

**Annual Comprehensive
Financial Report**

of the

Borough of Emerson Board of Education

County of Bergen

Emerson, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

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

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INTRODUCTORY SECTION

EMERSON BOARD OF EDUCATION

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



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

February 24, 2023

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

Dear Board Members:

The comprehensive annual financial report of the Emerson School District for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Emerson Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

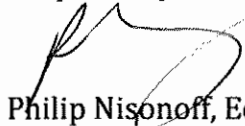
1. **REPORTING ENTITY AND ITS SERVICES:** The Emerson School District is an independent reporting entity as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account

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

2. **ECONOMIC CONDITION AND OUTLOOK:** The Emerson area is substantially developed which both residential and industrial taxpayers. The situation is expected to continue, which suggests that its tax base will remain stable.
3. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.
4. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the New Jersey Department of Education. Annual appropriated budgets are adopted for the general fund, the special revenue and the debt capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2022.
5. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

6. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by the state statute as detailed in “Notes to the Financial Statements”, Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposits with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the act.
7. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
8. **OTHER INFORMATION:** Independent Audit- State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney & Company, was selected by the Board of Education. In addition to meeting the requirements set forth in the state statutes, the audit also was designed to meet the requirements of the U.S. Uniform Guidance and NJ State OMB Circular 15-08. The auditor’s report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.
9. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby continuing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Business Office staff.

Respectfully submitted,



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

EMERSON SCHOOL DISTRICT
ORGANIZATIONAL CHART

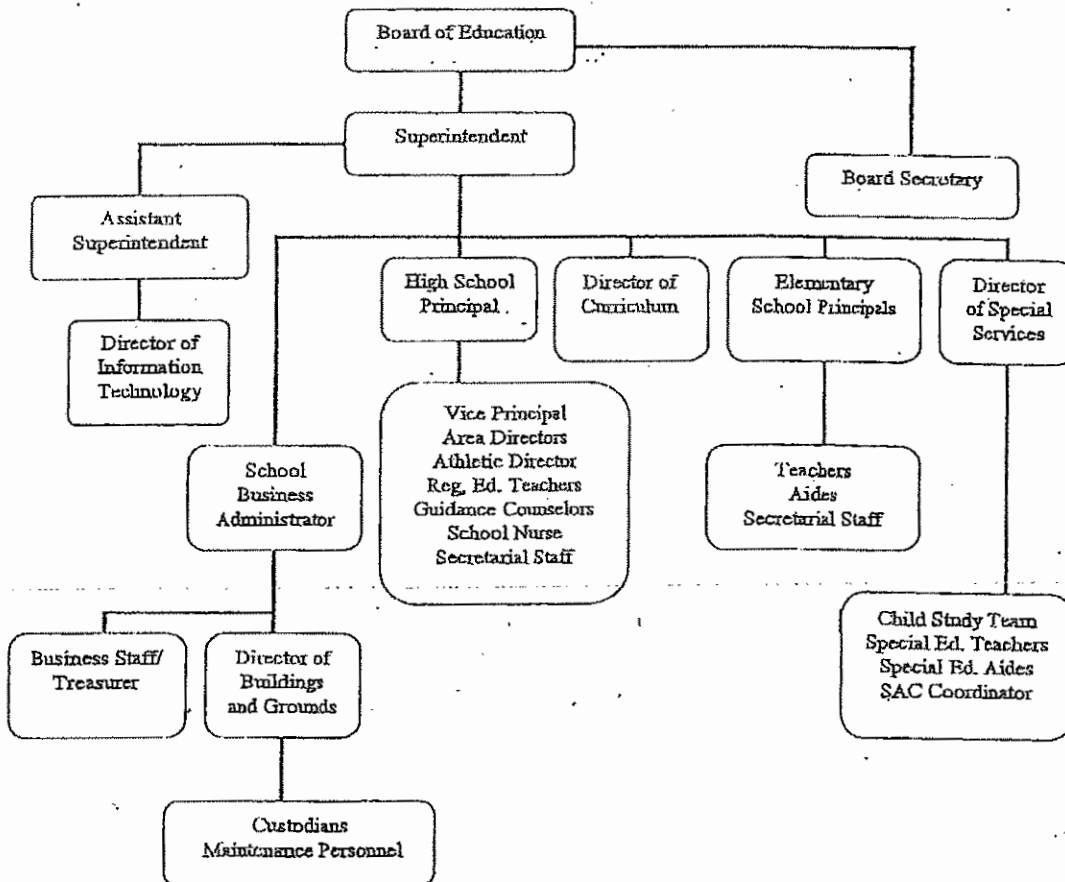
POLICY

EMERSON
BOARD OF EDUCATION

ADMINISTRATION

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ORGANIZATIONAL CHART

1110 ORGANIZATIONAL CHART



Adopted: 26 August 2002
Revised: January 2004,
February, 2006



Handwritten signature and date: 1/8 2/14

BOARD OF EDUCATION OF EMERSON
EMERSON, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2022

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM ENDS</u>
Ann Pressimone-President	2023
Benjamin Sallemi-Vice President	2022
David Cannici	2022
Jeremy Teigen	2023
Behrooz Pasdar	2024

OTHER OFFICIALS

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

Brian P. Gatens, Ed.D., Superintendent of Schools

Douglas S. Barrett, Treasurer of School Monies

**BOROUGH OF EMERSON SCHOOL DISTRICT
CONSULTANTS AND ADVISORS
JUNE 30, 2022**

Architect

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

Audit Firm

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

General Counsel

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

Special Education Counselor

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

Official Depositories

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

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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Emerson School District, in the County of Bergen, State of New Jersey (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance") the audit requirements of State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards and provisions are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, for the year ended June 30, 2022, the District adopted Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the Uniform Guidance, the State of New Jersey OMB Circular 15-08 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

SUPLEE, CLOONEY & COMPANY

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibits M-1 and M-2 are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and data such as the combining statements and individual fund financial statements, and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 24, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

February 24, 2023

REQUIRED SUPPLEMENTARY INFORMATION – Part I

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

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED**

The discussion and analysis of Emerson Board of Education District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2021-2022) and the prior year (2020-2021) is required to be presented in the MD&A. In fiscal year 2022 the District implemented GASB Statement No. 87-Leases.

Financial Highlights

Key financial highlights for 2022 are as follows:

- In total, net position increased \$2,264,523.94, which represents a 20 percent increase from 2021.
- General revenues accounted for \$23,504,674.46 in revenue, or 74 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$8,257,651.89 in revenue or 26 percent of total revenues.
- The School District had \$29,497,802.41 in expenses; only \$8,257,651.89 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily tax levy and unrestricted state aid) of \$23,504,674.46 were adequate to provide for these programs.
- Total Governmental Activities Net Position increased by \$2,187,952.67 as cash and cash equivalents increased by \$326,640.55, receivables increased by \$173,105.55, capital assets, net increased by \$1,326,241.59 and liabilities decreased by \$512,959.86.
- Among governmental funds, the General Fund had \$26,889,914.85 in revenues and \$26,191,228.95 in expenditures.

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED**

Using this Annual Comprehensive Financial Report (ACFR)

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

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

Reporting the School District as a Whole

State of Net Position and the Statement of Activities

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

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

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

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

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED**

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

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

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

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED**

Table 1 provides a summary of the School District's net position for 2022.

	Table 1	
	Net Position	
	<u>2022</u>	<u>2021</u>
Assets		
Current and Other Assets	\$11,266,765.47	\$10,770,452.69
Capital Assets	<u>20,554,506.76</u>	<u>19,210,013.19</u>
Total Assets	31,821,272.23	29,980,465.88
Deferred Outflows:		
Related to Pensions	<u>1,042,371.00</u>	<u>920,592.00</u>
	1,042,371.00	920,592.00
Liabilities		
Other Liabilities	5,145,948.80	5,196,959.33
Long-Term Liabilities	<u>12,209,312.50</u>	<u>12,694,493.56</u>
Total Liabilities	17,355,261.30	17,891,452.89
Deferred Inflows:		
Related to Pensions	<u>1,924,899.00</u>	<u>1,690,646.00</u>
Net Position		
Net Investment in Capital Assets(Deficit)	10,156,674.22	8,891,483.91
Restricted	5,808,054.48	4,335,954.82
Unrestricted(Deficit)	<u>(2,381,245.77)</u>	<u>(1,908,479.74)</u>
Total Net Position	<u><u>\$13,583,482.93</u></u>	<u><u>\$11,318,958.99</u></u>

The District's combined net position was \$13,583,482.93 on June 30, 2022. Table 2 shows changes in net position for fiscal years 2022 and 2021. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED**

Table 2 shows changes in net position for fiscal year 2022.

Changes in Net Position

	<u>2022</u>	<u>2021</u>
Revenues		
Program Revenues:		
Charges for Services	\$702,000.99	\$321,819.21
Operating Grants and Contributions	7,555,650.90	9,112,829.51
General Revenues:		
Property Taxes	22,301,068.00	21,889,629.00
Grants and Entitlements	340,494.59	212,950.25
Other	863,111.87	794,162.64
Total Revenues	<u>31,762,326.35</u>	<u>32,331,390.61</u>
 Program Expenses		
Instruction	17,600,100.20	18,526,673.19
Support Services:		
Student and Instruction Related	3,283,469.30	3,481,855.22
General Administration	668,408.48	765,374.35
School Administration	1,894,842.81	2,420,073.40
Central Services/ Adm. Of Technology	710,096.20	879,890.79
Maintenance of Facilities	2,862,734.45	2,489,077.47
Student Transportation	774,248.69	594,322.42
Business Type Activities	977,410.88	534,059.14
Other	726,491.40	664,458.75
Total Expenses	<u>29,497,802.41</u>	<u>30,355,784.74</u>
Increase/ (Decrease) in Net Position	<u>\$2,264,523.94</u>	<u>\$1,975,605.87</u>

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED**

Governmental Activities

Property taxes made up 73 percent of revenues for governmental activities for the District for fiscal year 2022. Property tax revenues increased by \$411,439.00, which is a 1.8 percent increase over the prior year. The District's total revenues were \$30,708,344.20 for the year ended June 30, 2022.

Instruction comprises 62 percent of district expenses. Support Services costs make up 36 percent of district expenses and other services make up 2 percent of district expenses.

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

Table 3

	<u>Total Cost of Services 2022</u>	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2022</u>	<u>Net Cost of Services 2021</u>
Instruction	\$17,542,065.32	18,526,673.19	\$12,903,408.46	\$12,738,841.71
Support Services:				
Students and Instruction Related	3,269,825.75	3,481,855.22	2,022,790.38	2,127,545.85
General Administration, School & Central Administration	3,257,070.83	4,065,338.54	2,536,634.24	2,810,747.36
Maintenance of Facilities	2,853,007.52	2,489,077.47	2,580,418.85	2,257,199.67
Student Transportation	772,484.71	594,322.42	546,978.46	407,235.27
Other	726,491.40	664,458.75	726,491.40	664,458.75
Business-Type Activities	977,410.88	534,059.14	(76,571.27)	(84,892.60)
Total Net Cost of Services	<u>\$29,398,356.41</u>	<u>\$30,355,784.74</u>	<u>\$21,240,150.52</u>	<u>\$20,921,136.01</u>

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED**

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

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

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

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

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

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

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

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

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

Business-Type Activities

Revenue for the District's business-type activities was comprised of the Food Service Program, Aftercare, Adult Education and Preschool Program. Overall business type expenses exceeded revenues by \$76,571.27.

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED**

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$30,641,812.20 and expenditures and financing uses were \$30,810,891.83.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedules present a summary of general fund, special revenue fund, capital projects and debt service fund revenues for the fiscal year ended June 30, 2022 and the amount and percentage of increase and decrease in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/(Decrease) from FY 2021</u>	<u>Percent Increase / (Decrease)</u>
Local Sources	\$23,482,216.65	76.63%	\$658,223.05	2.32%
State Sources	6,296,293.44	20.55%	1,173,312.16	4.63%
Federal Sources	863,302.11	2.82%	371,886.11	25.15%
Total	<u>\$30,641,812.20</u>	<u>100.00%</u>	<u>\$2,203,421.32</u>	<u>3.99%</u>

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

The following schedule represents a summary of general fund, special revenue fund, capital projects and debt service fund expenditures for the fiscal year ended June 30, 2022, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/(Decrease) from FY 2021</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$10,534,738.20	34.19%	\$814,028.00	7.17%
Support Services	17,685,777.92	57.40%	1,781,832.93	9.15%
Capital Outlay	1,680,825.68	5.46%	(2,765,107.94)	255.02%
Debt Service	909,550.03	2.95%	(393.75)	-0.04%
Total	<u>\$30,810,891.83</u>	<u>100.00%</u>	<u>(\$169,640.76)</u>	<u>-0.32%</u>

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED**

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$30,641,812.2 and expenditures and financing uses were \$30,641,812.20.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedules present a summary of general fund, special revenue fund, capital projects and debt service fund revenues for the fiscal year ended June 30, 2022 and the amount and percentage of increase and decrease in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/(Decrease) from FY 2021</u>	<u>Percent Increase / (Decrease)</u>
Local Sources	\$23,482,216.65	76.63%	\$658,223.05	2.32%
State Sources	6,296,293.44	20.55%	1,173,312.16	4.63%
Federal Sources	863,302.11	2.82%	371,886.11	25.15%
Total	\$30,641,812.20	100.00%	\$2,203,421.32	3.99%

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

The following schedule represents a summary of general fund, special revenue fund, capital projects and debt service fund expenditures for the fiscal year ended June 30, 2022, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/(Decrease) from FY 2021</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$10,534,738.20	34.19%	\$814,028.00	7.17%
Support Services	17,685,777.92	57.40%	1,781,832.93	9.15%
Capital Outlay	1,680,825.68	5.46%	(2,765,107.94)	255.02%
Debt Service	909,550.03	2.95%	(393.75)	-0.04%
Total	\$30,810,891.83	100.00%	(\$169,640.76)	-0.32%

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED**

General Fund Budgeting Highlights

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

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

Capital Assets

At the end of the fiscal year 2022, the School District had \$20,536,254.78 invested in building, building improvements, furniture, equipment and vehicles. **Table 5** shows fiscal year 2022 balances compared to 2021.

**Table 5
Capital Assets (Net of Depreciation) at June 30, 2022**

	<u>2022</u>	<u>2021</u>
Governmental Activities Capital Assets, Net:		
Land	\$5,071,938.32	\$5,071,938.32
Land improvements	382,423.38	332,878.26
Construction in Progress	12,977,257.77	12,151,804.08
Building and Building Improvements	1,494,008.97	1,130,741.61
Machinery and Equipment	<u>550,088.50</u>	<u>500,019.96</u>
Total Governmental Activities Capital Assets, Net	<u>20,475,716.94</u>	<u>19,187,382.23</u>
Business Type Activities Capital Assets, Net:		
Machinery and Equipment	<u>78,789.82</u>	<u>22,630.96</u>
Total Business Type Activities Capital Assets, Net:	<u>78,789.82</u>	<u>22,630.96</u>
Total Capital Assets, Net	<u><u>\$20,554,506.76</u></u>	<u><u>\$19,210,013.19</u></u>

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED**

Overall capital assets increased \$1,326,241.59 from fiscal year 2021 to fiscal year 2022. The increase in capital assets is due primarily to the start of the Referendum projects.

Debt Administration

At June 30, 2022, the School District had \$15,242,130.50 of outstanding long-term liabilities. Of this amount, \$287,481.92 is for compensated absences, \$3,032,818.00 is pension related, 31,830.58 is Installment Purchase related and \$11,890,000.00 is for serial bonds for school construction. For more detailed information on the District's long-term liabilities, please refer to the Notes to the Basic Financial Statements.

For the Future

While many factors influence the District's future, the availability of State funding, special education needs, capital improvements, enrollment trends and the economy will have the most impact on educational and fiscal decisions in the future. Many factors were considered by the District's administration during the process of developing the fiscal year 2021-2022 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs. In addition, increased special education tuition and transportation costs continue to impact budget decisions. Also impacting future budgets will be preparing our schools to mitigate the Covid-19 pandemic and address the fiscal impact of Chapter 44 legislative changes to health benefits. Further, global and national economic factors impacting consumer prices, including food and fuel, will impact district budgetary decisions as pressure to increase wages for all employee groups continues an upward trend.

Contacting the School District's Financial Management Office

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

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2022.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

BOROUGH OF EMERSON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$10,084,818.57	\$292,159.25	\$10,376,977.82
Receivables, net	833,567.55	54,905.63	888,473.18
Internal Balances	(614.00)	614.00	
Inventory		1,314.47	1,314.47
Capital assets:			
Non Depreciable	18,049,196.09		18,049,196.09
Depreciable - Net	2,426,520.85	78,789.82	2,505,310.67
Total Assets	<u>31,393,489.06</u>	<u>427,783.17</u>	<u>31,821,272.23</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pension	<u>1,042,371.00</u>		<u>1,042,371.00</u>
Total deferred outflow of resources	1,042,371.00		1,042,371.00
LIABILITIES:			
Accounts payable	1,781,651.74	35,834.50	1,817,486.24
Payable to state government	3,112.00		3,112.00
Unearned revenue		18,528.80	18,528.80
Accrued interest payable	126,701.95		126,701.95
Payroll deductions and withholdings payable	115,482.49		115,482.49
Unemployment compensation claims payable	31,819.32		31,819.32
Noncurrent liabilities:			
Net pension liability	3,032,818.00		3,032,818.00
Due within one year	539,577.75		539,577.75
Due beyond one year	11,669,734.75		11,669,734.75
Total liabilities	<u>17,300,898.00</u>	<u>54,363.30</u>	<u>17,355,261.30</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to pension	<u>1,924,899.00</u>		<u>1,924,899.00</u>
NET POSITION:			
Net Investment in capital assets	10,077,884.40	78,789.82	10,156,674.22
Restricted for:			
Special revenue	670,886.42		670,886.42
Capital projects	4,816,679.14		4,816,679.14
Debt service	13,271.76		13,271.76
Other purposes	307,217.16		307,217.16
Unrestricted(deficit)	<u>(2,675,875.82)</u>	<u>294,630.05</u>	<u>(2,381,245.77)</u>
Total net position	<u>\$13,210,063.06</u>	<u>\$373,419.87</u>	<u>\$13,583,482.93</u>

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

**BOROUGH OF EMERSON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2022**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
Instruction:						
Regular	\$ 7,405,762.99	\$ 2,467,284.82	\$ 49,720.00	\$ 1,805,447.61	\$ (8,017,880.20)	\$ (8,017,880.20)
Special	4,448,381.75	1,451,940.06		2,517,532.86	(3,382,788.95)	(3,382,788.95)
Other Instruction	1,151,269.73	675,460.85		323,991.27	(1,502,739.31)	(1,502,739.31)
Support services:						
Student & instruction related services	2,198,419.30	1,085,050.00	244,399.16	1,016,279.75	(2,022,790.38)	(2,022,790.38)
General administrative services	422,314.30	246,094.18		149,586.46	(518,822.02)	(518,822.02)
School administrative services	1,102,718.95	792,123.86		486,500.11	(1,408,342.70)	(1,408,342.70)
Central services	401,351.54	235,296.75		95,524.16	(541,124.14)	(541,124.14)
Administration information technology	60,879.26	12,568.65		5,102.53	(68,345.38)	(68,345.38)
Plant operations and maintenance	2,165,159.40	697,575.05	15,417.62	282,315.60	(2,580,418.85)	(2,580,418.85)
Pupil transportation	648,137.30	126,111.39		211,852.60	(546,978.46)	(546,978.46)
Unallocated benefits	7,789,505.61	(7,789,505.61)				
Unallocated depreciation and amortization	330,692.42				(330,692.42)	(330,692.42)
Interest on Long-Term Debt	395,798.98				(395,798.98)	(395,798.98)
Total governmental activities	28,520,391.53		309,536.78	6,894,132.96	(21,316,721.79)	(21,316,721.79)
Business-type activities						
Food Service	663,513.78		103,145.07	661,517.94	81,149.23	81,149.23
Preschool Program	107,957.52		116,491.77		8,534.25	8,534.25
Aftercare Program	30,746.41				(30,746.41)	(30,746.41)
Adult Education Program	155,193.17		172,827.37		17,634.20	17,634.20
Total business-type activities	977,410.88		392,464.21	661,517.94	76,571.27	76,571.27
Total primary government	\$ 29,497,802.41	\$	\$ 702,000.99	\$ 7,555,650.90	\$ (21,316,721.79)	\$ (21,240,150.52)
General Revenues:						
Taxes:						
Property taxes, levied for general purposes, net					\$ 21,539,680.00	\$ 21,539,680.00
Taxes levied for debt service					761,388.00	761,388.00
Federal and state aid not restricted					202,331.59	202,331.59
Federal and state aid restricted					138,163.00	138,163.00
Miscellaneous income					863,111.87	863,111.87
Total general revenues and special items					23,504,674.46	23,504,674.46
Change in net position					2,187,952.67	2,264,523.94
Net Position- beginning					\$ 11,022,110.39	\$ 11,318,958.99
Net Position ending					\$ 13,210,063.06	\$ 13,583,482.93

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

MAJOR FUND FINANCIAL STATEMENTS

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

BOROUGH OF EMERSON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS:					
Cash and cash equivalents	\$ 8,078,257.14	\$ 226,354.25	\$ 1,640,233.47	\$ 139,973.71	\$ 10,084,818.57
Accounts receivable:					
Federal		116,519.46			116,519.46
State	717,048.09				717,048.09
	<u>717,048.09</u>				<u>717,048.09</u>
Total assets	<u>\$ 8,795,305.23</u>	<u>\$ 342,873.71</u>	<u>\$ 1,640,233.47</u>	<u>\$ 139,973.71</u>	<u>\$ 10,918,386.12</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 1,296,321.16	\$ 117,884.58	\$ 39,419.00		\$ 1,453,624.74
Interfund payable	614.00				614.00
Payroll deductions and withholdings payable	115,482.49				115,482.49
Unemployment compensation claims payable	31,819.32				31,819.32
State		3,112.00			3,112.00
	<u>1,444,236.97</u>	<u>120,996.58</u>	<u>39,419.00</u>		<u>1,604,652.55</u>
Total liabilities	<u>1,444,236.97</u>	<u>120,996.58</u>	<u>39,419.00</u>		<u>1,604,652.55</u>
Fund balances:					
Restricted for:					
Capital reserve account	4,739,862.71				4,739,862.71
Emergency reserve account	207,217.16				207,217.16
Maintenance reserve account	100,000.00				100,000.00
Scholarships					
Student activities		221,877.13			221,877.13
Unemployment	449,009.29				449,009.29
Capital projects			898,476.16		898,476.16
Debt service				136,794.71	136,794.71
Assigned:					
Year-end encumbrances	671,717.50		702,338.31		1,374,055.81
Designated for subsequent years expenditures	100,000.00			3,179.00	103,179.00
Unassigned	1,083,261.60				1,083,261.60
	<u>7,351,068.26</u>	<u>221,877.13</u>	<u>1,600,814.47</u>	<u>139,973.71</u>	<u>9,313,733.57</u>
Total fund balances	<u>7,351,068.26</u>	<u>221,877.13</u>	<u>1,600,814.47</u>	<u>139,973.71</u>	<u>9,313,733.57</u>
Total liabilities and fund balances	<u>\$ 8,795,305.23</u>	<u>\$ 342,873.71</u>	<u>\$ 1,640,233.47</u>	<u>\$ 139,973.71</u>	<u>\$ 10,918,386.12</u>

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

BOROUGH OF EMERSON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

Total Fund Balances (Brought Forward) \$ 9,313,733.57

Amounts Reported for Governmental Activities in the Statement
of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds.

Cost of assets	\$	27,836,366.52	
Accumulated depreciation		<u>(7,360,649.58)</u>	
			20,475,716.94

Long term liabilities, including bonds payable, and other related
amounts that are not due and payable in the current period
and therefore are not reported as liabilities in the funds.

Serial bonds payable, net		(11,890,000.00)	
Net pension liability		(3,032,818.00)	
Installment purchases payable		(31,830.58)	
Compensated absences payable		<u>(287,481.92)</u>	
			(15,242,130.50)

Deferred Outflows and Inflows of resources are applicable
to future periods and therefore are not reported in the funds.

Pensions:

Deferred Outflows			
Pension related			1,042,371.00

Deferred Inflows:

Pension related			(1,924,899.00)
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Certain liabilities are not due and payable in the current period
and therefore, are not reported in the governmental funds.

Accounts payable - pension related		(328,027.00)	
Accrued interest payable		<u>(126,701.95)</u>	

Net Position of Governmental Activities \$ 13,210,063.06

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

BOROUGH OF EMERSON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$ 21,539,680.00	\$	\$	\$ 761,388.00	\$ 22,301,068.00
Other Local Government Units-Restricted	524,200.00				524,200.00
Tuition	49,720.00				49,720.00
Transportation	15,417.62				15,417.62
Miscellaneous	48,474.80	252,899.16	290,437.07		591,811.03
Total - local sources	22,177,492.42	252,899.16	290,437.07	761,388.00	23,482,216.65
State sources	6,072,104.44	86,026.00		138,163.00	6,296,293.44
Federal sources	114,419.65	748,882.46			863,302.11
Total revenues	28,364,016.51	1,087,807.62	290,437.07	899,551.00	30,641,812.20
EXPENDITURES:					
Current expense:					
Regular instruction	6,520,892.99	462,939.46			6,983,832.45
Special instruction	2,113,693.02	285,943.00			2,399,636.02
Other Instruction	1,151,269.73				1,151,269.73
Support services:					
Tuition	2,416,967.73				2,416,967.73
Student & instruction related services	1,912,327.69	286,091.61			2,198,419.30
General administrative services	422,314.30				422,314.30
School administrative services	1,102,718.95				1,102,718.95
Central services	401,351.54				401,351.54
Administrative information technology	60,879.26				60,879.26
Plant operations and maintenance	2,167,856.07				2,167,856.07
Student transportation	648,137.30				648,137.30
Unallocated benefits	8,267,133.47				8,267,133.47
Debt Service:					
Principal				510,000.00	510,000.00
Interest				399,550.03	399,550.03
Capital outlay	737,870.50	60,236.00	882,719.18		1,680,825.68
Total expenditures	27,923,412.55	1,095,210.07	882,719.18	909,550.03	30,810,891.83
Excess (deficiency) of revenues over (under) expenditures	440,603.96	(7,402.45)	(592,282.11)	(9,999.03)	(169,079.63)
Net change in fund balances	440,603.96	(7,402.45)	(592,282.11)	(9,999.03)	(169,079.63)
Fund balances, July 1,	\$ 6,910,464.30	\$ 229,279.58	\$ 2,193,096.58	\$ 149,972.74	\$ 9,482,813.20
Fund balances, June 30,	\$ 7,351,068.26	\$ 221,877.13	\$ 1,600,814.47	\$ 139,973.71	\$ 9,313,733.57

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

BOROUGH OF EMERSON SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total net change in fund balances - governmental funds (from B-2) \$ (169,079.63)

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	\$	(330,692.42)	
Capital outlays		1,680,825.68	
Less: Capital outlays not capitalized		<u>(61,798.55)</u>	
			1,288,334.71

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

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

Payment of installment purchases		9,166.20	
Payment of bond principal		<u>510,000.00</u>	
			519,166.20

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

Increase in accrued interest payable			5,371.53
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District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District pension contributions		299,817.00	
Add: Pension benefit		<u>278,328.00</u>	
			578,145.00

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

(Increase)/ Decrease in compensated absences payable			<u>(33,985.14)</u>
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Change in net position of governmental activities			\$ <u><u>2,187,952.67</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

OTHER FUNDS

EXHIBIT "B-4"

BOROUGH OF EMERSON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND					
	FOOD SERVICE	AFTERCARE PROGRAM	ADULT EDUCATION PROGRAM	PRESCHOOL PROGRAM	TOTALS	
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 130,201.90	\$ 11,451.85	\$ 69,197.91	\$ 81,307.59	\$	292,159.25
Accounts receivable:						
Federal	53,988.45					53,988.45
State	917.18					917.18
Interfunds	614.00					614.00
Inventories	1,314.47					1,314.47
Total current assets	187,036.00	11,451.85	69,197.91	81,307.59		348,993.35
Noncurrent assets:						
Furniture, machinery and equipment	70,274.98	23,928.00	12,984.48			107,187.46
Less accumulated depreciation	(22,770.86)		(5,626.78)			(28,397.64)
Total noncurrent assets	47,504.12	23,928.00	7,357.70			78,789.82
Total assets	234,540.12	35,379.85	76,555.61	81,307.59		427,783.17
LIABILITIES:						
Current liabilities:						
Accounts payable	28,738.59	6,195.91	900.00			35,834.50
Unearned revenue	18,528.80					18,528.80
Total current liabilities	47,267.39	6,195.91	900.00			54,363.30
Total liabilities	47,267.39	6,195.91	900.00			54,363.30
NET POSITION:						
Net investment in capital assets	47,504.12	23,928.00	7,357.70			78,789.82
Unrestricted	139,768.61	5,255.94	68,297.91	81,307.59		294,630.05
Total net position	\$ 187,272.73	\$ 29,183.94	\$ 75,655.61	\$ 81,307.59	\$	373,419.87

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

BOROUGH OF EMERSON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND					
	FOOD SERVICE SCHOOL NUTRITION	AFTERCARE PROGRAM	ADULT EDUCATION PROGRAM	PRESCHOOL PROGRAM	TOTALS	
OPERATING REVENUES:						
Charges for services:						
Daily sales	103,145.07				103,145.07	
Daily sales - non-reimbursable programs			172,827.37		172,827.37	
Miscellaneous				118,491.77	118,491.77	
Program Fees						
Total Operating Revenues	103,145.07		172,827.37	118,491.77	392,464.21	
OPERATING EXPENSES:						
Cost of sales-reimbursable	254,004.78				254,004.78	
Cost of sales-non reimbursable	40,563.40				40,563.40	
Salaries	211,826.82		138,342.39		349,969.21	
Employee benefits	52,349.93				52,349.93	
Other purchased services	47,223.38		8,600.00		55,823.38	
Supplies and materials	22,140.31	30,746.41	5,653.80		58,540.52	
Miscellaneous	46,682.49				46,682.49	
Depreciation	8,922.67		2,596.98		11,519.65	
Total operating expenses	683,513.78	30,746.41	155,193.17	107,957.52	977,410.88	
Operating income/(loss)	(580,368.71)	(30,746.41)	17,634.20	8,534.25	(584,946.67)	
NON-OPERATING REVENUES:						
State Sources	13,392.51				13,392.51	
State school lunch program						
Federal Sources	511,256.56				511,256.56	
National school lunch program	124,852.33				124,852.33	
National school breakfast program	628.00				628.00	
P-EBT Administrative Cost Reimbursement						
Total non-operating revenues	661,517.94				661,517.94	
Net income before contributions and transfers	81,149.23	(30,746.41)	17,634.20	8,534.25	76,571.27	
Change in net position	81,149.23	(30,746.41)	17,634.20	8,534.25	76,571.27	
Total net position - beginning	106,123.50	59,930.35	58,021.41	72,773.34	296,848.60	
Total net position - ending	187,272.73	29,183.94	75,655.61	81,307.59	373,419.87	

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

BOROUGH OF EMERSON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND					TOTALS
	FOOD SERVICE SCHOOL NUTRITION	AFTERCARE PROGRAM	ADULT EDUCATION PROGRAM	PRESCHOOL PROGRAM		
Cash flows from operating activities:						
Receipts from customers	\$ 103,145.07	\$	172,827.37	\$ 116,491.77	\$	392,464.21
Payments to employees and employee benefits	(111,132.82)	(6,195.91)	(139,242.39)	(107,957.52)		(364,528.64)
Payments to suppliers	(570,866.13)	(24,550.50)	(13,353.80)			(608,760.43)
Net cash provided by (used for) operating activities)	(578,843.88)	(30,746.41)	20,231.18	8,534.25		(580,824.86)
Cash flows from noncapital financing activities:						
State Sources	14,518.85					14,518.85
Federal Sources	660,426.82					660,426.82
Transfers to other funds	(614.00)					(614.00)
Net cash provided by noncapital financing activities:	674,331.67					674,331.67
Cash flows from capital and related financing activities:						
Purchase of capital assets	(43,750.51)	(23,928.00)				(67,678.51)
Net cash provided by (used for) capital and related financing activities	(43,750.51)	(23,928.00)				(67,678.51)
Net decrease in cash and cash equivalents	51,737.28	(54,674.41)	20,231.18	8,534.25		25,828.30
Cash and cash equivalents, July 1,	\$ 78,464.62	\$ 66,126.26	\$ 48,966.73	\$ 72,773.34	\$	\$ 266,330.95
Cash and cash equivalents, June 30,	\$ 130,201.90	\$ 11,451.85	\$ 69,197.91	\$ 81,307.59	\$	\$ 292,159.25
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ (580,368.71)	\$ (30,746.41)	\$ 17,634.20	\$ 8,534.25	\$	\$ (584,946.67)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and net amortization	8,922.67		2,596.98			11,519.65
National food distribution commodities	11,388.54					11,388.54
Change in assets and liabilities:						
Increase (decrease) in accounts payable	(22,743.18)					(22,743.18)
Increase (decrease) in unearned revenue	(488.55)					(488.55)
(Increase) decrease in inventories	4,445.35					4,445.35
	1,524.83		2,596.98			4,121.81
Net cash provided by (used for) operating activities	\$ (578,843.88)	\$ (30,746.41)	\$ 20,231.18	\$ 8,534.25	\$	\$ (580,824.86)

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Emerson School District have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

Reporting Entity

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

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

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

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

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one junior/senior high school and two elementary schools. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the State to offset the cost of approved capital projects.

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

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

Basis of Accounting - Measurement Focus

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

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

Basis of Accounting - Measurement Focus

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfer must be approved by School Board resolution. Budget amendments during the year ended June 30, 2022 totaled net \$643,062.00, representing unbudgeted state aids. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year end.

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

Interfunds

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

Inventories and Prepaid Expenses

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

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

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

Compensated Absences

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

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

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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

Fund Equity

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

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Fund Balance Reserves

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

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

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

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

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

Unassigned – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves (Continued)

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

Revenues Exchange and Non-Exchange Transactions

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

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Allocation of Indirect Expenses

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

Extraordinary and Special Items

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

Management Estimates

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

Accounting and Financial Reporting for Pensions

In the District-Wide Financial Statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

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

Deferred Outflows/Inflows of Resources

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

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

Recently Adopted Accounting Pronouncements

Beginning with the year ended June 30, 2022, the District has implemented GASB Statement 87, *Leases*. GASB Statement 87 establishes criteria for accounting and financial reporting for leases. It creates a single model for lease accounting and requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. A Lessee is required to recognize a lease liability and an intangible right to use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Deposits

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

The Borough of Emerson School District had the following cash and cash equivalents at June 30, 2022:

Fund Type:	<u>Bank Balance</u>	Reconciling Items:		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Governmental	\$10,612,587.77	\$28.03	\$527,797.23	\$10,084,818.57
Proprietary	<u>292,159.25</u>	<u> </u>	<u> </u>	<u>292,159.25</u>
	<u>\$10,904,747.02</u>	<u>\$28.03</u>	<u>\$527,797.23</u>	<u>\$10,376,977.82</u>

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2022, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$500,000.00 was covered by Federal Depository Insurance and \$10,197,529.86 was covered under the provisions of NJGUDPA. The District has \$207,217.16 in the New Jersey Cash Management Fund.

Investments

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

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

Investments (Continued)

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

At June 30, 2022, the District had no outstanding investments.

As of June 30, 2022, the District has \$207,217.16 on deposit with the New Jersey Cash Management Fund. Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 3: CHANGE IN CAPITAL ASSETS

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

	Beginning <u>Balance</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Ending <u>Balance</u>
Governmental Activities: Capital assets not being depreciated:				
Land	\$5,071,938.32			\$5,071,938.32
Construction in progress	<u>12,151,804.08</u>	<u>\$825,453.69</u>		<u>12,977,257.77</u>
Total Capital Assets not being depreciated	<u>17,223,742.40</u>	<u>825,453.69</u>		<u>18,049,196.09</u>
Land Improvements	1,533,550.19	79,868.00		1,613,418.19
Buildings and Building Improvements	<u>5,387,916.84</u>	<u>480,633.43</u>		<u>5,868,550.27</u>
Machinery and Equipment	<u>2,072,129.96</u>	<u>233,072.01</u>		<u>2,305,201.97</u>
Totals at historical cost	<u>8,993,596.99</u>	<u>793,573.44</u>		<u>9,787,170.43</u>
Gross Assets (Memo only)	<u>26,217,339.39</u>	<u>1,619,027.13</u>		<u>27,836,366.52</u>
Less: Accumulated Depreciation				
Land Improvements	(1,200,671.93)	(30,322.88)		(1,230,994.81)
Buildings and Building Improvements	<u>(4,257,175.23)</u>	<u>(117,366.07)</u>		<u>(4,374,541.30)</u>
Machinery and Equipment	<u>(1,572,110.00)</u>	<u>(183,003.47)</u>		<u>(1,755,113.47)</u>
Total Depreciation	<u>(7,029,957.16)</u>	<u>(330,692.42)</u>		<u>(7,360,649.58)</u>
Total capital assets being depreciated, net of depreciation	<u>1,963,639.83</u>	<u>462,881.02</u>		<u>2,426,520.85</u>
Total Governmental Activities	<u>\$19,187,382.23</u>	<u>\$1,288,334.71</u>		<u>\$20,475,716.94</u>

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 3: CHANGE IN CAPITAL ASSETS

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

	Beginning <u>Balance</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Ending <u>Balance</u>
Proprietary Activities:				
Land Improvements		\$17,368.00		\$17,368.00
Machinery and Equipment	<u>\$39,408.95</u>	<u>50,310.51</u>	<u> </u>	<u>\$89,719.46</u>
Totals at historical cost	<u>39,408.95</u>	<u>67,678.51</u>	<u> </u>	<u>107,087.46</u>
Less: Accumulated Depreciation				
Machinery and Equipment	<u>(16,777.99)</u>	<u>(11,519.65)</u>	<u> </u>	<u>(28,297.64)</u>
Total Depreciation	<u>(16,777.99)</u>	<u>(11,519.65)</u>	<u> </u>	<u>(28,297.64)</u>
 Total Proprietary Fund Activities	 <u>\$22,630.96</u>	 <u>\$56,158.86</u>	 <u> </u>	 <u>\$78,789.82</u>

NOTE 4: LONG-TERM LIABILITIES

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

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

At June 30, 2022, the District had bonds or notes authorized but not issued of \$446.00.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2022.

	Balance, <u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2022</u>	Due Within <u>One Year</u>
Bonds Payable	\$12,400,000.00		(\$510,000.00)	\$11,890,000.00	\$530,000.00
Net Pension Liability	3,751,647.00		(718,829.00)	3,032,818.00	
Compensated Absence	253,496.78	\$33,985.14		287,481.92	
Installment Purchases	40,996.78		(9,166.20)	31,830.58	9,577.75
Total	<u>\$16,446,140.56</u>	<u>\$33,985.14</u>	<u>(\$1,237,995.20)</u>	<u>\$15,242,130.50</u>	<u>\$539,577.75</u>

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Service Requirements

The annual requirements to amortize all debt outstanding as of June 30, 2022, including interest payments on issued debt, are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2023	\$530,000.00	\$366,503.13	\$896,503.13
2024	545,000.00	348,806.25	893,806.25
2025	565,000.00	330,118.75	895,118.75
2026	585,000.00	310,781.25	895,781.25
2027	605,000.00	290,793.75	895,793.75
2028-2032	3,340,000.00	226,070.00	3,566,070.00
2033-2037	3,950,000.00	102,810.00	4,052,810.00
2038-2039	<u>1,770,000.00</u>	<u>62,475.00</u>	<u>1,832,475.00</u>
	<u>\$11,890,000.00</u>	<u>\$2,038,358.13</u>	<u>\$13,928,358.13</u>

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

<u>Issue</u>	<u>Amount Outstanding June 30, 2022</u>
\$13,368,000.00 in 2018 Bonds due in annual remaining installments of between \$530,000.00 and \$900,000.00 ending September, 2038 with interest between 3.1250% to 3.500%	<u>\$11,890,000.00</u>
	<u>\$11,890,000.00</u>

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Capacity

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2022, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2021	\$1,449,977,054
2020	1,349,485,570
2019	1,334,534,439
	<u>\$4,133,997,063</u>
 Average equalized valuation	 <u>\$1,377,999,021</u>
 School borrowing margin (4% of \$1,377,999,021)	 \$55,119,961
Net school debt as of June 30 2022	<u>11,890,446</u>
 School borrowing power available	 <u>\$43,229,515</u>

Installment Purchases

The District has entered into a installment purchase agreement for copiers. The agreement is for a term of five years. Future annual debt service payments on installment purchases as of June 30, 2022 including interest of \$2,327.24 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2023	\$9,577.75	\$1,208.93	\$10,786.68
2024	10,007.78	778.90	10,786.68
2025	10,457.11	329.57	10,786.68
2026	1,787.94	9.84	1,797.78
	<u>\$31,830.58</u>	<u>\$2,327.24</u>	<u>\$34,157.82</u>

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 5: PENSION PLANS

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

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

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

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

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

Pension Plan Design Changes

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

Funding Changes

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

COLA Suspension

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

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

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 5: PENSION PLANS (CONTINUED)

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

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

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

<u>Three Year Trend Information for PERS</u>			
<u>Year Ended</u>	<u>Annual Pension</u>	<u>Percentage of</u>	<u>Net</u>
<u>June 30.</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Pension</u>
			<u>Obligation</u>
2022	\$288,313	100.00%	\$288,313
2021	\$262,400	100.00%	\$262,400
2020	\$222,790	100.00%	\$222,790

During the fiscal years ended June 30, 2022, 2021, and 2020, the State of New Jersey contributed \$2,942,869.00, \$2,089,312.00 and \$1,879,288.00 respectively, excluding post-retirement medical and long-term disability insurance, to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2022, 2021 and 2020, the State of New Jersey reimbursed the District \$713,224.44 \$658,612.28 and \$645,235 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

Public Employees Retirement System (PERS)

At June 30, 2022, the District reported a liability of \$3,032,818.00.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.0256009603 percent, which was an increase of 0.0025951465 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized pension benefit of \$278,328.00 in the district-wide financial statements. This pension benefit was based on the pension plans June 30, 2021 measurement date.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 47,831.00	\$ 21,711.00
Changes of assumptions		1,079,703.00
Net difference between projected and actual earnings on pension plan investments	15,795.00	798,924.00
Changes in proportion and differences between District contributions and proportionate share of contributions	650,718.00	24,561.00
District contributions subsequent to the measurement date	<u>328,027.00</u>	<u> </u>
	<u>\$ 1,042,371.00</u>	<u>\$ 1,924,899.00</u>

The \$328,027.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2022, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

Public Employees Retirement System (PERS) (Continued)

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

Year Ended <u>June 30,</u>	<u>Amount</u>
2022	(\$590,381.60)
2023	(385,714.60)
2024	(223,146.60)
2025	(136,645.60)
2026	<u>125,333.40</u>
	<u><u>(\$1,210,555.00)</u></u>

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. These actuarial valuations used the following assumptions:

Inflation rate:	
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 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-2020.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage-point higher than the current rate:

	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the pension liability	\$4,130,082.00	\$3,032,818.00	\$2,101,633.00

Pension Plan Fiduciary Net Position

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

Teachers Pensions and Annuity Fund (TPAF)

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2021 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$38,276,281</u>
	<u><u>\$38,276,281</u></u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 which was rolled forward to June 30, 2021. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2021, the proportion of the TPAF net pension liability associated with the District was .0796175368% which was a decrease of .0045536856 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue of \$900,658.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2021 measurement date.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55%-4.45%
	Based on Years of Service
Thereafter	2.75%-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rate

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 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, 2021) 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.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

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, 2021 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

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

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

Pension Plan Fiduciary Net Position

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

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

Plan Description and Benefits Provided

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

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

Employees Covered by Benefit Terms

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

Active Plan Members	213,901
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	150,427
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	- 0 -
Total Plan Members	<u>364,328</u>

Total Non-Employer OPEB Liability

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2022 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	<u>43,662,362</u>
	<u>\$43,662,362</u>

The total Non-Employer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.

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

For the year ended June 30, 2022, the District recognized on-behalf post-employment expense and revenue of \$2,884,918 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2021 measurement date.

At June 30, 2021, the District's proportion was .0727613251 percent, which was an increase of .0006527173 from its proportion measured as of June 30, 2020. The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

Actuarial Assumptions and Other Inputs

The total Non-Employer OPEB liability that was associated with the District as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2021</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases			
Through 2026	1.55-4.45%*	2.00-6.00%*	3.25-15.25%*
Thereafter	2.75-5.65%*	3.00-7.00%*	Not Applicable

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015— June 30, 2018, July 1, 2014 — June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

Actuarial Assumptions and Other Input (Continued)

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2021 and June 30, 2020 was 2.16% and 2.21% respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2020 to June 30, 2021.

	\$48,896,820
Changes for the year:	
Service cost	\$2,513,192
Interest	1,132,648
Changes of Benefit Terms	(46,473)
Differences between expected and actual experience	(8,013,648)
Changes in assumptions or other inputs	43,076
Membership Contributions	28,956
Benefit payments - Net	(892,209)
Net changes	(5,234,458)
	\$43,662,362

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

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

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2021		
	<u>1.00%</u> <u>Decrease (1.16%)</u>	<u>At Discount</u> <u>Rate (2.16%)</u>	<u>1.00%</u> <u>Increase (3.16%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$52,300,655	\$43,662,362	\$36,860,225

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

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2021, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2021		
	<u>1.00%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1.00%</u> <u>Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$35,344,824	\$43,662,362	\$54,832,201

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 6,581,907	\$ 13,103,851
Changes of assumptions	7,406,766	4,684,565
Changes in proportion	<u>1,476,932</u>	<u>681,276</u>
	<u>\$ 15,465,605</u>	<u>\$ 18,469,692</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability associated with the District will be recognized in OPEB expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Amount</u>
2022	(\$701,128)
2023	(\$701,128)
2024	(\$701,128)
2025	(\$701,128)
2026	(\$452,502)
Total	
Thereafter	<u>\$252,926</u>
	<u><u>(\$3,004,087)</u></u>

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

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

State Health Benefit Local Education Retired Employee Plan Information

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

NOTE 8: LITIGATION

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

NOTE 9: CONTINGENCIES

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2021-2022 fiscal year were subject to the U.S. OMB Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The District maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 10: RISK MANAGEMENT (CONTINUED)

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

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. Charges are applied to the Unemployment Compensation Claims Payable first, and any remaining charges are applied to the Unemployment Compensation budget appropriation. The following table is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the combined ending balance of the District's Unemployment Compensation Claims Payable and Unemployment Restricted Fund Balance for the current and previous two years:

Year Ended			Amount	Ending
<u>June 30,</u>	<u>Interest</u>	<u>Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2022	\$1,528.40	\$21,487.71		\$480,828.61
2021	4,993.85	19,718.43	\$9,386.82	457,812.50
2020	2,676.81	396,226.91	40,560.85	442,487.04

NOTE 11: COMPENSATED ABSENCES

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

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 11: COMPENSATED ABSENCES (CONTINUED)

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2022 a liability existed for compensated absences for governmental fund-types in the district-wide Statement of Net Position of \$287,481.92.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2022 no liability existed for compensated absences in the proprietary funds.

NOTE 12: FUND BALANCE APPROPRIATED

General Fund - Of the \$7,351,068.26 in General Fund Balance at June 30, 2022, \$671,717.50 has been assigned for encumbrances; \$4,739,862.71 has been restricted in the Capital Reserve Account; \$207,217.16 has been restricted in the Emergency Reserve Account; \$100,000.00 has been restricted in the Maintenance Reserve Account; \$449,009.29 has been restricted for unemployment; \$-0- has been restricted as excess surplus; \$-0- has been restricted as excess surplus - subsequent years' expenditures; \$100,000.00 has been assigned - subsequent years expenditures and \$1,083,261.60 is unassigned.

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c73 (S1701), the Restricted Fund Balance Excess Surplus is a required calculation pursuant to the New Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restricted General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance resulting from the year ended June 30, 2022 is \$-0-.

NOTE 14: CAPITAL RESERVE ACCOUNT

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 14: CAPITAL RESERVE ACCOUNT (CONTINUED)

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve during the year ended June 30, 2022, is as follows:

Balance, June 30, 2021	\$3,263,876.60
Interest Earnings	\$7,777.87
Deposits:	
Board Resolution dated 6/14/21	2,168,208.24
	2,175,986.11
	\$5,439,862.71
Withdrawals:	
2021-22 Budget	700,000.00
Balance, June 30, 2022	\$4,739,862.71

NOTE 15: EMERGENCY RESERVE ACCOUNT

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

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

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 15: EMERGENCY RESERVE ACCOUNT (CONTINUED)

The activity of the emergency reserve during the year ended June 30, 2022, is as follows:

Balance, June 30, 2021	\$206,789.41
Interest Earnings	<u>\$427.75</u>
Balance, June 30, 2022	<u><u>\$207,217.16</u></u>

NOTE 16: MAINTENANCE RESERVE ACCOUNT

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

The activity of the maintenance reserve during the year ended June 30, 2022, is as follows:

Balance, June 30, 2021 and June 30, 2022	<u><u>\$100,000.00</u></u>
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NOTE 17: INVENTORY

Inventory in the Food Service Fund at June 30, 2022 consisted of the following:

Food and Supplies	<u><u>\$1,314.47</u></u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Borough of Emerson School District
Notes to the Financial Statements
June 30, 2022

NOTE 18: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2022.

NOTE 19: SUBSEQUENT EVENTS

The District has evaluated material subsequent events occurring after the financial statement date through February 24, 2023 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that there are no subsequent events needed to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF EMERSON - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 21,539,680.00	\$	\$ 21,539,680.00	\$ 21,539,680.00	\$ 43,444.00
Other Local Governmental Units-Restricted	480,756.00		480,756.00	524,200.00	598.00
Tuition from Individuals				49,122.00	49,122.00
Tuition from Other LEAs Within State	15,000.00		15,000.00	15,417.62	417.62
Transportation Fees From Individuals	159,075.00		159,075.00	38,740.78	(120,334.22)
Unrestricted Miscellaneous Revenues				427.75	427.75
Interest Earned on Maintenance Reserve	100.00		100.00	7,777.87	7,677.87
Interest Earned on Capital Reserve Funds				1,528.40	1,528.40
Other Restricted Miscellaneous Revenues				22,177,492.42	(17,118.58)
Total Local Sources	<u>22,194,611.00</u>		<u>22,194,611.00</u>	<u>22,177,492.42</u>	
State Sources:					
Categorical Transportation Aid	134,241.00		134,241.00	134,241.00	
Extraordinary Aid				666,349.00	666,349.00
Categorical Special Education Aid	763,194.00		763,194.00	763,194.00	
Categorical Security Aid	81,391.00		81,391.00	81,391.00	
Other State Aids				15,660.00	15,660.00
On-behalf TPAF Contributions-non-budgeted				2,896,651.00	2,896,651.00
On-behalf TPAF N.C.G.I.-non-budgeted				46,218.00	46,218.00
Reimbursed TPAF Soc. Sec.Contribution-non-budgeted				713,224.44	713,224.44
Post Retirement Medical-non budgeted				776,175.00	776,175.00
Long Term Disability Insurance				1,414.00	1,414.00
Total State Sources	<u>978,826.00</u>		<u>978,826.00</u>	<u>6,094,517.44</u>	<u>5,115,691.44</u>
Federal Sources:					
Other Federal Grant Revenue-Passed Through the State				114,419.65	114,419.65
Total Federal Sources				<u>114,419.65</u>	<u>114,419.65</u>
Total Revenues	<u>23,173,437.00</u>		<u>23,173,437.00</u>	<u>28,386,429.51</u>	<u>5,212,992.51</u>
Withdraw from Cap Res-Excess Cost & Oth Cap Prj	<u>700,000.00</u>		<u>700,000.00</u>		<u>(700,000.00)</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - Regular Programs:					
Preschool	145,967.00	250.00	146,217.00	81,417.00	64,800.00
Kindergarten	369,626.00	(78,789.00)	290,827.00	290,826.60	0.40
Grades 1-5	1,618,946.00	218,101.00	1,837,047.00	1,835,741.67	1,305.33
Grades 6-8	1,316,204.00	(94,889.00)	1,221,305.00	1,221,301.88	3.12
Grades 9-12	2,210,350.00	77,493.00	2,287,843.00	2,287,843.00	
Regular programs - home instruction:					
Salaries of teachers	15,000.00	10,500.00	25,500.00	21,180.38	4,319.62

BOROUGH OF EMERSON - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS AND AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
Regular programs - undistributed instruction:					
Other salaries for instruction	\$ 152,300.00	\$	\$ 152,300.00	\$ 108,547.92	\$ 43,752.08
Purchased professional - educational services	69,105.00	(12,500.00)	56,605.00	52,398.00	4,207.00
Other purchased services (400 - 500 series)	76,439.21	(10,100.00)	66,339.21	65,528.99	810.22
General supplies	326,155.12	176,900.00	503,055.12	329,599.63	173,455.49
Textbooks	9,800.00	(7,800.00)	2,000.00	2,000.00	
Other objects	270,741.29	44,574.00	315,315.29	224,507.92	90,807.37
Total regular programs	6,580,633.62	323,720.00	6,904,353.62	6,520,892.99	383,460.63
Instruction - Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	379,374.00	(136,580.00)	242,794.00	219,460.62	23,333.38
Other salaries for instruction	64,446.00	8,774.00	73,220.00	69,344.96	3,875.04
General Supplies	1,500.00		1,500.00	457.67	1,042.33
Total Learning and/or Language Disabilities	445,320.00	(127,806.00)	317,514.00	289,263.25	28,250.75
Behavioral Disabilities:					
Salaries of Teachers	70,050.00		70,050.00	70,050.00	
Other Salaries for Instruction	84,744.00	21,169.00	105,913.00	105,912.62	0.38
Total Behavioral Disabilities	154,794.00	21,169.00	175,963.00	175,962.62	0.38
Resource Room / Resource Center:					
Salaries of Teachers	976,395.63	29,770.00	1,006,165.63	1,005,851.87	313.76
Other salaries for instruction	385,348.00	(17,591.00)	367,757.00	366,981.78	10,775.22
General Supplies	8,741.00	8,741.00	17,482.00	2,774.67	5,966.33
Total Resource Room / Resource Center	1,370,484.63	12,179.00	1,382,663.63	1,365,608.32	17,055.31
Preschool Disabilities - Part -Time:					
Salaries of Teachers	103,964.00		103,964.00	102,491.13	1,472.87
Other Salaries for Instruction	71,410.00	12,138.00	83,548.00	78,726.70	4,821.30
Total Preschool Disabilities - Part -Time	175,374.00	12,138.00	187,512.00	181,217.83	6,294.17

BOROUGH OF EMERSON - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Preschool Disabilities - Full - Time:					
Salaries of Teachers	\$ 39,775.00	\$ 61,866.00	\$ 101,641.00	\$ 101,641.00	\$ 45,627.00
Other Salaries for Instruction	68,674.00	(23,047.00)	45,627.00		45,627.00
Total Preschool Disabilities - Full - Time	108,449.00	38,819.00	147,268.00	101,641.00	
Total Special Education	2,254,421.63	(43,501.00)	2,210,920.63	2,113,693.02	97,227.61
Basic Skills / Remedial:					
Salaries of Teachers	176,100.00		176,100.00	176,100.00	10,000.00
Other Objects	10,000.00		10,000.00		10,000.00
Total Basic Skills / Remedial	186,100.00		186,100.00	176,100.00	
Bilingual Education Instruction:					
Salaries of Teachers	104,001.00		104,001.00	104,001.00	
Total Bilingual Education Instruction	104,001.00		104,001.00	104,001.00	
School Sponsored Co-Curricular Activities:					
Salaries	423,995.46		423,995.46	309,793.20	114,202.26
Supplies and Materials	2,000.00		2,000.00	2,000.00	
Other Objects	45,024.03	(3,600.00)	41,424.03	22,976.60	18,447.43
Total School Sponsored Co-Curricular Activities	471,019.49	(3,600.00)	467,419.49	334,769.80	132,649.69
School Sponsored Athletics:					
Salaries	434,273.24		434,273.24	413,464.75	20,808.49
Purchased Services (300-500 Series)	5,000.00		5,000.00	177.60	4,822.40
Supplies and Materials	26,009.26	14,940.00	40,949.26	30,593.69	10,355.57
Other Objects	30,838.50	4,060.00	34,898.50	33,973.89	924.61
Transfers to Cover Deficit (Agency Funds)	80,986.00	(22,797.00)	58,189.00	58,189.00	
Total School Sponsored Athletics	577,107.00	(3,797.00)	573,310.00	536,398.93	36,911.07
Total Other Instructional Programs	1,338,227.49	(7,397.00)	1,330,830.49	1,151,269.73	179,560.76
Total - Instruction	10,173,282.74	272,822.00	10,446,104.74	9,785,855.74	660,249.00
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs within the State - Special	963,561.00	69,252.00	1,032,813.00	1,032,243.59	569.41
Tuition to County Vocational School District - Regular	127,647.00	(56,914.00)	68,733.00	68,733.00	
Tuition to County Vocational School District - Sp Ed		11,466.00	11,466.00	9,720.00	1,746.00
Tuition to CSSD & Regional Day Schools	158,850.00	164,194.00	323,044.00	299,489.00	23,555.00
Tuition to Private Schools for the Handicapped w/in State	1,070,100.28	8,159.00	1,078,259.28	1,006,782.14	71,477.14
Total Undistributed Expenditures - Instruction	2,320,158.28	194,157.00	2,514,315.28	2,416,967.73	97,347.55
Attendance and Social Work Services:					
Salaries	31,890.00		31,890.00	28,593.80	3,296.20
Total Attendance and Social Work Services	31,890.00		31,890.00	28,593.80	3,296.20
Health Services:					
Salaries	135,779.19		135,779.19	126,496.80	9,282.39
Purchased Professional and Technical Services	78,100.00	(5,000.00)	73,100.00	69,920.00	3,180.00
Supplies and Materials	5,763.00		5,763.00	4,464.02	1,298.98
Total Health Services	219,642.19	(5,000.00)	214,642.19	200,880.82	13,761.37

BOROUGH OF EMERSON - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	\$ 187,223.13		\$ 187,223.13	\$ 184,842.36	2,380.77
Purchased Professional - Educational Services	8,146.00		8,146.00	5,565.00	2,581.00
Total Other Support Services - Speech, OT, PT & Related Services	195,369.13		195,369.13	190,407.36	4,961.77
Other Support Services - Students - Extra Services					
Purchased Professional - Educational Services	344,001.25	(51,071.00)	292,930.25	184,733.01	108,197.24
Other Objects	2,400.00		2,400.00	2,400.00	-
Total Other Support Services - Students - Extra Services	346,401.25	(51,071.00)	295,330.25	184,733.01	110,597.24
Guidance:					
Salaries of Other Professional Staff	366,796.50	(31,780.00)	335,016.50	354,848.60	187.90
Salaries of Secretarial and Clerical Assistants	78,450.00		78,450.00	77,650.16	799.84
Supplies and Materials	3,000.00		3,000.00	1,320.02	1,679.98
Other Objects	8,000.00	1,100.00	9,100.00	9,020.00	80.00
Total Guidance	476,246.50	(30,680.00)	445,566.50	442,838.78	2,727.72
Child Study Teams:					
Salaries of Other Professional Staff	458,071.73	(13,285.00)	444,786.73	444,786.73	-
Salaries of Secretarial and Clerical Assistants	83,338.00		83,338.00	80,451.19	2,886.81
Residential Costs	71,193.00		71,193.00	65,338.68	5,854.32
Supplies and Materials	25,603.84		25,603.84	22,346.52	3,257.32
Other Objects	14,050.00		14,050.00	1,489.25	12,560.75
Total Child Study Teams	652,256.57	(13,285.00)	638,971.57	614,412.37	24,559.20
Improvement of Instruction Services					
Other Support Services - Instructional Staff:					
Salaries of Supervisors of Instruction	55,301.00	1,382.53	56,683.53	56,683.53	-
Total Improvement of Instruction Services /					
Other Support Services - Instructional Staff	55,301.00	1,382.53	56,683.53	56,683.53	-
Educational Media Services / School Library:					
Salaries	122,218.00		122,218.00	120,459.00	1,759.00
Supplies and materials	11,222.97	(5,000.00)	6,222.97	4,061.04	2,161.93
Total Educational Media Services / School Library	133,440.97	(5,000.00)	128,440.97	124,520.04	3,920.93
Instructional Staff Training Services:					
Salaries of Secretarial and Clerical Assistants	47,698.00	(14,080.00)	33,618.00	27,812.90	5,805.10
Tuition Reimbursement	38,772.00		38,772.00	921.00	37,851.00
Other Objects	79,430.00		79,430.00	40,524.08	38,905.92
Total Instructional Staff Training Services	165,900.00	(14,080.00)	151,820.00	69,257.98	82,562.02
Support Services General Administration:					
Salaries	314,114.00	0.76	314,114.76	314,114.64	0.12
Legal Services	31,212.72	7,165.00	38,377.72	34,470.64	3,907.08
Expenditure and Internal Control Audit Fees	25,450.00		25,450.00	25,450.00	-
Communications / Telephone	8,300.00	1,500.00	9,800.00	9,800.00	-
General Supplies	6,737.00	(0.76)	6,736.24	6,375.37	360.87
Miscellaneous Expenditures	32,243.17	5,335.00	37,578.17	32,103.65	5,474.52
Total Support Services General Administration	418,056.89	14,000.00	432,056.89	422,314.30	9,742.59

BOROUGH OF EMERSON - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Support Services School Administration:					
Salaries of Principals / Asst. Principals	\$ 937,302.13	\$ (1,382.53)	\$ 935,919.60	\$ 928,569.65	\$ 7,349.95
Salaries of Secretarial and Clerical Assistants	169,575.55		169,575.55	168,101.13	1,474.42
Supplies and Materials	3,235.00		3,235.00	1,593.91	1,641.09
Other Objects	8,450.00		8,450.00	4,454.26	3,995.74
Total Support Services School Administration	1,118,562.68	(1,382.53)	1,117,180.15	1,102,718.95	14,461.20
Central Service:					
Salaries	384,246.00		384,246.00	362,474.52	21,771.48
Other Purchase Professional Service	32,081.00	2,101.00	34,182.00	34,181.80	0.20
Supplies and Materials	3,861.48	(2,101.00)	1,760.48	1,510.75	249.73
Miscellaneous Expenditures	3,740.00		3,740.00	3,184.47	555.53
Total Central Service	423,928.48		423,928.48	401,351.54	22,576.94
Administrative Information Technology:					
Salaries	19,362.00		19,362.00	19,362.00	
Other objects	56,252.26		56,252.26	41,517.26	14,735.00
Total Administrative Information Technology	75,614.26		75,614.26	60,879.26	14,735.00
Required Maintenance for School Facilities:					
Salaries	579,195.38	34,914.00	614,109.38	612,682.24	1,427.14
Cleaning, Repair and Maintenance Services	263,761.11	(463.20)	263,297.91	217,667.44	45,630.47
General Supplies	62,100.00	13,000.00	75,100.00	39,060.72	36,039.28
Total Required Maintenance for School Facilities	905,056.49	47,450.80	952,507.29	869,450.40	83,056.89
Custodial Services:					
Salaries	397,413.81	(27,414.00)	369,999.81	369,997.49	2.32
Salaries of Non-Instructional Aides	42,340.00	(7,500.00)	34,840.00	19,340.00	15,500.00
Cleaning, Repair and Maintenance Services	46,083.00	(0.20)	46,082.80	28,236.68	17,846.12
Insurance	152,816.00	27,149.50	179,965.50	179,965.50	
General Supplies	124,950.00	(2,733.19)	122,216.81	83,759.74	38,457.07
Energy (Natural Gas)	175,500.00		175,500.00	139,553.31	35,946.69
Energy (Heat and Electricity)	228,000.00	(13,000.00)	215,000.00	205,297.36	9,702.64
Other Objects	24,200.00		24,200.00	24,200.00	
Total Custodial Services	1,191,302.81	(23,497.89)	1,167,804.92	1,050,350.08	117,454.84
Care and Upkeep of Grounds:					
Salaries	69,251.00		69,251.00	69,250.80	0.20
General Supplies	29,350.00	(3,000.00)	26,350.00	18,371.13	7,978.87
Total Care and Upkeep of Grounds	98,601.00	(3,000.00)	95,601.00	87,621.93	7,979.07
Security:					
Purchased Professional and Technical Services	63,109.00	0.20	63,109.20	63,109.20	
General Supplies	97,324.46		97,324.46	97,324.46	
Total Security	160,433.46	0.20	160,433.66	160,433.66	

BOROUGH OF EMERSON - SCHOOL DISTRICT
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Regular	\$ 101,625.00	\$ 13,000.00	\$ 114,625.00	\$ 104,630.77	\$ 9,994.23
Salaries for Pupil Transportation (Between Home and School) - Special	134,734.50	(13,000.00)	121,734.50	89,643.75	32,090.75
Cleaning, Repair and Maintenance Services	25,763.96	7,500.00	33,263.96	27,970.95	5,293.01
Contracted Services - Aid in Lieu Payments-NonPub Sch	62,012.65	(86.00)	61,926.65	56,191.25	5,735.40
Contracted Services (Between Home & School) - Vendors	31,000.00	(16,700.00)	14,300.00	12,293.69	2,006.31
Contracted Svcs. (Spec. Ed. Stud.s) - Joint Agree.	298,500.00	56,682.00	355,182.00	331,956.78	23,225.22
General Supplies	38,500.00	(12,482.00)	26,018.00	22,365.04	3,652.96
Other Objects	5,000.00		5,000.00	3,085.07	1,914.93
Total Student Transportation Services	697,136.11	34,914.00	732,050.11	648,137.30	83,912.81
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	347,424.42	(40,620.00)	306,804.42	305,629.18	975.24
Other Retirement Contributions - PERS	259,233.00	40,705.80	299,938.80	299,938.80	
Other Retirement Contributions - Regular	19,501.00	4,028.00	23,529.00	23,529.00	
Workmen's Compensation	90,000.00	40,254.70	130,254.70	130,247.00	7.70
Health Benefits	3,648,438.00	(118,956.00)	3,529,482.00	3,073,907.05	455,574.95
Total Unallocated Benefits - Employee Benefits	4,364,596.42	(74,587.50)	4,290,008.92	3,833,451.03	456,557.89
On-Behalf TPAF Contributions (Non-Budgeted):					
On-behalf TPAF Contributions-non-budgeted				2,896,651.00	(2,896,651.00)
NCGI-non-budgeted				46,218.00	(46,218.00)
Post Retirement Medical-non budgeted				776,175.00	(776,175.00)
Reimbursed TPAF Social Security Contribution-non-budgeted				713,224.44	(713,224.44)
Long Term Disability Insurance				1,414.00	(1,414.00)
Total TPAF Pension/Social Security				4,433,682.44	(4,433,682.44)
Undistributed Expenditures					
Total Undistributed Expenditures	14,049,894.49	70,320.61	14,120,215.10	17,399,686.31	(3,279,471.21)
TOTAL EXPENDITURES - CURRENT EXPENSE	24,223,177.23	343,142.61	24,566,319.84	27,185,542.05	(2,619,222.21)

BOROUGH OF EMERSON - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
CAPITAL OUTLAY:					
Equipment:					
Grades 6-8	38,788.00		38,788.00	38,788.00	
Grades 9-12 - Equipment	61,839.14	71,647.60	133,486.74	61,175.14	72,311.60
School Sponsored and Other Instructional Program	16,458.00	3,797.00	20,255.00	18,356.50	1,898.50
Undistributed Expenditures - General Admin.		100.00	100.00		100.00
Undistributed-Req. Maint. For Schools	25,920.00	39,799.19	65,719.19	59,259.19	6,460.00
School Buses - Special		123,877.60	123,877.60		123,877.60
Total Equipment	143,005.14	239,221.39	382,226.53	177,578.83	204,647.70
Facilities Acquisition and Construction Services:					
Architectural/engineering services	61,960.00		61,960.00	36,462.78	25,497.22
Other purch prof & tech services	10,625.00		10,625.00		
Construction services	1,223,894.27	(139,202.00)	1,084,692.27	511,287.89	573,404.38
Other Objects		200,000.00	200,000.00		200,000.00
Assessment for Debt Service on SDA Funding	1,916.00		1,916.00	1,916.00	
Total Facilities Acquisition and Construction Services	1,298,395.27	60,798.00	1,359,193.27	560,291.67	798,901.60
Interest Deposit to Capital Reserve	100.00	(100.00)			
TOTAL CAPITAL OUTLAY	1,441,500.41	299,919.39	1,741,419.80	737,870.50	1,003,549.30
TOTAL EXPENDITURES	\$ 25,664,677.64	\$ 643,062.00	\$ 26,307,739.64	\$ 27,923,412.55	\$ (1,615,672.91)

BOROUGH OF EMERSON - SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>BUDGET</u> <u>TRANSFERS AND</u> <u>AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE/</u> <u>(UNFAVORABLE)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (2,491,240.64)	\$ (643,062.00)	\$ (3,134,302.64)	\$ 463,016.96	\$ 3,597,319.60
Excess of revenues and other financing sources over expenditures and other financing sources	(2,491,240.64)	(643,062.00)	(3,134,302.64)	463,016.96	3,597,319.60
Fund balances, July 1	6,956,593.30		6,956,593.30	6,956,593.30	
Fund balances, June 30	\$ 4,465,352.66	\$ (643,062.00)	\$ 3,822,290.66	\$ 7,419,610.26	\$ 3,597,319.60

Recapitulation:

Assigned - year-end encumbrances	\$ 671,717.50
Restricted - capital reserve	4,739,862.71
Restricted - maintenance reserve	100,000.00
Restricted - emergency reserve	207,217.16
Restricted - unemployment	449,009.29
Unassigned fund balance	1,151,803.60
Assigned - designated for subsequent years expenditures	100,000.00
	\$ 7,419,610.26

Reconciliation to governmental funds statements (GAAP):

Prior Year aid payment not recognized on GAAP basis	(68,542.00)
Fund balance per governmental funds (GAAP)	\$ 7,351,068.26

BOROUGH OF EMERSON - SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Other Sources	\$ 8,500.00	\$ 473,678.74	\$ 482,178.74	\$ 252,898.16	\$ (229,279.58)
State Sources	86,026.00		86,026.00	86,026.00	
Federal Sources	1,744,239.00		1,735,739.00	794,791.46	(940,947.54)
Total Revenues	\$ 1,838,765.00	\$ 473,678.74	\$ 2,303,943.74	\$ 1,133,716.62	\$ (1,170,227.12)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 215,072.00	\$ (8,500.00)	\$ 206,572.00	\$ 66,586.00	\$ 139,986.00
Purchased Professional / Educational Services	29,700.00		29,700.00	13,500.00	16,200.00
Tuition	503,730.00		503,730.00	503,730.00	
General Supplies	72,707.00		72,707.00	22,133.46	50,573.54
Textbooks	480.00		480.00		480.00
Total Instruction	821,689.00	(8,500.00)	813,189.00	605,949.46	207,239.54
Support Services:					
Other Salaries	24,707.00		24,707.00	16,707.00	8,000.00
Purchased Services Employee Benefits	20,770.00		20,770.00	6,213.00	14,557.00
Purchased Professional / Educational Services	144,568.00		144,568.00	75,368.00	69,200.00
Purchased Professional/Technical Services	25,178.00		25,178.00	24,282.00	896.00
Other purchased services	101,229.00		101,229.00	74,584.00	26,645.00
Supplies and Materials	233.00		233.00	188.00	45.00
Other Objects	27,190.00		27,190.00	25,790.00	1,400.00
Student Activities		473,678.74	473,678.74	251,801.61	221,877.13
Total Support Services	343,875.00	473,678.74	817,553.74	474,933.61	342,620.13
Facilities Acquisition and Construction Service:					
Building	673,201.00		673,201.00	60,236.00	612,965.00
Total Facilities Acquisition and Construction Service	673,201.00		673,201.00	60,236.00	612,965.00
Total expenditures	\$ 1,838,765.00	\$ 465,178.74	\$ 2,303,943.74	\$ 1,141,119.07	\$ 1,162,824.67
Excess (Deficiency) of Revenues Over (Under) Expenditures				(7,402.45)	
Fund Balances, July 1,				229,279.58	
Fund Balances, June 30				221,877.13	
Recapitulation:					
Restricted:					
Student Activities				\$ 221,877.13	
Total Fund Balance				\$ 221,877.13	

BOROUGH OF EMERSON - SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI (REQUIRED SUPPLEMENTARY INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 28,386,429.51	\$ 1,133,716.62
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously it was recognized for budgetary purposes.	46,129.00	
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(68,542.00)</u>	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Adjust for encumbrances: Less current year encumbrances		<u>(45,909.00)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 28,364,016.51</u>	<u>\$ 1,087,807.62</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 27,923,412.55	\$ 1,141,119.07
Difference - budget to GAAP:		
Adjust for encumbrances: Less current year encumbrances		<u>(45,909.00)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 27,923,412.55</u>	<u>\$ 1,095,210.07</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

<u>Measurement Date Ending June 30,</u>	<u>District's Proportion of the Net Pension Liability (Asset)</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>District's Covered-Employee Payroll</u>	<u>District's Proportion of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u>
2013	0.0243277995%	4,649,526 \$	1,599,195.36	290.74%	48.72%
2014	0.0242059063%	4,532,008	1,631,832.00	277.73%	52.08%
2015	0.0231779258%	5,202,980	1,582,896.00	328.70%	47.92%
2016	0.0216626625%	6,415,859	1,482,510.00	432.77%	40.14%
2017	0.0216626625%	4,743,336	1,439,808.00	329.44%	48.10%
2018	0.0222384960%	4,407,487	1,477,693.00	298.27%	53.59%
2019	0.0229040562%	4,126,963	1,690,593.00	244.11%	56.27%
2020	0.0230058138%	3,751,647	1,777,193.00	211.10%	58.32%
2021	0.0256009603%	3,032,818	1,872,242.00	161.99%	70.33%

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

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

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to the</u> <u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>District's</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions as</u> <u>a Percentage of</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>
2014	\$ 183,305	\$ 183,305	\$ -0-	\$ 1,631,832.00	11.23%
2015	199,550	199,550	-0-	1,582,896.00	12.61%
2016	199,268	199,268	-0-	1,482,510.00	13.44%
2017	193,374	193,374	-0-	1,439,808.00	13.43%
2018	188,767	188,767	-0-	1,477,693.00	12.77%
2019	222,790	222,790	-0-	1,690,593.00	13.18%
2020	251,673	251,673	-0-	1,777,193.00	14.16%
2021	299,817	299,817	-0-	1,872,242.00	16.01%
2022	328,027	328,027	-0-	2,044,846.00	16.04%

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

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

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	District's Covered-Employee Payroll	District's Proportion of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0816717517%	\$ -0-	\$ 41,276,261.00	8,047,701.00	-0-	512.90%	33.76%
2014	0.0822185321%	-0-	43,943,129.00	7,897,661.00	-0-	556.41%	33.64%
2015	0.0815059504%	-0-	51,515,241.00	8,209,002.00	-0-	627.55%	28.71%
2016	0.0827041838%	-0-	65,060,377.00	8,176,017.00	-0-	795.75%	22.33%
2017	0.0820891901%	-0-	55,347,492.00	8,243,600.00	-0-	671.40%	25.41%
2018	0.0816237654%	-0-	51,927,286.00	8,713,455.00	-0-	595.94%	26.48%
2019	0.0831375039%	-0-	51,022,271.00	8,748,320.00	-0-	583.22%	26.95%
2020	0.0841712224%	-0-	55,425,737.00	8,811,226.00	-0-	629.04%	24.60%
2021	0.0796175368%	-0-	38,276,281.00	9,238,500.00	-0-	414.31%	35.52%

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

BOROUGH OF EMERSON - SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

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

Measurement Date Ending <u>June 30,</u>	Discount Rate	Long-Term Expected Rate of Return	Actuarial Experience Study Period
2021	7.00%	7.00%	07/01/14-06/30/18
2020	7.00%	7.00%	07/01/14-06/30/18
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms:

None

Change in assumptions:

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

Measurement Date Ending <u>June 30,</u>	Discount Rate	Long-Term Expected Rate of Return	Actuarial Experience Study Period
2021	7.00%	7.00%	07/01/15-06/30/18
2020	5.40%	7.00%	07/01/15-06/30/18
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

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

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

	Measurement Date Ended June 30,				
	2021	2020	2019	2018	2017
Balance at 6/30	\$48,896,820	\$30,687,148	\$33,572,326	\$37,805,627	\$40,759,090
Changes for the year:					
Service cost	2,513,192	1,439,095	1,345,205	1,462,523	1,761,218
Interest	1,132,648	1,110,097	1,333,789	1,390,423	1,199,895
Changes of benefit terms	(46,473)				
Differences between expected and actual experience	(8,013,648)	7,554,163	(5,107,640)	(2,366,969)	
Changes in assumptions or other inputs	43,076	8,931,769	457,548	(3,852,592)	(5,071,161)
Benefit payments	(892,209)	(851,253)	(942,004)	(897,712)	(875,659)
Contributions from Members	28,956	25,801	27,924	31,026	32,244
Net changes	<u>(5,234,458)</u>	<u>18,209,672</u>	<u>(2,885,178)</u>	<u>(4,233,301)</u>	<u>(2,953,463)</u>
Balance at 6/30	<u>\$43,662,362</u>	<u>\$48,896,820</u>	<u>\$30,687,148</u>	<u>\$33,572,326</u>	<u>\$37,805,627</u>
Covered Employee Payroll	11,110,742.00	10,588,419.00	10,438,913.00	10,191,148.00	9,683,408
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-	-0-	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	392.97%	461.80%	293.97%	329.43%	390.42%

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

BOROUGH OF EMERSON HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Change in benefit terms:

The implementation of Chapter 44 Plan and contribution strategy affecting pre-Medicare future and current retirees and dependents who enroll in the New Jersey Educator Health Plan option upon retirement and were not grandfathered under Chapter 78 (fewer than 20 years of service as of July 1, 2011) is reflected for the Fiscal Year Ending June 30, 2022 as a Plan change.

Change in assumptions:

The following assumptions were used in calculating the Net OPEB Liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

BOROUGH OF EMERSON - SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	IDEA PART B PRE-K-KARP	ESSERLI	ARP/ESSER	ACRS	OR LEARNING ACCELERATION	MENTAL HEALTH	ACCELERATED LEARNING COACH & EDUCATOR SUPPORT
	\$	\$	\$	\$	\$	\$	\$
REVENUES:							
Local Sources	3,948.00	74,700.00	19,968.46	217,787.00	25,000.00	45,000.00	19,300.00
Slate Sources							
Federal Sources	3,948.00	74,700.00	19,968.46	217,787.00	25,000.00	45,000.00	19,300.00
Total Revenues							
EXPENDITURES:							
Instruction:							
Salaries of Teachers		13,500.00		217,787.00	17,388.00		
Purchased Professional / Educational Services	3,948.00		19,968.46		32.00		
Tuition							
General Supplies							
Total Instruction	3,948.00	13,500.00	19,968.46	217,787.00	17,420.00		
Support Services:							
Other Salaries					1,330.00		
Personal Services Employee - Benefits						45,000.00	19,300.00
Purchased Professional / Educational Services							
Purchased Professional / Technical Services		61,200.00			6,250.00		
Other purchased services							
Supplies and Materials							
Other Objects							
Student Activities							
Total Support Services		61,200.00			7,880.00	45,000.00	19,300.00
Facilities Acquisition, Construction Services and Equipment:							
Building							
Total Facilities Acquisition, Construction Services and Equipment							
Total Expenditures	3,948.00	74,700.00	19,968.46	217,787.00	25,000.00	45,000.00	19,300.00
Excess (Deficiency) of Revenues Over (Under) Expenditures							
Fund Balances, July 1,							
Fund Balances, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

BOROUGH OF EMERSON - SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	EVIDENCED BASED SUMMER LEARNING AND ENRICHMENT BEYOND THE SCHOOL DAY	EVIDENCED BASED COMPREHENSIVE	SDA EMERGENT	ARP HOMELESS	OTHER LOCAL	IDEA PART B BASIC-ARP	TITLE I
	\$	\$	\$	\$	\$	\$	\$
REVENUES:							
Local Sources	8.00	33,442.00	25,790.00	7,134.00	8,500.00	46,258.00	42,038.00
State Sources							
Federal Sources	9.00	33,442.00	25,790.00	7,134.00	8,500.00	46,258.00	42,038.00
Total Revenues							
EXPENDITURES:							
Instruction:							
Salaries of Teachers		19,278.00			8,500.00		21,420.00
Purchased Professional / Educational Services						46,258.00	
Tuition	9.00						2,124.00
General Supplies							
Total Instruction	9.00	19,278.00			8,500.00	46,258.00	23,544.00
Support Services:							
Other Salaries		11,331.00					5,376.00
Personal Services Employee - Benefits		2,833.00					2,050.00
Purchased Professional / Educational Services							11,068.00
Purchased Professional / Technical Services				7,134.00			
Other purchased services							
Supplies and Materials			25,790.00				
Other Objects							
Student Activities							
Total Support Services		14,164.00	25,790.00	7,134.00			18,494.00
Facilities Acquisition, Construction Services and Equipment:							
Building							
Total Facilities Acquisition, Construction Services and Equipment							
Total Expenditures	9.00	33,442.00	25,790.00	7,134.00	8,500.00	46,258.00	42,038.00
Excess (Deficiency) of Revenues Over (Under) Expenditures							
Fund Balances, July 1,							
Fund Balances, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

BOROUGH OF EMERSON - SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	IDEA PART B BASIC	IDEA PART B PRESCHOOL	STUDENT ACTIVITIES	ALYSSA'S LAW	TITLE I/A	TOTALS
REVENUES:						
Local Sources	\$ 225,384.00	10,353.00	244,389.16	60,236.00	24,470.00	252,899.16
State Sources						86,026.00
Federal Sources						794,791.46
Total Revenues	225,384.00	10,353.00	244,389.16	60,236.00	24,470.00	1,133,716.62
EXPENDITURES:						
Instruction:						
Salaries of Teachers						68,586.00
Purchased Professional / Educational Services	225,384.00	10,353.00				19,500.00
Tuition						503,730.00
General Supplies						22,133.46
Total Instruction	225,384.00	10,353.00				605,949.46
Support Services:						
Other Salaries						16,707.00
Personal Services Employee - Benefits						6,213.00
Purchased Professional / Educational Services					24,282.00	75,368.00
Other purchased services						24,282.00
Supplies and Materials					188.00	74,584.00
Other Objects						188.00
Student Activities			251,801.61			25,790.00
Total Support Services			251,801.61		24,470.00	251,801.61
Facilities Acquisition, Construction Services and Equipment:						
Building				60,236.00		60,236.00
Total Facilities Acquisition, Construction Services and Equipment				60,236.00		60,236.00
Total Expenditures	225,384.00	10,353.00	251,801.61	60,236.00	24,470.00	1,141,119.07
Excess (Deficiency) of Revenues Over (Under) Expenditures			(7,402.45)			(7,402.45)
Fund Balances, July 1,			229,279.58			229,279.58
Fund Balances, June 30	-0-	-0-	221,877.13	-0-	-0-	221,877.13

CAPITAL PROJECTS FUND DETAIL STATEMENTS

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

BOROUGH OF EMERSON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES-BUDGETARY BASIS
AS OF JUNE 30, 2022

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>	<u>BALANCE</u>
		<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>
		<u>882,719.18</u>	<u>882,719.18</u>
Referendum	\$ 13,652,695.72	\$ 11,245,978.50	\$ 1,523,998.04
Totals	\$ 13,652,695.72	\$ 11,245,978.50	\$ 1,523,998.04

BOROUGH OF EMERSON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

REVENUES AND OTHER FINANCING SOURCES:	
Interest Earned on Bond Proceeds	\$ 6,187.35
Miscellaneous	284,249.72
	<hr/>
Total Revenues and Other Financing Sources	290,437.07
	<hr/>
EXPENDITURES AND OTHER FINANCING USES:	
Legal Services	\$ 4,056.25
Purchased Professional and Technical Services	2,594.71
Construction Services	815,401.68
Miscellaneous	60,666.54
	<hr/>
Total Expenditures and Other Financing Uses	882,719.18
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(592,282.11)
Net change in fund balances	(592,282.11)
Fund Balance - Beginning of Year	2,193,096.58
	<hr/>
Fund Balance - End of Year	\$ 1,600,814.47
	<hr/>
<u>Reconciliation to GAAP Financial Statements:</u>	
Fund Balance- Budgetary Basis (Exhibit F-2)	\$ 1,600,814.47
	<hr/>
Fund Balance- GAAP Basis (Exhibit B-1)	\$ 1,600,814.47
	<hr/>
<u>Recapitulation:</u>	
Reserved for Encumbrances	\$ 702,338.31
Restricted for Capital Projects	898,476.16
	<hr/>
	\$ 1,600,814.47
	<hr/>

BOROUGH OF EMERSON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -
BUDGETARY BASIS
REFERENDUM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond proceeds and transfers	\$ 13,368,000.00	\$	\$ 13,368,000.00	\$ 13,368,446.00
Miscellaneous	149,971.68	284,249.72	434,221.40	284,249.72
	<u>13,517,971.68</u>	<u>284,249.72</u>	<u>13,802,221.40</u>	<u>13,652,695.72</u>
Total Revenues and Other Financing Sources				
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	20,114.91	987.50	21,102.41	93,500.00
Purchased Professional and Technical Services	918,473.29	91,697.38	1,010,170.67	1,059,696.00
Construction Services	7,042,714.14	3,080,812.50	10,123,526.64	12,274,503.72
Miscellaneous	41,526.36	49,652.42	91,178.78	224,996.00
	<u>8,022,828.70</u>	<u>3,223,149.80</u>	<u>11,245,978.50</u>	<u>13,652,695.72</u>
Total Expenditures and Other Financing Uses				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 5,495,142.98</u>	<u>\$ (2,938,900.08)</u>	<u>\$ 2,556,242.90</u>	
ADDITIONAL PROJECT INFORMATION:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	2018			
Bonds Authorization	\$13,368,446.00			
Bonds Issued	\$13,368,000.00			
Original Authorized Cost	\$13,652,695.72			
Additional Authorized Cost				
Revised Authorized Cost	\$13,652,695.72			
Percentage Increase over Original Authorized Cost				
Percentage Completion	81.48%			
Original Target Completion Date	6/30/20			
Revised Target Completion Date	6/30/21			

PROPRIETARY FUND DETAIL STATEMENTS

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

BOROUGH OF EMERSON SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS - ENTERPRISE FUNDS
 JUNE 30, 2022

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND					TOTALS
	FOOD SERVICE SCHOOL NUTRITION	AFTERCARE PROGRAM	ADULT EDUCATION PROGRAM	PRESCHOOL PROGRAM		
ASSETS:						
Current Assets:						
Cash and Cash Equivalents	\$ 130,201.90	\$ 11,451.85	\$ 68,197.91	\$ 81,307.59	\$	282,159.25
Accounts receivable:						
Federal	53,988.45					53,988.45
State	917.18					917.18
Interfunds	614.00					614.00
Inventories	1,314.47					1,314.47
Total Current Assets	187,036.00	11,451.85	68,197.91	81,307.59		348,993.35
Capital Assets:						
Equipment	70,274.98	23,928.00	12,984.48			107,187.46
Less: Accumulated Depreciation	(22,770.86)		(5,625.78)			(28,397.64)
Total Capital Assets	47,504.12	23,928.00	7,357.70			78,789.82
Total Assets	234,540.12	35,379.85	76,555.61	81,307.59		427,783.17
LIABILITIES						
Current Liabilities:						
Accounts payable	28,738.59	6,185.91	900.00			35,834.50
Unearned revenue	18,528.80					18,528.80
Total Current Liabilities	47,267.39	6,185.91	900.00			54,363.30
Total Liabilities	47,267.39	6,185.91	900.00			54,363.30
NET POSITION						
Net Investment in capital assets	47,504.12	23,928.00	7,357.70			78,789.82
Unrestricted	139,768.61	5,255.94	68,237.91	81,307.59		294,650.05
Total Net Position	187,272.73	29,183.94	75,595.61	81,307.59	\$	373,419.87

BOROUGH OF EMERSON SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND					
	FOOD SERVICE SCHOOL NUTRITION	AFTERCARE PROGRAM	ADULT EDUCATION PROGRAM	PRESCHOOL PROGRAM	TOTALS	
OPERATING REVENUES:						
Charges for services:						
Daily sales - non-reimbursable programs	\$ 103,145.07		\$ 172,827.37		\$ 103,145.07	
Miscellaneous				116,491.77	172,827.37	
Program Fees					116,491.77	
Total Operating Revenues	<u>103,145.07</u>		<u>172,827.37</u>	<u>116,491.77</u>	<u>392,464.21</u>	
OPERATING EXPENSES:						
Cost of sales-reimbursable	254,004.78				254,004.78	
Cost of sales-non reimbursable	40,563.40				40,563.40	
Salaries	211,626.82		138,342.39		349,969.21	
Employee benefits and taxes	52,349.93				52,349.93	
Other purchased services	47,223.38		8,600.00		55,823.38	
Supplies and materials	22,140.31	30,746.41	5,653.80		58,540.52	
Miscellaneous	46,682.49			107,957.52	154,640.01	
Depreciation	8,922.67		2,596.98		11,519.65	
Total Operating Expenses	<u>683,513.78</u>	<u>30,746.41</u>	<u>155,193.17</u>	<u>107,957.52</u>	<u>977,410.88</u>	
Operating Income (Loss)	<u>(580,368.71)</u>	<u>(30,746.41)</u>	<u>17,634.20</u>	<u>8,534.25</u>	<u>(584,946.67)</u>	
NONOPERATING REVENUES:						
State Sources						
State School Lunch Program	13,392.51				13,392.51	
Federal Sources						
National School Lunch Program	511,256.56				511,256.56	
National School Breakfast Program	124,852.33				124,852.33	
P-EBT Administrative Cost Reimbursement	628.00				628.00	
National Food Distribution Commodities	11,388.54				11,388.54	
Total Nonoperating Revenues	<u>661,517.94</u>				<u>661,517.94</u>	
Net Income (Loss) before Contributions and Transfers	<u>81,149.23</u>	<u>(30,746.41)</u>	<u>17,634.20</u>	<u>8,534.25</u>	<u>76,571.27</u>	
Change in net position	<u>81,149.23</u>	<u>(30,746.41)</u>	<u>17,634.20</u>	<u>8,534.25</u>	<u>76,571.27</u>	
Total Net Position, Beginning of Year	<u>106,123.50</u>	<u>58,930.35</u>	<u>58,021.41</u>	<u>72,773.34</u>	<u>296,848.60</u>	
Total Net Position, End of Year	<u>187,272.73</u>	<u>28,183.94</u>	<u>75,655.61</u>	<u>81,307.59</u>	<u>373,419.87</u>	

**BOROUGH OF EMERSON SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTALS
	FOOD SERVICE SCHOOL NUTRITION	AFTERCARE PROGRAM	ADULT EDUCATION PROGRAM	PRESCHOOL PROGRAM	
Cash flows from operating activities:					
Receipts from customers	\$ 103,145.07	\$	\$ 172,827.37	\$ 116,491.77	\$ 392,464.21
Payments for employees' salaries and benefits	(111,132.82)	(6,195.91)	(139,242.39)	(107,957.52)	(364,528.64)
Payments to suppliers for goods and services	(570,856.13)	(24,550.50)	(13,353.80)		(608,760.43)
Net Cash Provided by (Used for) Operating Activities	(578,843.88)	(30,746.41)	20,231.18	8,534.25	(580,824.86)
Cash Flows from Noncapital Financing Activities:					
State Sources	14,518.85				14,518.85
Federal Sources	660,426.82				660,426.82
Transfers from/(to) other funds	(614.00)				(614.00)
Net Cash Provided by (Used for) Noncapital Financing Activities	674,331.67				674,331.67
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets	(43,750.51)	(23,928.00)			(67,678.51)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(43,750.51)	(23,928.00)			(67,678.51)
Net increase in cash and cash equivalents	51,737.28	(54,674.41)	20,231.18	8,534.25	25,828.30
Cash and cash equivalents, July 1	\$ 78,484.62	\$ 66,126.26	\$ 48,966.73	\$ 72,773.34	\$ 266,330.95
Cash and cash equivalents, June 30	\$ 130,201.90	\$ 11,451.85	\$ 69,197.91	\$ 81,307.59	\$ 292,159.25
Operating income (Loss)					
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation and Net Amortization	8,922.67		2,596.98		11,519.65
Non-Cash Federal Assistance Food Distribution Program	11,388.54				11,388.54
Change in Assets and Liabilities:					
Increase / (Decrease) in Accounts Payable	(22,743.18)				(22,743.18)
Increase / (Decrease) in Unearned Revenue	(488.55)				(488.55)
(increase) / Decrease in inventory	4,445.35				4,445.35
Net Cash Provided by (Used for) by Operating Activities	\$ (578,843.88)	\$ (30,746.41)	\$ 20,231.18	\$ 8,534.25	\$ (580,824.86)

LONG-TERM DEBT SCHEDULES

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

BOROUGH OF EMERSON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2022

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES		RATE OF INTEREST	BALANCE JUNE 30, 2021	RETIRED	BALANCE JUNE 30, 2022
			DATE	AMOUNT				
School Bonds	12/15/2018	\$ 13,368,000.00	9/1/2022	\$ 530,000.00	3.125%			
			9/1/2023	545,000.00	3.125%			
			9/1/2024	565,000.00	3.250%			
			9/1/2025	585,000.00	3.250%			
			9/1/2026	605,000.00	3.250%			
			9/1/2027	625,000.00	3.250%			
			9/1/2028	645,000.00	3.250%			
			9/1/2029	665,000.00	3.250%			
			9/1/2030	690,000.00	3.250%			
			9/1/2031	715,000.00	3.250%			
			9/1/2032	735,000.00	3.250%			
			9/1/2033	765,000.00	3.250%			
			9/1/2034	790,000.00	3.250%			
			9/1/2035	815,000.00	3.375%			
		9/1/2036	845,000.00	3.375%				
		9/1/2037	870,000.00	3.500%				
		9/1/2038	900,000.00	3.500%				
						12,400,000.00	510,000.00	11,890,000.00
						\$ 12,400,000.00	\$ 510,000.00	\$ 11,890,000.00

BOROUGH OF EMERSON SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER INSTALLMENT PURCHASES
AS OF JUNE 30, 2022

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT OF ORIGINAL INSTALLMENT PURCHASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2021</u>	<u>DECREASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2022</u>
Copiers	Various	48,333.68	\$ 40,996.78	\$ 9,166.20	\$ 31,830.58
			<u>\$ 40,996.78</u>	<u>\$ 9,166.20</u>	<u>\$ 31,830.58</u>

BOROUGH OF EMERSON SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>MODIFIED</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local sources:				
Local tax levy	\$ 761,388.00	\$ 761,388.00	\$ 761,388.00	
State sources:				
Debt Service Aid Type II	<u>138,163.00</u>	<u>138,163.00</u>	<u>138,163.00</u>	
Total revenues	<u>899,551.00</u>	<u>899,551.00</u>	<u>899,551.00</u>	
EXPENDITURES:				
Regular debt service:				
Interest	399,551.00	399,551.00	399,550.03	0.97
Redemption of principal	<u>510,000.00</u>	<u>510,000.00</u>	<u>510,000.00</u>	
Total regular debt service-expenditures	<u>909,551.00</u>	<u>909,551.00</u>	<u>909,550.03</u>	<u>0.97</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,000.00)</u>	<u>(10,000.00)</u>	<u>(9,999.03)</u>	<u>0.97</u>
Fund balance, July 1	<u>149,972.52</u>	<u>149,972.52</u>	<u>149,972.74</u>	
Fund balance, June 30	<u>\$ 139,972.52</u>	<u>\$ 139,972.52</u>	<u>\$ 139,973.71</u>	<u>\$ 0.97</u>

STATISTICAL SECTION
(UNAUDITED)

BOROUGH OF EMERSON SCHOOL DISTRICT
STATISTICAL SECTION

Contents

Page

Financial Trends:

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

J-1 to J-4

Revenue Capacity:

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

J-5 to J-9

Debt Capacity:

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information:

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

J-14 to J-15

Operating Information:

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

Sources

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

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

	Fiscal Year Ending June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets (deficit)	\$ 10,077,884	\$ 8,868,853	\$ 15,017,022	\$ (6,766,513)	\$ 1,264,661	\$ 1,405,445	\$ 1,449,616	\$ 1,622,580	\$ 1,203,950	\$ 1,322,457
Restricted	5,808,054.48	4,335,954.82	(4,027,076.23)	3,339,940.86	2,826,452.00	2,463,835	2,105,626	1,854,685	2,579,770	2,398,321
Unrestricted (deficit)	(2,675,876)	(2,182,697)	(2,559,930)	(2,492,708)	(3,844,482)	(3,923,374)	(3,706,338)	(3,040,588)	1,590,163	857,685
Total governmental activities net position	\$ 13,210,063	\$ 11,022,111	\$ 8,430,016	\$ (5,919,280)	\$ 246,651	\$ (54,094)	\$ (151,096)	\$ 496,677	\$ 5,373,663	\$ 4,578,463
Business-type activities										
Net investment in capital assets	\$ 78,790	\$ 22,631	\$ 26,479	\$ 20,841	\$ 161,183	\$ 112,874	\$ 125,284	\$ 82,012	\$ 92,858	\$ 70,436
Unrestricted	294,630	274,218	185,477	220,254	161,183	112,874	125,284	82,012	92,858	70,436
Total business-type activities net position	\$ 373,420	\$ 296,849	\$ 211,956	\$ 241,095	\$ 161,183	\$ 112,874	\$ 125,284	\$ 82,012	\$ 92,858	\$ 70,436
District-wide										
Net investment in capital assets (deficit)	\$ 10,156,674	\$ 8,891,484	\$ 15,043,501	\$ (6,745,672)	\$ 1,264,661	\$ 1,405,445	\$ 1,449,616	\$ 1,622,580	\$ 1,203,950	\$ 1,322,457
Restricted	5,808,054	4,335,955	(4,027,076)	3,339,941	2,826,452	2,463,835	2,105,626	1,854,685	2,579,770	2,398,321
Unrestricted (deficit)	(2,381,246)	(1,908,479)	(2,374,452)	(2,272,454)	(3,663,299)	(3,810,500)	(3,581,054)	(2,958,576)	1,683,021	928,121
Total district net position	\$ 13,583,483	\$ 11,318,960	\$ 8,641,972	\$ (5,678,185)	\$ 407,834	\$ 58,780	\$ (25,812)	\$ 518,669	\$ 5,466,741	\$ 4,648,859

Source: ACFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 9,873,048	\$ 10,925,902	\$ 9,881,280	\$ 9,560,546	\$ 6,006,699	\$ 5,842,344	\$ 5,861,777	\$ 5,905,071	\$ 5,078,116	\$ 5,606,665
Special education	5,900,322	6,009,906	5,734,417	5,448,633	2,079,687	2,149,830	2,114,989	2,102,980	2,017,881	1,951,193
Other instruction	1,826,731	1,590,865	1,596,014	1,475,057	258,250	248,250	233,210	217,533	267,139	158,395
School sponsored activities and athletics				643,018		603,774	627,941	683,550	619,581	595,309
Support Services:										
Tuition	3,283,469	3,481,855	3,172,280	2,825,775	1,983,174	1,780,262	1,916,373	1,637,296	1,672,158	1,782,391
Student and instruction related services					1,350,865	1,470,311	1,571,222	1,542,008	1,412,888	1,461,506
Educational media/school library					219,749	217,105	208,703	212,841	208,889	220,947
General administration	668,408	765,374	686,964	596,052	364,734	337,732	331,540	320,185	296,218	215,810
School administration	1,894,843	2,420,073	2,122,303	2,025,960	1,140,806	1,096,008	917,513	946,879	1,173,130	1,164,992
Central services	710,096	879,891	615,101	665,710	445,408	441,031	429,011	414,766	416,214	441,205
Plant operations and maintenance	2,862,734	2,489,077	2,249,688	2,087,950	1,663,107	1,798,062	1,894,077	1,698,160	1,615,396	1,656,975
Pupil transportation	774,249	594,322	680,690	683,787	534,773	476,078	429,787	443,707	394,436	449,369
Unallocated Benefits					6,331,827	5,874,880	5,744,284	9,543,813	4,300,862	3,962,469
Capital	395,799	409,053	456,006	205,237	638,436	660,073	578,338	1,451,702	441,593	805,350
Interest on long-term debt	330,692	255,406	247,110	164,871						
Unallocated depreciation	28,520,392	29,821,726	27,441,863	25,749,587	23,960,533	22,996,815	22,858,745	26,520,491	19,914,501	20,492,576
Total governmental activities expenses										
Business-type activities:										
Business					720,956	679,113	608,229	580,941	548,540	594,701
Food service	683,514	349,396	354,892	423,053						
Preschool Program	107,958	46,881	93,333	100,530						
Aftercare Program	30,746	72,849	73,648	44,372						
BCBANC			903							
Adult Education Program	155,193	64,933	150,724	201,528						
Total business-type activities expense	977,411	534,059	673,500	769,482	720,956	679,113	608,229	580,941	548,540	594,701
Total district expenses	\$ 29,497,802	\$ 30,355,785	\$ 28,115,362	\$ 26,519,069	\$ 24,381,489	\$ 23,675,928	\$ 23,466,974	\$ 27,101,432	\$ 20,463,041	\$ 21,087,277
Program Revenues										
Governmental activities:										
Charges for services	\$ 309,537	\$ 134,989	\$ 23,925	\$ 71,091	\$ 26,119	\$ 19,487	\$ 16,887	\$ 16,712	\$ 17,554	\$ 58,762
Operating grants and contributions	6,894,133	8,660,708	6,013,653	6,763,263	3,528,545	3,482,078	3,228,767	2,801,223	2,536,687	2,818,506
Total governmental activities program revenues	7,203,670	8,815,697	6,037,579	6,834,354	3,554,664	3,501,565	3,245,654	2,817,935	2,554,241	2,877,268
Business-type activities:										
Charges for services					698,691	604,396	592,586	522,797	520,081	594,751
Charges										
Food service	103,145	1,370	250,205	354,713						
Preschool Program	116,492	47,291	110,470	109,075						
Aftercare Program		63,554	78,681	108,565						
Adult Education Program	172,827	74,616	134,564	204,333						
Operating grants and contributions	661,518	432,121	70,441	72,709	70,574	62,307	58,915	47,298	50,881	48,382
Total business-type activities program revenues	1,053,982	618,952	644,361	849,394	769,265	666,703	651,501	570,095	570,962	563,133
Total district program revenues	8,257,652	9,434,649	6,681,939	7,683,748	4,323,929	4,168,268	3,897,155	3,388,030	3,125,203	3,480,401
Net (Expense)/Revenue										
Governmental activities	(21,316,722)	(21,006,029)	(21,404,284)	(18,915,233)	(20,105,869)	(19,495,250)	(19,613,091)	(23,702,556)	(17,360,260)	(17,615,308)
Business-type activities	76,571	84,893	(29,139)	79,912	48,309	(12,410)	43,272	(10,846)	22,422	(11,568)
Total district-wide net expense	\$ (21,240,151)	\$ (20,921,136)	\$ (21,433,423)	\$ (18,835,321)	\$ (20,057,560)	\$ (19,507,660)	\$ (19,569,819)	\$ (23,713,402)	\$ (17,337,838)	\$ (17,626,876)

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

	Fiscal Year Ending June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 21,539,680	\$ 21,117,907	\$ 20,703,830	\$ 20,137,326	\$ 19,438,059	\$ 18,881,630	\$ 18,347,315	\$ 17,822,315	\$ 17,364,797	\$ 17,032,833
Taxes levied for debt service	761,388 00	771,722 00	756,540 00							
Other Local Governmental Units-Restricted	202,331 59	74,728 25	78,110 81	30,405 00	484,280 00	477,791	483,515	473,687	481,899	438,626
State aid restricted for debt service	138,163 00	136,222 00	151,087 00		257,318 00	45,987				
Unrestricted state aid	883,111 87	794,162 64	794,511 26	884,161 41	12,617 00	8,208				
Transportation Fees					214,340	178,636	194,488	469,358	328,984	219,542
Investment Earnings										
Miscellaneous income			(92,498)							
Special items	23,504,674	22,896,742	22,391,581	21,051,242	20,406,614	19,592,252	19,025,318	18,765,360	18,155,680	17,691,001
Total governmental activities	\$ 23,504,674	\$ 22,896,742	\$ 22,391,581	\$ 21,051,242	\$ 20,406,614	\$ 19,592,252	\$ 19,025,318	\$ 18,765,360	\$ 18,155,680	\$ 17,691,001
Total district-wide										
Change in Net Position										
Governmental activities	\$ 2,187,953	\$ 1,890,713	\$ 987,297	\$ 2,136,010	\$ 300,745	\$ 97,002	\$ (587,773)	\$ (4,937,196)	\$ 795,420	\$ 75,693
Business-type activities	76,571	84,893	(29,139)	79,912	46,309	(12,410)	43,272	(10,846)	22,422	(11,568)
Total district	\$ 2,264,524	\$ 1,975,606	\$ 958,158	\$ 2,215,921	\$ 348,054	\$ 84,592	\$ (544,501)	\$ (4,948,042)	\$ 817,842	\$ 64,125

Source: ACFR Schedule A-2

BOROUGH OF EMERSON SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 (modified accrual basis of accounting)
 UNAUDITED

	Fiscal Year Ending June 30,									
	2022	2021	2020	2019	2018	2017	2016	2014	2014	2013
General Fund										
Reserved										
Unreserved(Deficit)										
Restricted	\$ 5,496,089	\$ 4,018,147	\$ 3,122,795	\$ 3,339,941	\$ 3,674,767	\$ 3,165,727	\$ 2,719,832	3,474,878	3,474,878	\$2,736,473.00
Assigned	771,718	1,791,241	1,857,386	2,069,412						
Unassigned	1,083,262	1,101,077	740,777	755,971	623,313	678,026	650,442	621,279	621,279	619,247
Total general fund	\$ 7,351,069	\$ 6,910,464	\$ 5,720,958	\$ 6,165,324	\$ 4,298,080	\$ 3,841,753	\$ 3,370,274	\$ 4,096,157	\$ 4,096,157	\$ 3,355,720
All Other Governmental Funds										
Restricted	\$ 1,257,148	\$ 1,492,813	\$ 1,548,924	\$ 4,535,044				305,404	305,404	\$ 141,998.00
Assigned	705,517	1,079,536	4,005,358	8,179,466						
Total all other governmental funds	\$ 1,962,665	\$ 2,572,349	\$ 5,554,282	\$ 12,714,509	\$ -	\$ -	\$ -	\$ 81,496	\$ 305,404	\$ 141,998

Source: ACFR Schedule B-1

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Tax Levy	\$ 22,301,068	\$ 21,889,629	\$ 21,460,370	\$ 20,137,326	\$ 19,438,059	\$ 18,881,630	\$ 18,347,315	\$ 17,822,315	\$ 17,364,797	\$ 17,032,833
Miscellaneous	1,181,149	934,365	818,437	974,365	737,356	737,819	736,038	961,339	805,408	741,131
State Sources	6,296,293	5,122,981	4,466,317	4,110,359	3,446,000	3,129,747	2,845,826	2,530,323	2,282,444	2,515,046
Federal Sources	863,302	491,416	332,082	336,667	339,863	344,621	341,793	269,318	257,272	279,259
Total Revenue	30,641,812	28,438,391	27,077,206	25,558,736	23,961,278	23,093,817	22,270,972	21,583,295	20,709,921	20,588,269
Expenditures										
Instruction										
Regular Instruction	6,983,832	6,652,130	6,289,346	6,091,020	6,006,699	5,842,344	5,861,777	5,305,071	5,038,451	5,571,393
Special Education Instruction	2,389,636	2,146,311	2,166,635	2,072,611	2,079,887	2,149,830	2,114,959	2,102,980	2,002,120	1,938,918
Other Instruction	1,151,270	922,269	967,642	940,192	258,250	249,325	233,210	217,533	265,053	157,399
School Sponsored Activities and Athletics					643,018	603,774	627,941	683,550	614,742	591,564
Tuition	2,416,968	2,302,117	2,123,738	2,057,922	1,983,174	1,780,262	1,916,373	1,637,296	1,659,097	1,771,178
Student and Instruction Related Services	2,198,419	1,951,774	1,814,879	1,658,050	1,350,865	1,470,671	1,571,222	1,542,018	1,401,853	1,452,311
Educational Media/School Library					219,749	217,105	208,703	212,841	207,257	219,557
General Administration	422,314	389,279	387,340	341,358	364,734	337,372	331,540	320,185	293,904	214,452
School Administrative Services	1,102,719	1,144,188	1,068,659	1,057,161	1,140,806	1,096,008	917,513	946,879	1,163,967	1,157,663
Central Services	462,231	542,362	411,141	452,111	445,408	441,031	429,011	414,766	412,963	438,428
Plant Operations and Maintenance	2,167,856	1,896,197	1,718,499	1,631,226	1,663,107	1,798,062	1,894,077	1,698,160	1,602,778	1,646,551
Pupil Transportation	648,137	476,811	562,258	572,705	534,773	476,078	429,787	443,707	391,354	446,542
Unallocated Benefits	8,267,133	7,201,208	7,872,651	6,216,019	6,317,009	5,544,574	5,451,999	5,096,750	4,310,886	4,019,913
Capital Outlay	1,680,826	4,445,934	8,211,888	1,254,609	497,672	615,902	405,374	1,870,332	441,593	407,525
Debt Service:										
Principal	510,000	495,000	473,000	-	-	-	-	-	-	-
Interest and Other Charges	399,550	414,944	521,626	-	-	-	-	-	-	-
Total expenditures	30,810,892	30,980,533	34,589,301	24,344,983	23,504,951	22,622,338	22,393,486	22,492,068	19,806,018	20,033,394
Excess (Deficiency) of Revenues Over (Under) Expenditures	(169,080)	(2,542,142)	(7,512,096)	1,213,754	456,327	471,479	(122,514)	(908,773)	903,903	534,875
Other Financing Sources (Uses)										
Cancelled Accounts Payable	-	48,334	-	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	13,368,000	-	-	-	-	-	-
Other charges	-	-	(92,498)	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	48,334	(92,498)	13,368,000	-	-	-	-	-	-
Net Change in Fund Balances	\$ (169,080)	\$ (2,493,808)	\$ (7,604,593)	\$ 14,581,754	\$ 456,327	\$ 471,479	\$ (122,514)	\$ (908,773)	\$ 903,903	\$ 534,875
Debt Service as a Percentage of Noncapital Expenditures	3.12%	3.43%	3.77%							

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

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

Fiscal Year Ended June 30,	Non-Public Transportation Reimbursement	Interest on Investments	Prior Year Refunds	Transportation Refunds	Returned From Capital Projects	Miscellaneous	Total
2013		\$ 17,342				\$ 193,375	\$ 210,717
2014	\$ 8,269	17,143	\$ 19,948		\$ 141,948	129,136	316,444
2015	7,939	11,938	108,787	\$ 15,075	305,404	17,082	466,225
2016	6,710	13,179	89,302	8,000		71,356	188,547
2017		21,900	10,093			146,643	178,636
2018						214,340	214,340
2019		105,330	39,848			95,046	240,224
2020		76,567	31,614			36,345	144,527
2021		98,019				170,291	268,310
2022		31,482				16,993	48,475

Source: District Records

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

Calendar Year	Vacant Land	Residential	Farm	Commercial	Industrial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2013	\$ 16,507,400	\$ 1,007,045,000	\$ 288,400	\$ 169,951,400	\$ 4,806,500	\$ 1,202,939,200	\$ 871,570	\$ 1,203,810,770	1.449	\$ 1,271,210,844
2014	16,385,600	1,008,529,100	288,400	167,274,900	4,806,500	1,197,598,700	791,718	1,196,390,418	1.488	1,249,910,039
2015	17,177,000	1,010,393,600	288,400	164,469,300	6,706,500	1,197,284,100	818,896	1,196,102,996	1.529	1,233,850,026
2016	16,966,300	1,014,035,500	288,400	163,408,000	6,706,500	1,199,034,800	802,591	1,199,837,391	1.571	1,259,476,713
2017	16,703,000	1,018,155,000	288,400	161,033,100	4,806,500	1,201,404,700	799,629	1,202,204,329	1.617	1,267,446,561
2018	15,129,600	1,021,910,100	288,400	160,491,600	4,806,500	1,200,966,000	815,009	1,201,781,009	1.673	1,294,947,728
2019	14,595,400	1,026,982,700	288,400	160,413,400	4,806,500	1,202,626,200	826,407	1,203,452,607	1.777	1,319,802,127
2020	16,196,600	1,027,398,100	288,400	157,750,500	4,806,500	1,207,086,400	832,705	1,207,919,105	1.814	1,337,620,617
2021	16,643,100	1,030,870,500	288,400	154,636,400	4,806,500	1,207,244,900	835,135	1,208,080,035	1.847	1,450,812,189
2022	16,942,000	1,032,987,500	293,200	157,213,100	4,806,500	1,212,242,300	779,764	1,213,022,064	1.874	1,460,014,090

Source: District records Tax list summary & Municipal Tax Assessor

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

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

BOROUGH OF EMERSON SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

(rate per \$100 of assessed value)

UNAUDITED

Calendar Year Ended Dec. 31	Local School District	Municipality of Emerson	Municipal Public Library	County of Bergen	Total
2013	1.449	0.715	0.035	0.244	2.443
2014	1.488	0.732	0.034	0.242	2.496
2015	1.529	0.741	0.034	0.246	2.550
2016	1.571	0.741	0.034	0.258	2.604
2017	1.617	0.745	0.035	0.264	2.661
2018	1.673	0.744	0.036	0.264	2.717
2019	1.777	0.765	0.037	0.266	2.845
2020	1.814	0.785	0.037	0.275	2.911
2021	1.847	0.804	0.037	0.281	2.969
2022	1.874	0.823	0.040	0.291	3.028

Source: District Records and Municipal Tax Collector

Note:

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

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

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

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
URSTADT BIDDLE PROPERTY INC	13,790,000	1	1.14%		1	0.00%
EMERSON CONVALESCENT CENTER	11,800,000	2	0.98%	16,064,700	2	1.34%
BREA EMERSON LLC-% STE.2300	9,500,000	3	0.79%	9,500,000	4	0.79%
HACKENSACK GOLF CLUB	7,029,300	4	0.58%	7,029,300	5	0.59%
452 OLD HOOK RD ASSOC LLC	5,004,000	5	0.41%	5,004,000	6	0.42%
LIBERTY EMERSON LLC	4,105,900	6	0.34%	4,430,000	7	0.37%
SUEZ % ALTUS GROUP US INC.	4,025,500	7	0.33%		9	0.29%
GRAND INVESTMTS IV LLC	3,742,700	8	0.31%	3,472,700		
ARMENIAN HOME FOUNDATION	3,440,600	9	0.28%		10	0.25%
HACKENSACK GOLF CLUB	2,947,800	10	0.24%	2,947,800		
ROBERT LEE RALTY% AFS LEASE ACCT				23,750,000	1	1.98%
URSTADT BIDDLE PROPERTY INC				13,790,000	3	1.15%
UNITED WATER N.J.				4,025,500	8	0.34%
Total	\$ 65,385,800.00		5.41%	\$ 90,014,000.00		7.51%

Source: District ACFR J11 and Municipal Tax Assessor

BOROUGH OF EMERSON SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	17,032,833	17,032,833	100.00%	
2014	17,364,797	17,364,797	100.00%	
2015	17,822,315	17,822,315	100.00%	
2016	18,347,315	18,347,315	100.00%	
2017	18,881,630	18,881,630	100.00%	
2018	19,438,059	19,438,059	100.00%	
2019	20,137,326	20,137,326	100.00%	
2020	21,460,370	21,460,370	100.00%	
2021	21,889,629	21,889,629	100.00%	
2022	22,301,068	22,301,068	100.00%	

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

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

EXHIBIT "J-10"

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita ^a
	General Obligation Bonds	Installment Purchases				
2013					7,564	
2014					7,621	
2015					7,656	
2016					7,697	
2017					7,669	
2018					7,520	
2019	\$13,368,000.00			\$13,368,000.00	7,394	1,808
2020	12,895,000.00			12,895,000.00	7,394	1,744
2021	12,400,000.00	\$40,996.78		12,440,996.78	7,563	1,645
2022	11,890,000.00	31,830.58		11,921,830.58	7,244	1,646

Source: District ACFR Schedules I-1

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Total Municipal Assessed Value	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding			
2013				1,271,210,844		
2014				1,249,910,039		
2015				1,233,950,026		
2016				1,259,476,713		
2017				1,202,207,291		
2018				1,201,785,629		
2019	13,368,000.00	-0-	13,368,000.00	1,203,441,209	1.11%	1,807.95
2020	12,895,000.00	-0-	12,895,000.00	1,207,912,807	1.07%	1,743.98
2021	12,400,000.00	-0-	12,400,000.00	1,207,912,807	1.03%	1,639.56
2022	11,890,000.00	-0-	11,890,000.00	1,207,919,105	0.98%	1,641.36

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

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

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

BOROUGH OF EMERSON SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2021
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Emerson Borough	\$ 10,389,208	100.00%	\$ 10,389,208
Other debt Bergen County	839,785,818	0.73%	<u>6,130,436</u>
Subtotal, overlapping debt			16,519,644
Emerson Borough School District Direct Debt	11,890,000	100.00%	<u>11,890,000</u>
Total direct and overlapping debt			<u>\$ 28,409,644</u>

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

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

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

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

BOROUGH OF EMERSON SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
 UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	*	*	*	*	*	*	51,524,328	52,465,170	35,786,933	55,119,961
Total net debt applicable to limit	*	*	*	*	*	*	13,368,000	12,895,000	12,400,000	11,890,000
Legal debt margin	*	*	*	*	*	*	\$ 38,156,328	\$ 39,570,170	\$ 23,386,933	\$ 43,229,961
Total net debt applicable to the limit as a percentage of debt limit							38.56%	24.58%	34.65%	21.57%

	2021	2020	2019
Equalized valuation basis			
2021	\$ 1,449,977,054		
2020	1,349,485,570		
2019	1,334,534,439		
[A]	\$ 4,133,997,063		
Average equalized valuation of taxable property			
[A/3]	\$ 1,377,999,021		
Debt limit (4% of average equalization value)			
[B]	\$55,119,961		
Net bonded school debt			
[C]	11,890,000		
Legal debt margin			
[B-C]	\$ 43,229,961		

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

Source: Abstract of Rates and District Records ACFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

BOROUGH OF EMERSON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

<u>Year Ended</u> <u>December 31</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Income (c)</u>	<u>Unemployment Rate (d)</u>
2013	7,621	537,265,258	70,498	5.7%
2014	7,656	562,991,616	73,536	4.9%
2015	7,697	583,809,753	75,849	4.2%
2016	7,669	562,084,017	73,293	3.8%
2017	7,520	574,437,760	76,388	3.8%
2018	7,490	578,130,630	77,187	3.6%
2019	7,394	600,414,982	81,203	3.4%
2020	7,394	638,871,176	86,404	3.4%
2021	7,563	676,555,728	89,456	8.5%
2022	7,244	666,245,168	91,972	5.2%

Source: N.J. Department of Labor

- a (a) Population information provided by the NJ Dept. of Labor and Workforce Development.
 (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
 (c) Per capita personal income by municipality estimated based upon the census published by the US Bureau of

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction	*	*	*	*	*	*	*	*	*	*
Regular										78.00
Special education	*	*	*	*	*	*	*	*	*	20.00
Other special education	*	*	*	*	*	*	*	*	*	28.30
Support Services:										
Student & instruction related services	*	*	*	*	*	*	*	*	*	19.25
General administration	*	*	*	*	*	*	*	*	*	2.10
School administrative services	*	*	*	*	*	*	*	*	*	6.25
Central services	*	*	*	*	*	*	*	*	*	3.50
Administrative Information Technology	*	*	*	*	*	*	*	*	*	0.34
Plant operations and maintenance	*	*	*	*	*	*	*	*	*	17.66
Pupil transportation	*	*	*	*	*	*	*	*	*	3.50
Total	-	-	-	-	-	-	-	-	-	178.90

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

Source: District Personnel Records

**BOROUGH OF EMERSON SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2013	*	18,308,074.00	15,402	0.60%	191.0	*	*	1,189	1,146	0.71%	96.40%	
2014	*	18,292,199.00	15,354	-0.30%	199.0	*	*	1,191	1,147	0.23%	96.25%	
2015	*	20,746,513.00	17,399	13.30%	202.0	*	*	1,192	1,147	0.08%	96.18%	
2016	*	20,342,483.00	17,491	0.50%	201.0	*	*	1,163	1,123	-2.47%	96.53%	
2017	*	20,310,779.00	18,164	3.80%	202.0	*	*	1,118	1,071	-3.85%	95.74%	
2018	*	*	*	*	*	*	*	*	*	*	*	
2019	*	23,090,373.85	*	*	*	*	*	*	*	*	*	
2020	*	25,382,787.45	*	*	*	*	*	*	*	*	*	
2021	*	25,624,655.19	*	*	*	*	*	*	*	*	*	
2022	1,053	28,220,516.12	26,800	*	115	53	52	# 1,056	996	*	*	

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

Note: Enrollment based on annual October district count.

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

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

BOROUGH OF EMERSON SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>District Building</u>										
<u>Elementary</u>										
Emerson Jr. Sr. High School										
Square Feet	103,000	103,000	103,000	103,000	103,000	103,000	103,000	103,000	103,000	120,000
Capacity (students)	527	527	527	527	527	527	527	527	527	499
Enrollment	554	555	566	548	527	*	*	*	*	459
Memorial										
Square Feet	24,750	24,750	24,750	24,750	24,750	24,750	24,750	24,750	24,750	48,000
Capacity (students)	338	338	338	338	338	338	338	338	338	396
Enrollment	295	304	293	294	266	*	*	*	*	364
Patrick M. Villano										
Square Feet	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,175
Capacity (students)	396	396	396	396	396	396	396	396	396	256
Enrollment	340	332	334	320	325	*	*	*	*	232

Number of Schools at June 30, 2022

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

Source: District records

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

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

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

School Facilities	Project # (s)	2022	2021	2020	2019	2018	2017	2016	2015	2,014	2013
Emerson Jr. Sr. High School	N/A	\$ 513,518	\$ 609,596	\$ 573,569	\$ 625,438	\$ 490,569	\$ 496,220	\$ 575,124	\$ 499,948	\$ 399,493	\$ 403,657
Patrick M. Villano School	N/A	150,525	208,180	195,877	213,591	167,532	169,564	196,408	174,585	136,429	137,850
Memorial School	N/A	205,407	146,481	137,824	150,287	117,879	119,310	138,197	119,035	95,995	96,995
Total School Facilities		869,450	964,257	907,270	989,316	775,980	785,094	909,729	793,568	631,917	638,502
Grand Total		\$ 869,450	\$ 964,257	\$ 907,270	\$ 989,316	\$ 775,980	\$ 785,094	\$ 909,729	\$ 793,568	\$ 631,917	\$ 638,502

BOROUGH OF EMERSON SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2022
UNAUDITED

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

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities and each major fund of the Borough of Emerson School District, in the County of Bergen, State of New Jersey (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 24, 2023.

Internal Control Over Financial Reporting

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

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

SUPLEE, CLOONEY & COMPANY

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

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

February 24, 2023



SUPLEE, CLOONEY & COMPANY
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE 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
Borough of Emerson School District
County of Bergen
Emerson, New Jersey 07630

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Borough of Emerson School District, County of Bergen, State of New Jersey (the "District") compliance with the types of compliance requirements identified as subject to audit in the Federal *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *New Jersey OMB State Grant Compliance Supplement*. Our responsibilities under those standards, the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

SUPLEE, CLOONEY & COMPANY

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and New Jersey OMB State Grant Compliance Supplement, we:

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

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

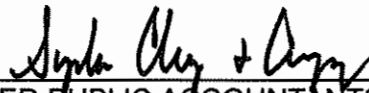
Report on Internal Control over Compliance

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

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

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

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



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

February 24, 2023

BOROUGH OF EMERSON - SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FEDERAL AWARD NUMBER	FEDERAL AWARD I.D. NUMBER	GRANT OR PROJECT NUMBER	FEDERAL STATE PROJECT NUMBER	GRANT PERIOD		AWARD AMOUNT	BALANCE JUNE 30, 2021		SUBRECIPIENT BUDGETARY EXPENDITURES	ADJUSTMENTS/ CANCEL PRIOR YEAR ACCOUNTS PAYABLE	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE JUNE 30, 2022	
				FROM	TO		(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE				(ACCOUNTS RECEIVABLE)	REVENUE
EntireUSA Funds													
U.S. Department of Agriculture													
Passed-Through State Department of Education.													
Child Nutrition Cluster													
10 555	221NJ304N1099	N/A	N/A	11,388.54	07/01/2021	06/30/2022	\$	11,388.54	\$	(11,388.54)	\$	\$	\$
10 555	211NJ304N1099	N/A	N/A	271,879.46	07/01/2020	06/30/2021	\$	58,291.16	\$		\$	(39,851.12)	
10 555	221NJ304N1099	N/A	N/A	511,256.56	07/01/2021	06/30/2022	\$	471,405.44	\$	(511,256.56)	\$		
10 555	202121H170341	N/A	N/A	3,503.91	07/01/2020	06/30/2021	\$	3,503.91	\$		\$		
10 553	211NJ304N1099	N/A	N/A	143,549.28	07/01/2020	06/30/2021	\$	15,269.31	\$		\$	(14,137.33)	
10 553	221NJ304N1099	N/A	N/A	124,852.33	07/01/2021	06/30/2022	\$	110,715.00	\$	(124,852.33)	\$	(63,988.45)	
Total Child Nutrition Cluster													
10 469	202121S800941	N/A	N/A	614.00	07/01/2020	06/30/2021	\$	614.00	\$		\$		
10 469	202221S800941	N/A	N/A	628.00	07/01/2021	06/30/2022	\$	628.00	\$		\$		
Total P-EBT Administrative Cost Reimbursement													
Total Enterprise Funds													
Special Revenue Funds													
U.S. Department of Education													
Passed-Through State Department of Education													
Title I													
84 010	S010A200030	ESEA136021		42,038.00	07/01/2021	06/30/2022	\$	42,038.00	\$	(42,038.00)	\$		
84 367	S367A200029	ESEA138021		24,470.00	07/01/2021	06/30/2022	\$	24,470.00	\$	(24,470.00)	\$		
Total Title I													
Special Education Cluster													
84 027	S027A200100	IDEA138021		225,384.00	07/01/2021	06/30/2022	\$	225,384.00	\$	(225,384.00)	\$		
84 173	S173A200114	IDEA138021		10,353.00	07/01/2021	06/30/2022	\$	10,353.00	\$	(10,353.00)	\$		
84 027X	S027A200100	N/A		46,258.00	07/01/2021	06/30/2022	\$	46,258.00	\$	(46,258.00)	\$		
84 173X	S173A130114	N/A		3,948.00	07/01/2021	06/30/2022	\$	3,948.00	\$	(3,948.00)	\$		
Total Special Education Cluster													
Education Stabilization Fund													
84 425D	S425D210027	21-5120-513		271,778.00	03/13/2020	09/30/2023	\$	28,800.00	\$		\$	(45,900.00)	
84 425D	S425D210027	21-5120-513		25,000.00	03/13/2020	09/30/2023	\$	25,000.00	\$		\$		
84 425D	S425D210027	21-5120-513		45,000.00	03/13/2020	09/30/2023	\$	45,000.00	\$		\$	(0.46)	
84 425D	S425D210027	21-5120-518		610,803.00	03/13/2020	09/30/2023	\$	19,968.00	\$		\$		
84 425U	S425U210027	21-5120-518		86,174.00	03/13/2020	09/30/2024	\$	19,300.00	\$		\$		
84 425U	S425U210027	21-5120-518		40,000.00	03/13/2020	09/30/2024	\$	(9.00)	\$		\$	(9.00)	
84 425U	S425U210027	21-5120-518		40,000.00	03/13/2020	09/30/2024	\$	32,950.00	\$		\$	(482.00)	
84 425W	S425W210027	21-5120-518		7,134.00	03/13/2020	09/30/2024	\$	171,018.00	\$		\$	(7,134.00)	
Total Education Stabilization Fund													
U.S. Department of Treasury													
ACRS - Additional or Compensatory Special Ed & Rel Sv													
21 027	SLRFD0E1SES			108,894.00	07/01/2021	06/30/2022	\$	108,894.00	\$	(217,787.00)	\$	(108,893.00)	
Total U.S. Department of Treasury													
Total Special Revenue Funds													
Total Enterprise Funds													

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

BOROUGH OF EMERSON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL AWARD NUMBER	FEDERAL AWARD I.D. NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE JUNE 30, 2021		SUBRECIPIENT BUDGETARY EXPENDITURES	ADJUSTMENTS/ CANCEL PRIOR YEAR ACCOUNTS PAYABLE	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE JUNE 30, 2022	
						CASH RECEIVED	(ACCOUNTS RECEIVABLE) UNEARNED REVENUE				(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
U.S. Department of Homeland Security Passed-Through State Department of Law and Public Safety DR4488 Coronavirus Pandemic		N/A		114,419.65	07/01/2021 06/30/2022	114,419.65	(114,419.65)					
Total U.S. Department of Education						114,419.65	(114,419.65)					
Total Federal Financial Assistance						\$ (77,672.38)	\$ 1,418,598.01	\$ (1,557,336.54)			\$ (216,416.91)	

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

BOROUGH OF EMERSON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

STATE GRANT OR PROGRAM TITLE State Department of Education General Funds	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	BALANCE AT JUNE 30, 2021		CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE AT JUNE 30, 2022		MEMO
			(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE						(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	
			FROM	TO								
State Aid Cluster												
Categorical Special Education Aid	22-495-034-5120-068	763,194.00	07/01/2021	06/30/2022	\$	709,750.00	\$ (763,194.00)	\$ (63,442.00)	\$	\$	\$ (63,442.00)	\$ 763,194.00
Categorical Security Aid	22-495-034-5120-084	81,391.00	07/01/2021	06/30/2022		75,692.00	(81,391.00)	(6,699.00)			(6,699.00)	81,391.00
Total State Aid Cluster						785,442.00	(844,585.00)	(69,141.00)			(69,141.00)	844,585.00
Categorical Transportation Aid	22-495-034-5120-014	134,241.00	07/01/2021	06/30/2022		124,840.00	(134,241.00)	(9,401.00)			(9,401.00)	134,241.00
Non-Public Transportation Aid	22-100-034-5120-014		07/01/2021	06/30/2022		17,400.00						
Non-Public Transportation Aid	22-495-034-5120-014	15,660.00	07/01/2021	06/30/2022		643,062.00	(15,660.00)					15,660.00
Extracurricular Aid	21-100-034-5120-473	643,062.00	07/01/2020	06/30/2021			(643,062.00)					643,062.00
Extracurricular Aid	22-100-034-5120-473	666,349.00	07/01/2021	06/30/2022			(666,349.00)					666,349.00
On-behalf TPAF Contributions	22-495-034-5094-002	2,896,651.00	07/01/2021	06/30/2022		2,896,651.00	(2,896,651.00)					2,896,651.00
NCGI	22-495-034-5094-004	46,218.00	07/01/2021	06/30/2022		46,218.00	(46,218.00)					46,218.00
Long-Term Disability Insurance	22-495-034-5094-004	1,414.00	07/01/2021	06/30/2022		1,414.00	(1,414.00)					1,414.00
Post Retirement Medical	22-495-034-5094-001	776,175.00	07/01/2021	06/30/2022		776,175.00	(776,175.00)					776,175.00
TPAF Social Security Aid	22-495-034-5094-003	713,224.44	07/01/2021	06/30/2022		676,185.35	(713,224.44)				(35,039.09)	713,224.44
Total General Fund						5,993,365.35	(6,094,517.44)	(69,542.00)			(69,542.00)	6,240,776.72
Special Revenue Funds:												
NJ Nonpublic Aid:												
Technology Aid	22-100-034-5120-373	336.00	07/01/2021	06/30/2022		336.00						336.00
Textbook Aid	22-100-034-5120-064	480.00	07/01/2021	06/30/2022		480.00						480.00
Security Aid	22-100-034-5120-509	1,400.00	07/01/2021	06/30/2022		1,400.00						1,400.00
Nursing	22-100-034-5120-070	896.00	07/01/2021	06/30/2022		896.00						896.00
SDA Emergent Needs	22-100-034-5120-519	25,790.00	07/01/2021	06/30/2022		25,790.00	(25,790.00)					25,790.00
Alyssa's Law - Security Grant	22-589-034-5120-001	60,236.00	07/01/2021	06/30/2022		60,236.00	(60,236.00)					60,236.00
Total Special Revenue Fund						89,338.00	(86,026.00)					86,922.00
Dist Service Funds:												
Dist Service State Aid	22-495-034-5120-075	136,163.00	07/01/2021	06/30/2022		136,163.00	(136,163.00)					3,112.00
Enterprise Funds:												
National School Lunch Program	21-100-020-3350-023	12,778.73	07/01/2020	06/30/2021		2,043.52	(2,043.52)					12,778.73
National School Lunch Program	22-100-020-3350-023	13,392.51	07/01/2021	06/30/2022		12,475.33	(13,392.51)				(817.18)	13,392.51
Total Enterprise Fund						14,518.85	(13,392.51)				(817.18)	26,171.24
Total State Financial Assistance						6,211,209.20	(6,332,056.95)	(69,542.00)			(69,542.00)	6,509,836.96
Less: On-Behalf amounts not utilized for determination of Major Programs:												
On-behalf TPAF Contributions	22-495-034-5094-002		07/01/2021	06/30/2022		\$ 2,896,651.00	(2,896,651.00)					
NCGI	22-495-034-5094-004		07/01/2021	06/30/2022		46,218.00	(46,218.00)					
Long-Term Disability Insurance	22-495-034-5094-004		07/01/2021	06/30/2022		1,414.00	(1,414.00)					
Post Retirement Medical	22-495-034-5094-001		07/01/2021	06/30/2022		776,175.00	(776,175.00)					
Total State Financial Assistance Subject to Single Audit						2,469,751.20	(2,611,640.95)					8,509,836.96

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

Borough of Emerson School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2022

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

Borough of Emerson School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2022

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$22,413.00) for the general fund. The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$45,909.00) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$114,419.65	\$6,072,104.44	\$6,186,524.09
Special Revenue Fund	748,882.46	86,026.00	834,908.46
Debt Service Fund		138,163.00	138,163.00
Food Service Fund	<u>648,125.43</u>	<u>13,392.51</u>	<u>661,517.94</u>
Total Awards & Financial Assistance	<u>\$1,511,427.54</u>	<u>\$6,309,685.95</u>	<u>\$7,821,113.49</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2022. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2022.

Borough of Emerson School District
Bergen County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Program(s)

- | | | |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weaknesses identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? | No |

- (4) Identification of Major Federal Program(s):

<u>Program</u>	<u>AL Number</u>
Child Nutrition Cluster	10.553/10.555

- | | | |
|-----|---|----|
| (5) | Program Threshold Determination:
Type A Federal Program Threshold > \$750,000.00
Type B Federal Program Threshold <= \$750,000.00 | |
| (6) | Auditee qualified as a low-risk auditee under OMB Circular Uniform Guidance? | No |

Borough of Emerson School District
Bergen County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

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

State Program(s)

- (1) Internal Control Over Major State Programs:
- (a) Material weakness(es) identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? No
- (4) Identification of Major State Program(s):
- | <u>Program</u> | <u>Grant Number</u> |
|-----------------------------------|---------------------|
| State Aid Cluster: | |
| Categorical Security Aid | 495-034-5120-084 |
| Categorical Special Education Aid | 495-034-5120-089 |
- (5) Program Threshold Determination:
Type A State Program Threshold > \$750,000.00
Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

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

Internal Control Findings – None Reported

Compliance Findings – None Reported

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

Federal Programs – None Reported

State Programs – None Reported

Borough of Emerson School District
Bergen County, New Jersey

Schedule of Prior Year Audit Findings

Not Applicable

