

MOUNT EPHRAIM SCHOOL DISTRICT

Mount Ephraim, New Jersey
County of Camden

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MOUNT EPHRAIM SCHOOL DISTRICT

Mount Ephraim, New Jersey

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Prepared by

**MOUNT EPHRAIM SCHOOL DISTRICT
Finance Department**

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INTRODUCTORY SECTION

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MT. EPHRAIM PUBLIC SCHOOLS

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January 11, 2021

Honorable President and Members
of the Board of Education
Mount Ephraim School District
County of Camden, New Jersey

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Mount Ephraim 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 Mount Ephraim School District. 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, 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 cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in four sections as follows:

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB’s Circular 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

The Mount Ephraim School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and vocational as well as special education for children with special needs. The School District’s enrollment, as of October 15th, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-2020	420	3.45%
2018-2019	406	-5.36%
2017-2018	429	-0.92%
2016-2017	433	-0.23%
2015-2016	434	-0.23%
2014-2015	435	0.23%
2013-2014	434	-2.47%
2012-2013	445	-1.98%
2011-2012	454	-2.16%
2010-2011	464	-5.88%

Mount Ephraim Schools maintained clubs and after-school activities during the 2019-20 school year in student council, national junior honor society, safety patrol, and yearbook. Seventh and eighth graders participated in the junior high after-school programs at Audubon High School.

Student leadership activities are also provided in the form of a safety patrol and student government. A chapter of the Junior National Honor Society functions at the R.W. Kershaw School.

ECONOMIC CONDITION AND OUTLOOK

The Borough of Mount Ephraim's financial situation is reflective of the state of the economy within New Jersey. Revitalization efforts continue along the Kings Highway section of town as well as the Black Horse Pike. Enrollment is expected to grow due to the District's approval as a Choice School District. Our district has received the Preschool Expansion Aid and we were able to open a full day preschool setting. During the 2020-2021 school year, we opened a fourth full day preschool classroom. This state funding supports our local funding.

Choice School designation has had a positive revenue impact for the District with twenty-nine (29) students electing to attend Mt. Ephraim Schools in the 2020-21 school year.

The District has three bargaining units, the Mt. Ephraim Education Association (MEEA), the Mt. Ephraim Paraprofessional Association (MEPA), and the Mt. Ephraim Administrators Association (MEAA). The District negotiated agreement with the MEEA and the MEAA ends June 30, 2022 and the MEPA just settled their contract in June, and it will now end June 30, 2023.

The Board of Education continues its commitment to the Mount Ephraim Community and will continue to seek alternative funding for school programs to alleviate the burden on the local tax rate.

MAJOR INITIATIVES

The district is preparing for a security project at Raymond W. Kershaw middle school. The plan is to move the administrative offices to the main floor, so visitors can be greeted by the main office staff, rather than walk up two levels of stairs to be greeted by staff. This project will also move a classroom into the old office space.

INTERNAL ACCOUNTING CONTROLS

Management of the School 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 and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits require estimates and judgments by management.

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

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the School 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. Annual appropriated budgets are

adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The School District's accounting system is organized on the basis of funds. The funds are explained in "Notes to Financial Statements", Note 1.

OTHER INFORMATION

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holt McNally & Associates, Inc., was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting 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.

ACKNOWLEDGEMENTS

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 contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,



Superintendent



School Business Administrator/Board Secretary

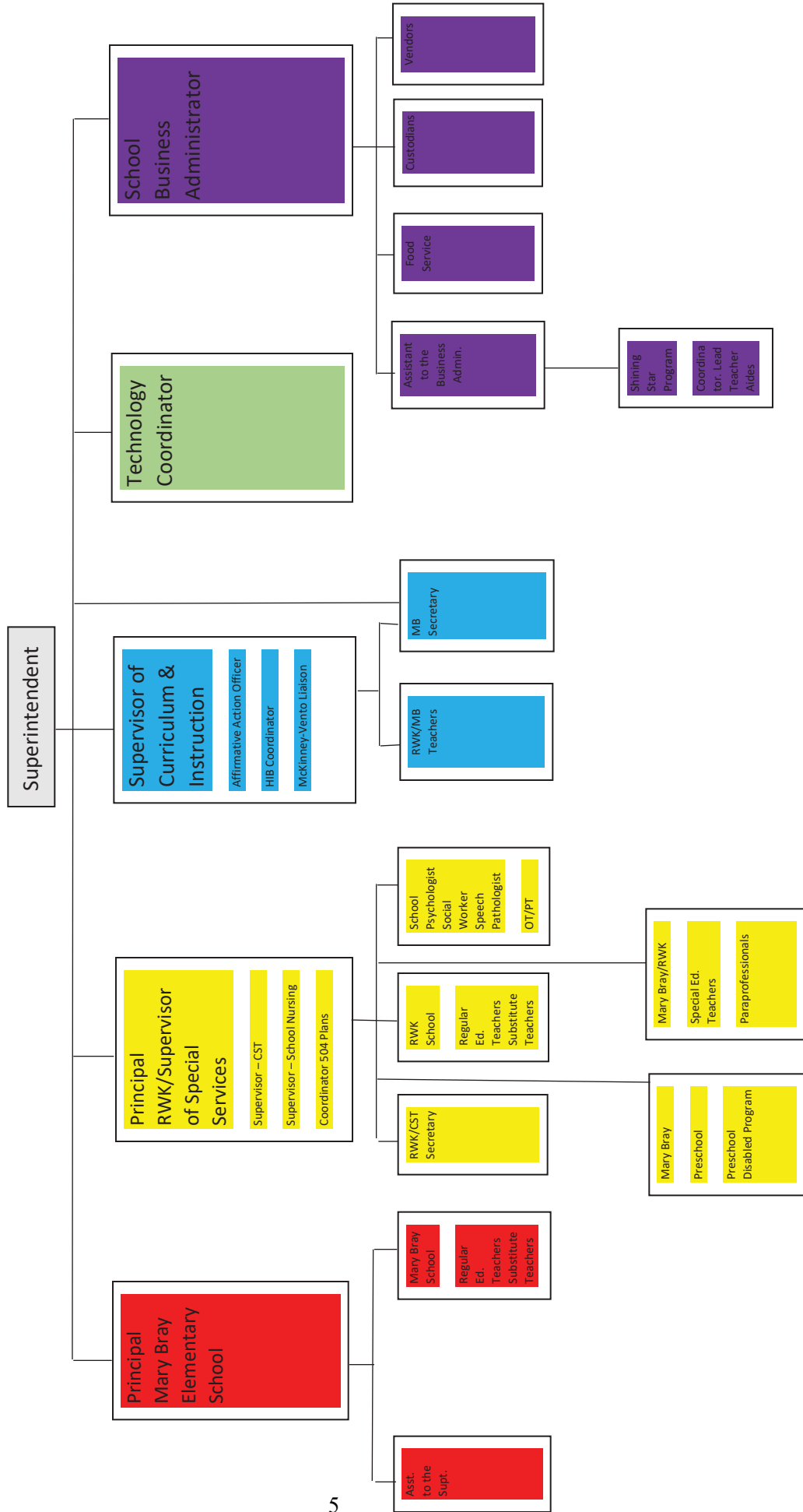
**MOUNT
EPHRAIM
PUBLIC
SCHOOLS**

225 W. King's Highway
Mt. Ephraim, NJ 08059
856-931-7807

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Organizational Chart

BOE Approved – 09/09/2019



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MOUNT EPHRAIM SCHOOL DISTRICT
Mount Ephraim, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2020

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Patricia Blaylock, President	2022
Holly Marrone, Vice President	2021
Nancy Schiavo	2020
Michelle Cannaday	2022
John Kuchmek	2020
Erin Small	2020
Barbara Scott	2022
Karen Popelak	2021
Brain Cavallaro	2021
OTHER OFFICIALS	
Michael Hunter, Superintendent	
Christopher Eberly, Board Secretary	
Mary Bakey, Treasurer	

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MOUNT EPHRAIM SCHOOL DISTRICT
Mount Ephraim, New Jersey

CONSULTANTS AND ADVISORS

AUDIT FIRM

David McNally, CPA, PSA
Holt McNally & Associates, Inc.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Lenox Law Firm
136 Franklin Corner Road
Lawrence Township, New Jersey 08648

OFFICIAL DEPOSITORY

1st Colonial Community Bank
1040 Haddon Avenue
Collingswood, New Jersey 08108

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FINANCIAL SECTION

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Mount Ephraim Township School District
County of Camden
Mount Ephraim, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Mount Ephraim Township School District, County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Mount Ephraim Township School District, County of Camden, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mount Ephraim Township School District's basic financial statements. The introductory section, combining and individual fund statements long-term debt schedules and statistical section, are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements.

The combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and long-term debt schedules and the schedules of

expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2021 on our consideration of the 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 the effectiveness of the School 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 School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

David T. McNally
Certified Public Accountant
Public School Accountant, No. 2616

Medford, New Jersey
January 11, 2021

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

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MOUNT EPHRAIM SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

As management of the Mount Ephraim School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service and Latchkey Program Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

MOUNT EPHRAIM SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District's two enterprise funds (Food Service Fund and Latchkey Program) are listed individually and are considered to be a major funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

MOUNT EPHRAIM SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2020 compared to fiscal year 2019.

Table 1
Summary of Net Position

	June 30, <u>2020</u>	June 30, <u>2019</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 2,442,888	\$ 1,560,527	\$ 882,361	56.5%
Capital Assets, Net	<u>7,623,965</u>	<u>7,720,705</u>	<u>(96,740)</u>	-1.3%
Total Assets	<u>10,066,853</u>	<u>9,281,232</u>	<u>785,621</u>	8.5%
Deferred Outflow of Resources	<u>483,222</u>	<u>681,107</u>	<u>(197,885)</u>	-29.1%
Current and other Liabilities	221,374	143,816	77,558	53.9%
Noncurrent Liabilities	<u>5,813,967</u>	<u>6,367,024</u>	<u>(553,057)</u>	-8.7%
Total Liabilities	<u>6,035,341</u>	<u>6,510,840</u>	<u>(475,499)</u>	-7.3%
Deferred Inflow of Resources	<u>742,887</u>	<u>745,530</u>	<u>(2,643)</u>	-0.4%
Net Position:				
Net Investment in Capital Assets	3,694,101	3,477,438	216,663	6.2%
Restricted	2,074,772	1,263,500	811,272	64.2%
Unrestricted (Deficit)	<u>(1,997,026)</u>	<u>(2,034,969)</u>	<u>37,943</u>	-1.9%
Total Net Position	<u>\$ 3,771,847</u>	<u>\$ 2,705,969</u>	<u>\$ 1,065,878</u>	39.4%

MOUNT EPHRAIM SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole (continued)

Table 2 shows the changes in net position for fiscal year 2020 compared to fiscal year 2019.

Table 2
Summary of Changes in Net Position

	June 30, <u>2020</u>	June 30, <u>2019</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 115,028	\$ 152,724	\$ (37,696)	-24.7%
Operating Grants & Contributions	2,363,064	2,419,950	(56,886)	-2.4%
General Revenues:				
Property Taxes	6,785,445	6,649,622	135,823	2.0%
Federal & State Aid	4,235,483	4,277,587	(42,104)	-1.0%
Other General Revenues	59,299	44,716	14,583	32.6%
Total Revenues	<u>13,558,319</u>	<u>13,544,599</u>	<u>13,720</u>	<u>0.1%</u>
Function/Program Expenses:				
Regular Instruction	\$ 1,988,122	2,014,990	(26,868)	-1.3%
Special Education Instruction	1,410,799	1,000,441	410,358	41.0%
Other Instruction	19,521	124,021	(104,500)	-84.3%
Tuition	3,304,404	3,653,091	(348,687)	-9.5%
Student & Instruction Related Services	905,161	827,369	77,792	9.4%
General Administrative	272,877	227,695	45,182	19.8%
School Administrative Services	163,740	188,989	(25,249)	-13.4%
Central Services	170,257	155,017	15,240	9.8%
Plant Operations & Maintenance	477,671	446,397	31,274	7.0%
Pupil Transportation	226,701	306,275	(79,574)	-26.0%
Unallocated Benefits	1,650,826	1,909,232	(258,406)	-13.5%
On Behalf TPAF Pension and Social Security Contributions	1,227,449	1,316,117	(88,668)	-6.7%
Transfer to Charter Schools	17,670	-	17,670	N/A
Interest & Other Charges	206,877	201,583	5,294	2.6%
Unallocated Depreciation	267,320	256,057	11,263	4.4%
Food Service	129,665	163,346	(33,681)	-20.6%
Latch Key Program	53,381	53,070	311	0.6%
Total Expenses	<u>12,492,441</u>	<u>12,843,690</u>	<u>(351,249)</u>	<u>-2.7%</u>
Change In Net Position	1,065,878	700,909	364,969	52.1%
Net Position - Beginning	2,705,969	2,005,060	700,909	35.0%
Net Position - Ending	<u>\$ 3,771,847</u>	<u>\$ 2,705,969</u>	<u>\$ 1,065,878</u>	<u>39.4%</u>

MOUNT EPHRAIM SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Governmental Activities

During the fiscal year 2020, the net position of governmental activities increased by \$1,067,602 or 43.1%. The primary reason for the increase was the decrease in unallocated benefits.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$3,546,936, with an unrestricted deficit balance of (\$2,203,458). The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, accrued interest, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District’s governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$	(2,203,458)
Add back: PERS Pension Liability		1,345,423
Less: Deferred Outflows related to pensions		(244,792)
Add back: Deferred Inflows related to pensions		742,887
Unrestricted Net Position (Without GASB 68)	<u>\$</u>	<u>(359,940)</u>

Business-type Activities

During the fiscal year 2020, the net position of business-type activities decreased by \$1,724 or 1.0%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$224,911.

General Fund Budgeting Highlights

Final budgeted revenues was \$10,377,847, which was equal to the original budget. Excluding nonbudgeted revenues, the School District’s actual revenues exceeded budgeted revenues by \$115,346.

Final budgeted appropriations was \$10,933,255, which was an increase of \$37,219 from the original budget. The increase is due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year’s budget. Excluding nonbudgeted expenditures, the School District’s budget appropriations exceeded actual expenditures by \$1,275,679.

The School District’s general fund balance – budgetary basis (Exhibit C-1) was \$2,550,211 at June 30, 2020 an increase of \$835,617 from the prior year.

MOUNT EPHRAIM SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Financial Analysis of the School District's Funds

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$2,113,614, an increase of \$785,437 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$830,591. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- Increased miscellaneous revenues and saving on budget.

Special revenue fund – During the current fiscal year, the fund balance of the School District's special revenue fund decreased by \$45,154. The primary factor(s) affecting the change in fund balance of the special revenue fund is as follows:

- State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.

Capital projects fund - There was no change in the fund balance for the capital projects fund.

Debt service fund - There was no change in the fund balance for the special revenue fund.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund decreased by \$9,037. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- The decrease was due primarily to decrease in reimbursable sales, which in turn caused a decrease in federal and state revenues.

Latchkey Program - During the current fiscal year, the net position of the School District's latchkey program fund increased by \$7,313. The primary factor affecting the change in net position of the latchkey program fund was a decrease in expenses.

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$7,623,965 (net of accumulated depreciation). This investment in capital assets includes land improvements, buildings and improvements and equipment. There was a net decrease in the School District's capital assets for the current fiscal year in the amount of \$96,740. This decrease is primarily due to annual depreciation in the amount of \$267,320 and \$2,639. Table 4 shows fiscal 2020 balances compared to 2019.

MOUNT EPHRAIM SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Capital Assets (continued)

Table 4
Summary of Capital Assets - Governmental Activities

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2020</u>	June 30, <u>2019</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Construction in Progress	\$ 96,702	\$ -	\$ 96,702	N/A
Land Improvements	20,060	22,578	(2,518)	-11.2%
Building and Improvements	7,416,733	7,657,541	(240,808)	-3.1%
Equipment	71,991	19,468	52,523	269.8%
	<u>\$ 7,605,486</u>	<u>\$ 7,699,587</u>	<u>\$ (94,101)</u>	-1.2%
Depreciation Expense	<u>\$ 267,320</u>	<u>\$ 256,057</u>		

Summary of Capital Assets - Business-Type Activities

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2020</u>	June 30, <u>2019</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Equipment	\$ 18,479	\$ 21,118	\$ (2,639)	-12.5%
	<u>\$ 18,479</u>	<u>\$ 21,118</u>	<u>\$ (2,639)</u>	-12.5%
Depreciation Expense	<u>\$ 2,639</u>	<u>\$ 2,639</u>		

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$3,845,000, which is a decrease of \$440,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Factors on the School District's Future

For the fiscal year 2019-2020, the School District was able to sustain its budget through property taxes, federal and state sources, and other various revenue sources. Approximately fifty-four percent (54%) of total revenue is from property taxes, while forty-six percent (46%) of the School District's revenue is from federal, state, and local sources. The fiscal year 2020-2021 budget was adopted on March 9, 2020 by the Board.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Business Administrator at the Mount Ephraim School District, 125 S. Black Horse Pike, Mount Ephraim, New Jersey 08059.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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MOUNT EPHRAIM 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>
ASSETS:			
Cash & Cash Equivalents	\$ 1,563,942	\$ 198,646	\$ 1,762,588
Receivables, Net (Note 4)	73,642	3,165	76,807
Inventory	-	11,917	11,917
Restricted Cash & Cash Equivalents	591,576	-	591,576
Capital Assets, Net (Note 5)			
Non-depreciable	96,702	-	96,702
Depreciable	7,508,784	18,479	7,527,263
Total Assets	9,834,646	232,207	10,066,853
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	244,792	-	244,792
Related to Loss on Debt Refunding	238,430	-	238,430
Total Deferred Outflow of Resources	483,222	-	483,222
LIABILITIES:			
Accounts Payable	5,777	-	5,777
Due to Other Governments	59,013	-	59,013
Unearned Revenue	109,769	7,296	117,065
Accrued Interest	39,519	-	39,519
Noncurrent Liabilities (Note 7):			
Due within one year	514,487	-	514,487
Due in more than one year	5,299,480	-	5,299,480
Total Liabilities	6,028,045	7,296	6,035,341
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	742,887	-	742,887
Total Deferred Inflow of Resources	742,887	-	742,887
NET POSITION:			
Net Investment in Capital Assets	3,675,622	18,479	3,694,101
Restricted for:			
Capital Projects	591,576	-	591,576
Excess Surplus	1,483,196	-	1,483,196
Unrestricted (Deficit)	(2,203,458)	206,432	(1,997,026)
Total Net Position	\$ 3,546,936	\$ 224,911	\$ 3,771,847

The notes to the basic financial statements are an integral part of this statement.

**MOUNT EPHRAIM SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 1,988,122	\$ -	-	\$ (1,988,122)	\$ -	\$ (1,988,122)
Special Education Instruction	1,410,799	-	533,595	(877,204)	-	(877,204)
Other Instruction	19,521	-	-	(19,521)	-	(19,521)
Support Services:						
Tuition	3,304,404	-	-	(3,304,404)	-	(3,304,404)
Student & Instruction Related Services	905,161	-	64,890	(840,271)	-	(840,271)
General Administrative	272,877	-	-	(272,877)	-	(272,877)
School Administrative Services	163,740	-	-	(163,740)	-	(163,740)
Central Services	170,257	-	-	(170,257)	-	(170,257)
Plant Operations & Maintenance	477,671	-	-	(477,671)	-	(477,671)
Pupil Transportation	226,701	-	-	(226,701)	-	(226,701)
Unallocated Benefits	1,650,826	-	470,836	(1,179,990)	-	(1,179,990)
On Behalf TPAF Pension and Soc. Sec. Contributions	1,227,449	-	1,227,449	-	-	-
Transfer to Charter Schools	17,670	-	-	(17,670)	-	(17,670)
Interest & Other Charges	206,877	-	-	(206,877)	-	(206,877)
Unallocated Depreciation	267,320	-	-	(267,320)	-	(267,320)
Total Governmental Activities	12,309,395	-	2,296,770	(10,012,625)	-	(10,012,625)
Business-Type Activities:						
Food Service	129,665	54,334	66,294	-	(9,037)	(9,037)
Latch Key Program	53,381	60,694	-	-	7,313	7,313
Total Business-Type Activities	183,046	115,028	66,294	-	(1,724)	(1,724)
Total Primary Government	\$ 12,492,441	\$ 115,028	\$ 2,363,064	(10,012,625)	(1,724)	(10,014,349)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				6,193,385	-	6,193,385
Property Taxes, Levied for Debt Service				592,060	-	592,060
Federal & State Aid Not Restricted				4,235,483	-	4,235,483
Miscellaneous				59,299	-	59,299
Total General Revenues and Special Items				11,080,227	-	11,080,227
Change In Net Position				1,067,602	(1,724)	1,065,878
Net Position - Beginning				2,479,334	226,635	2,705,969
Net Position - Ending				\$ 3,546,936	\$ 224,911	\$ 3,771,847

B. Fund Financial Statements

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Governmental Funds

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**MOUNT EPHRAIM SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS:			
Cash & Cash Equivalents	\$ 1,317,360	\$ 246,582	\$ 1,563,942
Receivables, Net:			
Interfund Receivable	178,548	-	178,548
Due from Other Governments:			
State	72,961	-	72,961
Federal	-	681	681
Restricted Cash & Cash Equivalents	591,576	-	591,576
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 2,160,445	\$ 247,263	\$ 2,407,708
LIABILITIES & FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 1,677	\$ 4,100	\$ 5,777
Interfund Payable	-	178,548	178,548
Unearned Revenue	-	109,769	109,769
	<hr/>	<hr/>	<hr/>
Total Liabilities	1,677	292,417	294,094
Fund Balances:			
Restricted for:			
Capital Reserve	591,576	-	591,576
Excess Surplus - Current Year	983,196	-	983,196
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	500,000	-	500,000
Assigned to:			
Designated for Subsequent Year's Expenditures	117,610	-	117,610
Other Purposes	35,833	-	35,833
Unassigned	(69,447)	(45,154)	(114,601)
	<hr/>	<hr/>	<hr/>
Total Fund Balance	2,158,768	(45,154)	2,113,614
	<hr/>	<hr/>	<hr/>
Total Liabilities & Fund Balance	\$ 2,160,445	\$ 247,263	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,972,756 and the accumulated depreciation is \$4,367,270.			7,605,486
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.			
Deferred Outflows related to pensions			244,792
Deferred Inflows related to pensions			(742,887)
Deferred Outflow related to the loss on bond refunding of debt			238,430
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.			(39,519)
Accrued pension contributions for the June 30, 2020 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.			(59,013)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.			<hr/> (5,813,967)
Net Position of Governmental Activities			<hr/> <u>\$ 3,546,936</u>

The notes to the basic financial statements are an integral part of this statement.

MOUNT EPHRAIM SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues:				
Local Sources:				
Local Tax Levy	\$ 6,193,385	\$ -	\$ 592,060	\$ 6,785,445
Miscellaneous	59,299	-	-	59,299
Total Local Sources	6,252,684	-	592,060	6,844,744
State Sources	5,339,811	400,488	-	5,740,299
Federal Sources	11,219	288,942	-	300,161
Total Revenues	11,603,714	689,430	592,060	12,885,204
Expenditures:				
Instruction:				
Regular Instruction	1,988,122	-	-	1,988,122
Special Education Instruction	877,204	533,595	-	1,410,799
Other Instruction	19,521	-	-	19,521
Support Services:				
Tuition	3,304,404	-	-	3,304,404
Student & Instruction Related Services	840,271	64,890	-	905,161
General Administrative	276,472	-	-	276,472
School Administrative Services	163,740	-	-	163,740
Central Services	170,257	-	-	170,257
Plant Operations & Maintenance	477,671	-	-	477,671
Pupil Transportation	226,701	-	-	226,701
Unallocated Benefits	1,238,021	122,070	-	1,360,091
On Behalf TPAF Pension and Social Security Contributions	1,115,547	-	-	1,115,547
Transfer to Charter Schools	17,670	-	-	17,670
Capital Outlay	155,595	14,029	-	169,624
Debt Service:				
Principal	-	-	440,000	440,000
Interest & Other Charges	33,091	-	152,060	185,151
Total Expenditures	10,904,287	734,584	592,060	12,230,931
Excess/(Deficiency) of Revenues over Expenditures	699,427	(45,154)	-	654,273
Other Financing Sources (Uses):				
Capital Lease (non-budgeted)	131,164	-	-	131,164
Total Other Financing Sources (Uses)	131,164	-	-	131,164
Net changes in fund balances	830,591	(45,154)	-	785,437
Fund Balance, July 1	1,328,177	-	-	1,328,177
Fund Balance, June 30	\$ 2,158,768	\$ (45,154)	\$ -	\$ 2,113,614

The notes to the basic financial statements are an integral part of this statement.

**MOUNT EPHRAIM 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 Changes in Fund Balances - Governmental Funds (B-2)		\$ 785,437
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	\$ (267,320)
	Capital Outlays	<u>173,219</u>
		(94,101)
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		105,002
Repayment of long-term debt principal and obligation of lease purchase agreements are 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.		
		449,381
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
	Capital lease proceeds	(131,164)
Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:		
	Amortization of premium on bonds	26,284
	Amortization of loss on Bond Refunding	<u>(31,098)</u>
		(4,814)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+).		
		4,832
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>(46,971)</u>
Change in Net Position of Governmental Activities		<u>\$ 1,067,602</u>

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Proprietary Funds

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MOUNT EPHRAIM SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		<u>TOTALS</u>
	<u>LATCHKEY</u>	<u>FOOD SERVICE</u>	
Current Assets:			
Cash & Cash Equivalents	\$ 194,422	\$ 4,224	\$ 198,646
Accounts Receivable:			
State	-	401	401
Federal	-	2,208	2,208
Other	-	556	556
Inventories	-	11,917	11,917
Total Current Assets	<u>194,422</u>	<u>19,306</u>	<u>213,728</u>
Capital Assets:			
Equipment	-	49,182	49,182
Less: Accumulated Depreciation	-	(30,703)	(30,703)
Total Capital Assets	<u>-</u>	<u>18,479</u>	<u>18,479</u>
Total Assets	<u>194,422</u>	<u>37,785</u>	<u>232,207</u>
LIABILITIES			
Unearned Revenue	-	7,296	7,296
Total Liabilities	<u>-</u>	<u>7,296</u>	<u>7,296</u>
NET POSITION			
Investment in Capital Assets	-	18,479	18,479
Unrestricted	194,422	12,010	206,432
Total Net Position	<u>\$ 194,422</u>	<u>\$ 30,489</u>	<u>\$ 224,911</u>

The notes to the basic financial statements are an integral part of this statement.

**MOUNT EPHRAIM SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2020**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		<u>TOTALS</u>
	<u>LATCHKEY</u>	<u>FOOD SERVICE</u>	
Operating Revenues:			
Local Sources:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ -	\$ 30,503	\$ 30,503
Daily Sales - Nonreimbursable Programs	-	5,054	5,054
Special Functions	-	18,081	18,081
Miscellaneous	-	696	696
Enrollment Fees	60,694	-	60,694
Total Operating Revenue	60,694	54,334	115,028
Operating Expenses:			
Salaries - Food Service Management	-	51,336	51,336
Salaries - Personnel Services	45,588	-	45,588
Payroll Taxes & Benefits - Food Service Management	-	9,354	9,354
Supplies and Materials	7,664	5,642	13,306
Management Fee	-	14,913	14,913
Depreciation	-	2,639	2,639
Miscellaneous	129	991	1,120
Cost of Sales- Reimbursable	-	36,023	36,023
Cost of Sales- Non Reimbursable	-	8,767	8,767
Total Operating Expenses	53,381	129,665	183,046
Operating Income/(Loss)	7,313	(75,331)	(68,018)
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	-	1,495	1,495
Federal Sources:			
National School Breakfast Program	-	10,656	10,656
National School Lunch Program	-	41,467	41,467
After School Snack Program	-	1,288	1,288
Healthy Hungry Kids Act	-	1,480	1,480
Food Distribution Program	-	9,908	9,908
Total Nonoperating Revenues/(Expenses)	-	66,294	66,294
Change in Net Position	7,313	(9,037)	(1,724)
Total Net Position - Beginning	187,109	39,526	226,635
Total Net Position - Ending	\$ 194,422	\$ 30,489	\$ 224,911

The notes to the basic financial statements are an integral part of this statement.

**MOUNT EPHRAIM SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	<u>LATCHKEY</u>	<u>FOOD SERVICE</u>	<u>TOTALS</u>
	Cash Flows From Operating Activities:		
Receipts from Customers	\$ 60,694	\$ 57,408	\$ 118,102
Payments to Employees	(45,588)	(51,336)	(96,924)
Payment to Employee Benefits	-	(9,354)	(9,354)
Payments to Suppliers	(7,793)	(61,782)	(69,575)
Net Cash Provided/(Used) by Operating Activities	<u>7,313</u>	<u>(65,064)</u>	<u>(57,751)</u>
Cash Flows From Noncapital Financing Activities:			
State Sources	-	1,163	1,163
Federal Sources	-	55,677	55,677
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>56,840</u>	<u>56,840</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	7,313	(8,224)	(911)
Cash & Cash Equivalents, July 1	<u>187,109</u>	<u>12,448</u>	<u>199,557</u>
Cash & Cash Equivalents, June 30	<u>\$ 194,422</u>	<u>\$ 4,224</u>	<u>\$ 198,646</u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ 7,313	\$ (75,331)	\$ (68,018)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	-	2,639	2,639
Food Distribution Program	-	9,908	9,908
Change in Assets & Liabilities:			
(Increase)/Decrease in Other Accounts Receivable	-	(177)	(177)
(Increase)/Decrease in Inventory	-	(5,354)	(5,354)
Increase/(Decrease) in Unearned Revenue	-	3,251	3,251
Net Cash Provided/(Used) by Operating Activities	<u>\$ 7,313</u>	<u>\$ (65,064)</u>	<u>\$ (57,751)</u>

The notes to the basic financial statements are an integral part of this statement.

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Fiduciary Fund

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**MOUNT EPHRAIM SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

ASSETS	AGENCY FUNDS		PRIVATE PURPOSE TRUST FUNDS				TOTAL
	STUDENT ACTIVITY	PAYROLL	SCHOLARSHIP FUND	FLEXIBLE BENEFITS FUND	UNEMPLOYMENT COMPENSATION		
Cash & Cash Equivalents	\$ 16,063	\$ -	\$ 9,469	\$ 10,944	\$ 86,165	\$	122,641
Total Assets	16,063	-	9,469	10,944	86,165		122,641
LIABILITIES							
Due to Student Groups	16,063	-	-	-	-	-	16,063
Total Liabilities	16,063	-	-	-	-	-	16,063
NET POSITION							
Held in Trust for:							
Unemployment Claims	-	-	-	-	86,165	-	86,165
Flexible Benefits Claims	-	-	-	10,944	-	-	10,944
Scholarships	-	-	9,469	-	-	-	9,469
Total Net Position	\$ -	\$ -	\$ 9,469	\$ 10,944	\$ 86,165	\$	106,578

The notes to the basic financial statements are an integral part of this statement.

**MOUNT EPHRAIM SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

ADDITIONS	PRIVATE PURPOSE TRUST FUNDS			TOTAL
	SCHOLARSHIP FUNDS	FLEXIBLE BENEFITS FUNDS	UNEMPLOYMENT COMPENSATION	
Contributions:				
Employee Contributions	\$ -	\$ 24,839	\$ 7,511	\$ 32,350
Total Contributions	-	24,839	7,511	32,350
Investment Earnings:				
Interest & Dividends	47	28	413	488
Net Investment Earnings	47	28	413	488
Total Additions	47	24,867	7,924	32,838
DEDUCTIONS				
Transfers	-	28	-	28
Claims	-	21,759	3,813	25,572
Total Deductions	-	21,787	3,813	25,600
Change in Net Position	47	3,080	4,111	7,238
Net Position - Beginning of the Year	9,422	7,864	82,054	99,340
Net Position - End of the Year	\$ 9,469	\$ 10,944	\$ 86,165	\$ 106,578

MOUNT EPHRAIM BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Mount Ephraim School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The following is a summary of more significant accounting policies.

Reporting Entity

The Mount Ephraim School District (hereafter referred to as the “District”) is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the District is to educate students in grades kindergarten through eighth grade at its two schools. The District has an approximate enrollment at June 30, 2020 of 420 students.

The primary criterion for including activities within the District’s reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the District holds the corporate powers of the organization;
- ◆ the District appoints a voting majority of the organization’s board
- ◆ the District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District.

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

Component Units

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, and GASB 80, Blending Requirements for certain component units – and Amendment of Gas Statement No. 14. The District had no component units as of or for the year ended June 30, 2020.

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District’s fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund and the Latchkey program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the District and 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 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, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. 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 the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Latchkey Program – This fund accounts for the revenues and expenses pertaining to providing day care services for students before and after school.

Additionally, the District reports the following major fiduciary funds:

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

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

Flexible Benefits Trust Fund – Revenues consist of interest income and employee contributions. Expenditures consist of qualifying employee medical and daycare expenses.

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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 eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the 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 reports.

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

Encumbrances

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 a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

Cash and Cash Equivalents

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

Additionally, the District has adopted a cash management plan that 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 deposit with a failed banking institution in New Jersey.

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2020 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather when purchased.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

Compensated Absences

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

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

Accrued Liabilities and Long-Term Obligations

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

Accounting Estimates

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

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net 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.

In addition to liabilities, the statement of net 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 periods and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Loss of Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2020.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2020:

Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2020, the District’s bank balance of \$2,645,396 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	2,518,699
Uninsured and Uncollateralized		126,697
	\$	2,645,396

Investments

The School District had no investments at June 30, 2020.

Note 3. Reserve Accounts

Capital Reserve

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

Beginning Balance, July 1, 2019	\$	291,576
Increased by:		
Deposits approved by Board		300,000
Ending Balance, June 30, 2020	\$	591,576

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 4. Accounts Receivable

Accounts receivable at June 30, 2020 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>		<u>Total Governmental Activities</u>	<u>Proprietary Funds</u>		<u>Total Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Food Service Fund</u>		
Federal Awards	\$ -	\$ 681	\$ 681	\$ 2,207	\$ 2,207	
State Awards	72,961	-	72,961	401	401	
Other	-	-	-	556	556	
Total	\$ 72,961	\$ 681	\$ 73,642	\$ 3,164	\$ 3,164	

Note 5. Capital Assets

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

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2020</u>
Governmental Activities:				
Capital assets not being depreciated:				
Construction in Progress	\$ -	\$ 96,702	\$ -	\$ 96,702
Total Capital Assets not being depreciated	-	96,702	-	96,702
Capital Assets being depreciated:				
Land Improvements	50,357	-	-	50,357
Buildings and Improvements	11,547,126	12,562	-	11,559,688
Equipment	231,603	63,955	(29,549)	266,009
Total Capital Assets being depreciated	11,829,086	76,517	(29,549)	11,876,054
Less: Accumulated Depreciation:				
Land Improvements	(27,779)	(2,518)	-	(30,297)
Buildings and Improvements	(3,889,585)	(253,413)	43	(4,142,955)
Equipment	(212,135)	(11,389)	29,506	(194,018)
Total Accumulated Depreciation	(4,129,499)	(267,320)	29,549	(4,367,270)
Total Capital Assets being depreciated, net	7,699,587	(190,803)	-	7,508,784
Total Governmental Activities Capital Assets, net	\$ 7,699,587	\$ (94,101)	\$ -	\$ 7,605,486

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 5. Capital Assets (Continued)

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance <u>June 30, 2020</u>
Business-Type Activities:				
Equipment	\$ 49,182	\$ -	\$ -	\$ 49,182
	<u>49,182</u>	<u>-</u>	<u>-</u>	<u>49,182</u>
Less: Accumulated Depreciation:				
Equipment	(28,064)	(2,639)	-	(30,703)
	<u>(28,064)</u>	<u>(2,639)</u>	<u>-</u>	<u>(30,703)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 21,118</u>	<u>\$ (2,639)</u>	<u>\$ -</u>	<u>\$ 18,479</u>

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2020 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 178,548	\$ -
Special Revenue Fund	<u>-</u>	<u>178,548</u>
	<u>\$ 178,548</u>	<u>\$ 178,548</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

Note 7. Long-Term Obligations

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

	Balance <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2020</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 4,285,000	\$ -	\$ 440,000	\$ 3,845,000	\$ 460,000
Capital Leases	-	131,164	9,381	121,783	28,203
Unamortized Bond Premiums	227,795	-	26,284	201,511	26,284
Compensated Absences	253,279	46,971	-	300,250	-
Net Pension Liability	<u>1,600,950</u>	<u>-</u>	<u>255,527</u>	<u>1,345,423</u>	<u>-</u>
	<u>\$ 6,367,024</u>	<u>\$ 178,135</u>	<u>\$ 731,192</u>	<u>\$ 5,813,967</u>	<u>\$ 514,487</u>

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 7. Long-Term Obligations (Continued)

For governmental activities, the bonds payable are liquidated from the District's debt service fund. Compensated absences, capital leases, unamortized bond premiums, assessments and net pension liability are liquidated by the general fund.

A. Bonds Payable:

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. At June 30, 2020, bonds payable consisted of the following individual issues:

On September 15, 2012, the School District issued \$6,295,000 of Refunding Bonds to refund the callable portion of the outstanding 2004 Bond Issue. The Refunding Bonds generated \$300,818 in gross debt service savings and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$250,118, or a net annual present value savings of 4.09%. The Refunding Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on March 15, 2028.

Principal and Interest due on the outstanding bonds as of June 30, 2020 is as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 460,000	\$ 134,460	\$ 594,460
2022	480,000	116,060	596,060
2023	490,000	96,860	586,860
2024	485,000	77,260	562,260
2025	480,000	64,165	544,165
2026-2028	1,450,000	104,225	1,554,225
Total Outstanding as of June 30, 2020	<u>\$ 3,845,000</u>	<u>\$ 593,030</u>	<u>\$ 4,438,030</u>

A. Capital Lease Payable:

The School District is leasing capital items and equipment under capital leases. All capital leases are for terms of varying years. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2020:

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 7. Long-Term Obligations (Continued)

A. Capital Lease Payable (Continued):

Fiscal Year Ending <u>June 30,</u>	
2021	\$ 30,412
2022	30,412
2023	30,412
2024	21,030
2025	<u>21,030</u>
Total Minimum Lease Payments	133,296
Less: Amount Representing Interest	<u>(11,513)</u>
Present Value of Minimum Lease Payments	<u>\$ 121,783</u>

Bonds Authorized But Not Issued:

As of June 30, 2020, the District had no bonds authorized but not issued

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2020, the School District reported a liability of \$1,345,423 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The School District's proportion measured as of June 30, 2019, was 0.0074669059%, which was a decrease of 0.0006640741% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized full accrual pension expense of (\$32,371) in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2019 measurement date. At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 24,149	\$ 5,943
Changes of Assumptions	134,345	466,992
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	21,238
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	27,285	248,714
School District Contributions Subsequent to Measurement Date	59,013	-
	\$ 244,792	\$ 742,887

\$59,013 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is based on the amount payable to the State due April 1, 2021 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The 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 Ending <u>Dec 31,</u>	<u>Amount</u>
2020	\$ (140,762)
2021	(165,906)
2022	(140,090)
2023	(98,864)
2024	(11,486)
	\$ (557,108)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Actuarial Assumptions – The collective 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 assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

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

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of 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 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:

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

<u>Asset 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 Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals 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 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 School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2019, calculated using the discount rate of 6.28% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 1,711,311</u>	<u>\$ 1,345,423</u>	<u>\$ 1,054,357</u>

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

Balances at June 30, 2020 and June 30, 2019

	<u>6/30/2020</u>	<u>6/30/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 3,149,522,616	\$ 4,684,852,302
Deferred Inflows of Resources	7,645,087,574	7,646,736,226
Net Pension Liability	18,143,832,135	19,689,501,539
District's portion of the Plan's total Net Pension Liability	0.00747%	0.00813%

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is 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 School District does 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.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2019 was \$16,970,622. The School District's proportionate share was \$-0-.

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 State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.0276525360%, which was a decrease of .0016035315% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the School District recognized \$1,000,973 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2019 measurement date.

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:

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%

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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of 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:

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

<u>Asset 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 Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals 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 30% 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 School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 5.60% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

	1% Decrease <u>(4.60%)</u>	Current Discount Rate <u>(5.60%)</u>	1% Increase <u>(6.60%)</u>
District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	20,012,120	16,970,622	14,447,139
	\$ 20,012,120	\$ 16,970,622	\$ 14,447,139

Pension Plan Fiduciary Net Position - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the 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.

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2019 and 2018:

Balances at June 30, 2020 and June 30, 2019

	<u>6/30/2020</u>	<u>6/30/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 10,129,162,237	\$ 12,675,037,111
Deferred Inflows of Resources	17,736,240,054	16,381,811,884
Net Pension Liability	61,519,112,443	63,806,350,446
District's portion of the Plan's total Net Pension Liability	0.02765%	0.02926%

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2020 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per
- week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2020, employee contributions totaled \$6,380.65, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$ 3,480.35.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

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

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

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 9. Other Post-Retirement Benefits (continued)

percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

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

Basis of Presentation

The Schedule presents the State of New Jersey’s obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles.

Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017. 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.

Inflation Rate:	2.5%		
	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 3.05%	2.00 - 6.00%	3.25 - 15.25%
	based on years of service	based on years of service	based on years of service
Thereafter	1.55 - 3.05%	3.00 - 7.00%	Applied to all future years
	based on years of service	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.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 9. Other Post-Retirement Benefits (continued)

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2019 was \$13,822,846. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the School District was 0.033125%, which was a decrease of 0.001304% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized an OPEB expense in the amount of \$348,319 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2019 measurement date.

Health Care Trend Assumptions

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

Discount Rate

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

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate

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

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 16,330,244	\$ 13,822,846	\$ 11,831,107
State of New Jersey's Total Non- employer OPEB Liability	\$ 49,298,534,898	\$ 41,729,081,045	\$ 35,716,321,820

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 9. Other Post-Retirement Benefits (continued)

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

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

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 11,389,409	\$ 13,822,846	\$ 17,044,217
State of New Jersey's Total Nonemployer OPEB Liability	\$ 34,382,902,820	\$ 41,729,081,045	\$ 51,453,912,586

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2018 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion Differences between Expected & Actual Experience	\$ 1,921,145,183	\$ (1,921,145,183)
Change in Assumptions	-	(10,484,965,300)
Contributions Made in Fiscal Year Year Ending 2019 After June 30, 2018 Measurement Date **	-	(8,481,529,343)
	TBD	-
	\$ 1,921,145,183	\$ (20,887,639,826)

** Employer Contributions made after June 30, 2019 are reported as a deferred outflow of resources, but are not amortized in expense.

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

Fiscal Year Ending June 30,	
2020	\$ (2,546,527,182)
2021	(2,546,527,182)
2022	(2,546,527,182)
2023	(2,546,527,182)
2024	(2,546,527,182)
Thereafter	(6,233,858,733)
	\$ (18,966,494,643)

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 9. Other Post-Retirement Benefits (continued)

Plan Membership

At June 30, 2018, the Program membership consisted of the following:

	June 30, 2018
Active Plan Members	216,892
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	148,051
	364,943

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

Total OPEB Liability

Service Cost	\$ 1,734,404,850
Interest Cost	1,827,787,206
Difference Between Expected & Actual Experience	(7,323,140,818)
Changes of Assumptions	622,184,027
Contributions: Member	37,971,171
Gross Benefit Payments	(1,280,958,373)
Net Change in Total OPEB Liability	(4,381,751,937)
Total OPEB Liability (Beginning)	46,110,832,982
Total OPEB Liability (Ending)	\$ 41,729,081,045
Total Covered Employee Payroll	\$ 13,929,083,479
Net OPEB Liability as a Percentage of Payroll	300%

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2020, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$648,166, \$240,458 and \$447, respectively.

Note 11. 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.

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

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 11. 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 is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 7,511	\$ 413	\$ 3,813	86,165
2018-2019	7,196	408	13,984	82,054
2017-2018	6,918	270	6,668	88,434

Joint Insurance Pool – The School District participates in the School Alliance Insurance Fund and, public entity risk pool. The Fund provides its members with the following coverage’s:

Property – Blanket Building & Grounds	General & Automobile Liability
Environmental Impairment Liability	Workers’ Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

Note 12. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 13. Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District’s programs and activities.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 14. Deferred Compensation

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning
Prudential Financial
Midland National

Note 15. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

The liability for vested compensated absences of the governmental fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, the liability for compensated absences reported on the government-wide Statement of Net Position was \$300,250. No liability was recorded on the proprietary fund Statement of Net Position at June 30, 2020.

Note 16. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 17. Commitments

The School District has contractual commitments at June 30, 2020 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$35,833.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 18. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve the General Fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 was \$983,196.

Note 19. Fund Balance

General Fund – Of the \$2,158,768 General Fund balance at June 30, 2020 \$983,196 is restricted for current year excess surplus; \$500,000 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$591,576 is restricted for capital reserve, \$117,610 is assigned to designated for subsequent year's expenditures; \$35,833 has been assigned as encumbrances for the year ending June 30, 2020 and (\$69,447) is unassigned.

Note 20. Deficit Fund Balances

The School District has a deficit fund balance of \$69,447 in the General Fund as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the fund statements (modified accrual basis) of \$69,447 is less than the last two state aid payments.

Note 21. Deficit in Net Position

Unrestricted Net Position – The School District's governmental activities had a deficit in unrestricted net position in the amount of \$2,203,458. The primary causes of the deficit are the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employees' Retirement System (PERS) as of June 30, 2020. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

Note 22. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and January 11, 2021, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items other than the below have come to the attention of the School District that would require disclosure.

COVID – 19 – has caused considerable economic damage to the New Jersey economy. As a result, Governor Murphy decreased the originally appropriated school state aid by over \$335 million state wide for the 2020-2021 school year. The Mount Ephraim School District's state aid was reduced by \$59,026.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 22. Subsequent Events (Continued):

In order to make up for this decrease in aid, the School District reduced appropriations in the 2020-2021 budget by the full \$59,026.

As the COVID-19 pandemic remains a fluid situation, outside of the reduction in state aid, it is not currently known what further economic challenges are ahead for local school districts.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**MOUNT EPHRAIM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210-000-000	\$ 6,193,385	\$ -	\$ 6,193,385	\$ 6,193,385	\$ -
Miscellaneous	10-1000-000-000	-	-	-	59,299	59,299
Total Local Sources		6,193,385	-	6,193,385	6,252,684	59,299
State Sources:						
School Choice Aid	10-3116-000-000	231,530	-	231,530	231,530	-
Categorical Transportation Aid	10-3121-000-000	45,548	-	45,548	45,548	-
Categorical Special Education Aid	10-3132-000-000	409,172	-	409,172	409,172	-
Equalization Aid	10-3176-000-000	3,361,546	-	3,361,546	3,361,546	-
Security Aid	10-3177-000-000	109,498	-	109,498	109,498	-
Extraordinary Aid	10-3131-000-000	-	-	-	71,996	71,996
Nonbudgeted:						
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	240,458	240,458
On-Behalf TPAF Pension Contributions		-	-	-	648,166	648,166
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	447	447
Reimbursed TPAF Social Security		-	-	-	226,476	226,476
Total State Sources		4,157,294	-	4,157,294	5,344,837	1,187,543
Federal Sources:						
Medicaid Reimbursement	10-4200-000-000	27,168	-	27,168	11,219	(15,949)
Total Federal Sources		27,168	-	27,168	11,219	(15,949)
Total Revenues		10,377,847	-	10,377,847	11,608,740	1,230,893
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	11-105-100-101	27,909	(23,763)	4,146	4,145	1
Local Contribution - Transfer to Special Revenue - Inclusion	11-105-100-936	-	103,875	103,875	103,875	-
Kindergarten	11-110-100-101	223,951	(11,244)	212,707	212,706	1
Grades 1 - 5	11-120-100-101	987,835	(78,045)	909,790	909,656	134
Grades 6 - 8	11-130-100-101	640,460	(28,434)	612,026	588,108	23,918
Grades 6 - 10	11-150-100-101	2,000	-	2,000	-	2,000
Other Salaries for Instruction	11-190-100-106	33,421	50	33,471	33,471	-
Regular Programs - Undistributed Instruction:						
Purchased Professional - Educational Services	11-190-100-320	101,000	-	101,000	65,174	35,826
Other Purchased Services (400-500 Series)	11-190-100-500	20,000	200	20,200	14,653	5,547
General Supplies	11-190-100-610	101,132	(1,465)	99,667	56,334	43,333
Total Regular Programs		2,137,708	(38,826)	2,098,882	1,988,122	110,760
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	151,316	(83,427)	67,889	67,747	142
Other Salaries for Instruction	11-212-100-106	15,916	-	15,916	1,729	14,187
General Supplies	11-212-100-610	1,350	-	1,350	380	970
Total Multiple Disabilities		168,582	(83,427)	85,155	69,856	15,299
Resource Room / Resource Center:						
Salaries of Teachers	11-213-100-101	419,229	267,427	686,656	633,400	53,256
Other Salaries for Instruction	11-213-100-106	224,289	(111)	224,178	153,640	70,538
General Supplies	11-213-100-610	2,885	-	2,885	-	2,885
Total Resource Room/Resource Center		646,403	267,316	913,719	787,040	126,679
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-215-100-101	30,509	(23,884)	6,625	6,625	-
Other Salaries for Instruction	11-215-100-106	16,877	(1,013)	15,864	11,598	4,266
General Supplies	11-215-100-600	470	303	773	693	80

**MOUNT EPHRAIM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Total Preschool Disabilities - Part-Time		47,856	(24,594)	23,262	18,916	4,346
Home Instruction:						
Salaries of Teacher	11-219-100-101	20,000	-	20,000	1,392	18,608
Total Home Instruction		20,000	-	20,000	1,392	18,608
Total Special Education		882,841	159,295	1,042,136	877,204	164,932
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	121,352	(94,245)	27,107	10,093	17,014
General Supplies	11-230-100-610	1,000	-	1,000	191	809
Total Basic Skills/Remedial - Instruction		122,352	(94,245)	28,107	10,284	17,823
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	10,470	-	10,470	8,338	2,132
Supplies and Materials	11-401-100-600	500	-	500	-	500
Other Objects	11-401-100-800	500	912	1,412	899	513
Total School Sponsored Cocurricular - Activities		11,470	912	12,382	9,237	3,145
Total - Instruction		3,154,371	27,136	3,181,507	2,884,847	296,660
Undistributed Expenditures						
Instruction:						
Tuition to Other LEAs Within State - Regular	11-000-100-561	1,811,213	3,005	1,814,218	1,814,030	188
Tuition to Other LEAs Within State - Special	11-000-100-562	954,523	(50,000)	904,523	884,838	19,685
Tuition to County Vocational School District - Regular	11-000-100-563	47,900	1	47,901	47,901	-
Tuition to CSSD & Regional Day School	11-000-100-565	334,300	(55,257)	279,043	238,834	40,209
Tuition to Private Schools for Disabled Within the State	11-000-100-566	298,637	21,456	320,093	318,801	1,292
Total Undistributed Expenditures - Instruction		3,446,573	(80,795)	3,365,778	3,304,404	61,374
Health Services:						
Salaries	11-000-213-100	162,697	-	162,697	152,299	10,398
Purchased Professional & Technical Services	11-000-213-300	4,100	-	4,100	-	4,100
Other Purchased Services (400-500 Series)	11-000-213-500	200	-	200	-	200
Supplies and Materials	11-000-213-600	3,480	-	3,480	1,749	1,731
Total Health Services		170,477	-	170,477	154,048	16,429
Other Support Services - Students - Speech, OT, PT and Related Services:						
Salaries	11-000-216-100	70,970	-	70,970	68,022	2,948
Purchased Professional - Educational Services	11-000-216-320	100,000	38,295	138,295	111,910	26,385
Supplies and Materials	11-000-216-600	600	-	600	210	390
Total Other Support Services - Students - Related Services		171,570	38,295	209,865	180,142	29,723
Other Support Services - Students - Child Study Team:						
Salaries of Other Professional Staff	11-000-219-104	258,034	(36,000)	222,034	153,698	68,336
Salaries of Secretarial & Clerical Assistants	11-000-219-105	17,426	-	17,426	17,383	43
Other Salaries	11-000-219-110	3,000	-	3,000	-	3,000
Purchased Professional - Educational Services	11-000-219-320	18,000	53,310	71,310	70,302	1,008
Other Purchased Services (400-500 Series)	11-000-219-590	3,000	-	3,000	386	2,614
Supplies and Materials	11-000-219-600	8,070	(3,310)	4,760	2,592	2,168
Other Objects	11-000-219-800	1,650	-	1,650	1,000	650
Total Other Support Services - Students - Special Services		309,180	14,000	323,180	245,361	77,819

**MOUNT EPHRAIM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Improvement of Instruction Services:						
Salaries of Secretarial and Clerical Assistants	11-000-221-105	21,063	-	21,063	21,012	51
Other Salaries	11-000-221-110	8,200	2,000	10,200	8,121	2,079
General Supplies	11-000-221-600	22,000	-	22,000	19,823	2,177
Total Improvement of Instruction Services		51,263	2,000	53,263	48,956	4,307
Educational Media Services/School Library:						
Salaries	11-000-222-100	31,245	-	31,245	10,899	20,346
Salaries of Technology Coordinators	11-000-222-177	72,822	268	73,090	73,088	2
Purchased Professional & Technical Services	11-000-222-300	12,800	(268)	12,532	8,454	4,078
Other Purchased Services (400-500 Series)	11-000-222-500	19,500	-	19,500	19,111	389
Supplies and Materials	11-000-222-601	103,490	-	103,490	97,709	5,781
Total Educational Media Services/School Library		239,857	-	239,857	209,261	30,596
Instructional Staff Training Services:						
Purchased Professional - Educational Services	11-000-223-320	5,000	-	5,000	1,973	3,027
Other Purchased Services (400-500 Series)	11-000-223-500	3,000	-	3,000	381	2,619
Other Objects	11-000-223-800	3,500	-	3,500	149	3,351
Total Instructional Staff Training Services		11,500	-	11,500	2,503	8,997
Support Services General Administration:						
Salaries	11-000-230-100	165,263	-	165,263	161,512	3,751
Legal Services	11-000-230-331	33,000	28,500	61,500	61,172	328
Audit Services	11-000-230-332	24,000	-	24,000	21,511	2,489
Architectural/Engineering Services	11-000-230-334	2,500	(415)	2,085	1,500	585
Other Purchased Professional Services	11-000-230-339	1,500	130	1,630	1,127	503
Communications/Telephone	11-000-230-530	40,050	(20)	40,030	12,104	27,926
BOE Other Purchased Services	11-000-230-585	2,600	1,600	4,200	3,991	209
General Supplies	11-000-230-610	3,900	230	4,130	3,740	390
Miscellaneous Expenditures	11-000-230-890	6,300	(1,525)	4,775	4,773	2
BOE Membership Dues & Fees	11-000-230-895	5,892	-	5,892	5,042	850
Total Support Services General Administration		285,005	28,500	313,505	276,472	37,033
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	130,669	-	130,669	114,075	16,594
Salaries of Secretarial & Clerical Assistants	11-000-240-105	46,266	-	46,266	45,674	592
Other Purchased Services (400-500Series)	11-000-240-500	500	-	500	67	433
Supplies and Materials	11-000-240-600	2,500	631	3,131	2,854	277
Other Objects	11-000-240-800	2,550	(631)	1,919	1,070	849
Total Support Services School Administration		182,485	-	182,485	163,740	18,745
Central Services:						
Salaries	11-000-251-100	128,370	-	128,370	126,813	1,557
Purchased Technical Services	11-000-251-340	31,100	521	31,621	31,621	-
Other Purchased Services	11-000-251-592	8,500	(521)	7,979	4,978	3,001
Supplies and Materials	11-000-251-600	5,500	-	5,500	4,570	930
Miscellaneous Expenditures	11-000-251-890	2,600	-	2,600	2,275	325
Total Central Services		176,070	-	176,070	170,257	5,813
Allowable Maintenance for School Facilities:						
Cleaning, Repair & Maintenance Services	11-000-261-420	127,500	(2,252)	125,248	88,665	36,583
General Supplies	11-000-261-610	30,675	-	30,675	23,515	7,160
Total Allowable Maintenance for School Facilities		158,175	(2,252)	155,923	112,180	43,743

**MOUNT EPHRAIM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Operation & Maintenance of Plant - Custodial:						
Salaries	11-000-262-100	164,793	-	164,793	151,129	13,664
Salaries of Non-Instructional Aides	11-000-262-107	19,500	-	19,500	16,361	3,139
Cleaning, Repair & Maintenance Services	11-000-262-420	13,550	-	13,550	9,627	3,923
Other Purchased Property Services	11-000-262-490	14,300	-	14,300	13,997	303
Insurance	11-000-262-520	30,445	-	30,445	20,958	9,487
General Supplies	11-000-262-610	32,755	(2,488)	30,267	84	30,183
Energy (Natural Gas)	11-000-262-621	135,000	-	135,000	57,878	77,122
Energy (Electricity)	11-000-262-622	175,000	-	175,000	92,571	82,429
Energy (Gasoline)	11-000-262-626	300	-	300	-	300
Other Objects	11-000-262-800	2,000	-	2,000	-	2,000
Total Operation & Maintenance of Plant - Custodial		587,643	(2,488)	585,155	362,605	222,550
Operation & Maintenance of Plant - Security:						
General Supplies	11-000-266-610	13,568	-	13,568	2,886	10,682
Total Operation & Maintenance of Plant - Security		13,568	-	13,568	2,886	10,682
Student Transportation Services:						
Management Fee	11-000-270-350	14,000	-	14,000	10,773	3,227
Contracted Services (Aid in Choice Schools)	11-000-270-505	4,000	-	4,000	1,000	3,000
Contracted Services (Regular Students) - ESC's	11-000-270-517	60,000	-	60,000	-	60,000
Contracted Services (Special Education Students) - ESC's	11-000-270-518	280,000	-	280,000	214,928	65,072
Total Student Transportation Services		358,000	-	358,000	226,701	131,299
Unallocated Benefits - Employee Benefits:						
Group Insurance	11-000-291-210	3,600	-	3,600	1,218	2,382
Social Security	11-000-291-220	80,000	9,306	89,306	89,305	1
Other Retirement Contributions - TPAF	11-000-291-231	20,000	45,140	65,140	29,239	35,901
Other Retirement Contributions - PERS	11-000-291-241	87,500	(9,000)	78,500	72,840	5,660
Other Retirement Contributions - DCRP	11-000-291-249	4,500	-	4,500	3,480	1,020
Workmen's Compensation	11-000-291-260	32,500	-	32,500	31,380	1,120
Health Benefits	11-000-291-270	933,600	(29,136)	904,464	811,546	92,918
Tuition Reimbursements	11-000-291-280	32,000	(15,446)	16,554	4,160	12,394
Other Employee Benefits	11-000-291-290	235,838	-	235,838	194,853	40,985
Total Unallocated Benefits		1,429,538	864	1,430,402	1,238,021	192,381
Nonbudgeted:						
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	240,458	(240,458)
On-Behalf TPAF Pension Contributions		-	-	-	648,166	(648,166)
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	447	(447)
Reimbursed TPAF Social Security		-	-	-	226,476	(226,476)
Total Nonbudgeted On-Behalf TPAF		-	-	-	1,115,547	(1,115,547)
Total Undistributed Expenditures		7,590,904	(1,876)	7,589,028	7,813,084	(224,056)
Total Expenditures - Current Expense		10,745,275	25,260	10,770,535	10,697,931	72,604
Equipment:						
Undistributed Expenditures:						
Required Maintenance of School Facilities	12-000-261-730	-	2,488	2,488	2,488	-
Custodial Services	12-000-262-730	-	9,471	9,471	9,381	90
Total Equipment		-	11,959	11,959	11,869	90

**MOUNT EPHRAIM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Facilities Acquisition & Construction Services:						
Construction Services	12-000-400-450	100,000	-	100,000	12,562	87,438
Assessment for Debt Service	12-000-400-896	33,091	-	33,091	33,091	-
Total Facilities Acquisition & Construction Services		133,091	-	133,091	45,653	87,438
Assets Acquired Under Capital Leases (Nonbudgeted): (Instruction)						
		-	-	-	131,164	(131,164)
Total Assets Acquired Under Capital Leases (Nonbudgeted)		-	-	-	131,164	(131,164)
Total Capital Outlay		133,091	11,959	145,050	188,686	(43,636)
Total Expenditures		10,878,366	37,219	10,915,585	10,886,617	28,968
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses)						
		(500,519)	(37,219)	(537,738)	722,123	1,259,861
Other Financing Sources/(Uses):						
Capital Leases (Nonbudgeted)		-	-	-	131,164	131,164
Transfer to Charter Schools		(17,670)	-	(17,670)	(17,670)	-
Total Other Financing Uses		(17,670)	-	(17,670)	113,494	131,164
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Fund Balances, July 1						
		(518,189)	(37,219)	(555,408)	835,617	1,391,025
		1,714,594	-	1,714,594	1,714,594	-
Fund Balances, June 30		\$ 1,196,405	\$ (37,219)	\$ 1,159,186	\$ 2,550,211	\$ 1,391,025

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$ 37,219
Total	\$ 37,219

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Reserved Excess Surplus Designated of Subsequent Year's Expenditures	\$ 500,000
Capital Reserve	591,576
Excess Surplus	983,196
Assigned Fund Balance:	
Year-End Encumbrances	35,833
Designated for Subsequent Year's Expenditures	117,610
Unassigned Fund Balance	<u>321,996</u>
Subtotal	2,550,211
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	<u>(391,443)</u>
Total Fund Balance per Governmental Funds (GAAP)	<u>\$ 2,158,768</u>

**MOUNT EPHRAIM SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
State Sources	\$ -	\$ 555,410	\$ 555,410	\$ 445,642	\$ (109,768)
Federal Sources	191,563	188,621	380,184	288,942	(91,242)
Total Revenues	191,563	744,031	935,594	734,584	(201,010)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	61,959	233,969	295,928	260,975	34,953
Other Salaries	-	68,046	68,046	57,441	10,605
Purchased Professional Services	-	58,470	58,470	12,077	46,393
Tuition	108,951	29,450	138,401	138,401	-
General Supplies	-	110,056	110,056	64,701	45,355
Total Instruction	170,910	499,991	670,901	533,595	137,306
Support Services:					
Salaries - Supervisors	-	26,311	26,311	26,311	-
Salaries - Clerical	-	10,000	10,000	10,000	-
Salaries - Other	-	25,955	25,955	25,955	-
Personal Services - Employee Benefits	20,653	124,970	145,623	122,070	23,553
Purchased Professional Services	-	13,975	13,975	-	13,975
Supplies	-	18,489	18,489	2,624	15,865
Total Support Services	20,653	219,700	240,353	186,960	53,393
Facilities Acquisition & Construction Services:					
Non-Instructional Equipment	-	24,340	24,340	14,029	10,311
Total Facilities Acquisition & Construction Services	-	24,340	24,340	14,029	10,311
Total Expenditures	191,563	744,031	935,594	734,584	201,010
Total Outflows	191,563	744,031	935,594	734,584	201,010
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**MOUNT EPHRAIM SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2020**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 11,608,740	\$ 734,584
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	386,417	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(391,443)	(45,154)
	(391,443)	(45,154)
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 11,603,714	\$ 689,430
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 10,904,287	\$ 734,584
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	-
	-	-
Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2)	\$ 10,904,287	\$ 734,584

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST SEVEN FISCAL YEARS***

	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00747%	0.00813%	0.00871%	0.00858%	0.00835%	0.01013%	0.00999%
School District's proportionate share of the net pension liability	\$ 1,345,423	\$ 1,600,950	\$ 2,027,075	\$ 2,541,633	\$ 1,873,974	\$ 1,897,243	\$ 1,911,149
School District's covered payroll	512,348	517,321	550,686	629,402	585,770	587,107	582,348
School District's proportionate share of the net pension liability as a percentage of its covered payroll	262.60%	309.47%	368.10%	403.82%	319.92%	323.15%	328.18%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST SEVEN FISCAL YEARS***

	2020	2019	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 72,631	\$ 80,877	\$ 80,670	\$ 76,238	\$ 71,771	\$ 83,538	\$ 75,346
Contributions in relation to the contractually required contribution	(72,631)	(80,877)	(80,670)	(76,238)	(71,771)	(83,538)	(75,346)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 507,374	\$ 512,348	\$ 517,321	\$ 550,686	\$ 629,402	\$ 585,770	\$ 587,107
Contributions as a percentage of covered payroll	14.32%	15.79%	15.59%	13.84%	11.40%	14.26%	12.83%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST SEVEN FISCAL YEARS***

	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	16,970,622	18,612,082	20,746,226	21,431,927	16,064,909	13,465,970	13,870,991
	<u>\$ 16,970,622</u>	<u>\$ 18,612,082</u>	<u>\$ 20,746,226</u>	<u>\$ 21,431,927</u>	<u>\$ 16,064,909</u>	<u>\$ 13,465,970</u>	<u>\$ 13,870,991</u>
School District's covered payroll	\$ 3,183,844	\$ 3,060,077	\$ 2,872,571	\$ 3,038,404	\$ 3,093,369	\$ 2,584,913	\$ 2,653,459
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

M. Schedules Related to Accounting and Reporting for Other Post Employment Benefits (GASB 75)

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MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST THREE FISCAL YEARS*

	2020	2019	2018
Total OPEB Liability Associated with the District			
Service Cost	\$ 568,077	\$ 618,441	\$ 741,893
Interest Cost	628,481	644,020	555,984
Difference between Expected and Actual Differences	(3,043,732)	(729,202)	-
Changes of Assumptions	206,100	(1,821,812)	(2,292,726)
Contributions: Member	12,578	14,672	14,989
Gross Benefit Payments	(424,320)	(424,510)	(407,052)
Net Change in Total OPEB Liability Associated with the District	(2,052,816)	(1,698,391)	(1,386,912)
Total Associated OPEB Liability (Beginning)	15,875,662	17,574,053	18,960,965
Total Associated OPEB Liability (Ending)	<u>\$ 13,822,846</u>	<u>\$ 15,875,662</u>	<u>\$ 17,574,053</u>
District's Covered Employee Payroll	\$ 3,691,218	\$ 3,455,539	\$ 3,389,892
Net Associated OPEB Liability as a Percentage of Payroll	374%	459%	518%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2020**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.86% as of June 30, 2018, to 5.60% as of June 30, 2019.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.87% as of June 30, 2018, to 3.50% as of June 30, 2019.

OTHER SUPPLEMENTARY INFORMATION

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E. Special Revenue Fund

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**MOUNT EPHRAIM SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	<u>TITLE I</u>	<u>TITLE II - PART A</u>	<u>I.D.E.A. PART B BASIC</u>	<u>I.D.E.A PART B PRESCHOOL</u>	<u>PRESCHOOL EDUCATION EXPANSION AID</u>	<u>TOTAL</u>
Revenues:						
State Sources	\$ -	\$ -	\$ -	\$ -	\$ 445,642	\$ 445,642
Federal Sources	126,494	20,174	138,401	3,873	-	288,942
Total Revenues	<u>126,494</u>	<u>20,174</u>	<u>138,401</u>	<u>3,873</u>	<u>445,642</u>	<u>734,584</u>
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 78,348	\$ 14,944	\$ -	\$ -	\$ 167,683	\$ 260,975
Other Salaries	-	-	-	3,873	53,568	57,441
Purchased Professional Services	12,077	-	-	-	-	12,077
Tuition	-	-	138,401	-	-	138,401
Supplies	7,812	-	-	-	56,889	64,701
Total Instruction	<u>98,237</u>	<u>14,944</u>	<u>138,401</u>	<u>3,873</u>	<u>278,140</u>	<u>533,595</u>
Support Services:						
Salaries	-	-	-	-	26,311	26,311
Salaries Clerical	-	-	-	-	10,000	10,000
Salaries Other	-	-	-	-	25,955	25,955
Employee Benefits	25,633	5,230	-	-	91,207	122,070
Supplies	2,624	-	-	-	-	2,624
Total Support Services	<u>28,257</u>	<u>5,230</u>	<u>-</u>	<u>-</u>	<u>153,473</u>	<u>186,960</u>
Facilities Acquisition & Construction Services:						
Non-instructional Equipment	-	-	-	-	14,029	14,029
Total Facilities Acquisition & Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,029</u>	<u>14,029</u>
Total Expenditures	<u>\$ 126,494</u>	<u>\$ 20,174</u>	<u>\$ 138,401</u>	<u>\$ 3,873</u>	<u>\$ 445,642</u>	<u>\$ 734,584</u>

**MOUNT EPHRAIM SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION EXPANSION AID
STATEMENT OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	BUDGETED	ACTUAL	VARIANCE
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 201,353	\$ 167,683	\$ 33,670
Other Salaries for Instruction	64,173	53,568	10,605
Purchased Professional Services	6,300	-	6,300
Supplies	68,243	56,889	11,354
Total Instruction	340,069	278,140	61,929
Support Services:			
Other Salaries	62,266	62,266	-
Other Employee Benefits	114,760	91,207	23,553
Purchased Educational Services	13,975	-	13,975
Total Support Services	191,001	153,473	37,528
Facilities Acquisition & Construction Services:			
Non-instructional Equipment	24,340	14,029	10,311
Total Facilities Acquisition & Construction Services	24,340	14,029	10,311
Total Expenditures	\$ 555,410	\$ 445,642	\$ 109,768

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2019-2020 Preschool Education Aid Allocation	\$ 451,535
Add: Actual Preschool Education Aid Carryover (June 30, 2019)	-
Add: Budgeted Transfer from the General Fund 2019-20	103,875
Total Preschool Education Aid Funds Available for 2019-2020 Budget	555,410
Less: 2019-2020 Budgeted Preschool Education Aid (Prior Year Budget Carryover)	(555,410)
Available & Unbudgeted Preschool Education Aid Funds June 30, 2020	-
Add: June 30, 2020 Unexpended Preschool Education Aid	109,768
Total Actual Preschool Education Aid Carryover	\$ 109,768
2019-2020 Preschool Education Aid Carryover Budgeted in 2020-2021	\$ -

F. Capital Projects Fund

Not Applicable

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G. Proprietary Funds

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Enterprise Funds

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**MOUNT EPHRAIM SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2020**

ASSETS	<u>LATCHKEY</u>	FOOD SERVICE <u>FUND</u>	<u>TOTAL</u>
Current Assets:			
Cash & Cash Equivalents	\$ 194,422	\$ 4,225	\$ 198,647
Accounts Receivable:			
State	-	401	401
Federal	-	2,207	2,207
Other	-	556	556
Inventories	-	11,917	11,917
Total Current Assets	<u>194,422</u>	<u>19,306</u>	<u>213,728</u>
Capital Assets:			
Equipment	-	49,182	49,182
Accumulated Depreciation	-	(30,703)	(30,703)
Total Capital Assets	<u>-</u>	<u>18,479</u>	<u>18,479</u>
Total Assets	<u>194,422</u>	<u>37,785</u>	<u>232,207</u>
LIABILITIES			
Current Liabilities:			
Unearned Revenue	-	7,296	7,296
Total Current Liabilities	<u>-</u>	<u>7,296</u>	<u>7,296</u>
NET POSITION			
Investment in Capital Assets	-	18,479	18,479
Unrestricted	194,422	12,010	206,432
Total Net Position	<u>\$ 194,422</u>	<u>\$ 30,489</u>	<u>\$ 224,911</u>

**MOUNT EPHRAIM SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2020**

	<u>LATCHKEY</u>	FOOD SERVICE <u>FUND</u>	<u>TOTAL</u>
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ -	\$ 30,503	\$ 30,503
Daily Sales - Nonreimbursable Programs	-	5,054	5,054
Special Functions	-	18,081	18,081
Miscellaneous	-	696	696
Enrollment Fees	60,694	-	60,694
	<hr/>		
Total Operating Revenue	60,694	54,334	115,028
<hr/>			
Operating Expenses:			
Salaries - Food Service Management	-	51,336	51,336
Salaries - Personnel Services	45,588	-	45,588
Payroll Taxes & Benefits - Food Service Management	-	9,354	9,354
Supplies and Materials	7,664	5,642	13,306
Management Fee	-	14,913	14,913
Depreciation	-	2,639	2,639
Miscellaneous	129	991	1,120
Cost of Sales- Reimbursable	-	36,023	36,023
Cost of Sales- Non Reimbursable	-	8,767	8,767
	<hr/>		
Total Operating Expenses	53,381	129,665	183,046
<hr/>			
Operating Income/(Loss)	7,313	(75,331)	(68,018)
<hr/>			
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	-	1,495	1,495
Federal Sources:			
National School Breakfast Program	-	10,656	10,656
National School Lunch Program	-	41,467	41,467
After School Snack Program	-	1,288	1,288
Healthy Hungry Kids Act	-	1,480	1,480
Food Distribution Program	-	9,908	9,908
	<hr/>		
Total Nonoperating Revenues/(Expenses)	-	66,294	66,294
<hr/>			
Change in Net Position	7,313	(9,037)	(1,724)
Total Net Position - Beginning	187,109	39,526	226,635
	<hr/>		
Total Net Position - Ending	\$ 194,422	\$ 30,489	\$ 224,911
	<hr/> <hr/>		

**MOUNT EPHRAIM SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2020**

	<u>LATCHKEY</u>	<u>FOOD SERVICE FUND</u>	<u>TOTALS</u>
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 60,694	\$ 57,408	\$ 118,102
Payments to Employees	(45,588)	(51,336)	(96,924)
Payment to Employee Benefits	-	(9,354)	(9,354)
Payments to Suppliers	(7,793)	(61,782)	(69,575)
Net Cash Provided/(Used) by Operating Activities	<u>7,313</u>	<u>(65,064)</u>	<u>(57,751)</u>
Cash Flows From Noncapital Financing			
State Sources	-	1,163	1,163
Federal Sources	-	55,678	55,678
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>56,841</u>	<u>56,841</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	7,313	(8,223)	(910)
Cash and Cash Equivalents, July 1	<u>187,109</u>	<u>12,448</u>	<u>199,557</u>
Cash and Cash Equivalents, June 30	<u>\$ 194,422</u>	<u>\$ 4,225</u>	<u>\$ 198,647</u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ 7,313	\$ (75,331)	\$ (68,018)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	-	2,639	2,639
Food Distribution Program	-	9,908	9,908
Change in Assets & Liabilities:			
(Increase)/Decrease in Other Accounts Receivable	-	(177)	(177)
(Increase)/Decrease in Inventory	-	(5,354)	(5,354)
Increase/(Decrease) in Unearned Revenue	-	3,251	3,251
Net Cash Provided/(Used) by Operating Activities	<u>\$ 7,313</u>	<u>\$ (65,064)</u>	<u>\$ (57,751)</u>

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H. Fiduciary Fund

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**MOUNT EPHRAIM SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

ASSETS	AGENCY FUND	PRIVATE PURPOSE TRUST FUNDS			TOTAL
	STUDENT ACTIVITY	SCHOLARSHIP FUND	FLEXIBLE BENEFITS	UNEMPLOYMENT COMPENSATION	
Cash & Cash Equivalents	\$ 16,063	\$ 9,469	\$ 10,944	\$ 86,165	\$ 122,641
Total Assets	16,063	9,469	10,944	86,165	122,641
LIABILITIES					
Due to Student Groups	16,063	-	-	-	16,063
Total Liabilities	16,063	-	-	-	16,063
NET POSITION					
Held in Trust for:					
Unemployment Claims & Other Purposes	-	-	10,944	86,165	97,109
Scholarships	-	9,469	-	-	9,469
Total Net Position	\$ -	\$ 9,469	\$ 10,944	\$ 86,165	\$ 106,578

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2020**

ADDITIONS:	PRIVATE PURPOSE TRUST FUNDS			TOTAL
	SCHOLARSHIP	FLEXIBLE BENEFITS	UNEMPLOYMENT COMPENSATION	
Local Sources:				
Employee Contribution	\$ -	\$ 24,839	\$ 7,511	\$ 32,350
Interest on Investments	47	28	413	488
Total Operating Revenues	47	24,867	7,924	32,838
DEDUCTIONS:				
Claims	-	21,759	3,813	25,572
Transfers	-	28	-	28
Total Operating Expenses	-	21,787	3,813	25,600
Excess/(Deficit) of Revenues Over Expenditures	47	3,080	4,111	7,238
Fund Balances, July 1	9,422	7,864	82,054	99,340
Fund Balances, June 30	\$ 9,469	\$ 10,944	\$ 86,165	\$ 106,578

**MOUNT EPHRAIM SCHOOL DISTRICT
FIDUCIARY FUNDS
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

ASSETS	BALANCE JULY 1, <u>2019</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2020</u>
Cash & Cash Equivalents	\$ 15,793	\$ 10,090	\$ 9,820	\$ 16,063
Total Assets	<u>\$ 15,793</u>	<u>\$ 10,090</u>	<u>\$ 9,820</u>	<u>\$ 16,063</u>
LIABILITIES				
Due to Student Groups	\$ 15,793	\$ 10,090	\$ 9,820	\$ 16,063
Total Liabilities	<u>\$ 15,793</u>	<u>\$ 10,090</u>	<u>\$ 9,820</u>	<u>\$ 16,063</u>

**SCHEDULE OF CHANGES IN PAYROLL AGENCY ASSETS AND LIABILITIES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

ASSETS	BALANCE JULY 1, <u>2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2020</u>
Cash & Cash Equivalents	\$ -	\$ 4,779,162	\$ 4,779,162	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 4,779,162</u>	<u>\$ 4,779,162</u>	<u>\$ -</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ -	\$ 2,065,057	\$ 2,065,057	\$ -
Net Payroll	-	2,714,105	2,714,105	-
Total Liabilities	<u>\$ -</u>	<u>\$ 4,779,162</u>	<u>\$ 4,779,162</u>	<u>\$ -</u>

I. Long-Term Debt

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**MOUNT EPHRAIM SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2020**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2019</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2020</u>
Refunding School Bonds, Series 2012	9/15/2012	\$ 6,295,000	3/15/21	\$ 460,000	4.000%	\$ 4,285,000	\$ 440,000	\$ 3,845,000
			3/15/22	480,000	4.000%			
			3/15/23	490,000	4.000%			
			3/15/24	485,000	2.700%			
			3/15/25	480,000	2.800%			
			3/15/26	475,000	3.500%			
			3/15/27	490,000	3.000%			
			3/15/28	485,000	4.000%			
Total						\$ 4,285,000	\$ 440,000	\$ 3,845,000

**MOUNT EPHRAIM SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2020**

<u>SERIES</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE PRINCIPAL</u>	<u>INTEREST RATE</u>	<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2019</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2020</u>
2020 Ford F250 Pickup Truck	6/16/2020	4 Years	\$ 34,462	\$ 3,063	5.990%	\$ -	\$ 34,462	\$ 9,381	\$ 25,081
Network Infrastructure	6/9/2020	5 Years	96,702	8,449	3.978%	-	96,702	-	96,702
Total						\$ -	\$ 131,164	\$ 9,381	\$ 121,783

**MOUNT EPHRAIM SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO <u>ACTUAL</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 592,060	\$ -	\$ 592,060	\$ 592,060	\$ -
Total Revenues	592,060	-	592,060	592,060	-
Expenditures					
Regular Debt Service:					
Interest	152,060	-	152,060	152,060	-
Redemption of Principal	440,000	-	440,000	440,000	-
Total Expenditures	592,060	-	592,060	592,060	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

**MOUNT EPHRAIM SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF COMPENSATED ABSENCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	OUTSTANDING BALANCE <u>2019</u>	<u>ADDITIONS</u>	OUTSTANDING BALANCE <u>2020</u>
Compensated Absences	\$ 253,279	\$ 46,971	\$ 300,250

STATISTICAL SECTION (Unaudited)

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Financial Trends Information

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

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MOUNT EPHRAIM SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities:										
Net Investment										
in Capital Assets	\$ 3,675,622	\$ 3,456,320	\$ 3,196,149	\$ 2,959,876	\$ 3,695,372	\$ 3,606,321	\$ 3,163,394	\$ 2,906,459	\$ 2,537,409	\$ 2,483,102
Restricted	2,074,772	1,262,983	979,786	956,501	549,931	537,041	1,359,537	1,516,862	1,552,715	1,306,976
Unrestricted	(2,203,458)	(2,239,969)	(2,383,203)	(2,422,781)	(1,963,864)	(1,656,705)	(88,821)	(216,291)	(241,636)	(271,210)
Total Governmental Activities	\$ 3,546,936	\$ 2,479,334	\$ 1,792,732	\$ 1,493,596	\$ 2,281,439	\$ 2,486,657	\$ 4,434,109	\$ 4,207,030	\$ 3,848,489	\$ 3,518,868
Business-Type Activities:										
Net Investment										
in Capital Assets	\$ 18,479	\$ 21,118	\$ 23,757	\$ 23,221	\$ 10,561	\$ 17,287	\$ 17,358	\$ 22,862	\$ 28,459	\$ 26,908
Unrestricted	206,432	205,517	188,571	153,034	147,181	108,391	166,183	149,385	100,535	89,071
Total Business-Type Activities	\$ 224,911	\$ 226,635	\$ 212,328	\$ 176,255	\$ 157,742	\$ 125,678	\$ 183,541	\$ 172,247	\$ 128,994	\$ 115,979
Government-Wide:										
Net Investment										
in Capital Assets	\$ 3,694,101	\$ 3,477,438	\$ 3,219,906	\$ 2,983,097	\$ 3,705,933	\$ 3,623,608	\$ 3,180,752	\$ 2,929,322	\$ 2,565,868	\$ 2,510,010
Restricted	2,074,772	1,262,983	979,786	956,501	549,931	537,041	1,359,537	1,516,862	1,552,715	1,306,976
Unrestricted	(1,997,026)	(2,034,452)	(2,194,632)	(2,269,747)	(1,816,683)	(1,548,314)	77,361	(66,907)	(141,100)	(182,139)
Total District Net Position	\$ 3,771,847	\$ 2,705,969	\$ 2,005,060	\$ 1,669,851	\$ 2,439,181	\$ 5,708,963	\$ 4,617,650	\$ 4,379,277	\$ 3,977,482	\$ 3,634,847

**MOUNT EPHRAIM SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
FISCAL YEAR ENDING JUNE 30.										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 1,988,122	\$ 2,014,990	\$ 2,098,053	\$ 1,756,352	\$ 1,884,126	\$ 1,976,073	\$ 2,007,400	\$ 1,758,921	\$ 1,460,549	\$ 1,529,493
Special Education	1,410,799	1,000,441	1,025,105	1,093,496	1,093,979	1,170,400	936,460	794,924	1,140,445	932,945
Other Special Instruction					171,509	180,345	34,316	66,993		
Other Instruction	19,521	124,021	129,463	67,305	15,573	11,825	13,630	15,312	48,018	83,447
Support Services & Undistributed Costs:										
Tuition	3,304,404	3,653,091	3,473,763	3,423,839	3,310,645	3,099,269	3,205,577	3,272,805	3,307,744	3,078,400
Health Services					148,825	145,370				
Student & Instruction Related Services	905,161	827,369	793,470	894,366	564,817	591,697	733,492	835,829	766,669	825,909
Educational Media Services/School Library	272,877	227,695	224,234	230,289	210,879	152,064				
Other Administrative Services	163,740	188,989	168,871	162,127	405,160	386,807	303,223	445,250	525,190	459,346
School Administrative Services	170,257	155,017	145,554	179,070	179,617	169,024	386,316	277,020	86,013	86,780
Plant Operations & Maintenance	477,671	446,397	447,375	586,984	529,753	588,005	518,611	499,570	513,109	531,059
Pupil Transportation	226,701	306,275	276,267	212,360	150,437	170,075	193,268	231,519	124,880	170,515
Employee Benefits	2,878,275	3,225,349	3,995,949	2,306,590	2,758,926	2,481,520	1,651,416	1,493,051	1,591,827	1,483,825
Transfers to Charter Schools	17,670					27,261	19,353	207,102		
Interest on Long-Term Debt	206,877	201,583	217,555	230,027	208,720	210,511	229,733	287,693	406,165	297,487
Unallocated Depreciation and Amortization	267,320	256,057	254,410	260,496	276,135	276,135	269,020		235,739	230,147
Total Governmental Activities Expenses	12,309,395	12,627,274	13,250,069	11,403,301	11,909,101	11,636,381	10,501,816	10,185,990	10,206,348	9,709,353
Business-Type Activities:										
Food Service	129,665	163,346	163,089	175,438	178,250	171,870	168,819	161,178	140,093	142,509
Latchkey	53,381	53,070	63,640	94,496	48,584	115,573	48,477	41,627	35,488	34,211
Total Business-Type Activities Expense	183,046	216,416	226,729	269,934	226,834	287,443	217,266	202,805	175,581	176,720
Total District Expenses	\$ 12,492,441	\$ 12,843,690	\$ 13,476,798	\$ 11,673,235	\$ 12,135,935	\$ 11,923,824	\$ 10,719,082	\$ 10,388,796	\$ 10,381,929	\$ 9,886,073
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,919	\$ 22,030	\$ 122,781	\$ 310,929
Operating Grants & Contributions	2,296,770	2,341,951	2,978,585	1,091,945	1,710,751	1,446,953	770,291	904,717	816,460	775,867
Total Governmental Activities Program Revenues	2,296,770	2,341,951	2,978,585	1,091,945	1,710,751	1,446,953	793,210	926,748	939,241	1,086,796
Business-Type Activities:										
Charges for Services:										
Food Service	54,334	81,304	85,350	77,332	75,549	79,678	71,813	78,845	63,575	85,371
Latchkey	60,694	71,420	96,352	108,407	95,663	62,688	69,471	87,296	58,092	46,418
Operating Grants & Contributions	66,294	77,999	85,257	96,928	87,686	87,214	87,276	79,918	66,930	60,213
Total Business-Type Activities Program Revenues	181,322	230,723	266,959	282,667	258,898	229,580	228,560	246,058	188,597	192,002
Total District Program Revenues	\$ 2,478,092	\$ 2,572,674	\$ 3,245,544	\$ 1,374,612	\$ 1,969,649	\$ 1,676,533	\$ 1,021,770	\$ 1,172,806	\$ 1,127,838	\$ 1,278,798
Net/(Expense)/Revenue:										
Governmental Activities	\$ (10,012,625)	\$ (10,285,323)	\$ (10,271,484)	\$ (10,198,350)	\$ (10,189,428)	\$ (10,189,428)	\$ (9,708,606)	\$ (9,259,242)	\$ (9,267,107)	\$ (8,622,557)
Business-Type Activities	(1,724)	14,307	40,230	12,733	32,064	(57,863)	11,294	43,253	13,016	15,282
Total District-Wide Net Expense	\$ (10,014,349)	\$ (10,271,016)	\$ (10,231,254)	\$ (10,228,623)	\$ (10,166,286)	\$ (10,247,291)	\$ (9,697,312)	\$ (9,215,989)	\$ (9,254,091)	\$ (8,607,275)

**MOUNT EPHRAIM SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	FISCAL YEAR ENDING JUNE 30.									
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 6,193,385	\$ 6,071,162	\$ 5,868,723	\$ 5,753,650	\$ 5,502,651	\$ 5,335,933	\$ 5,231,307	\$ 5,131,496	\$ 5,131,486	\$ 5,131,486
Taxes Levied for Debt Service	592,060	578,460	579,260	565,360	485,930	550,353	620,019	478,198	478,839	484,534
Federal and State Aid- Unrestricted	4,235,483	4,277,587	4,072,102	4,009,224	3,937,417	3,991,248	4,005,796	3,875,213	3,734,822	3,426,880
Federal and State Aid- Restricted	-	-	-	5,751	-	163,271	65,474	68,110	-	-
Tuition	-	14,420	17,655	11,177	12,075	13,317	-	-	-	-
Interest and Investment Earnings - Unrestricted	-	-	-	-	-	-	7,115	16,236	-	2
Miscellaneous Income	59,299	30,296	29,002	45,023	38,509	39,003	5,973	48,532	65,581	100,164
Transfers	-	-	-	-	16,550	60,000	-	-	-	(5,345)
Gain/(Loss)	-	-	3,878	(866,672)	-	-	-	-	-	-
Total Governmental Activities	11,080,227	10,971,925	10,570,620	9,523,513	9,993,132	10,153,125	9,935,685	9,617,784	9,410,728	9,137,721
Business-Type Activities:										
Transfers	-	-	(4,157)	-	-	-	-	-	5,345	-
Gain/(Loss)	-	-	-	5,780	-	-	-	-	-	-
Total Business-Type Activities	-	-	(4,157)	5,780	-	-	-	-	5,345	-
Total District-Wide	\$ 11,080,227	\$ 10,971,925	\$ 10,566,463	\$ 9,529,293	\$ 9,993,132	\$ 10,153,125	\$ 9,935,685	\$ 9,617,784	\$ 9,416,073	\$ 9,137,721
Change in Net Position:										
Governmental Activities	\$ 1,067,602	\$ 686,602	\$ 299,136	\$ (787,843)	\$ (205,218)	\$ (36,303)	\$ 227,079	\$ 358,542	\$ 143,621	\$ 515,164
Business-Type Activities	(1,724)	14,307	36,073	18,513	32,064	(57,863)	11,294	43,253	18,361	15,282
Total District	\$ 1,065,878	\$ 700,909	\$ 335,209	\$ (769,330)	\$ (173,154)	\$ (94,166)	\$ 238,373	\$ 401,795	\$ 161,982	\$ 530,446

**MOUNT EPHRAIM SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Restricted	\$ 2,074,772	\$ 1,262,983	\$ 979,786	\$ 893,838	\$ 537,830	\$ 438,991	\$ 1,252,400	\$ 1,385,778	\$ 752,621	\$ 543,724
Committed	-	-	-	-	-	-	237,335	137,000	339,915	283,233
Assigned	153,443	84,001	88,427	9,748	212,449	513,170	-	-	-	-
Unassigned	(69,447)	(18,807)	(81,190)	(83,344)	(117,208)	(74,753)	(54,194)	(52,950)	(67,968)	(35,548)
Total General Fund	\$ 2,158,768	\$ 1,328,177	\$ 987,023	\$ 820,242	\$ 633,071	\$ 877,408	\$ 1,435,541	\$ 1,469,828	\$ 1,024,568	\$ 791,409
All Other Governmental Funds:										
Restricted	\$ -	\$ -	\$ -	\$ 62,663	\$ 69,081	\$ 159,611	\$ 107,137	\$ 131,085	\$ 460,179	\$ 480,019
Unassigned	(45,154)	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ (45,154)	\$ -	\$ -	\$ 62,663	\$ 69,081	\$ 159,611	\$ 107,137	\$ 131,085	\$ 460,179	\$ 480,019

MOUNT EPHRAIM SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local Tax Levy	\$ 6,785,445	\$ 6,649,622	\$ 6,447,983	\$ 6,319,010	\$ 5,988,581	\$ 5,886,286	\$ 5,851,326	\$ 5,609,694	\$ 5,610,325	\$ 5,616,020
Tuition	-	14,420	17,655	11,177	12,075	13,317	22,919	22,030	122,781	310,929
Interest	-	-	-	-	-	-	-	-	-	2
Miscellaneous	59,299	30,296	29,002	45,023	38,509	39,003	13,089	64,767	65,581	100,164
Federal Sources	300,161	276,343	285,323	271,590	274,135	280,688	273,609	307,473	409,139	277,326
State Sources	5,740,299	5,293,055	5,000,429	4,835,330	4,609,253	4,733,604	4,567,952	4,525,376	4,142,143	3,925,421
Total Revenue	12,885,204	12,263,736	11,780,392	11,482,130	10,922,553	10,952,898	10,728,895	10,529,341	10,349,969	10,229,862
Expenditures:										
Instruction	3,418,442	3,139,452	3,252,621	2,917,153	3,165,187	3,338,643	3,009,408	2,623,161	2,638,409	2,562,909
Undistributed Instruction	8,000,044	8,071,875	7,714,685	7,759,288	7,495,060	7,168,061	6,988,274	6,945,547	6,877,907	6,595,892
Capital Outlay	169,624	99,704	96,617	26,485	37,263	417,631	31,238	411,605	44,543	155,896
Transfer of Funds to Charter Schools	17,670	-	-	-	-	27,261	19,353	-	-	-
Debt Service:	625,151	611,551	612,351	598,451	576,460	566,960	738,857	559,024	575,791	581,076
Total Expenditures	12,230,931	11,922,582	11,676,274	11,301,377	11,273,970	11,518,556	10,787,130	10,539,337	10,136,650	9,895,773
Excess (Deficiency) of Revenues Over/(Under) Expenditures	654,273	341,154	104,118	180,753	(351,417)	(565,658)	(58,235)	(9,996)	213,319	334,089
Other Financing Sources/(Uses):										
Contribution from Latchkey	-	-	-	-	16,550	60,000	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	6,295,000	-	-
Premium on Issuance of Bonds	-	-	-	-	-	-	-	409,594	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	(6,593,623)	-	-
Capital Lease (non-budgeted)	131,164	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	(5,345)
Total Other Financing Sources/(Uses)	131,164	-	-	-	16,550	60,000	-	110,971	-	(5,345)
Net Change in Fund Balances	\$ 785,437	\$ 341,154	\$ 104,118	\$ 180,753	\$ (334,867)	\$ (505,658)	\$ (58,235)	\$ 100,975	\$ 213,319	\$ 328,744
Debt Service as a Percentage of Noncapital Expenditures	5.2%	5.2%	5.3%	5.3%	5.1%	5.1%	6.9%	5.5%	5.7%	6.0%

Source: District records
 Note: Noncapital expenditures are total expenditures less capital outlay.

**MOUNT EPHRAIM SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

FISCAL YEAR ENDED JUNE 30,	CANCELLATION OF PRIOR YEARS' EXPENDITURES	E-RATE REIMBURSEMENTS	INTEREST ON INVESTMENTS	MISCELLANEOUS- OTHER	RENTALS	REFUND OF PRIOR YEARS' EXPENDITURES	TUITION	TOTAL
2020	\$ -	\$ -	12,910	10,820	-	\$ 35,569	-	\$ 59,299
2019	-	-	10,426	19,870	-	-	14,420	44,716
2018	-	-	5,300	23,702	-	-	17,655	46,657
2017	-	-	3,778	41,245	-	-	11,177	56,200
2016	-	-	-	35,521	-	-	12,075	47,596
2015	-	-	-	39,003	-	-	13,317	52,320
2014	-	-	7,115	5,973	-	-	-	13,089
2013	45,079	-	16,236	3,453	-	-	-	64,767
2012	-	9,031	12,832	7,385	1,764	34,569	122,781	188,362
2011	-	-	15,818	8,454	5,506	70,388	310,929	411,095

Source: District Records

Revenue Capacity Information

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

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**MOUNT EPHRAIM SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED DECEMBER 31,	VACANT LAND	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TAX-EXEMPT PROPERTY	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE	TOTAL DIRECT SCHOOL TAX RATE
2020	1,463,500	235,004,300	33,739,400	673,700	5,963,200	276,844,100	100	276,844,200	17,896,000	N/A	2.473
2019	1,463,500	234,112,300	33,354,100	673,700	5,977,300	275,580,900	100	275,581,000	21,068,400	284,720,526	2.438
2018	1,460,100	234,487,700	33,516,000	673,700	5,977,300	276,114,800	100	276,114,900	20,581,400	287,230,725	2.372
2017	1,489,300	234,527,000	33,546,100	673,700	5,977,300	276,213,400	100	276,213,500	20,580,000	284,526,790	2.312
2016	1,435,700	234,550,000	33,744,300	673,700	5,977,300	276,381,000	430,603	276,811,603	20,580,600	279,227,821	2.223
2015	1,519,800	234,479,700	34,758,000	673,700	6,195,600	277,626,800	431,616	278,058,416	20,504,900	297,583,952	2.135
2014	1,403,700	148,870,400	20,466,200	406,300	3,343,300	174,489,900	311,748	174,801,648	15,870,600	285,526,987	3.361
2013	1,403,700	148,745,600	21,539,200	406,300	3,343,300	175,438,100	233,361	175,671,461	15,870,600	305,038,770	3.221
2012	1,452,700	149,039,200	22,323,000	406,300	3,343,300	176,564,500	229,095	176,793,595	15,625,300	327,001,503	3.193
2011	1,611,700	148,301,000	22,380,100	406,300	3,343,300	176,042,400	243,415	176,285,815	15,618,300	324,226,991	3.187

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

**MOUNT EPHRAIM SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED <u>DECEMBER 31,</u>	SCHOOL DISTRICT DIRECT RATE			TOTAL DIRECT		OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING <u>TAX RATE</u>
	BASIC <u>RATE</u>	GENERAL OBLIGATION DEBT <u>SERVICE</u>	SCHOOL <u>TAX RATE</u>	BOROUGH OF MOUNT EPHRAIM	CAMDEN COUNTY			
2020	2.259	0.214	2.473	1.405	0.867	4.745		
2019	2.225	0.213	2.438	1.317	0.904	4.659		
2018	2.162	0.210	2.372	1.317	0.929	4.618		
2017	2.105	0.207	2.312	1.317	0.921	4.550		
2016	1.951	0.272	2.223	1.286	0.898	4.407		
2015	1.863	0.272	2.135	1.251	0.869	4.255		
2014	3.023	0.338	3.361	1.990	1.392	6.743		
2013	2.949	0.272	3.221	1.938	1.436	6.595		
2012	2.903	0.290	3.193	1.893	1.426	6.512		
2011	2.914	0.273	3.187	1.731	1.309	6.227		

Source: Municipal Tax Collector

**MOUNT EPHRAIM SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

2020

TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	NAME OF TAXPAYER	% OF TOTAL DISTRICT NET ASSESSED VALUE
\$ 2,360,100	1	SCP LLC CVS	0.85%
2,275,000	2	Bulkwark Mt. Ephraim LLC	0.82%
2,000,000	3	Willow Glen Apartments LLC	0.72%
1,750,000	4	Wawa Inc.	0.63%
1,736,400	5	Foulke McErlean Partnership	0.63%
1,648,000	6	Forest Park Apartments	0.60%
1,620,800	7	PGY Hospitality LLC	0.59%
1,202,300	8	Mt. Ephraim Association	0.43%
990,000	9	Mc Donald's Corp.	0.36%
877,800	10	KWK2 LLC	0.32%
<u>\$ 16,460,400</u>			<u>5.95%</u>

2011

TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	NAME OF TAXPAYER	% OF TOTAL DISTRICT NET ASSESSED VALUE
\$ 2,500,000	1	Bulkwark Mt. Ephraim LLC	0.14%
1,500,000	2	CVS SCP 2006-C23-218 LLC	0.09%
1,221,200	3	Wawa Inc.	0.07%
1,069,600	4	Foulke McErlean Partnership	0.06%
1,003,900	5	Forest Park Apartments	0.06%
975,000	6	DMH Hospitality LLC	0.06%
940,000	7	Willow Glen Apts	0.05%
750,000	8	Mc Donald's Corp	0.04%
675,000	9	Steliga Investments	0.04%
563,000	10	KWK2 LLC	0.03%
<u>\$ 11,197,700</u>			<u>0.64%</u>

**MOUNT EPHRAIM SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2020	\$ 6,785,445	\$ 6,785,445	100.00%
2019	6,649,622	6,649,622	100.00%
2018	6,447,983	6,447,983	100.00%
2017	5,988,581	5,988,581	100.00%
2016	5,886,286	5,886,286	100.00%
2015	5,851,326	5,851,326	100.00%
2014	5,609,694	5,609,694	100.00%
2013	5,610,325	5,610,325	100.00%
2012	5,616,020	5,616,020	100.00%
2011	5,534,066	5,534,066	100.00%

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

Debt Capacity Information

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

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**MOUNT EPHRAIM SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED <u>JUNE 30,</u>	<u>GOVERNMENTAL ACTIVITIES</u>			PERCENTAGE OF PERSONAL <u>INCOME</u>	<u>PER CAPITA</u>
	GENERAL OBLIGATION <u>BONDS</u>	CAPITAL <u>LEASES</u>	TOTAL <u>DISTRICT</u>		
2020	\$ 3,845,000	\$ 121,783	\$ 3,966,783	unavailable	unavailable
2019	4,285,000	-	4,285,000	unavailable	unavailable
2018	4,695,000	-	4,695,000	unavailable	unavailable
2017	5,090,000	-	5,090,000	1.02%	109.82
2016	5,460,000	-	5,460,000	2.38%	110.54
2015	5,830,000	-	5,830,000	2.61%	121.09
2014	6,180,000	-	6,180,000	2.89%	133.78
2013	6,686,646	-	6,686,646	3.21%	149.41
2012	6,895,948	-	6,895,948	3.34%	155.93
2011	7,180,210	-	7,180,210	3.53%	164.79

MOUNT EPHRAIM SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED <u>JUNE 30.</u>	<u>GENERAL BONDED DEBT OUTSTANDING</u>			PERCENTAGE OF ACTUAL TAXABLE VALUE OF <u>PROPERTY</u>	<u>PER CAPITA</u>
	<u>GENERAL OBLIGATION BONDS</u>	<u>DEDUCTIONS</u>	<u>NET GENERAL BONDED DEBT OUTSTANDING</u>		
2020	3,845,000	-	3,845,000	1.39%	N/A
2019	4,285,000	-	4,285,000	1.55%	934.17
2018	4,695,000	-	4,695,000	1.69%	1,021.32
2017	5,090,000	-	5,090,000	2.91%	1,098.16
2016	5,460,000	-	5,460,000	3.12%	1,177.74
2015	5,830,000	-	5,830,000	3.32%	1,256.74
2014	6,180,000	-	6,180,000	3.50%	1,332.76
2013	6,686,646	-	6,686,646	3.81%	1,438.61
2012	6,895,948	-	6,895,948	3.90%	1,476.65
2011	7,180,210	-	7,180,210	4.07%	1,536.53

MOUNT EPHRAIM SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE</u>	<u>SHARE OF OVERLAPPING DEBT</u>
Debt Repaid With Property Taxes:			
Mount Ephraim	\$ 4,690,586	100.00%	\$ 4,690,586
Camden County	357,727,729	0.738%	<u>2,640,031</u>
Subtotal, Overlapping Debt			\$ 7,330,617
Mount Ephraim Board of Education	3,845,000	100.00%	<u>3,845,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 11,615,617</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

**MOUNT EPHRAIM SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)**

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$ 8,581,051	\$ 8,574,834	\$ 8,502,032	\$ 8,307,002	\$ 8,466,789	\$ 8,721,428	\$ 11,517,235	\$ 9,166,228	\$ 9,528,698	\$ 9,661,478
Total Net Debt Applicable to Limit	3,845,000	4,285,000	4,695,000	5,090,000	5,460,000	5,830,000	6,455,000	6,686,646	6,895,949	7,180,210
Legal Debt Margin	\$ 4,736,051	\$ 4,289,834	\$ 3,807,032	\$ 3,217,002	\$ 3,006,789	\$ 2,891,428	\$ 5,062,235	\$ 2,479,582	\$ 2,632,749	\$ 2,481,268
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	44.81%	49.97%	55.22%	61.27%	64.49%	66.85%	56.05%	72.95%	72.37%	74.32%

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized Valuation Basis	
2019	\$ 284,730,426
2018	287,230,625
2017	286,144,071
	<u>\$ 858,105,122</u>
Average Equalized Valuation of Taxable Property	<u>\$ 286,035,041</u>
Debt Limit (3 % of Average Equalization Value)	\$ 8,581,051
Net Bonded School Debt	<u>3,845,000</u>
Legal Debt Margin	<u>\$ 4,736,051</u>

SOURCE: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

Demographic and Economic Information

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

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**MOUNT EPHRAIM SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	<u>POPULATION</u> ^a	PERSONAL INCOME (THOUSANDS OF <u>DOLLARS</u>) ^b	CAMDEN COUNTY PER CAPITA <u>INCOME</u> ^c	UNEMPLOYMENT <u>RATE</u> ^d
2020	N/A	N/A	N/A	N/A
2019	4,587	N/A	N/A	3.90%
2018	4,597	N/A	N/A	4.80%
2017	4,635	240,454,530	51,878	5.00%
2016	4,636	228,981,312	49,392	5.50%
2015	4,639	223,344,655	48,145	6.30%
2014	4,637	214,206,215	46,195	7.20%
2013	4,648	208,016,592	44,754	10.60%
2012	4,670	206,526,080	44,224	11.10%
2011	4,673	203,607,283	43,571	11.00%

Source: NJ Dept of Labor and Workforce Development

^a NJ Dept of Labor & Workforce Development

^b Based upon the Municipal population & per capita personal income presented.

^c Provided by the NJ Department of Labor & Workforce Development

^d Provided by the NJ Department of Labor & Workforce Development

**MOUNT EPHRAIM SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	2020	2011
	EMPLOYEES	EMPLOYEES
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
Total	N/A	N/A

Source: Camden County Economic Development

Operating Information

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

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**MOUNT EPHRAIM SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**

Function/Program	FISCAL YEAR											
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011		
Intruction:												
Regular Instruction	26.5	26.1	28.3	28.2	25.1	26.0	24.0	21.0	19.8	19.2		
Special Education Instruction	28.5	29.5	26.7	29.5	32.0	17.0	27.0	17.5	19.7	20.7		
Support Services:												
Student and Instruction Related Services	6.5	6.8	5.5	5.5	5.5	5.5	6.5	10.0	11.0	12.5		
School Administrative Services	7.0	7.0	5.0	4.5	4.5	4.5	3.0	2.0	2.0	2.0		
General and Business Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	4.2	4.2	4.2	5.2		
Plant Operations and Maintenance	5.0	7.0	7.0	8.0	9.0	7.5	7.5	7.5	8.5	8.1		
Latchkey	4.0	4.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0		
Total	79.5	82.4	79.5	82.7	82.1	66.5	76.2	66.2	69.2	71.7		

MOUNT EPHRAIM SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	MARY BRAY ELEMENTARY SCHOOL	RAYMOND W. KERSHAW SCHOOL	AVERAGE DAILY ENROLLMENT (ADE)	AVERAGE DAILY ATTENDANCE (ADA)(c)	% CHANGE IN DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2020	420	\$ 11,436,156	\$ 27,229	6.51%	41	1:12	1:11	420	402	4.42%	95.71%
2019	406	11,211,327	27,614	11.99%	38	1:12	1:11	406	385	-3.27%	94.83%
2018	429	10,967,306	25,565	5.79%	38	1:12	1:10	427	398	-2.21%	92.77%
2017	433	10,676,441	24,657	3.91%	37	1:12	1:11	431	407	-2.16%	94.00%
2016	434	10,488,156	24,166	1.45%	38	1:12	1:10	435	416	0.00%	95.85%
2015	435	10,322,255	23,729	3.01%	43	1:12	1:10	435	416	0.00%	95.85%
2014	434	9,997,682	23,036	7.13%	36	1:14	1:11	426	416	-3.27%	96.55%
2013	445	9,568,108	21,501	2.58%	32	1:16	1:12	441	412	-0.59%	97.10%
2012	454	9,516,316	20,961	6.19%	62	1:15	1:12	443	428	-4.52%	97.13%
2011	464	9,158,801	19,739	-0.57%	62	1:15	1:15	464	431	-3.19%	96.92%

Sources: District records

Note: Enrollment based on annual October district count.

a. Operating expenditures equal total expenditures 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)

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Mary Bray School:										
Square Feet	53,213	53,213	53,213	53,213	53,213	53,213	53,213	53,213	53,213	53,213
Capacity (Students)	305	305	305	305	305	305	305	305	305	305
Enrollment	293	238	264	256	264	249	257	257	258	211
Raymond W. Kershaw School										
Square Feet	40,900	40,900	40,900	40,900	40,900	40,900	40,900	40,900	40,900	40,900
Capacity (Students)	277	277	277	277	277	277	277	277	277	277
Enrollment	127	168	165	177	170	186	177	187	197	211

Number of Schools at June 30, 2020: 2

Source: District Facilities Office

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

SCHOOL FACILITIES	PROJECT #	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Mary Bray Elementary School	Required Maintenance	\$ 55,666	\$ 49,352	\$ 40,425	\$ 62,950	\$ 70,150	\$ 74,443	\$ 55,410	\$ 58,561	\$ 44,749	\$ 45,531
Raymond W. Kershaw School	Required Maintenance	56,514	52,124	46,835	68,842	48,575	59,823	48,489	61,451	48,283	48,048
Total		\$112,180	\$101,476	\$ 87,260	\$131,792	\$118,725	\$134,266	\$103,899	\$120,012	\$ 93,032	\$ 93,579

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

**MOUNT EPHRAIM SCHOOL DISTRICT
INSURANCE SCHEDULE
June 30, 2020**

	COVERAGE	DEDUCTIBLE
Burlington County Insurance Pool, Joint Insurance Fund (BCIPJIF):		
Property / Auto Physical Damage/Crime	\$ 250,000	\$ 500
General Liability / Auto Liability	250,000	
Employee Benefits Liability	250,000	
Workers Compensation/EL/OD	250,000	
Educators' Legal Liability	175,000	
Maintenance Deductible		500
Owner Group Loss Funding	18,200,000	
School Pool For Excess Liability Limits		
Property / Inland Marine / Automobile Physical Damages (per occurrence)	175,000,000	
Crime	500,000	
Workers Compensation	Statutory	
General Liability / Auto Liability	20,000,000	
Educators' Legal Liability	20,000,000	
Boiler and Machinery	125,000,000	1,000
Pollution Liability	3,000,000	
Cyber Liability	5,000,000	
Western Surety:		
Surety - Board Secretary	300,000	

Source: District Records

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SINGLE AUDIT SECTION

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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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable President and Members
of the Board of Education
Mount Ephraim Township School District
County of Camden
Mount Ephraim, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Mount Ephraim Township School District (the "School District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 11, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

David T. McNally
Certified Public Accountant
Public School Accountant, No. 2616

Medford, New Jersey
January 11, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Mount Ephraim Township School District
County of Camden
Mount Ephraim, New Jersey

Report on Compliance for Each Major State Program

We have audited the Mount Ephraim Township School District’s (the “School District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major state programs for the fiscal year ended June 30, 2020. The School 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 School 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; New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 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 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the School 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 School 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 the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 the Uniform Guidance and New Jersey OMB's Circular 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 School 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.

Purpose of this Report

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

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

David T. McNally
Certified Public Accountant
Public School Accountant, No. 2616

Medford, New Jersey
January 11, 2021

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**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2020 (ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
U.S. Department of Health and Human Services											
Passed Through New Jersey Department of Human Services: Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	100-054-7540-211	\$ 11,219	7/1/19 - 6/30/20	\$ -	\$ 11,219	\$ (11,219)	\$ -	\$ -	\$ -
Total U.S. Department of Health and Human Services											
							11,219	(11,219)	-	-	-
U.S. Department of Agriculture											
Passed Through New Jersey Department of Agriculture: Child Nutrition Cluster:											
School Breakfast Program	10.553	20INJ304N1099	100-010-3350-028	10,656	7/1/19 - 6/30/20	-	9,802	(10,656)	-	(854)	-
School Breakfast Program	10.553	19INJ304N1099	100-010-3350-028	11,337	7/1/18 - 6/30/19	(552)	552	-	-	-	-
							10,354	(10,656)	-	(854)	-
National School Lunch Program	10.555	20INJ304N1099	100-010-3350-026	41,467	7/1/19 - 6/30/20	-	40,140	(41,467)	-	(1,327)	-
National School Lunch Program	10.555	19INJ304N1099	100-010-3350-026	56,245	7/1/18 - 6/30/19	(2,269)	2,269	-	-	-	-
Healthy Hunger-Free Kids Act	10.555	20INJ304N1099	100-010-3350-026	1,480	7/1/19 - 6/30/20	-	1,453	(1,480)	-	(27)	-
Healthy Hunger-Free Kids Act	10.555	19INJ304N1099	100-010-3350-026	1,753	7/1/18 - 6/30/19	(79)	79	-	-	-	-
After School Snack Program	10.555	20INJ304N1099	100-010-3350-026	1,288	7/1/19 - 6/30/20	-	1,288	(1,288)	-	-	-
After School Snack Program	10.555	19INJ304N1099	100-010-3350-026	1,766	7/1/18 - 6/30/19	(94)	94	-	-	-	-
Food Distribution Program (Noncash Assistance)	10.555	20INJ304N1099	Unavailable	13,159	7/1/19 - 6/30/20	4,045	13,159	(5,863)	-	-	7,296
Food Distribution Program (Noncash Assistance)	10.555	19INJ304N1099	Unavailable	12,784	7/1/18 - 6/30/19	1,603	58,482	(54,143)	-	(1,354)	7,296
							68,836	(64,799)	-	(2,208)	7,296
Total Child Nutrition Cluster							68,836	(64,799)	-	(2,208)	7,296
Total U.S. Department of Agriculture							68,836	(64,799)	-	(2,208)	7,296
U.S. Department of Education											
Passed Through New Jersey Department of Education: I.D.E.A., Part B (Special Education Cluster)											
Basic	84.027	H027A190100	100-034-5065-016	138,401	7/1/19 - 6/30/20	-	138,401	(138,401)	-	-	-
Basic	84.027	H027A180100	100-034-5065-016	141,393	7/1/18 - 6/30/19	(141,393)	141,393	-	-	-	-
							279,794	(138,401)	-	-	-
Preschool	84.173	H173A190114	100-034-5065-020	3,873	7/1/19 - 6/30/20	-	3,873	(3,873)	-	-	-
Preschool	84.173	H173A180114	100-034-5065-020	3,875	7/1/18 - 6/30/19	(3,875)	3,875	-	-	-	-
							7,748	(3,873)	-	-	-
Total Special Education Cluster							287,542	(142,274)	-	-	-
Title I - Part A	84.010	S010A190030	100-034-5064-194	142,895	7/1/19 - 6/30/20	-	125,813	(126,494)	-	(681)	-
Title I - Part A	84.010	S010A180030	100-034-5064-194	113,739	7/1/18 - 6/30/19	(7,053)	7,053	-	-	-	-
							132,866	(126,494)	-	(681)	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A190029	100-034-5063-290	20,174	7/1/19 - 6/30/20	-	20,174	(20,174)	-	-	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A180029	100-034-5063-290	16,086	7/1/18 - 6/30/19	(1,228)	1,228	-	-	-	-
							21,402	(20,174)	-	-	-
Total U.S. Department of Education							441,810	(288,942)	-	(681)	-
Total Expenditures of Federal Awards							521,865	(364,960)	\$ -	(2,889)	\$ 7,296

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANTOR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2020 ACCOUNTS RECEIVABLE	UNEARNED REVENUE	MEMO	
										BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<u>New Jersey Department of Education:</u>											
General Fund:											
State Aid Public:											
School Choice Aid	495-034-5120-068	\$ 231,530	7/1/19 - 6/30/20	\$ -	\$ 231,530	\$ (231,530)	\$ -	\$ -	\$ -	\$ 21,800	\$ 231,530
Equalization Aid	495-034-5120-078	3,361,546	7/1/19 - 6/30/20	-	3,361,546	(3,361,546)	-	-	-	316,517	3,361,546
Security Aid	495-034-5120-084	109,498	7/1/19 - 6/30/20	-	109,498	(109,498)	-	-	-	10,310	109,498
Special Education Categorical Aid	495-034-5120-089	409,172	7/1/19 - 6/30/20	-	409,172	(409,172)	-	-	-	38,527	409,172
Total State Aid Public				-	4,111,746	(4,111,746)	-	-	-	387,154	4,111,746
Transportation Aid	495-034-5120-014	45,548	7/1/19 - 6/30/20	-	45,548	(45,548)	-	-	-	4,289	45,548
Extraordinary Aid	495-034-5120-044	71,996	7/1/19 - 6/30/20	-	-	(71,996)	-	(71,996)	-	-	71,996
Reimbursed TPAF Social Security Contributions	100-034-5094-003	226,476	7/1/18 - 6/30/19	(117,610)	117,610	-	-	-	-	-	-
TPAF - Post Retirement	100-034-5094-003	231,098	7/1/18 - 6/30/19	(11,557)	11,557	-	-	(965)	-	-	226,476
Medical (Noncash Assistance)	495-034-5094-001	240,458	7/1/19 - 6/30/20	-	240,458	(240,458)	-	-	-	-	240,458
TPAF - Pension	495-034-5094-002	648,166	7/1/19 - 6/30/20	-	648,166	(648,166)	-	-	-	-	648,166
TPAF - Long-Term Disability	495-034-5094-004	447	7/1/19 - 6/30/20	-	447	(447)	-	-	-	-	447
Insurance (Noncash Assistance)				-	447	-	-	-	-	-	-
Total General Fund				(129,167)	5,401,043	(5,344,837)	-	(72,961)	-	391,443	5,344,837
Special Revenue Fund:											
Preschool Education Expansion Aid	495-034-5120-086	451,535	7/1/19 - 6/30/20	-	451,535	(445,642)	-	-	5,893	45,154	445,642
Total Special Revenue Fund				-	451,535	(445,642)	-	-	5,893	45,154	445,642
<u>New Jersey Department of Agriculture:</u>											
Enterprise Fund:											
National School Lunch Program	100-010-3350-023	1,495	7/1/19 - 6/30/20	-	1,094	(1,495)	-	(401)	-	-	1,495
National School Lunch Program	100-010-3350-023	1,532	7/1/18 - 6/30/19	(68)	68	-	-	-	-	-	-
Total Enterprise Fund				(68)	1,162	(1,495)	-	(401)	-	-	1,495
Total State Financial Assistance				\$ (129,235)	\$ 5,853,740	\$ (5,791,974)	\$ -	\$ (73,362)	\$ 5,893	\$ 436,597	\$ 5,791,974
State Financial Assistance Programs not subject to Calculation for Major Program Determination:											
TPAF - Post Retirement	495-034-5094-001	240,458	7/1/19-6/30/20			240,458					
Medical (Noncash Assistance)											
TPAF - Pension	495-034-5094-002	648,166	7/1/19-6/30/20			648,166					
Contributions (Noncash Assistance)											
TPAF - Long-Term Disability	495-034-5094-004	447	7/1/19-6/30/20			447					
Insurance (Noncash Assistance)											
Total State Financial Assistance subject to Calculation for Major Program Determination											\$ (4,902,903)

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Mount Ephraim School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

Note 3. Relationship to Basic Financial Statements

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

**MOUNT EPHRAIM SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Note 3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$5,026) for the general fund and (\$45,154) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 11,219	\$ 5,339,811	\$ 5,351,030
Special Revenue Fund	288,942	400,488	689,430
Food Service Fund	<u>64,799</u>	<u>1,495</u>	<u>66,294</u>
Total Awards & Financial Assistance	<u>\$ 364,960</u>	<u>\$ 5,741,794</u>	<u>\$ 6,106,754</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. Federal and State Loans Outstanding

The Mount Ephraim School District had no loan balances outstanding at June 30, 2020.

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ Unmodified _____

Internal control over financial reporting:

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

2) Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

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

2) Significant deficiency(ies) identified? _____ yes _____ none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs _____

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

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

State Financial Assistance

Dollar threshold used to determine Type A programs \$750,000.00

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

Internal control over major programs:

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

2) Significant deficiency(ies) identified? _____ yes X no

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

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? _____ yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

495-034-5120-078

495-034-5120-084

495-034-5120-089

495-034-5120-068

495-034-5120-086

State Aid Public:

Equalization Aid

Security Aid

Special Education Categorical Aid

School Choice Aid

Preschool Education Expansion Aid

**MOUNT EPHRAIM SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings – N/A

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

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs – N/A

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS – N/A

STATE FINANCIAL ASSISTANCE – N/A

**MOUNT EPHRAIM SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings – N/A

Federal Awards – N/A

State Financial Assistance – N/A