / Remedial	78,857.10	99,952.00	178,809.10	178,557.00	252.10
Bilingual Education Instruction:					
Salaries of Teachers	100,500.00	(749.00)	99,751.00	99,750.00	1.00
Total Bilingual Education Instruction	100,500.00	(749.00)	99,751.00	99,750.00	1.00
School Sponsored Co-Curricular Activities:					
Salaries	271,285.00		271,285.00	233,761.77	37,523.23
Supplies and Materials	2,000.00	853.13	2,853.13	853.13	2,000.00
Other Objects	46,500.00	(853.13)	45,646.87	20,631.30	25,015.57
Total School Sponsored Co-Curricular Activities	319,785.00		319,785.00	255,246.20	64,538.80
School Sponsored Athletics:					
Salaries	383,021.99	7,715.03	390,737.02	317,090.42	73,646.60
Unused Vacation Payment to Terminated/Retired Staff	5,000.00	(5,000.00)	-	-	
Purchased Services (300-500 Series)	2,015.03	(2,015.03)			
Supplies and Materials	37,796.00		37,796.00	28,728.47	9,067.53
Other Objects	25,775.00	(5,967.00)	19,808.00	15,658.96	4,149.04
Transfers to Cover Deficit (Agency Funds)	67,344.00	5,267.00	72,611.00	72,611.00	
Total School Sponsored Athletics	520,952.02		520,952.02	434,088.85	86,863.17
Total Other Instructional Programs	1,020,094.12	99,203.00	1,119,297.12	967,642.05	151,655.07
Total - Instruction	9,427,054.82	375,595.22	9,802,650.04	9,091,363.78	711,286.26
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs within the State - Special	669,248.00	63,528.00	732,776.00	726,447.84	6,328.16
Tuition to County Vocational School District - Regular	151,776.00	(14,229.00)	137,547.00	137,547.00	
Tuition to CSSD & Regional Day Schools	77,940.00	82,030.00	159,970.00	159,970.00	
Tuition to Private Schools for the Handicapped w/in State	1,053,870.28	83,495.00	1,137,365.28	1,099,772.71	37,592.57
Total Undistributed Expenditures - Instruction	1,952,834.28	214,824.00	2,167,658.28	2,123,737.55	43,920.73
Attendance and Social Work Services:					
Salaries	33,351.04	(3,500.00)	29,851.04	28,667.72	1,183.32
Total Attendance and Social Work Services	33,351.04	(3,500.00)	29,851.04	28,667.72	1,183.32
Health Services:					
Salaries	206,045.30	(10,944.00)	195,101.30	195,001.17	100.13
Purchased Professional and Technical Services	13,046.00	(3,660.00)	9,386.00	9,366.00	20.00
Supplies and Materials	3,734.00	(736.00)	2,998.00	2,998.00	
Total Health Services	222,825.30	(15,340.00)	207,485.30	207,306.73	178.57
					0.00

BOROUGH OF EMERSON - SCHOOL DISTRICT  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	\$ 213,025.00	\$ (11,081.00)	\$ 201,944.00	\$ 200,239.58	\$ 1,704.42
Purchased Professional - Educational Services	7,889.00	(5,029.00)	2,860.00	1,235.00	1,625.00
Total Other Support Services - Speech, OT, PT & Related Services	220,914.00	(16,110.00)	204,804.00	201,474.58	3,329.42
Other Support Services - Students - Extra Services					
Purchased Professional - Educational Services	434,131.24	(146,562.25)	287,568.99	247,119.07	40,449.92
Other Objects	2,400.00		2,400.00		2,400.00
Total Other Support Services - Students - Extra Services	436,531.24	(146,562.25)	289,968.99	247,119.07	42,849.92
Guidance:					
Salaries of Other Professional Staff	322,647.00	(46,347.00)	276,300.00	275,799.38	500.62
Salaries of Secretarial and Clerical Assistants	74,637.38		74,637.38	72,722.40	1,914.98
Supplies and Materials	4,000.00	(2,390.00)	1,610.00	1,609.21	0.79
Other Objects	13,826.23	(6,434.00)	7,392.23	5,891.73	1,500.50
Total Guidance	415,110.61	(55,171.00)	359,939.61	356,022.72	3,916.89
Child Study Teams:					
Salaries of Other Professional Staff	277,188.00	82,328.45	359,516.45	359,515.11	1.34
Salaries of Secretarial and Clerical Assistants	50,474.36	(2,000.00)	48,474.36	46,942.80	1,531.56
Other Purchased Professional and Technical Svcs.	68,375.00	(68,375.00)			
Other Purchased Services (400-500 series)	5,247.12	68,375.00	73,622.12	65,729.31	7,892.81
Supplies and Materials	19,483.40	(5,567.75)	13,915.65	13,754.66	160.99
Other Objects	12,490.40	(5,428.00)	7,062.40	6,348.83	713.57
Total Child Study Teams	433,258.28	69,332.70	502,590.98	492,290.71	10,300.27
Improvement of Instruction Services					
Other Support Services - Instructional Staff:					
Salaries of Supervisors of Instruction	73,248.00		73,248.00	73,248.00	
Total Improvement of Instruction Services / Instructional Staff	73,248.00		73,248.00	73,248.00	
Educational Media Services / School Library:					
Salaries	201,720.00	(89,497.00)	112,223.00	112,222.06	0.94
Supplies and materials	11,172.00	(1,535.00)	9,637.00	9,635.48	1.52
Total Educational Media Services / School Library	212,892.00	(91,032.00)	121,860.00	121,857.54	2.46
Instructional Staff Training Services:					
Salaries of Secretarial and Clerical Assistants	45,586.20	(22,985.00)	22,601.20	22,598.50	2.70
Other Objects	62,553.00	39,610.00	102,163.00	64,099.82	38,063.18
Total Instructional Staff Training Services	108,139.20	16,625.00	124,764.20	86,698.32	38,065.88
Support Services General Administration:					
Salaries	266,366.96	28,935.00	295,301.96	295,152.91	149.05
Legal Services	27,000.00	7,550.00	34,550.00	33,608.66	941.34
Expenditure and Internal Control Audit Fees	22,000.00	2,950.00	24,950.00	24,950.00	
Communications / Telephone	8,000.00	20.00	8,020.00	8,020.00	
General Supplies	5,100.00	(268.00)	4,832.00	4,482.70	349.30
Miscellaneous Expenditures	35,323.98	(9,697.00)	25,626.98	21,126.20	4,500.78
Total Support Services General Administration	363,790.94	29,490.00	393,280.94	387,340.47	5,940.47

BOROUGH OF EMERSON - SCHOOL DISTRICT  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Support Services School Administration:					
Salaries of Principals / Asst. Principals	\$ 864,558.61	\$ 35,221.00	\$ 899,779.61	\$ 899,420.25	\$ 359.36
Salaries of Secretarial and Clerical Assistants	187,107.93	(10,665.00)	176,442.93	167,048.14	9,394.79
Supplies and Materials	2,634.42	(1,500.00)	1,134.42	488.62	645.80
Other Objects	4,375.00	(2,672.00)	1,703.00	1,701.90	1.10
Total Support Services School Administration	1,058,675.96	20,384.00	1,079,059.96	1,068,658.91	10,401.05
Central Service:					
Salaries	363,480.26	12,623.95	376,104.21	376,059.71	44.50
Other Purchase Professional Service	26,952.00	6,085.00	33,037.00	27,852.24	5,184.76
Supplies and Materials	3,526.00	963.00	4,489.00	4,407.47	81.53
Miscellaneous Expenditures	2,950.00	(125.00)	2,825.00	2,821.26	3.74
Total Central Service	396,908.26	19,546.95	416,455.21	411,140.68	5,314.53
Administrative Information Technology:					
Other objects		65,000.00	65,000.00		65,000.00
Total Administrative Information Technology		65,000.00	65,000.00		65,000.00
Required Maintenance for School Facilities:					
Salaries	561,863.15	28,703.00	590,566.15	590,359.21	206.94
Cleaning, Repair and Maintenance Services	388,901.51	34,227.00	423,128.51	278,324.54	144,803.97
General Supplies	43,925.20	48,273.00	92,198.20	38,586.27	53,611.93
Total Required Maintenance for School Facilities	994,689.86	111,203.00	1,105,892.86	907,270.02	198,622.84
Custodial Services:					
Salaries	317,974.33	(153,201.00)	164,773.33	161,329.47	3,443.86
Salaries of Non-Instructional Aides	77,859.39	(44,392.00)	33,467.39	33,422.51	44.88
Cleaning, Repair and Maintenance Services	38,405.98	(13,010.00)	25,395.98	22,577.88	2,818.10
Insurance	118,000.00	11,757.00	129,757.00	129,756.33	0.67
General Supplies	74,568.00	0.00	74,568.00	58,407.40	16,160.60
Energy (Natural Gas)	178,197.47	(55,000.00)	123,197.47	96,440.19	26,757.28
Energy (Heat and Electricity)	221,182.37	(26,455.00)	194,727.37	163,117.80	31,609.57
Other Objects	42,390.93	(5,000.00)	37,390.93	24,504.34	12,886.59
Total Custodial Services	1,068,578.47	(285,301.00)	783,277.47	689,555.92	93,721.55
Care and Upkeep of Grounds:					
Salaries	66,831.52	0.00	66,831.52	65,112.00	1,719.52
General Supplies	26,870.00	(11,466.00)	15,404.00	3,832.45	11,571.55
Total Care and Upkeep of Grounds	93,701.52	(11,466.00)	82,235.52	68,944.45	13,291.07
Security:					
Purchased Professional and Technical Services	48,000.00	4,430.00	52,430.00	52,428.69	1.31
Total Security	48,000.00	4,430.00	52,430.00	52,428.69	1.31

BOROUGH OF EMERSON - SCHOOL DISTRICT GENERAL FUND					
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2020					
	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Regular	\$ 108,647.00	\$ (21,569.00)	\$ 87,078.00	\$ 86,862.56	\$ 215.44
Salaries for Pupil Transportation (Between Home and School) - Special	131,036.00	(18,151.00)	112,885.00	109,613.32	3,271.68
Cleaning, Repair and Maintenance Services	19,490.00	5,565.00	25,055.00	24,829.24	225.76
Contracted Services - Aid in Lieu Payments-NonPub Sch	55,000.00	2,200.00	57,200.00	35,912.76	21,287.24
Contracted Services (Between Home & School) - Vendors	29,602.00	(1,437.00)	28,165.00	18,739.22	9,425.78
Contracted Svcs. (Spec. Ed. Stud.s) - Joint Agree.	238,034.92	43,157.00	281,191.92	260,658.58	20,533.34
General Supplies	35,600.00	(11,565.00)	24,035.00	17,400.53	6,634.47
Other Objects	5,000.00	6,000.00	11,000.00	8,241.30	2,758.70
Total Student Transportation Services	622,409.92	4,200.00	626,609.92	562,257.51	64,352.41
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	307,504.00	(6,315.71)	301,188.29	261,047.70	40,140.59
Other Retirement Contributions - PERS	241,638.00	(18,131.00)	223,507.00	223,507.00	
Other Retirement Contributions - Regular		24,431.00	24,431.00	23,944.67	486.33
Unemployment Compensation		250,015.71	250,015.71	250,015.71	
Workmen's Compensation	95,000.00	(6,757.00)	88,243.00	88,243.00	
Health Benefits	4,905,044.58	(725,599.42)	4,179,445.16	3,802,326.00	377,119.16
Total Unallocated Benefits - Employee Benefits	5,549,186.58	(482,356.42)	5,066,830.16	4,649,084.08	417,746.08
On-Behalf TPAF Contributions (Non-Budgeted):					
On-behalf TPAF Contributions-non-budgeted				1,846,197.00	(1,846,197.00)
NCGI-non-budgeted				33,091.00	(33,091.00)
Post Retirement Medical-non budgeted				697,181.00	(697,181.00)
Reimbursed TPAF Social Security Contribution-non-budgeted				645,235.00	(645,235.00)
Long Term Disability Insurance				1,863.00	(1,863.00)
Total TPAF Pension/Social Security				3,223,567.00	(3,223,567.00)
Undistributed Expenditures					
Total Undistributed Expenditures	14,305,045.46	(551,803.02)	13,753,242.44	15,958,670.67	(2,205,428.23)
TOTAL EXPENDITURES - CURRENT EXPENSE	23,732,100.28	(176,207.80)	23,555,892.48	25,050,034.45	(1,494,141.97)

BOROUGH OF EMERSON - SCHOOL DISTRICT  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Grades 1-5	\$ 34,929.45	\$ 20,826.18	\$ 55,755.63	\$ 55,755.63	\$ 9,110.20
Grades 6-8		9,110.20	9,110.20		352,918.42
Grades 9-12 - Equipment		352,918.42	352,918.42		
Undistributed Expenditures - Instruction	90,009.24	58,876.00	148,885.24	148,885.24	
Undistributed Expenditures - General Admin.		100.00	100.00		100.00
Undistributed-Req. Maint. For Schools	35,470.50	40,000.00	75,470.50	64,083.83	11,386.67
Undist.Expend.-Student Trans.-Non-Inst. Equip.	105,951.66	30,002.00	135,953.66	105,671.66	30,282.00
Undistributed Expenditures - Non-Inst. Serv.	16,356.20	16,898.00	33,254.20	16,356.20	16,898.00
Total Equipment	<u>282,717.05</u>	<u>528,730.80</u>	<u>811,447.85</u>	<u>390,752.56</u>	<u>420,695.29</u>
Facilities Acquisition and Construction Services:					
Other purch prof & tech services	127,500.00		127,500.00	127,500.00	
Construction services	1,254,575.01	38,750.00	1,293,325.01	472,353.01	820,972.00
Assessment for Debt Service on SDA Funding	1,916.00	0.00	1,916.00	1,916.00	
Total Facilities Acquisition and Construction Services	<u>1,383,991.01</u>	<u>38,750.00</u>	<u>1,422,741.01</u>	<u>601,769.01</u>	<u>820,972.00</u>
Interest Deposit to Capital Reserve	100.00	(100.00)			
<b>TOTAL CAPITAL OUTLAY</b>	<u>1,666,808.06</u>	<u>567,380.80</u>	<u>2,234,188.86</u>	<u>992,521.57</u>	<u>1,241,667.29</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 25,398,908.34</u>	<u>\$ 391,173.00</u>	<u>\$ 25,790,081.34</u>	<u>\$ 26,042,556.02</u>	<u>\$ (252,474.68)</u>



BOROUGH OF EMERSON - SCHOOL DISTRICT  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>BUDGET</u> <u>TRANSFERS AND</u> <u>AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE/</u> <u>(UNFAVORABLE)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (3,296,412.34)	\$ (391,173.00)	\$ (3,687,585.34)	\$ (351,049.00)	\$ 3,336,536.34
Other Financing Uses - Other Charges				(92,497.77)	(92,497.77)
Total other financing sources				(92,497.77)	(92,497.77)
Excess of revenues and other financing sources over expenditures and other expenditures and other financing sources	(3,296,412.34)	(391,173.00)	(3,687,585.34)	(443,546.77)	3,244,038.57
Fund balances, July 1			6,216,109.45	6,216,109.45	
Fund balances, June 30	\$ (3,296,412.34)	\$ (391,173.00)	\$ 2,528,524.11	\$ 5,772,562.68	\$ 3,244,038.57
Recapitulation:					
Assigned - year-end encumbrances				1,757,385.66	
Restricted - capital reserve				2,816,131.02	
Restricted - maintenance reserve				100,000.00	
Restricted - emergency reserve				206,664.22	
Unassigned fund balance				792,381.78	
Assigned - designated for subsequent years expenditures				100,000.00	
				\$ 5,772,562.68	
Reconciliation to governmental funds statements (GAAP):					
Prior Year aid payment not recognized on GAAP basis				(51,605.00)	
Fund balance per governmental funds (GAAP)				\$ 5,720,957.68	

BOROUGH OF EMERSON - SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
<b>REVENUES:</b>					
State Sources	671.00		671.00	671.00	
Federal Sources	332,082.00		332,082.00	332,082.00	
<b>Total Revenues</b>	<b>\$ 332,753.00</b>	<b>\$</b>	<b>\$ 332,753.00</b>	<b>\$ 332,753.00</b>	<b>\$</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	20,286.00	\$	20,286.00	20,286.00	\$
Purchased Professional/Technical Services	72.00		72.00	72.00	
Tuition	235,668.00		235,668.00	235,668.00	
General Supplies	750.00		750.00	750.00	
Textbooks	105.00		105.00	105.00	
<b>Total Instruction</b>	<b>256,881.00</b>		<b>256,881.00</b>	<b>256,881.00</b>	
Support Services:					
Other Salaries	12,139.50		12,139.50	12,139.50	
Purchased Services Employee Benefits	2,480.50		2,480.50	2,480.50	
Purchased Professional / Educational Services	29,469.00		29,469.00	29,469.00	
Purchased Professional/Technical Services	26,402.00		26,402.00	26,402.00	
Supplies and Materials	5,081.00		5,081.00	5,081.00	
Other Objects	300.00		300.00	300.00	
<b>Total Support Services</b>	<b>75,872.00</b>		<b>75,872.00</b>	<b>75,872.00</b>	
<b>Total expenditures</b>	<b>\$ 332,753.00</b>	<b>\$</b>	<b>\$ 332,753.00</b>	<b>\$ 332,753.00</b>	<b>\$</b>

BOROUGH OF EMERSON - SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGET TO GAAP RECONCILIATION  
NOTE TO RSI (REQUIRED SUPPLEMENTARY INFORMATION)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Note A - Explanation of difference between budgetary inflows and outflows and GAAP revenues and expenditures

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 25,691,507.02	\$ 332,753.00
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously it was recognized for budgetary purposes.	50,785.00	
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)	<u>(51,605.00)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 25,690,687.02</u>	<u>\$ 332,753.00</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$</u>	<u>\$ 332,753.00</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$</u>	<u>\$ 332,753.00</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)**

BOROUGH OF EMERSON - SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SEVEN YEARS

<u>Measurement Date Ending June 30,</u>	<u>District's Proportion of the Net Pension Liability (Asset)</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>District's Covered-Employee Payroll</u>	<u>District's Proportion of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u>
2013	0.0243277995%	4,649,526 \$	1,599,195.36	290.74%	48.72%
2014	0.0242059063%	4,532,008	1,631,832.00	277.73%	52.08%
2015	0.0231779258%	5,202,980	1,582,896.00	328.70%	47.92%
2016	0.0216626625%	6,415,859	1,482,510.00	432.77%	40.14%
2017	0.0216626625%	4,743,336	1,439,808.00	329.44%	48.10%
2018	0.0222384960%	4,407,487	1,477,693.00	298.27%	53.59%
2019	0.0229040562%	4,126,963	1,690,593.00	244.11%	56.27%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF EMERSON - SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SEVEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$ 183,305	\$ 183,305	\$ -0-	\$ 1,631,832.00	11.23%
2015	199,550	199,550	-0-	1,582,896.00	12.61%
2016	199,268	199,268	-0-	1,482,510.00	13.44%
2017	193,374	193,374	-0-	1,439,808.00	13.43%
2018	188,767	188,767	-0-	1,477,693.00	12.77%
2019	222,790	222,790	-0-	1,690,593.00	13.18%
2020	251,673	251,673	-0-	1,777,193.00	14.16%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF EMERSON - SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS PENSION AND ANNUITY FUND  
LAST SEVEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0816717517%	\$ -0-	\$ 41,276,261.00	8,047,701.00	-0-	512.90%	33.76%
2014	0.0822185321%	-0-	43,943,129.00	7,897,661.00	-0-	556.41%	33.64%
2015	0.0815059504%	-0-	51,515,241.00	8,209,002.00	-0-	627.55%	28.71%
2016	0.0827041838%	-0-	65,060,377.00	8,176,017.00	-0-	795.75%	22.33%
2017	0.0820891901%	-0-	55,347,492.00	8,243,600.00	-0-	671.40%	25.41%
2018	0.0816237654%	-0-	51,927,286.00	8,713,455.00	-0-	595.94%	26.48%
2019	0.0831375039%	-0-	51,022,271.00	8,748,320.00	-0-	583.22%	26.95%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.



BOROUGH OF EMERSON - SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

**REQUIRED SUPPLEMENTARY INFORMATION - PART IV**

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER  
THAN PENSIONS (GASB 75)**

BOROUGH OF EMERSON HIGH SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE TOTAL  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TEN YEARS

	Measurement Date Ended June 30,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Balance at 6/30	\$33,572,326	\$37,805,627	\$40,759,090
Changes for the year:			
Service cost	1,345,205	1,462,523	1,761,218
Interest	1,333,789	1,390,423	1,199,895
Changes of benefit terms			
Differences between expected and actual experience	(5,107,640)	(2,366,969)	
Changes in assumptions or other inputs	457,548	(3,852,592)	(5,071,161)
Benefit payments	(942,004)	(897,712)	(875,659)
Contributions from Members	27,924	31,026	32,244
Net changes	<u>(2,885,178)</u>	<u>(4,233,301)</u>	<u>(2,953,463)</u>
Balance at 6/30	<u>\$30,687,148</u>	<u>\$33,572,326</u>	<u>\$37,805,627</u>
Covered Employee Payroll	10,438,913.00	10,191,148.00	9,683,408
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	293.97%	329.43%	390.42%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF EMERSON HIGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Change in benefit terms:

None

Change in assumptions:

The discount rate changed from 3.87% to 3.50% as of  
June 30, 2019.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

BOROUGH OF EMERSON - SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	NONPUBLIC NURSING	NONPUBLIC TEXTBOOKS	NONPUBLIC SECURITY AID	NONPUBLIC TECHNOLOGY	TITLE
REVENUES:					
State Sources	194.00	105.00	300.00	72.00	70,206.00
Federal Sources					
Total Revenues	194.00	105.00	300.00	72.00	70,206.00
EXPENDITURES:					
Instruction:					
Salaries of Teachers					20,286.00
Purchased Professional / Technical Services				72.00	
Tuition					750.00
General Supplies		105.00			
Textbooks					
Total Instruction		105.00		72.00	21,036.00
Support Services:					
Other Salaries					12,139.50
Personal Services Employee - Benefits					2,480.50
Purchased Professional / Educational Services					29,469.00
Purchased Professional / Technical Services	194.00				
Supplies and Materials					5,081.00
Other Objects			300.00		
Total Support Services	194.00		300.00		49,170.00
Total Expenditures	194.00	105.00	300.00	72.00	70,206.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-



BOROUGH OF EMERSON - SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	IDEA PART B BASIC	IDEA PART B PRESCHOOL	TITLE IIA	TOTALS
<b>REVENUES:</b>				
State Sources	225,343.00	10,325.00	26,208.00	671.00
Federal Sources				332,082.00
<b>Total Revenues</b>	<b>225,343.00</b>	<b>10,325.00</b>	<b>26,208.00</b>	<b>332,753.00</b>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers				20,286.00
Purchased Professional / Technical Services				72.00
Tuition	225,343.00	10,325.00		235,668.00
General Supplies				855.00
Textbooks				
<b>Total Instruction</b>	<b>225,343.00</b>	<b>10,325.00</b>		<b>256,881.00</b>
Support Services:				
Other Salaries				12,139.50
Personal Services Employee - Benefits				2,480.50
Purchased Professional / Educational Services			26,208.00	29,469.00
Purchased Professional / Technical Services				26,402.00
Supplies and Materials				5,081.00
Other Objects				300.00
<b>Total Support Services</b>			<b>26,208.00</b>	<b>75,872.00</b>
<b>Total Expenditures</b>	<b>225,343.00</b>	<b>10,325.00</b>	<b>26,208.00</b>	<b>332,753.00</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-

## **CAPITAL PROJECTS FUND DETAIL STATEMENTS**

The capital projects fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

BOROUGH OF EMERSON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES-BUDGETARY BASIS  
AS OF JUNE 30, 2020

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATIONS</u>	<u>PRIOR YEAR</u>	<u>EXPENDITURES TO DATE</u> <u>CURRENT YEAR</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
Referendum	\$ 13,368,446.00 \$	803,462.45 \$	7,219,366.25 \$	5,345,617.30
Totals	\$ 13,368,446.00 \$	803,462.45 \$	7,219,366.25 \$	5,345,617.30

BOROUGH OF EMERSON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

REVENUES AND OTHER FINANCING SOURCES:	
Interest Earned on Bond Proceeds	\$ 146,138.61
Miscellaneous	0.00
Bond Proceeds	<u>0.00</u>
Total Revenues and Other Financing Sources	<u>146,138.61</u>
EXPENDITURES AND OTHER FINANCING USES:	
Legal Services	\$ 1,500.00
Purchased Professional and Technical Services	176,035.01
Construction Services	7,035,339.14
Miscellaneous	<u>6,492.10</u>
Total Expenditures and Other Financing Uses	<u>7,219,366.25</u>
Excess (deficiency) of revenues over (under) expenditures	(7,073,227.64)
Other financing sources (uses):	
Transfers out	<u>(87,000.00)</u>
Total other financing sources (uses)	<u>(87,000.00)</u>
Net change in fund balances	(7,160,227.64)
Fund Balance - Beginning of Year	<u>12,564,537.55</u>
Fund Balance - End of Year	<u>\$ 5,404,309.91</u>
<u>Reconciliation to GAAP Financial Statements:</u>	
Fund Balance- Budgetary Basis (Exhibit F-2)	<u>\$ 5,404,309.91</u>
Fund Balance- GAAP Basis (Exhibit B-1)	<u>\$ 5,404,309.91</u>
<u>Recapitulation:</u>	
Reserved for Encumbrances	\$ 4,005,358.02
Restricted for Capital Projects	<u>1,398,951.89</u>
	<u>\$ 5,404,309.91</u>



**PROPRIETARY FUND DETAIL STATEMENTS**

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

BOROUGH OF EMERSON SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS - ENTERPRISE FUNDS  
 JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND					
	FOOD SERVICE SCHOOL NUTRITION	AFTERCARE PROGRAM	ADULT EDUCATION PROGRAM	PRESCHOOL PROGRAM	TOTALS	
<b>ASSETS:</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 19,596.77	\$ 76,010.53	\$ 36,189.37	\$ 72,363.34	\$ 204,160.01	
Accounts receivable:						
Federal	5,293.40				5,293.40	
State	54.70				54.70	
Inventories	11,460.11				11,460.11	
Total Current Assets	36,404.98	76,010.53	36,189.37	72,363.34	220,968.22	
Capital Assets:						
Equipment	20,840.83		12,984.48		33,825.31	
Less: Accumulated Depreciation	(6,913.75)		(432.82)		(7,346.57)	
Total Capital Assets	13,927.08		12,551.66		26,478.74	
Total Assets	50,332.06	76,010.53	48,741.03	72,363.34	247,446.96	
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	8,218.05	6,784.69	402.10		15,404.84	
Unearned revenue	20,086.12				20,086.12	
Total Current Liabilities	28,304.17	6,784.69	402.10		35,490.96	
Total Liabilities	28,304.17	6,784.69	402.10		35,490.96	
<b>NET POSITION</b>						
Net Investment in capital assets	13,927.08		12,551.66		26,478.74	
Unrestricted	8,100.81	69,225.84	35,787.27	72,363.34	185,477.26	
Total Net Position	22,027.89	69,225.84	48,338.93	72,363.34	211,956.00	

BOROUGH OF EMERSON SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS - ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND						
	FOOD SERVICE SCHOOL NUTRITION	AFTERCARE PROGRAM	ADULT EDUCATION PROGRAM	BCBANC PROGRAM	PRESCHOOL PROGRAM	TOTALS	
<b>OPERATING REVENUES:</b>							
Charges for services:							
Daily sales	150,274.78	\$	\$	\$	\$	\$	150,274.78
Daily sales - non-reimbursable programs	99,930.00					99,930.00	99,930.00
Program Fees		78,681.00	134,563.75		110,470.00	323,714.75	323,714.75
<b>Total Operating Revenues</b>	<u>250,204.78</u>		<u>134,563.75</u>		<u>110,470.00</u>	<u>573,919.53</u>	
<b>OPERATING EXPENSES:</b>							
Cost of sales-reimbursable	96,955.40					96,955.40	96,955.40
Cost of sales-non reimbursable	40,393.00					40,393.00	40,393.00
Salaries	100,147.63		85,901.60			186,049.23	186,049.23
Employee benefits and taxes	33,828.50					33,828.50	33,828.50
Other purchased services	45,766.59		34,485.52			80,252.11	80,252.11
Supplies and materials	13,820.63		29,903.97			43,724.60	43,724.60
Miscellaneous	17,066.76			903.00		184,950.17	184,950.17
Depreciation	6,913.75		432.82			7,346.57	7,346.57
<b>Total Operating Expenses</b>	<u>354,892.26</u>		<u>150,723.91</u>	<u>903.00</u>	<u>93,332.50</u>	<u>673,499.58</u>	
<b>Operating Income (Loss)</b>	<u>(104,687.48)</u>		<u>(16,160.16)</u>	<u>(903.00)</u>	<u>17,137.50</u>	<u>(99,580.05)</u>	
<b>NONOPERATING REVENUES:</b>							
State Sources							
State School Lunch Program	2,736.70					2,736.70	2,736.70
Federal Sources							
National School Lunch Program	55,371.65					55,371.65	55,371.65
National School Breakfast Program	12,333.03					12,333.03	12,333.03
<b>Total Nonoperating Revenues</b>	<u>70,441.38</u>					<u>70,441.38</u>	
<b>Net Income (Loss) before Contributions and Transfers</b>	<u>(34,246.10)</u>		<u>(16,160.16)</u>	<u>(903.00)</u>	<u>17,137.50</u>	<u>(29,138.67)</u>	
<b>Change in net position</b>	<u>(34,246.10)</u>		<u>(16,160.16)</u>	<u>(903.00)</u>	<u>17,137.50</u>	<u>(29,138.67)</u>	
<b>Total Net Position, Beginning of Year</b>	<u>56,273.99</u>		<u>64,499.09</u>	<u>903.00</u>	<u>55,225.84</u>	<u>241,094.67</u>	
<b>Total Net Position, End of Year</b>	<u>22,027.89</u>		<u>48,338.93</u>	<u>903.00</u>	<u>72,363.34</u>	<u>211,956.00</u>	



BOROUGH OF EMERSON SCHOOL DISTRICT  
 PROPRIETARY FUND  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND					TOTALS
	FOOD SERVICE SCHOOL NUTRITION	AFTERCARE PROGRAM	ADULT EDUCATION PROGRAM	BCBANC PROGRAM	PRESCHOOL PROGRAM	
Cash flows from operating activities:						
Receipts from customers	\$ 261,049.51	\$ 78,681.00	\$ 134,563.75	\$	\$ 110,470.00	\$ 584,764.26
Payments for employees' salaries and benefits	(82,556.18)	(70,284.07)	(94,301.60)		(93,332.50)	(340,474.35)
Payments to suppliers for goods and services	(269,370.64)		(63,987.80)	(903.00)	0.00	(334,261.44)
Net Cash Provided by (Used for) Operating Activities	(90,877.31)	8,396.93	(23,725.65)	(903.00)	17,137.50	(89,971.53)
Cash Flows from Noncapital Financing Activities:						
State Sources	3,381.92					3,381.92
Federal Sources	74,652.28					74,652.28
Net Cash Provided by (Used for) Noncapital Financing Activities	78,034.20					78,034.20
Cash Flows from Capital and Related Financing Activities:						
Acquisition of Capital Assets			(12,984.48)			(12,984.48)
Net Cash Provided by (Used for) Capital and Related Financing Activities			(12,984.48)			(12,984.48)
Net increase in cash and cash equivalents	(12,843.11)	8,396.93	(36,710.13)	(903.00)	17,137.50	(24,921.81)
Cash and cash equivalents, July 1	32,439.88	67,613.60	72,899.50	903.00	55,225.84	229,081.82
Cash and cash equivalents, June 30	\$ 19,596.77	\$ 76,010.53	\$ 36,189.37	\$	\$ 72,363.34	\$ 204,160.01
Operating Income (Loss)						
Adjustments to Reconcile Operating Income (Loss) to Change in Assets and Liabilities:						
Increase / (Decrease) in Accounts Payable		3,363.84	(7,998.31)			(500.30)
Increase / (Decrease) in Unearned Revenue	4,134.17					10,469.73
(Increase) / Decrease in Inventory	10,469.73					(7,707.48)
	(7,707.48)					
Net Cash Provided by (Used for) by Operating Activities	\$ (90,877.31)	\$ 8,396.93	\$ (23,725.65)	\$ (903.00)	\$ 17,137.50	\$ (89,971.53)

## FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary funds are used to account for assets when a school district is functioning either as a trustee or as an agent for another party.

<b>Unemployment Compensation Insurance Trust Fund:</b>	This trust fund is used to account for board contributions which are utilized to pay unemployment compensation claims as they arise.
<b>Scholarship Trust Fund:</b>	This trust fund is used to account for assets held by the district for grants to students where there are no restrictions regarding the use of principal and interest.
<b>Student Activity Fund:</b>	This agency fund is used to account for student funds held at the schools.
<b>Payroll Agency Fund:</b>	This agency fund is used to account for the payroll transactions of the school district.
<b>Merchant Fees Fund:</b>	This agency fund is used to account for the merchant fee transactions of the school district.

BOROUGH OF EMERSON SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2020

				AGENCY FUNDS			
UNEMPLOYMENT COMPENSATION TRUST	TOTAL TRUST FUNDS	STUDENT ACTIVITY	MERCHANT FEES	PAYROLL	TOTAL AGENCY FUNDS		
Cash and Cash Equivalents	\$ 442,487.04	\$ 258,894.08	\$ 1,020.23	\$ 456,370.97	\$	\$ 716,285.28	
Total assets	\$ 442,487.04	\$ 258,894.08	\$ 1,020.23	\$ 456,370.97	\$	\$ 716,285.28	
<b>LIABILITIES:</b>							
Payroll Deductions and Withholdings Due to Student Groups	\$	258,894.08		\$ 456,370.97	\$	456,370.97	
Deposits Payable			1,020.23			258,894.08	
Total liabilities	\$	258,894.08	\$ 1,020.23	\$ 456,370.97	\$	716,285.28	
<b>NET POSITION:</b>							
Held in trust for unemployment claims	\$ 442,487.04	0.00	0.00	0.00	0.00	0.00	
TOTAL NET POSITION	\$ 442,487.04	\$ 442,487.04	\$ 442,487.04	\$ 442,487.04	\$ 442,487.04	\$ 442,487.04	

BOROUGH OF EMERSON SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>TOTALS</u>
ADDITIONS:		
Contributions:		
Unemployment	\$ <u>396,226.91</u>	\$ <u>396,226.91</u>
Total contributions	<u>396,226.91</u>	<u>396,226.91</u>
Investment Earnings:		
Interest Earned	<u>2,676.81</u>	<u>2,676.81</u>
Net Investment Earnings	<u>2,676.81</u>	<u>2,676.81</u>
Total additions	<u>398,903.72</u>	<u>398,903.72</u>
DEDUCTIONS:		
Unemployment claims and contributions	<u>40,560.85</u>	<u>40,560.85</u>
Total deductions	<u>40,560.85</u>	<u>40,560.85</u>
Change in Net Position	358,342.87	358,342.87
Net Position, Beginning of Year	<u>84,144.17</u>	<u>84,144.17</u>
Net Position, End of Year	<u>\$ 442,487.04</u>	<u>\$ 442,487.04</u>

BOROUGH OF EMERSON SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JUNE 30, 2019</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
ASSETS:				
Cash and cash equivalents	\$ <u>190,633.42</u>	\$ <u>200,426.06</u>	\$ <u>132,165.40</u>	\$ <u>258,894.08</u>
Total assets	\$ <u><u>190,633.42</u></u>	\$ <u><u>200,426.06</u></u>	\$ <u><u>132,165.40</u></u>	\$ <u><u>258,894.08</u></u>
LIABILITIES:				
Due student groups	\$ <u>190,633.42</u>	\$ <u>200,426.06</u>	\$ <u>132,165.40</u>	\$ <u>258,894.08</u>
Total liabilities	\$ <u><u>190,633.42</u></u>	\$ <u><u>200,426.06</u></u>	\$ <u><u>132,165.40</u></u>	\$ <u><u>258,894.08</u></u>

BOROUGH OF EMERSON SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JUNE 30, 2019</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ <u>12,009.38</u>	\$ <u>21,764,821.44</u>	\$ <u>21,320,459.85</u>	\$ <u>456,370.97</u>
Total assets	\$ <u><u>12,009.38</u></u>	\$ <u><u>21,764,821.44</u></u>	\$ <u><u>21,320,459.85</u></u>	\$ <u><u>456,370.97</u></u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ <u>12,009.38</u>	\$ <u>21,764,821.44</u>	\$ <u>21,320,459.85</u>	\$ <u>456,370.97</u>
Total liabilities	\$ <u><u>12,009.38</u></u>	\$ <u><u>21,764,821.44</u></u>	\$ <u><u>21,320,459.85</u></u>	\$ <u><u>456,370.97</u></u>

BOROUGH OF EMERSON SCHOOL DISTRICT  
MERCHANT FEES FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	BALANCE JUNE 30, 2019	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2020
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
ASSETS:				
Cash and cash equivalents	\$ <u>          839.25</u>	\$ <u>  107,784.15</u>	\$ <u>  107,603.17</u>	\$ <u>          1,020.23</u>
Total assets	\$ <u>          839.25</u>	\$ <u>  107,784.15</u>	\$ <u>  107,603.17</u>	\$ <u>          1,020.23</u>
LIABILITIES:				
Merchant Fees Payable	\$ <u>          839.25</u>	\$ <u>  107,784.15</u>	\$ <u>  107,603.17</u>	\$ <u>          1,020.23</u>
Total liabilities	\$ <u>          839.25</u>	\$ <u>  107,784.15</u>	\$ <u>  107,603.17</u>	\$ <u>          1,020.23</u>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.



BOROUGH OF EMERSON SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2020

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>MATURITIES</u>		<u>RATE OF INTEREST</u>	<u>BALANCE JUNE 30, 2019</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2020</u>
			<u>DATE</u>	<u>AMOUNT</u>				
School Bonds	12/15/2018	\$ 13,368,000.00	9/1/2020	\$ 495,000.00	3.000%			
			9/1/2021	510,000.00	3.125%			
			9/1/2022	530,000.00	3.125%			
			9/1/2023	545,000.00	3.125%			
			9/1/2024	565,000.00	3.250%			
			9/1/2025	585,000.00	3.250%			
			9/1/2026	605,000.00	3.250%			
			9/1/2027	625,000.00	3.250%			
			9/1/2028	645,000.00	3.250%			
			9/1/2029	665,000.00	3.250%			
			9/1/2030	690,000.00	3.250%			
			9/1/2031	715,000.00	3.250%			
			9/1/2032	735,000.00	3.250%			
			9/1/2033	765,000.00	3.250%			
			9/1/2034	790,000.00	3.250%			
			9/1/2035	815,000.00	3.375%			
			9/1/2036	845,000.00	3.375%			
			9/1/2037	870,000.00	3.500%			
		9/1/2038	900,000.00	3.500%				
						13,368,000.00	473,000.00	12,895,000.00
						<u>\$ 13,368,000.00</u>	<u>\$ 473,000.00</u>	<u>\$ 12,895,000.00</u>

BOROUGH OF EMERSON SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL</u>	<u>MODIFIED</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local sources:				
Local tax levy	\$ 756,540.00	\$ 756,540.00	\$ 756,540.00	
Interest on Investments	87,000.00	87,000.00	87,000.00	
State sources:				
Debt Service Aid Type II	151,087.00	151,087.00	151,087.00	
Total revenues	994,627.00	994,627.00	994,627.00	
EXPENDITURES:				
Regular debt service:				
Interest	521,627.00	521,627.00	521,626.16	0.84
Redemption of principal	473,000.00	473,000.00	473,000.00	
Total regular debt service-expenditures	994,627.00	994,627.00	994,626.16	0.84
Excess (deficiency) of revenues over (under) expenditures			0.84	0.84
Fund balance, July 1	149,971.68	149,971.68	149,971.68	
Fund balance, June 30	\$ 149,971.68	\$ 149,971.68	\$ 149,972.52	\$ 0.84

**STATISTICAL SECTION**  
**(UNAUDITED)**

BOROUGH OF EMERSON SCHOOL DISTRICT  
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends:	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information:	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

**BOROUGH OF EMERSON SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
*(accrual basis of accounting)*  
**UNAUDITED**

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental activities</b>										
Net investment in capital assets (deficit)	\$ 15,017,022	\$ (6,766,513)	\$ 1,264,681	\$ 1,405,445	\$ 1,449,616	\$ 1,622,580	\$ 1,203,950	\$ 1,322,457	\$ 1,833,610	\$ 1,648,677
Restricted	(4,027,076.23)	3,339,940.86	2,826,452.00	2,463,835	2,105,626	1,854,685	2,579,770	2,398,321	2,228,774	1,756,345
Unrestricted (deficit)	(2,559,930)	(2,492,708)	(3,844,482)	(3,923,374)	(3,706,338)	(3,040,588)	1,590,163	857,685	440,386	361,509
Total governmental activities net position	\$ 8,430,016	\$ (5,919,260)	\$ 246,651	\$ (64,094)	\$ (151,096)	\$ 436,677	\$ 5,373,883	\$ 4,578,463	\$ 4,502,770	\$ 3,766,531
<b>Business-type activities</b>										
Net investment in capital assets	\$ 26,479	\$ 20,841							\$ 12,404	\$ 14,806
Unrestricted	185,477	220,254	161,183	112,874	125,284	82,012	92,858	70,436	69,600	64,013
Total business-type activities net position	\$ 211,956	\$ 241,095	\$ 161,183	\$ 112,874	\$ 125,284	\$ 82,012	\$ 92,858	\$ 70,436	\$ 82,004	\$ 78,819
<b>District-wide</b>										
Net investment in capital assets (deficit)	\$ 15,043,501	\$ (6,745,672)	\$ 1,264,681	\$ 1,405,445	\$ 1,449,616	\$ 1,622,580	\$ 1,203,950	\$ 1,322,457	\$ 1,846,014	\$ 1,663,483
Restricted	(4,027,076)	3,339,941	2,826,452	2,463,835	2,105,626	1,854,685	2,579,770	2,398,321	2,228,774	1,756,345
Unrestricted (deficit)	(2,374,452)	(2,272,454)	(3,683,299)	(3,810,500)	(3,581,054)	(2,958,576)	1,683,021	928,121	509,986	425,522
Total district net position	\$ 8,641,972	\$ (5,678,185)	\$ 407,834	\$ 58,780	\$ (25,812)	\$ 518,689	\$ 5,466,741	\$ 4,648,899	\$ 4,584,774	\$ 3,845,350

Source: CAFR Schedule A-1

**BOROUGH OF EMERSON SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
*(accrual basis of accounting)*  
**UNAUDITED**

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 9,881,290	\$ 9,560,546	\$ 6,006,699	\$ 5,842,344	\$ 5,861,777	\$ 5,305,071	\$ 5,078,116	\$ 5,606,665	\$ 5,210,207	\$ 5,207,332
Special education	5,734,417	5,448,633	2,079,687	2,149,630	2,114,959	2,102,980	2,017,881	1,951,193	1,850,647	1,907,015
Other instruction	1,596,014	1,475,057	268,250	249,325	233,210	217,533	267,139	158,395	186,577	157,014
School sponsored activities and athletics			643,018	603,774	627,941	683,550	619,581	595,309	543,399	450,498
Support Services:										
Tuition			1,983,174	1,780,262	1,916,373	1,637,296	1,672,158	1,782,391	1,857,366	1,578,250
Student and instruction related services	3,172,280	2,825,775	1,350,865	1,470,311	1,571,222	1,542,008	1,412,888	1,461,506	1,506,205	1,446,277
Educational media/school library			219,749	217,105	208,703	208,703	208,889	214,472	205,275	205,275
General administration	686,964	596,052	364,734	337,732	331,540	320,185	296,218	215,810	356,792	434,433
School administrative services	2,122,303	2,025,960	1,140,806	1,096,008	917,513	946,879	1,173,130	1,164,992	1,161,212	1,030,149
Central services	615,101	665,710	445,408	441,031	429,011	414,766	416,214	441,205	396,425	345,599
Plant operations and maintenance	2,249,688	2,097,950	1,663,107	1,798,062	1,894,077	1,698,160	1,615,396	1,656,975	1,725,106	1,502,055
Pupil transportation	680,690	683,797	534,773	476,078	443,787	394,436	443,369	449,369	480,547	453,454
Unallocated Benefits			6,331,827	5,874,880	5,744,294	9,543,813	4,300,862	3,982,469	3,539,383	3,501,763
Capital			638,436	660,073	578,338	1,451,702	441,393	805,350	76,888	148,515
Interest on long-term debt	456,006	205,237								27,681
Unallocated depreciation	247,110	164,871								
Total governmental activities expenses	<u>27,441,863</u>	<u>25,749,587</u>	<u>23,660,533</u>	<u>22,996,815</u>	<u>22,858,745</u>	<u>26,520,491</u>	<u>19,914,501</u>	<u>20,492,576</u>	<u>19,105,226</u>	<u>18,395,310</u>
Business-type activities:										
Business			720,956	679,113	608,229	580,941	548,540	594,701	582,345	572,568
Food service	354,892	423,053								
Preschool Program	93,333	100,550								
Aftercare Program	73,648	44,372								
Adult Education Program	150,724	201,528								
Total business-type activities expense	<u>673,500</u>	<u>769,482</u>	<u>720,956</u>	<u>679,113</u>	<u>608,229</u>	<u>580,941</u>	<u>548,540</u>	<u>594,701</u>	<u>582,345</u>	<u>572,568</u>
Total district expenses	<u>\$ 28,115,362</u>	<u>\$ 26,519,069</u>	<u>\$ 24,381,489</u>	<u>\$ 23,675,928</u>	<u>\$ 23,466,974</u>	<u>\$ 27,101,432</u>	<u>\$ 20,463,041</u>	<u>\$ 21,087,277</u>	<u>\$ 19,687,571</u>	<u>\$ 18,967,878</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	\$ 23,925	\$ 71,091	\$ 26,119	\$ 19,487	\$ 16,887	\$ 16,712	\$ 17,554	\$ 58,762	\$ 84,987	\$ 113,059
Operating grants and contributions	6,013,653	6,763,263	3,528,545	3,482,078	3,228,767	2,801,223	2,536,687	2,818,506	2,494,262	\$ 2,013,764,00
Total governmental activities program revenues	<u>6,037,578</u>	<u>6,834,354</u>	<u>3,554,664</u>	<u>3,501,565</u>	<u>3,245,654</u>	<u>2,817,935</u>	<u>2,554,241</u>	<u>2,877,268</u>	<u>2,579,249</u>	<u>2,126,823</u>
Business-type activities:										
Charges for services			698,691	604,396	592,586	522,797	520,081	534,751	541,505	516,738
Food service	250,205	354,713								
Preschool Program	110,470	109,075								
Aftercare Program	78,681	108,565								
Adult Education Program	134,564	204,333								
Operating grants and contributions	70,441	72,709	70,574	62,307	58,915	47,298	50,881	48,382	44,025	35,234
Total business type activities program revenues	<u>644,361</u>	<u>849,394</u>	<u>769,265</u>	<u>666,703</u>	<u>651,501</u>	<u>570,095</u>	<u>570,962</u>	<u>583,133</u>	<u>585,530</u>	<u>551,972</u>
Total district program revenues	<u>6,681,939</u>	<u>7,683,748</u>	<u>4,323,929</u>	<u>4,168,268</u>	<u>3,897,155</u>	<u>3,388,030</u>	<u>3,125,203</u>	<u>3,460,401</u>	<u>3,164,779</u>	<u>2,678,795</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(21,404,284)	(18,915,233)	(20,105,869)	(19,495,250)	(19,613,091)	(23,702,556)	(17,360,260)	(17,615,308)	(16,525,977)	(16,268,487)
Business-type activities	(29,139)	79,912	48,309	(12,410)	43,272	(10,846)	22,422	(11,568)	3,185	(20,596)
Total district-wide net expense	<u>\$ (21,433,423)</u>	<u>\$ (18,835,321)</u>	<u>\$ (20,057,560)</u>	<u>\$ (19,507,660)</u>	<u>\$ (19,569,819)</u>	<u>\$ (23,713,402)</u>	<u>\$ (17,337,838)</u>	<u>\$ (17,626,876)</u>	<u>\$ (16,522,792)</u>	<u>\$ (16,289,083)</u>

**BOROUGH OF EMERSON SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
*(accrual basis of accounting)*  
**UNAUDITED**

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 20,703,830	\$ 20,137,326	\$ 19,438,059	\$ 18,881,630	\$ 18,347,315	\$ 17,822,315	\$ 17,364,797	\$ 17,032,833	\$ 16,733,170	\$ 16,850,724
Other Local Governmental Units-Restricted			484,280.00	477,791	483,515	473,687	461,899	438,626	406,592	406,283
State aid restricted for debt service	78,110.81	30,405.00	257,318.00	45,987						
Transportation Fees	794,511.26	884,161.41		8,208						5,671
Investment Earnings	0.00	0.00	12,617.00		194,488	469,358	328,984	219,542	122,454	627,959
Miscellaneous income			214,340	178,636						(47,518)
Transfers										
Special Items	(92,498)	(650)								
Total governmental activities	22,391,581	21,051,242	20,406,614	19,592,252	19,025,318	18,765,360	18,155,680	17,681,001	17,262,216	17,843,119
Total district-wide	\$ 22,391,581	\$ 21,051,242	\$ 20,406,614	\$ 19,592,252	\$ 19,025,318	\$ 18,765,360	\$ 18,155,680	\$ 17,691,001	\$ 17,262,216	\$ 17,843,119
<b>Change in Net Position</b>										
Governmental activities	\$ 987,297	\$ 2,136,010	\$ 300,745	\$ 97,002	\$ (587,773)	\$ (4,937,196)	\$ 795,420	\$ 75,693	\$ 736,239	\$ 1,574,632
Business-type activities	(29,139)	79,912	48,309	(12,410)	43,272	(10,846)	22,422	(11,568)	3,185	(20,596)
Total district	\$ 958,158	\$ 2,215,922	\$ 349,054	\$ 84,592	\$ (544,501)	\$ (4,948,042)	\$ 817,842	\$ 64,125	\$ 739,424	\$ 1,554,036

Source: CAFR Schedule A-2





**BOROUGH OF EMERSON SCHOOL DISTRICT  
CHANGES IN GOVERNMENTAL FUND BALANCES - GOVERNMENTAL FUNDS  
UNAUDITED**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues</b>										
Tax Levy	\$ 21,460,370	\$ 20,137,326	\$ 19,438,059	\$ 18,881,630	\$ 18,347,315	\$ 17,822,315	\$ 17,364,797	\$ 17,032,833	\$ 16,733,170	\$ 16,850,724
Miscellaneous	818,437	974,385	737,356	737,819	736,038	961,339	805,408	741,131	619,974	1,152,972
State Sources	4,466,317	4,110,359	3,446,000	3,129,747	2,845,826	2,530,323	2,282,444	2,515,046	2,201,005	1,603,981
Federal Sources	332,082	336,667	339,863	344,621	341,793	269,318	257,272	279,259	287,316	409,783
Total Revenues	<u>27,077,206</u>	<u>25,558,736</u>	<u>23,961,278</u>	<u>23,093,817</u>	<u>22,270,972</u>	<u>21,583,295</u>	<u>20,709,921</u>	<u>20,568,269</u>	<u>19,841,465</u>	<u>20,017,460</u>
<b>Expenditures</b>										
Instruction										
Regular Instruction	6,289,346	6,091,020	6,006,699	5,842,344	5,861,777	5,305,071	5,038,451	5,571,393	5,163,580	5,207,332
Special Education Instruction	2,166,635	2,072,611	2,079,687	2,149,830	2,114,959	2,102,980	2,002,120	1,938,918	1,834,085	1,907,015
Other Instruction	967,642	940,192	258,250	249,325	233,210	217,533	265,053	157,399	184,907	157,014
School Sponsored Activities and Athletics			643,018	603,774	627,941	683,550	614,742	591,564	538,536	450,498
Support Services:										
Tuition	2,123,738	2,057,922	1,983,174	1,780,262	1,916,373	1,637,296	1,659,097	1,771,178	1,840,744	1,578,250
Student and Instruction Related Services	1,814,879	1,658,050	1,350,865	1,470,671	1,571,222	1,542,018	1,401,853	1,452,311	1,492,725	1,446,277
Educational Media/School Library			219,749	217,105	208,703	212,841	207,257	219,557	212,553	205,275
General Administration	387,340	341,358	364,734	337,372	331,540	320,185	293,904	214,452	353,599	434,433
School Administrative Services	1,088,659	1,057,161	1,140,806	1,096,008	917,513	946,879	1,163,967	1,157,663	1,150,820	1,030,149
Central Services	411,141	452,111	445,408	441,031	429,011	414,766	412,963	438,428	392,877	345,599
Plant Operations and Maintenance	1,718,499	1,631,226	1,663,107	1,798,062	1,894,077	1,698,160	1,602,778	1,646,551	1,709,668	1,502,055
Pupil Transportation	562,258	572,705	534,773	476,078	429,787	443,707	391,354	446,542	476,247	453,454
Unallocated Benefits	7,872,651	6,216,019	6,317,009	5,544,574	5,451,999	5,096,750	4,310,886	4,019,913	3,639,906	3,519,652
Capital Outlay	8,211,888	1,254,609	497,672	615,902	405,374	1,870,332	441,593	407,525	421,232	320,549
Debt Service:										
Principal	473,000	-	-	-	-	-	-	-	-	542,681
Total expenditures	<u>34,589,301</u>	<u>24,344,983</u>	<u>23,504,951</u>	<u>22,622,338</u>	<u>22,393,486</u>	<u>22,492,068</u>	<u>19,806,018</u>	<u>20,033,394</u>	<u>19,411,479</u>	<u>19,100,233</u>
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	<u>(7,512,096)</u>	<u>1,213,754</u>	<u>456,327</u>	<u>471,479</u>	<u>(122,514)</u>	<u>(908,773)</u>	<u>903,903</u>	<u>534,875</u>	<u>429,986</u>	<u>917,227</u>
Other Financing Sources (Uses)										
Bond Proceeds	-	13,368,000								
Other charges	(92,498)	-								
Transfers In	-	-								
Total Other Financing Sources (Uses)	<u>(92,498)</u>	<u>13,368,000</u>								
Net Change in Fund Balances	<u>\$ (7,604,594)</u>	<u>\$ 14,581,754</u>	<u>\$ 456,327</u>	<u>\$ 471,479</u>	<u>\$ (122,514)</u>	<u>\$ (908,773)</u>	<u>\$ 903,903</u>	<u>\$ 534,875</u>	<u>\$ 429,986</u>	<u>\$ 869,709</u>
Debt Service as a Percentage of Noncapital Expenditures		3.77%								2.89%

Source: CAFR Schedule B-2  
\* Noncapital expenditures are total expenditures less capital outlay.

EMERSON BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
UNAUDITED

Fiscal Year Ended June 30,	Non-Public Transportation Reimbursement	Interest on Investments	Tuition	Prior Year Refunds	Rentals	Transportation Refunds	Returned From Capital Projects	Miscellaneous	Total
2011	\$ 8,653	\$ 39,231	\$ 113,059	\$ 47,967	\$ 1,822			\$ 807,112	\$ 1,017,844
2012		20,576	84,987	52,069	1,469			460,873	619,974
2013		17,342						193,375	210,717
2014	8,269	17,143		19,948			141,948	129,136	316,444
2015	7,939	11,938		108,787			305,404	17,082	466,225
2016	6,710	13,179		89,302		15,075		71,356	188,547
2017		21,900		10,093		\$8,000.00		146,643	178,636
2018								214,340	214,340
2019		105,330		39,848				95,046	240,224
2020		76,567		31,614				36,345	144,527

Source: District Records

BOROUGH OF EMERSON SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

<u>Calendar Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total Assessed Value</u>	<u>Public Utilities<sup>a</sup></u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate<sup>b</sup></u>	<u>Estimated Actual (County Equalized Value)</u>
2010	16,779,700	1,000,433,800	288,400	173,360,900	4,806,500	1,195,669,300	1,344,260	1,197,013,560	1.393	1,282,656,347
2011	16,761,900	1,004,911,100	288,400	176,171,300	4,806,500	1,202,939,200	1,039,760	1,203,978,960	1.415	1,324,355,506
2012	16,507,400	1,007,045,000	288,400	168,951,400	4,806,500	1,197,598,700	871,570	1,198,470,270	1.449	1,271,210,844
2013	16,385,600	1,008,529,100	288,400	167,274,500	4,806,500	1,197,284,100	791,718	1,198,075,818	1.488	1,249,910,039
2014	17,177,000	1,010,393,600	288,400	164,469,300	6,706,500	1,199,034,800	818,896	1,199,853,696	1.529	1,233,850,026
2015	16,966,300	1,014,035,500	288,400	163,408,000	6,706,500	1,201,404,700	802,591	1,202,207,291	1.571	1,259,476,713
2016	16,703,000	1,018,155,000	268,400	161,033,100	4,806,500	1,200,966,000	799,629	1,201,765,629	1.617	1,267,448,581
2017	15,129,600	1,021,910,100	288,400	160,491,600	4,806,500	1,202,626,200	815,009	1,203,441,209	1.673	1,294,947,728
2018	14,595,400	1,026,982,700	288,400	160,413,400	4,806,500	1,207,086,400	826,407	1,207,912,807	1.777	1,319,802,127
2019	16,196,600	1,027,398,100	288,400	157,750,500	4,806,500	1,206,440,100	832,705	1,207,272,805	1.814	1,337,620,617

Source: District records Tax list summary & Municipal Tax Assessor

**Note:** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

<sup>b</sup> Tax rates are per \$100

BOROUGH OF EMERSON SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES

*(rate per \$100 of assessed value)*

UNAUDITED

Calendar Year Ended Dec. 31	Local School District	Municipality of Emerson	Municipal Public Library	County of Bergen	Total
2011	1.393	0.676	0.038	0.222	2.329
2012	1.415	0.695	0.036	0.241	2.387
2013	1.449	0.715	0.035	0.244	2.443
2014	1.488	0.732	0.034	0.242	2.496
2015	1.529	0.741	0.034	0.246	2.550
2016	1.571	0.741	0.034	0.258	2.604
2017	1.617	0.745	0.035	0.264	2.661
2018	1.673	0.744	0.036	0.264	2.717
2019	1.777	0.765	0.037	0.266	2.845
2020	1.814	0.785	0.037	0.275	2.911

Source: District Records and Municipal Tax Collector

**Note:**

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any appending growth adjustments.

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable
- b** Rates for debt service are based on each year's requirements.

**\* Information for this schedule was not available at the time of audit.**

BOROUGH OF EMERSON SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
 CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
ROBERT LEE REALTY% AFS LEASE ACCT	23,750,000	1	1.97%	23,750,000	1	1.98%
URSTADT BIDDLE PROPERTY INC	13,506,000	2	1.12%	13,506,000	2	1.13%
EMERSON CONVALESCENT CENTER	11,800,000	3	0.98%	11,800,000	3	0.99%
BREA EMERSON LLC-% STE.2300	9,500,000	4	0.79%	9,500,000	4	0.79%
HACKENSACK GOLF CLUB	7,029,300	5	0.58%	7,029,300	5	0.59%
452 OLD HOOK RD ASSOC LLC	5,004,000	6	0.41%	5,004,000	6	0.42%
LIBERTY EMERSON LLC	4,105,900	7	0.34%	4,105,900	7	0.34%
SUEZ % ALTUS GROUP US INC.	4,025,500	8	0.33%	4,025,500	8	0.34%
GRAND INVESTMTS IV LLC	3,742,700	9	0.31%	3,742,700	9	0.31%
HACKENSACK GOLF CLUB	2,947,800	10	0.24%	2,947,800	10	0.25%
<b>Total</b>	<b>\$ 85,411,200.00</b>		<b>7.07%</b>	<b>\$ 85,411,200.00</b>		<b>7.14%</b>

Source: District CAFR J11 and Municipal Tax Assessor

BOROUGH OF EMERSON SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2019	20,137,326	20,137,326	100.00%	-
2020	21,460,370	21,460,370	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

**Note:** 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.

BOROUGH OF EMERSON SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Total District	Population	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Notes Payable				
2019	13,368,000.00				13,368,000.00	7,394	1,808
2020	12,895,000.00				12,895,000.00	7,394	1,744

Source: District CAFR Schedules I-1

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

BOROUGH OF EMERSON SCHOOL DISTRICT  
RATIOS OF NET BONDED DEBT OUTSTANDING  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Total Municipal Assessed Value	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding			
2011	-0-	-0-	-0-	1,282,656,347		
2012	-0-	-0-	-0-	1,324,355,506		
2013	-0-	-0-	-0-	1,271,210,844		
2014	-0-	-0-	-0-	1,249,910,039		
2015	-0-	-0-	-0-	1,233,950,026		
2016	-0-	-0-	-0-	1,259,476,713		
2017	-0-	-0-	-0-	1,202,207,291		
2018	-0-	-0-	-0-	1,201,785,629		
2019	13,368,000.00	-0-	13,368,000.00	1,203,441,209	1.11%	1,807.95
2020	12,895,000.00	-0-	12,895,000.00	1,207,912,807	1.07%	1,743.98

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.



BOROUGH OF EMERSON SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2019  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Emerson Borough	\$ 9,306,601	100.00%	\$ 9,306,601
Other debt Bergen County	855,378,427	7.30%	<u>62,442,625</u>
Subtotal, overlapping debt			71,749,226
Emerson Borough School District Direct Debt	12,895,000	100.00%	<u>12,895,000</u>
Total direct and overlapping debt			<u><u>\$ 84,644,226</u></u>

Sources: Borough Chief Financial Officer and County Treasurer's Office

**\* Information for this schedule was not available at the time of audit.**

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Emerson. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

**a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.



BOROUGH OF EMERSON SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
UNAUDITED

<u>Year Ended</u> <u>December 31</u>	<u>Unemployment Rate <sup>a</sup></u>	<u>Per Capita Income <sup>a</sup></u>	<u>Population <sup>a</sup></u>
2011	3.9%	68,244	7,521
2012	3.9%	71,380	7,564
2013	5.7%	70,498	7,621
2014	4.9%	73,536	7,656
2015	4.2%	75,849	7,697
2016	3.8%	73,293	7,669
2017	3.8%	76,388	7,520
2018	3.6%	77,187	7,490
2019	3.4%	81,203	7,394
2020	3.4%	81,203	7,394

Source: N.J. Department of Labor

**a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.



BOROUGH OF EMERSON SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
UNAUDITED

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction	*	*	*	*	*	*	*	*	*	*
Regular	*	*	*	*	*	*	*	*	*	*
Special education	*	*	*	*	*	*	*	*	*	*
Other special education	*	*	*	*	*	*	*	*	*	*
Support Services:										
Student & instruction related services	*	*	*	*	*	*	*	*	*	*
General administration	*	*	*	*	*	*	*	*	*	*
School administrative services	*	*	*	*	*	*	*	*	*	*
Central services	*	*	*	*	*	*	*	*	*	*
Administrative Information Technology	*	*	*	*	*	*	*	*	*	*
Plant operations and maintenance	*	*	*	*	*	*	*	*	*	*
Pupil transportation	*	*	*	*	*	*	*	*	*	*
Total	-	-	-	-	-	-	-	-	-	-

\* Information for this schedule was not available at the time of audit.

Source: District Personnel Records

BOROUGH OF EMERSON SCHOOL DISTRICT  
OPERATING STATISTICS  
UNAUDITED

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment	Operating Expenditures <sup>a</sup>	Cost per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Elementary School	Middle School	Senior High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	*	17,973,851.00	15,022	0.70%	181.0	*	*	*	1,197	1,145	0	95.70%
2012	*	18,074,918.00	15,314	1.90%	189.0	*	*	*	1,180	1,140	-1.35%	96.60%
2013	*	18,308,074.00	15,402	0.60%	191.0	*	*	*	1,189	1,146	0.71%	96.40%
2014	*	18,292,199.00	15,354	-0.30%	199.0	*	*	*	1,191	1,147	0.23%	96.25%
2015	*	20,746,513.00	17,399	13.30%	202.0	*	*	*	1,192	1,147	0.08%	96.18%
2016	*	20,342,483.00	17,491	0.50%	201.0	*	*	*	1,163	1,123	-2.47%	96.53%
2017	*	20,310,779.00	18,164	3.80%	202.0	*	*	*	1,118	1,071	-3.85%	95.74%
2018	*	*	*	*	*	*	*	*	*	*	*	*
2019	*	23,090,373.85	*	*	*	*	*	*	*	*	*	*
2020	*	25,382,787.45	*	*	*	*	*	*	*	*	*	*

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay;
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil represents operating expenditures divided by enrollment.

\* Information for this schedule was not available at the time of audit.

BOROUGH OF EMERSON SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>District Building</u>										
<u>Elementary</u>										
Emerson Jr. Sr. High School										
Square Feet	103,000	103,000	103,000	103,000	103,000	103,000	103,000	103,000	103,000	103,000
Capacity (students)	527	527	527	527	527	527	527	527	527	527
Enrollment	521	534	554	555	566	548	527	*	*	*
Memorial										
Square Feet	24,750	24,750	24,750	24,750	24,750	24,750	24,750	24,750	24,750	24,750
Capacity (students)	338	338	338	338	338	338	338	338	338	338
Enrollment	290	284	295	304	293	294	266	*	*	*
Patrick M. Villano										
Square Feet	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,175
Capacity (students)	396	396	396	396	396	396	396	396	396	396
Enrollment	386	382	340	332	334	320	325	*	*	*

Number of Schools at June 30, 2020

Elementary -	2
Junior/Senior High School -	1
	<hr/>
	3

Source: District records

\* Information for this schedule was not available at the time of audit.

BOROUGH OF EMERSON - SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 UNAUDITED

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

School Facilities	Project # (s)	2020	2019	2018	2017	2016	2015	2,014	2013	2012	2011
Emerson Jr. Sr. High School	N/A		\$ 625,438	\$ 490,569	\$ 496,220	\$ 575,124	\$ 499,948	\$ 399,493	\$ 403,657	\$ 1,078,506	\$ 927,702
Patrick M. Villano School	N/A		213,591	167,532	169,564	196,408	174,585	136,429	137,850	368,315	316,815
Memorial School	N/A		150,287	117,879	119,310	138,197	119,035	95,995	96,995	259,156	222,919
Total School Facilities		-	989,316	775,980	785,094	909,729	793,568	631,917	638,502	1,705,977	1,467,436
Grand Total		\$ -	\$ 989,316	\$ 775,980	\$ 785,094	\$ 909,729	\$ 793,568	\$ 631,917	\$ 638,502	\$ 1,705,977	\$ 1,467,436



BOROUGH OF EMERSON SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2020  
UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<u>Commercial Package Policy</u>		
Property Blanket Building & Contents	\$ 43,366,923	\$ 2,500
<u>Crime Coverage</u>	2,500,000	
Money & Securities		
Loss Inside	50,000	
Loss Inside	50,000	
Blanket Dishonesty incl Faithful Performance	500,000	1,000
<u>Boiler &amp; Machinery</u>		
Coverage	100,000,000	1,000
<u>Flood</u>		
Per Occurrence/Per Member	10,000,000	
Excluding Zones A&V		
Per Occurrence/Per Member	25,000,000	
in Flood Zone A&V		
<u>Earthquake</u>	25,000,000	
<u>General Liability</u>		
Each Occurrence	5,000,000	
<u>Additional: Excess Liability</u>		
Each Occurrence	5,000,000	
<u>Automobile Coverage</u>		
Combined Single Limit	5,000,000	
Comprehensive	1,000	
Collision	1,000	
<u>School Leaders</u>		
Limit of Liability	5,000,000	
Deductible: Ea. Wrongful Act		5,000
Each Employment Practices liability		5,000
Each IEP Hearing		5,000
<u>Environmental</u>		
Per Incident	1,000,000	
Fund Annual Aggregate	25,000,000	10,000
<u>Cyber Liability</u>		
Limit of Liability	2,000,000	10,000
<u>Travel Accident Policy</u>		
Principal Sum	100,000	
Aggregate	500,000	
NJUEP EXCESS LIABILITY	30,000,000	
NJ CAP Program	50,000,000	

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**SINGLE AUDIT SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable President and Members  
of the Board of Education  
Borough of Emerson School District  
County of Bergen  
Emerson, New Jersey 07630

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Emerson School District, in the County of Bergen, State of New Jersey (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 15, 2021.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

# SUPLEE, CLOONEY & COMPANY

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

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

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## ***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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
PUBLIC SCHOOL ACCOUNTANT NO. 948

January 15, 2021



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR STATE FINANCIAL ASSISTANCE PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
IN ACCORDANCE WITH THE NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members  
of the Board of Education  
Borough of Emerson School District  
County of Bergen  
Emerson, New Jersey 07630

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

We have audited the Borough of Emerson School District's, in the County of Bergen, State of New Jersey (the "District") compliance with the types of compliance requirements described in the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2020. The District's major 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major 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; and New Jersey *OMB 15-08*. Those standards and New Jersey *OMB 15-08* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the 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 state program. However, our audit does not provide a legal determination of the District's compliance.

# SUPLEE, CLOONEY & COMPANY

## ***Opinion on Each Major State Program***

In our opinion, the District 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 state programs for the year ended June 30, 2020.

## ***Report on Internal Control Over Compliance***

Management of the District 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with New Jersey *OMB 15-08*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
PUBLIC SCHOOL ACCOUNTANT NO. 948

January 15, 2021

BOROUGH OF EMERSON - SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	FEDERAL AWARD ID. NUMBER	AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE JUNE 30, 2019		CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT BUDGETARY EXPENDITURES	ADJUSTMENTS/ CANCEL PRIOR YEAR ACCOUNTS PAYABLE	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE JUNE 30, 2020	
						(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE							(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
<b>Enterprise Funds</b>															
U.S. Department of Agriculture															
Passed-Through State Department of Education:															
Child Nutrition Cluster															
National School Lunch Program	10.555	N/A	18191NJ304N1099	374,367.96	7/1/2018	6/30/2019	\$	10,711.36							
National School Lunch Program	10.555	N/A	19201NJ304N1099	43,459.61	7/1/2019	6/30/2020		43,459.61	(43,459.61)						
National School Lunch Program-COVID 19	10.555	N/A	19201NJ304N1099	11,912.04	3/13/2020	9/30/2020		8,449.44	(11,912.04)					\$	(3,462.60)
National School Breakfast Program	10.553	N/A	18191NJ304N1099	54,434.08	7/1/2018	6/30/2019		1,529.64	(6,034.71)						
National School Breakfast Program	10.553	N/A	19201NJ304N1099	6,034.71	7/1/2019	6/30/2020		6,034.71	(6,034.71)						
National School Breakfast Program-COVID 19	10.553	N/A	19201NJ304N1099	6,298.32	3/13/2020	9/30/2020		4,467.52	(6,298.32)						(1,830.80)
Total Child Nutrition Cluster								74,652.28	(67,704.68)						(5,293.40)
Total Enterprise Funds								74,652.28	(67,704.68)						(5,293.40)
<b>Special Revenue Funds</b>															
U.S. Department of Education															
Passed-Through State Department of Education:															
Title I															
Total Title I	84.010	NCLB219019	S010A190030	70,206.00	7/1/2019	6/30/2020		70,206.00	(70,206.00)						
Title IIA	84.387	NCLB219019	S367A190029	26,208.00	7/1/2019	6/30/2020		26,208.00	(26,208.00)						
Total Title I								96,414.00	(96,414.00)						
<b>Special Education Cluster</b>															
I.D.E.A. Part B - Basic	84.027	IDEA219019	S027A190100	225,343.00	7/1/2019	6/30/2020		225,343.00	(225,343.00)						
I.D.E.A. Part B - Preschool	84.173	IDEA219019	S1733A190114	10,325.00	7/1/2019	6/30/2020		10,325.00	(10,325.00)						
Total Special Education Cluster								235,668.00	(235,668.00)						
Total U.S. Department of Education								332,082.00	(332,082.00)						
Total Federal Financial Assistance								\$ 406,734.28	\$ (399,786.68)						\$ (5,293.40)

The accompanying notes to schedules of financial assistance are an integral part of this schedule.



BOROUGH OF EMBERSON - SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATE GRANT/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT		GRANT PERIOD		BALANCE AT JUNE 30, 2019		CARRYOVER (WALKOVER) AMOUNT	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE AT JUNE 30, 2020		MEMO		
		FROM	TO	(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	GRANTOR	GRANTOR					(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education General Funds:																
State Aid Cluster:																
Categorical Special Education Aid	20-495-034-5120-089	540,178.00	7/1/2019	6/30/2020		\$	\$	503,295.87	\$ (540,178.00)	\$ (36,882.13)	\$	\$	\$	\$ (36,882.13)	\$	540,178.00
Categorical Security Aid	20-495-034-5120-084	81,391.00	7/1/2019	6/30/2020				75,833.81	(81,391.00)	(5,557.19)				(5,557.19)		81,391.00
Total State Aid Cluster:								579,129.68	(621,569.00)	(42,439.32)				(42,439.32)		621,569.00
Categorical Transportation Aid	20-495-034-5120-014	134,241.00	7/1/2019	6/30/2020				125,075.32	(134,241.00)	(9,165.68)				(9,165.68)		134,241.00
Non-Public Transportation Aid	19-495-034-5120-014	12,674.00	7/1/2018	6/30/2019				12,674.00								12,674.00
Extraordinary Aid	19-100-034-5120-473	390,147.00	7/1/2018	6/30/2019				390,147.00	(390,147.00)							390,147.00
Extraordinary Aid	20-100-034-5120-473	336,002.00	7/1/2019	6/30/2020												336,002.00
On-behalf TPAF Contributions	20-495-034-5094-002	1,846,197.00	7/1/2019	6/30/2018				1,846,197.00								1,846,197.00
NCGI	20-495-034-5094-004	33,091.00	7/1/2019	6/30/2020				33,091.00								33,091.00
Long-Term Disability Insurance	20-495-034-5094-004	1,863.00	7/1/2019	6/30/2018				1,863.00								1,863.00
Post Retirement Medical	20-495-034-5094-001	697,181.00	7/1/2019	6/30/2018				697,181.00								697,181.00
TPAF Social Security Aid	19-495-034-5094-003	610,502.94	7/1/2018	6/30/2019				30,369.29	(30,369.29)							610,502.94
TPAF Social Security Aid	20-495-034-5094-003	645,235.00	7/1/2019	6/30/2020				642,874.17	(645,235.00)							645,235.00
Total General Fund								4,358,601.46	(4,317,546.00)	(51,055.00)				(338,382.83)		5,950,271.94
Special Revenue Fund:																
NJ Nonpublic Aid:																
Technology Aid	20-100-034-5120-373	72.00	7/1/2019	6/30/2018				72.00								72.00
Textbook Aid	20-100-034-5120-064	105.00	7/1/2019	6/30/2020				105.00								105.00
Security Aid	20-100-034-5120-569	300.00	7/1/2019	6/30/2020				300.00								300.00
Nursing	20-100-034-5120-070	194.00	7/1/2019	6/30/2020				194.00								194.00
Total Special Revenue Fund								671.00	(671.00)							671.00
Debt Service Fund:																
Debt Service State Aid	19-495-034-5120-075	151,087.00	7/1/2019	6/30/2020				151,087.00	(151,087.00)							205,967.00
Enterprise Fund:																
National School Lunch Program	19-100-020-3350-023	3,791.74	7/1/2018	6/30/2019				699.92								3,791.74
National School Lunch Program	20-100-020-3350-023	2,736.70	7/1/2019	6/30/2020				2,682.00						(64.70)		2,736.70
Total Enterprise Fund								3,381.92	(2,736.70)					(64.70)		6,528.44
Total State Financial Assistance								4,513,741.38	(4,472,042.70)	(51,055.00)				(358,417.53)		6,163,488.38
Less: On-behalf amounts not utilized for determination of Major Programs:																
On-behalf TPAF Contributions	20-495-034-5094-002	1,846,197.00	7/1/2019	6/30/2020				\$ 1,846,197.00	(1,846,197.00)							
NCGI	20-495-034-5094-004	33,091.00	7/1/2019	6/30/2020				33,091.00	(33,091.00)							
Long-Term Disability Insurance	20-495-034-5094-004	1,863.00	7/1/2019	6/30/2020				1,863.00	(1,863.00)							
Post Retirement Medical	20-495-034-5094-001	697,181.00	7/1/2019	6/30/2020				697,181.00	(697,181.00)							
Total State Financial Assistance Subject to Single Audit								\$ 1,935,406.38	(1,893,710.70)							

The accompanying notes to schedules of financial assistance are an integral part of this schedule.

**Borough of Emerson School District**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2020**

**NOTE 1: GENERAL**

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

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions 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 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

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

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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 deferred state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP accounting purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas GAAP basis does not.

**Borough of Emerson School District**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2020**

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$11,880.00) for the general fund. The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$-0-) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$4,314,559.00	\$4,314,559.00
Special Revenue Fund	\$332,082.00	671.00	332,753.00
Food Service Fund	<u>67,704.68</u>	<u>2,736.70</u>	<u>70,441.38</u>
Total Awards & Financial Assistance	<u>\$399,786.68</u>	<u>\$4,469,053.70</u>	<u>\$4,868,840.38</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: OTHER**

The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2020. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2020.

**Borough of Emerson School District**  
**Bergen County, New Jersey**

**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2020**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

- |     |  |            |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued:   | Unmodified |
| (2) | Internal Control Over Financial Reporting:   |            |
|     | (a) Material weakness(es) identified?  | No         |
|     | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No         |
| (3) | Noncompliance material to the basic financial statements noted during the audit?           | No         |

**Federal Program(s)** – Not Applicable

**State Program(s)**

- |     |   |            |
|-----|---|------------|
| (1) | Internal Control Over Major State Programs:   |            |
|     | (a) Material weakness(es) identified?   | No         |
|     | (b) Significant deficiencies identified that are not considered to be material weaknesses?                | No         |
| (2) | Type of Auditor’s Report issued on compliance for major state program(s)?                                 | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? | No         |

**Borough of Emerson School District**  
**Bergen County, New Jersey**

**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2020**

**Section I – Summary of Auditor’s Results (Continued)**

**State Program(s) (Continued)**

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Categorical Special Education Aid	495-034-5120-089
Categorical Security Aid	495-034-5120-084
Extraordinary Aid	100-034-5120-473

(5) Program Threshold Determination:  
 Type A State Program Threshold > \$750,000.00  
 Type B State Program Threshold <= \$750,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular 15-08?                      Yes

**Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards**

**Internal Control Findings** – None Reported

**Compliance Findings** – None Reported

**Section III – Findings and Questioned Costs Relative to Major Federal and State Programs**

Federal Programs – Not Applicable

State Programs – None Reported

**Borough of Emerson School District**  
**Bergen County, New Jersey**

**Schedule of Prior Year Audit Findings**

Not Applicable

