

**EMERSON SCHOOL DISTRICT
County of Bergen, New Jersey**

**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2017
(With Independent Auditors' Reports Thereon)**

REVISED - 12/07/17

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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EMERSON SCHOOL DISTRICT

Comprehensive Annual Financial Report

Introductory Section

EMERSON BOARD OF EDUCATION
MAIN STREET
EMERSON, NEW JERSEY 07630

August 31, 2017

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, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Emerson Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. **REPORTING ENTITY AND ITS SERVICES:** The Emerson School District is an independent reporting entity as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Emerson Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular as well as special education for handicapped students.

2. **ECONOMIC CONDITION AND OUTLOOK:** The Emerson area is substantially developed which both residential and industrial taxpayers. The situation is expected to continue, which suggests that its tax base will remain stable.

3. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

4. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality (if applicable). Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either 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, 2017.

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 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 deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where 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 Di Maria & Di Maria LLP, was selected by the Board of Education. In addition to meeting the requirements set forth in 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 contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Business Office staff.

Respectfully submitted,

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

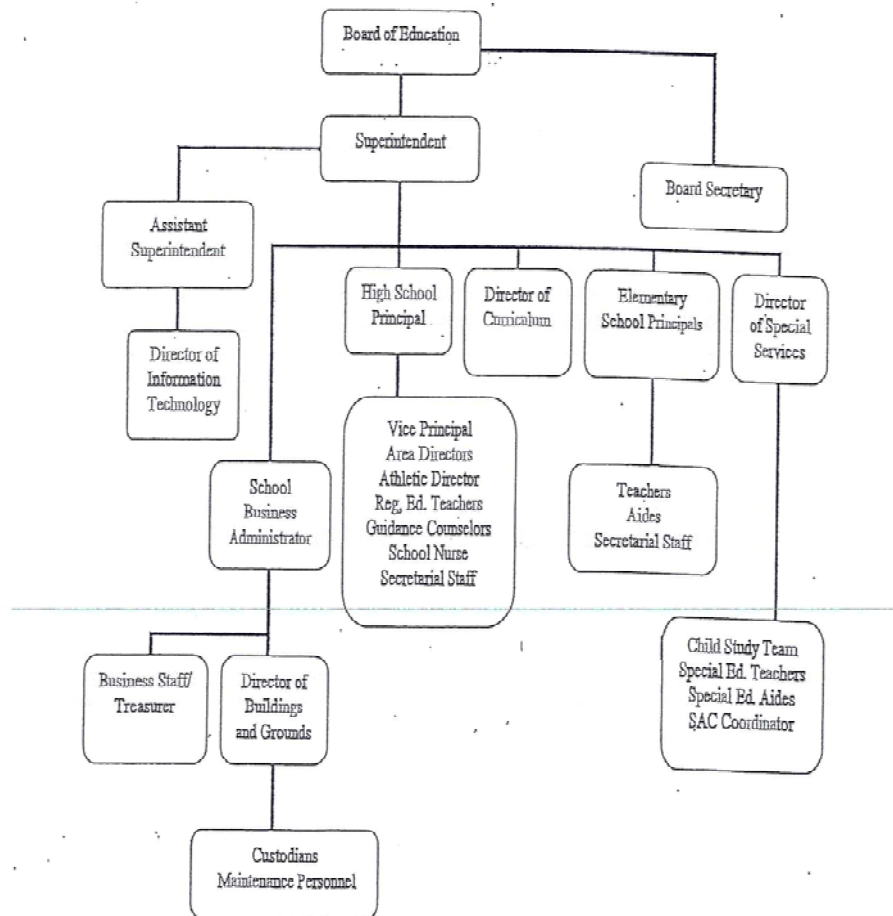
EMERSON SCHOOL DISTRICT
 ORGANIZATIONAL CHART

POLICY

EMERSON BOARD OF EDUCATION

ADMINISTRATION
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 ORGANIZATIONAL CHART

1110 ORGANIZATIONAL CHART



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



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**EMERSON SCHOOL DISTRICT
ROSTER OF OFFICIALS**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ann Pressimone - President	12/2017
Benjamin Sallemi - Vice President	12/2019
David Cannici	12/2019
Jeremy Teigen	12/2017
Behrooz Pasdar	12/2017

Other Officials

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

Brian P. Gatens, Superintendent

Douglas S. Barrett, Treasurer of School Monies

**EMERSON BOARD OF EDUCATION
CONSULTANTS, INDEPENDENT AUDITORS AND ADVISORS**

Independent Audit Firm

Di Maria & Di Maria LLP
245 Union Street
Lodi, New Jersey 07644

General Counsel

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

Special Education Counselor

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

Official Depositories

Capital One Bank
Oritani Bank
State of N.J. Cash Management Fund

EMERSON SCHOOL DISTRICT
Comprehensive Annual Financial Report
Financial Section

245 Union Street
Lodi, New Jersey 07644
Voice 973.779.6890
Facsimile 973.779.6891

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Emerson School District, Emerson, New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Report (Continued)

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Emerson School District, Emerson, New Jersey, as of June 30, 2017, 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.

Independent Auditors' Report (Continued)

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Emerson School District's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Independent Auditors' Report (Continued)
Other Matters (Continued)
Other Information (Continued)

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

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

Independent Auditors' Report (Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of the Emerson School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Emerson School District's internal control over financial reporting and compliance.

DI MARIA & DI MARIA LLP
Accountants and Consultants

Frank Di Maria

Frank Di Maria
Licensed Public School Accountant
PSA No. CS 01168

November 30, 2017

REQUIRED SUPPLEMENTAL INFORMATION - PART I

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

This section of the Emerson Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-2017 fiscal year include the following:

The assets of the Emerson Board of Education exceeded its liabilities at the close of the fiscal year by \$58,780 (net position).

The District's total net assets increased \$84,592 primarily due to increases in cash balances and deferred pension outflows offset with adjustments due to the implementation of GASB 68.

Overall district revenues were \$23,760,520. General revenues accounted for \$19,592,252 or 82% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,168,268 or 18% of total revenues.

Overall district expenses were \$23,675,928. Governmental activities accounted for \$22,996,815 or 97% of all expenses. Business-type activities accounted for \$679,113 or 3% of all expenses. Governmental activities includes a \$327,851 charge to operations related to the implementation of GASB 68.

The school district had \$22,996,815 in expenses for governmental activities; only \$3,501,565 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$19,592,252 were adequate to provide for these programs excluding the effect of GASB 68.

As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,841,753 an increase of \$471,479 when compared to the previous year ending fund balance at June 30, 2016 of \$3,370,274.

The General Fund unassigned fund balance at June 30, 2017 was \$676,026 an increase of \$25,584 when compared with the ending unassigned fund balance at June 30, 2016 of \$650,442.

The General Fund unassigned budgetary fund balance at June 30, 2017 was \$697,780 which represents an increase of \$14,247 when compared to the ending fund balance at June 30, 2016 of \$683,533.

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - *management's discussion and analysis* (this section), the basic *financial statements*, *required supplementary information*, and an optional section that presents *combining statements for special revenue, proprietary, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are *government wide financial statements* that provide both short-term and long-term information about the District's overall financial status.

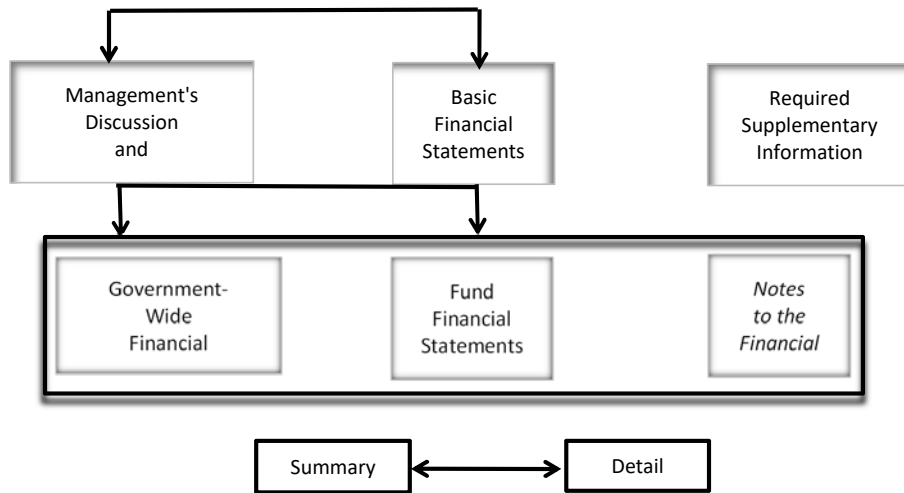
The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in *more detail* than the district-wide statements.

The *governmental funds statements* tell how *general government* services like instruction were financed in the short term as well as what remains for future spending.

Proprietary funds statements offer *short-term and long-term* financial information about the activities the district operated like businesses, such as the food service program.

Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The following illustration shows how the various parts of this annual report are arranged and related to one another.



**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

The following table summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as food service and student activity	Activities the district operates similar to private businesses: Enterprise Fund	Instances in which the district administers resources held in trust, such as Unemployment, Payroll Agency and Student Activities
Required financial statements	Statements of net position Statement of activities	Balance Sheet Statement of Revenues, Expenditures and changes in fund balances	Statement of Net Position Statement of revenue, expenses, and changes in fund net position Statement of cash flows	Statements of Fiduciary net position Statement of changes in fiduciary net position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

Governmental activities - Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aids finance most of these activities.

Business type activities - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund is included under this category.

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending for particular purposes:

Some funds are required by State law and bond covenants.

The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

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

2. *Proprietary funds* - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds like the government-wide statements, provide both long and short term financial information. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information such as cash flows. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has the following enterprise funds:

- Food Service (Cafeteria)
- Adult School
- BCBANC
- Pre-K

3. *Fiduciary funds* - The District is the trustee, or *fiduciary*, for assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$58,780 as of June 30, 2017 and did not exceed them by (\$25,812) as of June 30, 2016. Primarily accounting for this difference are higher cash balances and increases in deferred pension outflows offset by a \$327,851 charge to operations related to the implementation of GASB 68 in FY2017 and \$312,115 in FY2016.

By far the largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Net Position
As of June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current Assets	\$ 5,204,891	\$ 4,756,123	\$ 139,616	\$ 136,177	\$ 5,344,507	\$ 4,892,300
Capital Assets	1,405,445	1,449,616	-	-	1,405,445	1,449,616
Pension Deferred Outflows	1,692,982	682,883	-	-	1,692,982	682,883
Total Assets	8,303,318	6,888,622	139,616	136,177	8,442,934	7,024,799
Long-Term Liabilities	190,343	187,888	-	-	190,343	187,888
Other Liabilities	1,363,138	1,385,849	26,742	10,893	1,389,880	1,396,742
Net Pension Liability	6,415,859	5,202,980	-	-	6,415,859	5,202,980
Pension Deferred Inflows	388,072	263,001	-	-	388,072	263,001
Total Liabilities	8,357,412	7,039,718	26,742	10,893	8,384,154	7,050,611
Net Assets						
Invested in capital assets, net of related debt	1,405,445	1,449,616	-	-	1,405,445	1,449,616
Restricted	2,463,835	2,105,626	-	-	2,463,835	2,105,626
Unrestricted	(3,923,374)	(3,706,338)	112,874	125,284	(3,810,500)	(3,581,054)
Total Net Assets	\$ (54,094)	\$ (151,096)	\$ 112,874	\$ 125,284	\$ 58,780	\$ (25,812)

A small portion of the District's Net Assets, less than one percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a result of how the district expenses its long-term liabilities for governmental activities such as compensated absences and claims and judgments on the District-wide financial statements. These long-term liabilities are recorded and expensed for governmental activities at the time the liabilities are incurred regardless of when payment is due. However, the revenue for these long-term liabilities of governmental activities is not raised until these liabilities are included in the District budget when compensated absences and claims and judgments for governmental activities are due and payable.

The recording of assets and liabilities pertaining to pension liabilities, inflows and outflows are now required by GASB 68 which dictates that Districts recognize their proportionate share of the collective net pension liability, collective deferred inflows and outflows of resources and collective pension expense.

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

**Change in Net Position
For The Years Ended June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2016	2016	2016	2016	2016	2015
Revenues						
Program Revenues:						
Charges for Services	\$ 19,487	\$ 16,887	\$ 604,396	\$ 592,586	\$ 623,883	\$ 609,473
Operating Grants and Contribution	3,482,078	3,228,767	62,307	58,915	3,544,385	3,287,682
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property Taxes	18,881,630	18,347,315	-	-	18,881,630	18,347,315
State and Federal Aid	-	-	-	-	-	-
Other	710,622	678,003	-	-	710,622	678,003
Total Revenues	23,093,817	22,270,972	666,703	651,501	23,760,520	22,922,473
Expenses						
Instruction:						
Regular	5,842,344	5,861,777	-	-	5,842,344	5,861,777
Special Education	2,149,830	2,114,959	-	-	2,149,830	2,114,959
Basic Skills/Remedial	157,825	148,100	-	-	157,825	148,100
Bilingual Education	91,500	85,110	-	-	91,500	85,110
School Sponsored Cocurricular/Extracurricular Activities & Athletics	603,774	627,941	-	-	603,774	627,941
Undistributed Expenditures:						
Instruction	1,780,262	1,916,373	-	-	1,780,262	1,916,373
Attendance and Social Work Services	24,602	23,314	-	-	24,602	23,314
Health Services	218,269	203,815	-	-	218,269	203,815
Speech, OT, PT, Related Services	130,692	126,447	-	-	130,692	126,447
Extraordinary Services	232,329	350,295	-	-	232,329	350,295
Guidance	342,093	431,881	-	-	342,093	431,881
Child Study Team	446,078	352,819	-	-	446,078	352,819
Educational Media Services/School Library	217,105	208,703	-	-	217,105	208,703
Instructional Staff Training Services	76,608	82,651	-	-	76,608	82,651
Support Svcs-General Administratio	337,372	331,540	-	-	337,372	331,540
Support Svcs-School Administration	1,096,008	917,513	-	-	1,096,008	917,513
Central Services	441,031	429,011	-	-	441,031	429,011
Required Maintenance for School Facilities	785,394	909,729	-	-	785,394	909,729
Operation and Maintenance of Plant Services	919,263	911,299	-	-	919,263	911,299
Care and Upkeep of Grounds	93,405	73,049	-	-	93,405	73,049
Student Transportation Services	476,078	429,787	-	-	476,078	429,787
Personal Services - Employee Benefits	3,563,321	3,693,291	-	-	3,563,321	3,693,291
TPAF Pension	1,695,135	1,450,613	-	-	1,695,135	1,450,613
TPAF Social Security	616,424	600,390	-	-	616,424	600,390
Capital Outlay:						
Interest Deposit to Capital Reserve	-	-	-	-	-	-
Equipment	197,667	261,846	-	-	197,667	261,846
Facilities Acquisition and Construction Services	462,406	316,492	-	-	462,406	316,492
Debt Service:						
Interest on Bonds	-	-	-	-	-	-
Principal on Bonds	-	-	-	-	-	-
Food Services	-	-	679,113	608,229	679,113	608,229
Total Expenses	22,996,815	22,858,745	679,113	608,229	23,675,928	23,466,974

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

Change in Net Position	97,002	(587,773)	(12,410)	43,272	84,592	(544,501)
Net Position, Beginning	(151,096)	436,677	125,284	82,012	(25,812)	518,689
Net Position, Ending	\$ (54,094)	\$ (151,096)	\$ 112,874	\$ 125,284	\$ 58,780	\$ (25,812)

Governmental Activities - The District's total governmental activities' revenues, which includes State and Federal grants, were \$23,093,817 and \$22,270,972 for the years ended June 30, 2017 and June 30, 2016, respectively. Property taxes of \$18,881,630 and \$18,347,315 represented 82% and 82% of the revenues for the fiscal years ended June 30, 2017 and 2016, respectively. Another significant portion of revenues came from state aid; total state, federal and local aid and grants was \$3,474,368 and \$3,187,619 which represented 15% and 14% of the revenues for the fiscal years ended June 30, 2017 and 2016, respectively. State, federal and local aid and grants are reported as operating and capital grants and contributions if specific to a program or as general revenues if not specific to a program. In addition, other miscellaneous income is earned which includes items such as interest, prior year refunds and other miscellaneous items.

The total cost of all governmental activities programs and services were \$22,622,338 and \$22,393,486 for the years ended June 30, 2017 and 2016. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$8,845,273 and \$8,837,887 (39% and 40%) of total expenditures for the fiscal years ended June 30, 2017 and 2016, respectively. Support services, totaled \$13,777,065 and \$13,555,599 (61% and 60%) of total expenditures.

Business-Type-Activities - The District's total business-type activities revenues were \$666,703 and \$651,501 for the years ended June 30, 2017 and June 30, 2016. Charges for services accounted for 91% and 91% of total revenues and operating grants and contributions accounted for 9% and 9% of total revenue for the years ended June 30, 2017 and 2016. There were no capital grants received for years ended June 30, 2017 or 2016.

The total cost of all business-type activities programs and services were \$679,113 and \$608,229 for the years ended June 30, 2017 and 2016. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District and Adult School programs.

The business-type activities revenues (including transfers) for the year ended June 30, 2017 did not surpass expenses, decreasing net assets by (\$12,410) below the previous year from \$125,284 at June 30, 2016 to \$112,874 at June 30, 2017. The cost of business-type activities this year was \$679,113, an increase of \$70,884 (12%) from the previous year.

Some of the cost was paid by users of the Districts food service and Adult School programs for a total of \$604,396, an increase of \$11,810 (2%).

The Federal and State governments subsidized the food service program with grants and contributions of \$62,307, an increase of \$3,392 (6%).

Increases in expenses reflected the increased cost of sales (i.e., food and supply costs) associated with higher food prices offset with reductions in other purchased services, supplies and depreciation.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$3,841,753 for the year ended June 30, 2017 compared to a fund balance of \$3,370,274 for the year ended June 30, 2016, an increase in the balance of \$471,479 for the year.

Revenues for the District's governmental funds were \$23,093,817 and \$22,270,972, while total expenses were \$22,622,338 and \$22,393,486 for the fiscal years ended June 30, 2017 and 2016, respectively.

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

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

The following schedule presents a comparison of General Fund Revenues for the fiscal years ended June 30, 2017 and 2016:

	June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2017</u>	<u>2016</u>		
Local Sources:				
Property Tax Levy	\$ 18,881,630	\$ 18,347,315	\$ 534,315	3%
Miscellaneous	684,122	694,890	(10,768)	-2%
State Sources	3,129,300	2,845,232	284,068	10%
Federal Sources	-	-	-	
Total General Fund Revenues	<u>\$ 22,695,052</u>	<u>\$ 21,887,437</u>	<u>\$ 807,615</u>	4%

Local property taxes increased by \$534,315 or 3% over the previous year. State aid revenues increased \$284,068, or 10%, predominantly attributable to a change in the State funding formula and adjustments made to aid during the year. Federal aid revenues decreased by \$ 0 due to no current year receipt of special education Medicaid funds.

The following schedule presents a comparison of General Fund expenditures for the fiscal years ended June 30, 2017 and 2016:

	June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2017</u>	<u>2016</u>		
Instruction	\$ 8,446,688	\$ 8,454,622	\$ (7,934)	0%
Support Services	13,160,983	13,149,955	11,028	0%
Debt Services	-	-	-	
Capital Outlay	615,902	405,374	210,528	52%
Total Expenditures	<u>\$ 22,223,573</u>	<u>\$ 22,009,951</u>	<u>\$ 213,622</u>	1%

Total General Fund expenditures increased \$213,622 or 1% from the previous year. The increase can be attributed mostly to increases in capital outlay costs related to the renovation of the life skills classroom in the High School, purchase of a school van and replacement of the HVAC system in the auditorium.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal, State and Local sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$398,765 and \$383,535 for the years ended June 30, 2017 and 2016. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 86% and 89% of the total revenues for the years ended June 30, 2017 and 2016.

Total Special Revenue Fund revenues increased \$15,230 or 4% from the previous year. State sources decreased \$147 or 25% and Federal sources increased by \$2,828 or 1%.

Expenditures of the Special Revenue Fund were \$398,765 and \$383,535 for the fiscal years ended June 30, 2017 and 2016. Instructional expenditures were \$398,585 and \$383,265 or 99% and 99% and expenditures for the support services were \$180 and \$270 or 1% and 1% of the total amounts expended for the years ended June 30, 2017 and 2016, respectively.

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the budgetary basis and encumbrance accounting. The most significant mandated revenue recognition of certain deferred state aid payments for budgetary purposes only. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times through appropriation transfers between budget line items.

Implementing budgets for specially funded projects, which include both Federal and State grants.

Reinstating prior year purchase orders being carried over as encumbrances.

Increases in appropriations for significant unbudgeted costs.

General Fund budgetary revenues exceeded General Fund budgetary and other financing uses increasing budgetary fund balance \$460,142 from the previous year. After deducting statutory reserves and designations, the unassigned budgetary fund balance increased \$14,247 from a \$683,533 balance at June 30, 2016 to a \$697,780 fund balance at June 30, 2017.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2017 and 2016 amounted to \$1,405,445 and \$1,449,616 (net of accumulated depreciation). The capital assets consist of land, land improvements, buildings, building improvements, computers, specialized machinery, vehicles and various other types of equipment. Depreciation charges for fiscal years 2016-2017 and 2015-2016 amounted to \$232,823 and \$220,955 for governmental activities and \$0 and \$0 for business-type activities.

Additional information on the District's capital assets is presented in Note 6 of this report. Asset values were previously adjusted to reflect actual amounts as reported by an independent appraisal company analysis completed in the fall of 2014.

LONG TERM LIABILITIES

At June 30, 2017 and 2016, the District's long-term liabilities consisted of bonds payable of \$0 and \$0, capital lease payable of \$0 and \$0, and compensated absences payable of \$190,343 and \$187,888, respectively.

Additional information on the District's long term liabilities is presented in Note 8 of this report.

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

While many factors influence the District's future, the availability of State funding, special education needs, capital improvements 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 2017 - 2018 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, as well as, increased special education tuition costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

SECTION "A" - DISTRICT WIDE FINANCIAL STATEMENTS

**EMERSON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash	\$ 2,511,918	\$ 134,627	\$ 2,646,545
Receivables, (Net)	329,138	4,989	334,127
Restricted Assets:			
Emergency Reserve Account	101,411	-	101,411
Capital Reserve Account	2,262,424	-	2,262,424
Capital Assets, (Net)	1,405,445	-	1,405,445
Deferred Pension Outflows	1,692,982	-	1,692,982
Total Assets	\$ 8,303,318	\$ 139,616	\$ 8,442,934
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,363,138	\$ 26,742	\$ 1,389,880
Deferred Pension Inflows	388,072	-	388,072
Net Pension Liability	6,415,859	-	6,415,859
Non-Current Liabilities:			
Due Within One Year	-	-	-
Due Beyond One Year	190,343	-	190,343
Total liabilities	\$ 8,357,412	\$ 26,742	\$ 8,384,154
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 1,405,445	\$ -	\$ 1,405,445
Restricted for:			
Emergency	101,411	-	101,411
Capital Projects	2,262,424	-	2,262,424
Other Purposes	100,000	-	100,000
Unrestricted	(3,923,374)	112,874	(3,810,500)
Total Net Position	\$ (54,094)	\$ 112,874	\$ 58,780

EMERSON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Expenses				Program Revenues				Net (Expense) Revenue & Changes in Net Assets		
	Budgetary Basis	Adjustments	Depreciation	Total	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-type Activities	Total
Governmental Activities:											
Current Expense:											
Instruction:											
Regular Programs	\$ 5,842,344	\$ -	\$ -	\$ 5,842,344	\$ 2,029	\$ 161,248	\$ -	\$ 163,277	\$ (5,679,067)	\$ -	\$ (5,679,067)
Special Education	2,149,830	-	-	2,149,830	-	952,831	-	952,831	(1,196,999)	-	(1,196,999)
Basic Skills/Remedial	157,825	-	-	157,825	-	-	-	-	(157,825)	-	(157,825)
Bilingual Education	91,500	-	-	91,500	-	-	-	-	(91,500)	-	(91,500)
School Sponsored Cocurricular/Extracurricular Activities	239,618	-	-	239,618	-	-	-	-	(239,618)	-	(239,618)
School Sponsored Athletics	364,156	-	-	364,156	-	-	-	-	(364,156)	-	(364,156)
Undistributed Expenditures:											
Instruction	1,780,262	-	-	1,780,262	-	-	-	-	(1,780,262)	-	(1,780,262)
Attendance and Social Work Services	24,602	-	-	24,602	-	-	-	-	(24,602)	-	(24,602)
Health Services	218,269	-	-	218,269	-	180	-	180	(218,089)	-	(218,089)
Speech, OT, PT, Related Services	130,692	-	-	130,692	-	-	-	-	(130,692)	-	(130,692)
Extraordinary Services	232,329	-	-	232,329	-	-	-	-	(232,329)	-	(232,329)
Guidance	342,093	-	-	342,093	-	-	-	-	(342,093)	-	(342,093)
Child Study Team	446,078	-	-	446,078	-	-	-	-	(446,078)	-	(446,078)
Educational Media Services - School Library	217,105	-	-	217,105	-	-	-	-	(217,105)	-	(217,105)
Instructional Staff Training Services	76,608	-	-	76,608	-	-	-	-	(76,608)	-	(76,608)
Support Services - General Administration	337,372	-	-	337,372	-	-	-	-	(337,372)	-	(337,372)
Support Services - School Administration	1,096,008	-	-	1,096,008	-	-	-	-	(1,096,008)	-	(1,096,008)
Central Services	441,031	-	-	441,031	-	-	-	-	(441,031)	-	(441,031)
Required Maintenance for School Facilities	785,394	-	-	785,394	-	21,975	-	21,975	(763,419)	-	(763,419)
Operation and Maintenance of Plant Services	919,263	-	-	919,263	-	-	-	-	(919,263)	-	(919,263)
Care and Upkeep of Grounds	93,405	-	-	93,405	-	-	-	-	(93,405)	-	(93,405)
Student Transportation Services	476,078	-	-	476,078	17,458	34,285	-	51,743	(424,335)	-	(424,335)
Employee Benefits	3,233,015	330,306	-	3,563,321	-	-	-	-	(3,563,321)	-	(3,563,321)
TPAF Pension	1,695,135	-	-	1,695,135	-	1,695,135	-	1,695,135	-	-	-
TPAF Social Security	616,424	-	-	616,424	-	616,424	-	616,424	-	-	-
Capital Outlay:											
Interest Deposit to Capital Reserve	-	-	-	-	-	-	-	-	-	-	-
Equipment	153,496	(188,652)	232,823	197,667	-	-	-	-	(197,667)	-	(197,667)
Facilities Acquisition and Construction Services	462,406	-	-	462,406	-	-	-	-	(462,406)	-	(462,406)
Debt Service:											
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	\$ 22,622,338	\$ 141,654	\$ 232,823	\$ 22,996,815	\$ 19,487	\$ 3,482,078	\$ -	\$ 3,501,565	\$ (19,495,250)	\$ -	\$ (19,495,250)
Business-Type Activities	\$ 679,113	\$ -	\$ -	\$ 679,113	\$ 604,396	\$ 62,307	\$ -	\$ 666,703	\$ -	\$ (12,410)	\$ (12,410)
Total Primary Government	\$ 23,301,451	\$ 141,654	\$ 232,823	\$ 23,675,928	\$ 623,883	\$ 3,544,385	\$ -	\$ 4,168,268	\$ (19,495,250)	\$ (12,410)	\$ (19,507,660)
General Revenues:											
Local Tax Levy									\$ 18,881,630	\$ -	\$ 18,881,630
Other Local Governmental Units - Restricted									477,791	-	477,791
Tuition from Individuals									-	-	-
Transportation Fees from Individuals									-	-	-
Textbook Sales and Rentals									-	-	-
Interest Earned on Emergency Reserve Funds									558	-	558
Interest Earned on Capital Reserve Funds									7,650	-	7,650
Unrestricted Miscellaneous Revenues									178,636	-	178,636
State Sources									45,987	-	45,987
Federal Sources									-	-	-
Total General Revenues									19,592,252	-	19,592,252
Change in Net Position									97,002	(12,410)	84,592
Net Position—Beginning									(151,096)	125,284	(25,812)
Net Position—Ending									\$ (54,094)	\$ 112,874	\$ 58,780

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

SECTION "B" - FUND FINANCIAL STATEMENTS

**EMERSON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
ASSETS					
Cash - Warrant Account	\$ 2,506,291	\$ 5,627	\$ -	\$ -	\$ 2,511,918
Cash - Emergency Reserve Account	101,411	-	-	-	101,411
Cash - Capital Reserve Account	2,262,424	-	-	-	2,262,424
Intergovernmental Receivable:					
Federal	-	-	-	-	-
State	322,289	-	-	-	322,289
Other	6,849	-	-	-	6,849
Total Assets	\$ 5,199,264	\$ 5,627	\$ -	\$ -	\$ 5,204,891
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,357,511	\$ 5,627	\$ -	\$ -	\$ 1,363,138
Deferred Revenue	-	-	-	-	-
Deferred Revenue - Reserve for Encumbrances	-	-	-	-	-
Total Liabilities	\$ 1,357,511	\$ 5,627	\$ -	\$ -	\$ 1,363,138
Fund Balances:					
Reserve for Encumbrances	\$ 701,892	\$ -	\$ -	\$ -	\$ 701,892
Emergency Reserve Account	101,411	-	-	-	101,411
Capital Reserve Account	2,262,424	-	-	-	2,262,424
Restricted for:					
Subsequent Years' Expenditures	100,000	-	-	-	100,000
Unreserved	676,026	-	-	-	676,026
Total Fund Balances	\$ 3,841,753	\$ -	\$ -	\$ -	\$ 3,841,753
Total Liabilities and Fund Balances	\$ 5,199,264	\$ 5,627	\$ -	\$ -	\$ 5,204,891

Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:	\$ 3,841,753
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,405,445
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements.	1,692,982
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements.	(388,072)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(6,415,859)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(190,343)
Net assets of governmental activities	\$ (54,094)

**EMERSON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	General	Special Revenue	Capital Projects	Debt Service	Total
REVENUES					
Local Sources:					
Local Tax Levy	\$ 18,881,630	\$ -	\$ -	\$ -	\$ 18,881,630
Other Local Governmental Units - Restricted	477,791	-	-	-	477,791
Tuition from Individuals	2,029	-	-	-	2,029
Transportation Fees from Individuals	17,458	-	-	-	17,458
Textbook Sales and Rentals	-	-	-	-	-
Interest Earned on Emergency Reserve Funds	558	-	-	-	558
Interest Earned on Capital Reserve Funds	7,650	-	-	-	7,650
Unrestricted Miscellaneous Revenues	178,636	53,697	-	-	232,333
Total Local Sources	\$ 19,565,752	\$ 53,697	\$ -	\$ -	\$ 19,619,449
State Sources	3,129,300	447	-	-	3,129,747
Federal Sources	-	344,621	-	-	344,621
Total Revenues	\$ 22,695,052	\$ 398,765	\$ -	\$ -	\$ 23,093,817
EXPENDITURES					
Current Expense:					
Instruction:					
Regular Programs	\$ 5,681,096	\$ 161,248	\$ -	\$ -	\$ 5,842,344
Special Education	1,912,493	237,337	-	-	2,149,830
Basic Skills/Remedial	157,825	-	-	-	157,825
Bilingual Education	91,500	-	-	-	91,500
School Sponsored Cocurricular/Extracurricular Activities	239,618	-	-	-	239,618
School Sponsored Athletics	364,156	-	-	-	364,156
Undistributed Expenditures:					
Instruction	1,780,262	-	-	-	1,780,262
Attendance and Social Work Services	24,602	-	-	-	24,602
Health Services	218,089	180	-	-	218,269
Speech, OT, PT, Related Services	130,692	-	-	-	130,692
Extraordinary Services	232,329	-	-	-	232,329
Guidance	342,093	-	-	-	342,093
Child Study Team	446,078	-	-	-	446,078
Educational Media Services - School Library	217,105	-	-	-	217,105
Instructional Staff Training Services	76,608	-	-	-	76,608
Support Services - General Administration	337,372	-	-	-	337,372
Support Services - School Administration	1,096,008	-	-	-	1,096,008
Central Services	441,031	-	-	-	441,031
Required Maintenance for School Facilities	785,394	-	-	-	785,394
Operation and Maintenance of Plant Services	919,263	-	-	-	919,263
Care and Upkeep of Grounds	93,405	-	-	-	93,405
Student Transportation Services	476,078	-	-	-	476,078
Employee Benefits	3,233,015	-	-	-	3,233,015
TPAF Pension	1,695,135	-	-	-	1,695,135
TPAF Social Security	616,424	-	-	-	616,424
Capital Outlay:					
Interest Deposit to Capital Reserve	-	-	-	-	-
Equipment	153,496	-	-	-	153,496
Facilities Acquisition and Construction Services	462,406	-	-	-	462,406
Debt Service:					
Bond Interest	-	-	-	-	-
Bond Principal	-	-	-	-	-
Total Expenditures	\$ 22,223,573	\$ 398,765	\$ -	\$ -	\$ 22,622,338
-					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 471,479	\$ -	\$ -	\$ -	\$ 471,479
OTHER FINANCING SOURCES (USES)					
Operating Transfers	-	-	-	-	-
Net Change In Fund Balances	\$ 471,479	\$ -	\$ -	\$ -	\$ 471,479
Fund Balances - July 1	3,370,274	-	-	-	3,370,274
Fund Balances - June 30	\$ 3,841,753	\$ -	\$ -	\$ -	\$ 3,841,753

**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 YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (B2) \$ 471,479

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	(232,823)
Capital Outlays	188,652

Pension contributions are reported in governmental funds as expenditures.

However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

(327,851)

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

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Net Change in Compensated Absences	(2,455)
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Change in net assets of governmental activities	\$ 97,002
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**EMERSON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017**

	<u>Business-Type Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 134,627
Intergovernmental Receivable:	
State	216
Federal	4,773
Total Assets	<u>\$ 139,616</u>
<u>LIABILITIES</u>	
Accounts Payable	<u>\$ 26,742</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 112,874</u>

**EMERSON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Business-Type Activities</u>
<u>OPERATING REVENUES</u>	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 317,888
Daily Sales - Non-Reimbursable Programs	9,991
Community Service Activities	276,517
Total Operating Revenues	<u>\$ 604,396</u>
<u>OPERATING EXPENSES</u>	
Salaries	\$ 99,540
Other Purchased Services - Reimbursable Programs	398,585
Other Purchased Services	40,510
Supplies & Materials	63,983
Miscellaneous	76,495
Total Operating Expenses	<u>\$ 679,113</u>
Operating Income (Loss)	<u>\$ (74,717)</u>
<u>NON-OPERATING REVENUES</u>	
State Sources:	
State School Lunch Program	\$ 2,727
Federal Sources:	
School Breakfast Program	9,186
National School Lunch Program	50,394
Total Non-Operating Revenues	<u>\$ 62,307</u>
Change in Net Position	\$ (12,410)
Total Net Position - Beginning	125,284
Total Net Position - Ending	<u><u>\$ 112,874</u></u>

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

**EMERSON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Business-Type Activities</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash Receipts from Sales	\$ 604,396
Payments for Operating Expenses	(662,964)
	<u>\$ (58,568)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>	
Cash Flows from State and Federal Reimbursements	<u>\$ 62,378</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase of Capital Assets	<u>\$ -</u>
Net Increase/(Decrease) in Cash	<u>\$ 3,810</u>
Balances - Beginning of Year	<u>130,817</u>
Balances - End of Year	<u><u>\$ 134,627</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (74,717)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Fixed Assets	-
(Increase) Decrease in Accounts Receivable	-
Increase (Decrease) in Accounts Payable	16,149
Depreciation	-
Net Cash Provided by (Used For) Operating Activities	<u><u>\$ (58,568)</u></u>
	-

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

**EMERSON SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017**

ASSETS

Cash	\$ 324,515
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LIABILITIES

Due to Student Groups	\$ 184,734
Payroll, Deductions and Withholdings Payable	15,337

Total Liabilities	<u>\$ 200,071</u>
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NET POSITION

Held in Trust for Unemployment Claims	<u>\$ 124,444</u>
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**EMERSON SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

ADDITIONS

Transfers - Employee Contributions	\$ 19,822
Transfers - Budget Appropriation	-
Investments Earnings	550
	<u>\$ 20,372</u>

DEDUCTIONS

Unemployment Claims	\$ 9,954
Interest Transferred to Warrant A/C	48
	<u>\$ 10,002</u>

Change in Net Position	\$ 10,370
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Net Position - Beginning	114,074
Net Position - Ending	<u>\$ 124,444</u>

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Emerson School District (District) have been prepared in conformity with 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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant of the Board's accounting policies are described below.

A. Reporting Entity

The Emerson School District is a Type II School District located in Bergen County, New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials 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 District includes three school facilities, all located in the Borough of Emerson which support the following programs:

Regular Programs:

- Preschool
- Kindergarten
- Grades 1 - 5
- Grades 6 - 8
- Grades 9 - 12

Special Education Programs:

- Cognitive - Mild
- LLD

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*, is whether (1) the organization is legally separate (can sue or be sued in their own name), (2) the District holds the corporate powers of the organization, (3) the District appoints a voting majority of the organization's board, (4) the District is able to impose its will on the organization, (5) the organization has the potential to impose a financial benefit/burden on the District and (6) there is a fiscal dependency by the organization on the District.

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

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

The accounts of the district are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types --

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds.)

Proprietary Fund Type --

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

Fiduciary Fund Types --

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of others as their agent. Agency funds are custodial in nature and do not involve a measurement of results of operations.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

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. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 1 - Summary of Significant Accounting Policies (Continued)

D. 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 for approval and as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund. 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. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. All budget amendments must be approved by School Board resolution.

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

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

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of 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 deferred 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.

F. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

G. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

H. Capital Assets

Capital assets acquired or constructed prior to June 30, 1999, are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company.

Capital assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 1 - Summary of Significant Accounting Policies (Continued)

I. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2017, the amount earned by these employees but not disbursed was \$0.

J. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See note 1(e) regarding the special revenue fund.

K. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

L. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

M. Memorandum Only - Total Columns

Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund elimination's have not been made in the aggregation of this data.

EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

N. Comparative Data

Comparative total data for the prior year has been presented in order to provide an understanding of changes on the District's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

O. Accounting Changes

As a result of recently effective pronouncements by the Governmental Accounting Standards Board (GASB) the terminology for Net Assets has been revised to *Net Position*. This change was only a terminology change and did not have an impact on either *Fund Balance or Net Position* (formerly identified as Net Assets). In addition, GASB has also introduced the concept of *Deferred Inflows and Outflows* to identify categories that were previously identified as *Liabilities or Assets*, respectively.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 1 - Summary of Significant Accounting Policies (Continued)

P. 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. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category which is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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 Board has two items which arises only under the accrual basis of accounting that qualifies for reporting in this category the first of which is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed. The Board does not have any of these types of items to report.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 1 - Summary of Significant Accounting Policies (Continued)

Q. New Accounting Standards

During fiscal year 2017, the District adopted the following GASB statements:

GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB No. 77, *Tax Abatement Disclosures*. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

GASB No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*.

GASB No. 82, *Pension Issues- An Amendment of GASB Statements No. 67, No. 68, and No.73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 1 - Summary of Significant Accounting Policies (Continued)

Q. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. The Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 1 - Summary of Significant Accounting Policies (Continued)

Q. New Accounting Standards (Continued)

GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 2 - Cash, Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments. Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with District policy.

Deposits --

The District's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The District is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm.

Custodial Credit Risk - Deposits--

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2017, the District had no bank balances exposed to custodial credit risk.

Investments --

New Jersey statute N.J.S.A. 18A:20-37 permits the Board to purchase the following types of securities:

- A. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- B. Government money market mutual funds;
- C. 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 obligations bear a fixed rate of interest not dependent on any index or other external factor.
- D. Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- E. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of the Treasury for investment by school districts
- F. Local government investment pools.
- G. 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)
- H. 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 a.;
 - (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.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash</u>	<u>Investments</u>
Checking/Money Market Accounts - Governmental Funds	\$ 4,875,753	\$ -
Checking/Money Market Accounts - Proprietary Funds	134,627	-
Checking/Money Market Accounts - Fiduciary Funds	324,515	-
	<u>\$ 5,334,895</u>	<u>\$ -</u>

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 3 - Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

Review of the Borough of Emerson's 2017 User Friendly Budget (Sheet UFB-6) disclosed the following Tax Abatement (PILOT) Agreements:

Project Name:	Advancing Opportunities
PILOT Billing:	\$ 6,000
Assessed Value	\$ 332,700
Taxes if Billed in Full	\$ 8,664
@ 2016 Tax Rate	
(\$2.604)	

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 4 - Capital Reserve Account

A capital reserve account was established by the Board of Education in a prior year, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriation amounts, or both . A 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. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance	\$ 1,904,774
Increases:	
Local Funds Transferred	700,000
Interest Earned	7,650
Decreases:	
Budgeted Withdrawals for DOE approved project included in LRFP (Fund 12)	(350,000)
Ending Balance	<u><u>\$ 2,262,424</u></u>

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 5 - Emergency Reserve Account

The emergency reserve account is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education in subsequent fiscal years. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4% or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or 1% of the General Fund budget not to exceed \$1 million dollars.

The activity of the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance	\$	100,852
Increases:		
Deposits Authorized by Board Resolution		-
Interest Earned		559
Decreases:		
Withdrawals Approved by Commissioner		-
Ending Balance	\$	<u>101,411</u>

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 6 - Capital Assets

The following schedule is a summarization of the changes in capital assets for the fiscal year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<i>Governmental Activities --</i>					
Capital Assets being Depreciated	\$ 7,384,335	\$ 188,652	\$ -	\$ -	\$ 7,572,987
Less Accumulated Depreciation	(5,934,719)	(232,823)	-	-	(6,167,542)
Net Assets for Governmental Activities	<u>\$ 1,449,616</u>	<u>\$ (44,171)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,405,445</u>

Business Type Activities --

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Capital Assets being Depreciated	\$ -	\$ -	\$ -	\$ -	\$ -
Less Accumulated Depreciation	-	-	-	-	-
Net Assets for Business Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note 7 - Operating Leases and Other Commitments

The District has commitments to lease copying equipment and postage meters under operating leases which expire on various dates in 2020 and 2019, respectively. Lease terms are 60 and 51 months with monthly payments of \$1,255 and \$35, respectively. Total operating lease payments made during the year ended June 30, 2017 were \$15,900. Future minimum lease payments are as follows:

Year Ended	Amount
2018	\$ 15,900
2019	15,900
2020	15,900
Total future minimum lease payments	<u>\$ 47,700</u>

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 8 - Long-Term Debt

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported as general long-term debt:

	Beginning Balance	Issued & Adjusted	Retired	Ending Balance
Compensated Absences Payable	\$ 187,888	\$ 24,243	\$ 21,788	\$ 190,343

	Amounts Due within One Year	Long-Term Portion	Ending Balance
Compensated Absences Payable	\$ -	\$ 190,343	\$ 190,343

A. Compensated Absences Payable

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and contractual obligations. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions. The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group. In the District-wide Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

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, 2017, no liability existed for compensated absences in the Food Service Fund.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 9 - Retirement Plans

Description of the Plans

All required employees of the District are covered by either the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (the "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 Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Note 9 - Retirement Plans (Continued)

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, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. 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 District. However, the notes to the financial statements of the District must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the District. 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.

Summary of Significant Accounting Policies

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

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 9 - Retirement Plans (Continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$65,060,377 as measured on June 30, 2016 and \$51,515,241 as measured on June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$4,888,382 and revenue of \$4,888,382 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2015 and June 30, 2016.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>06/30/16</u>	<u>06/30/15</u>	<u>06/30/14</u>
Collective deferred outflows of resources	\$ 17,414,701,002	\$ 7,521,378,257	\$ 2,306,623,861
Collective deferred inflows of resources	\$ 134,532,594	\$ 554,399,005	\$ 1,763,205,593
Collective net pension liability (Nonemployer - State of NJ)	\$ 78,666,367,052	\$ 63,204,270,305	\$ 53,446,745,367
State's portion of the net pension liability that was associated with the district	\$ 65,060,377	\$ 51,515,241	\$ 43,943,129
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.0827041841%	0.0815059501%	0.0822185312%

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 9 - Retirement Plans (Continued)

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

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.50%
Salary Increases	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disability mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953-2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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, 2016 are summarized in the following table:

EMERSON SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2017

Note 9 - Retirement Plans (Continued)

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

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	Long-Term Expected Real Rate of <u>Return</u>
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - Multi Strategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	100.00%	

Discount Rate - The discount rate used to measure the State's total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.22%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.22%) or 1-percentage-point higher (4.22%) than the current rate:

	1% Decrease <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
District's proportionate share of the net	\$ 77,696,599	\$ 65,060,377	\$ 54,741,801

Note 9 - Retirement Plans (Continued)

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

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 9 - Retirement Plans (Continued)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions 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.

Summary of Significant Accounting Policies

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 9 - Retirement Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$6,415,859 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016 and 2015. At June 30, 2016, the District's proportion was 0.02166%, which was a decrease of 0.00152% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$520,290. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 119,316	\$ -
Changes of assumptions	1,329,023	-
Net difference between projected and actual earnings on pension plan investments	244,643	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	388,072
Total	<u>\$ 1,692,982</u>	<u>\$ 388,072</u>

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 6/30:
2017	\$ 293,735
2018	293,735
2019	340,321
2020	285,906
2021	91,213
Thereafter	-
	<u>\$ 1,304,910</u>

Collective balances are as follows:

	06/30/16	06/30/15	06/30/14
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 3,578,755,666	\$ 952,194,675
Collective deferred inflows of resources	\$ 870,133,595	\$ 993,410,455	\$ 1,479,224,662
Collective net pension liability (Non State - Local Group)	\$ 29,617,131,759	\$ 22,447,996,119	\$ 18,722,735,003
District's Portion of net pension liability	\$ 6,415,859	\$ 5,202,980	\$ 4,532,008
District's Proportion	0.0216626615%	0.0231779263%	0.0242059079%

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 9 - Retirement Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% based on age
Thereafter	2.65% - 5.15% based on age
Investment Rate of Return	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males & females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (setback 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing 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 PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 9 - Retirement Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the district contributed 100% of its actuarially determined contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
District's proportionate share of the net pension liability	\$ 7,861,994	\$ 6,415,859	\$ 5,221,868

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 9 - Retirement Plans (Continued)

Defined Contribution Retirement Plan (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Member contributions are matched by a 3% employer contribution. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 9 - Retirement Plans (Continued)

PERS and TPAF Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available between ages 60 and 65 depending on the members membership tier and are generally determined to be 1/55 or 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 or 30 years of service credit depending on the members membership tier or they may elect deferred retirement after achieving ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

Note 9 - Retirement Plans (Continued)

PERS and TPAF Vesting and Benefit Provisions (Continued)

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems. Chapter 78's provisions impacting employee pension and health benefits include:

1. New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
2. The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
3. The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
4. New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.06% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the fiscal year ended June 30, 2017, the State of New Jersey did contribute \$1,695,135 to the TPAF for postretirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$616,424 during the year ended June 30, 2017, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 9 - Retirement Plans (Continued)

Trend Information

Historical trend information showing the plan's progress in accumulating sufficient assets to pay benefits when due are presented in the State of New Jersey's PERS and TPAF financial reports. Those reports may be obtained by writing to the State of New Jersey, Department of Treasury Division of Pensions & Benefits P.O. Box 295, Trenton, New Jersey 08625-0295 or by calling (609) 292-7524.

Contributions required by the District were as follows:

Public Employees Retirement System:

Year	Annual Pension Cost	Chapter 108 P.L. 2003 Phase - In Credit	Chapter 19 P.L. 2009 Deferral	Non-Contributory Group Life Insurance & LTD	Net Pension Obligation
2017	\$ 183,300	\$ -	\$ -	\$ 10,074	\$ 193,374
2016	189,141	-	-	10,127	199,268
2015	186,892	-	-	12,658	199,550
2014	180,240	-	-	3,065	183,305
2013	182,289	-	-	10,849	193,138
2012	193,740	-	-	12,344	206,084
2011	176,638	-	-	13,416	190,054
2010	120,818	-	-	16,755	137,573
2009	97,564	-	(48,782)	12,127	60,909
2008	101,993	(20,399)	-	-	81,594
2007	67,260	(26,904)	-	-	40,356
2006	56,139	(33,683)	-	-	22,456

Teachers' Pension and Annuity Fund:

Year	Annual Pension Cost	Percentage Contributed	Total Obligation
2017	\$ 1,695,135	100%	\$ - (On-Behalf)
2016	1,450,613	100%	- (On-Behalf)
2015	1,140,186	100%	- (On-Behalf)
2014	918,111	100%	- (On-Behalf)
2013	1,124,450	100%	- (On-Behalf)
2012	759,905	100%	- (On-Behalf)
2011	563,661	100%	- (On-Behalf)
2010	521,524	100%	- (On-Behalf)
2009	471,411	100%	- (On-Behalf)
2008	1,277,980	100%	- (On-Behalf)
2007	1,204,110	100%	- (On-Behalf)
2006	724,893	100%	- (On-Behalf)

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 10 - Post-Retirement Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

Chapter 384 of P.L. 1987 and Chapter 6 of P.L. 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, Chapter 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 11 - Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASBS 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 full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year.

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, 2017, no liability existed for compensated absences in the Food Service Fund.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 12 - Deferred Compensation

The Board offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 457 and 403(b). 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.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 13 - Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters.

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following table is a summary of the district's contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district's trust fund for the current and previous two years:

Fiscal Year	Contributions	Investment Earnings	Amount Reimbursed	Ending Balance
2016-2017	\$ 19,823	\$ 550	\$ (10,003)	\$ 124,444
2015-2016	29,255	393	(21,522)	114,074
2014-2015	117,666	325	(26,713)	105,948

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 14 - Fund Balance Appropriated

General Fund -- The following is an analysis of the General Fund balance at June 30, 2017:

Reserve for Encumbrances	\$	701,892
Emergency Reserve Account		101,411
Capital Reserve Account		2,262,424
Assigned to:		
Subsequent Years' Expenditures		100,000
Unreserved		676,026
	\$	<u>3,841,753</u>

Fund balance categories (Restricted, Assigned & Unassigned/Unreserved) are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 15 - Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the Restricted Fund Balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$0.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 16 - Economic Dependency

The District is heavily reliant on federal and state sources to fund the District operations and debt service. Federal and state sources funded approximately 15% of the District's 2016-2017 governmental operations.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 17 - Contingent Liabilities

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgement of the District's management, the outcome of any legal proceedings will not have any adverse effect on the accompanying financial statements.

**EMERSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 18 - Subsequent Events

We have evaluated subsequent events through November 30, 2017, the date which the financial statements were available to be issued and no items were noted for disclosure or adjustment.

REQUIRED SUPPLEMENTAL INFORMATION - PART II

SECTION "C" - BUDGETARY COMPARISON SCHEDULES

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Under / (Over)	Encumbered
REVENUES									
Local Sources:									
Local Tax Levy	10-1210	18,881,630	-	-	-	18,881,630	18,881,630	-	-
Other Local Governmental Units - Restricted	10-12XX	451,700	-	-	-	451,700	477,791	26,091	-
Tuition from Individuals	10-1310	-	-	-	-	-	2,029	2,029	-
Transportation Fees from Individuals	10-1410	14,000	-	-	-	14,000	17,458	3,458	-
Textbook Sales & Rentals	10-1940	25,000	-	-	-	25,000	-	(25,000)	-
Interest Earned on Emergency Reserve Funds	10-1XXX	-	-	-	-	-	558	558	-
Interest Earned on Capital Reserve Funds	10-1XXX	100	-	-	-	100	7,650	7,550	-
Unrestricted Miscellaneous Revenues	10-1XXX	149,000	-	-	-	149,000	178,636	29,636	-
Total Local Sources		19,521,430	-	-	-	19,521,430	19,565,752	44,322	-
State Sources:									
Categorical Transportation Aid	10-3121	34,285	-	-	-	34,285	34,285	-	-
Categorical Special Education Aid	10-3132	417,064	-	-	-	417,064	417,064	-	-
Categorical Security Aid	10-3177	21,975	-	-	-	21,975	21,975	-	-
Extraordinary Aid	10-3131	-	-	-	-	-	298,430	298,430	-
PARCC Readiness Aid		11,620	-	-	-	11,620	11,620	-	-
Per Pupil Growth Aid		11,620	-	-	-	11,620	11,620	-	-
Professional Learning Community Aid		11,410	-	-	-	11,410	11,410	-	-
TPAF Pension (On Behalf)	Non-Budgeted	-	-	-	-	-	1,695,135	1,695,135	-
TPAF Social Security (Reimbursed)	Non-Budgeted	-	-	-	-	-	616,424	616,424	-
Total State Sources		507,974	-	-	-	507,974	3,117,963	2,609,989	-
Federal Sources:									
Medicaid Reimbursement	10-4200	-	-	-	-	-	-	-	-
Total Revenues		20,029,404	-	-	-	20,029,404	22,683,715	2,654,311	-

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Under/(Over)	Encumbered
<u>EXPENDITURES</u>									
<u>General Current Expense</u>									
Regular Programs - Instruction:									
Preschool - Salaries of Teachers	11-105-100-101	163,003	-	-	-	163,003	160,802	2,201	-
Kindergarten - Salaries of Teachers	11-110-100-101	309,853	-	(56,752)	-	253,101	252,901	200	-
Grades 1-5 - Salaries of Teachers	11-120-100-101	1,290,410	-	171,592	-	1,462,002	1,461,069	933	-
Grades 6-8 - Salaries of Teachers	11-130-100-101	1,476,355	-	(137,250)	-	1,339,105	1,310,437	28,668	9,935
Grades 9-12 - Salaries of Teachers	11-140-100-101	1,817,017	-	44,384	-	1,861,401	1,839,143	22,258	6,681
Regular Programs - Home Instruction:									
Salaries of Teachers	11-150-100-101	15,000	-	-	-	15,000	8,300	6,700	6,700
Regular Programs - Undistributed Instruction:									
Other Salaries for Instruction	11-190-100-106	74,416	-	836	-	75,252	75,252	-	-
Purchased Professional - Educational Services	11-190-100-320	13,860	-	2,895	1,644	18,399	13,069	5,330	-
Other Purchased Services	11-190-100-500	76,100	-	(5,000)	5,028	76,128	26,180	49,948	5,348
General Supplies	11-190-100-610	264,761	-	16,091	7,579	288,431	225,398	63,033	40,027
Textbooks	11-190-100-640	3,500	-	3,610	-	7,110	6,628	482	-
Other Objects	11-190-100-800	148,368	-	317,200	1,837	467,405	301,917	165,488	152,136
Total Regular Programs		5,652,643	-	357,606	16,088	6,026,337	5,681,096	345,241	220,827

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Under/(Over)	Encumbered
<u>EXPENDITURES (Continued)</u>									
<u>General Current Expense (Continued)</u>									
Special Education - Instruction - Cognitive - Mild:									
Salaries of Teachers	11-201-100-101	241,678	-	-	-	241,678	234,906	6,772	486
Other Salaries for Instruction	11-201-100-106	83,378	-	(50,000)	-	33,378	27,485	5,893	5,398
General Supplies	11-201-100-610	1,000	-	87	-	1,087	1,087	-	-
		<u>326,056</u>	<u>-</u>	<u>(49,913)</u>	<u>-</u>	<u>276,143</u>	<u>263,478</u>	<u>12,665</u>	<u>5,884</u>
Special Education - Instruction - Learning and/or Language Disabilities:									
Salaries of Teachers	11-204-100-101	202,838	-	43,609	-	246,447	241,279	5,168	5,130
Other Salaries for Instruction	11-204-100-106	52,774	-	-	-	52,774	51,028	1,746	1,746
General Supplies	11-204-100-610	850	-	-	-	850	-	850	-
		<u>256,462</u>	<u>-</u>	<u>43,609</u>	<u>-</u>	<u>300,071</u>	<u>292,307</u>	<u>7,764</u>	<u>6,876</u>
Special Education - Instruction - Resource Room/Resource Center:									
Salaries of Teachers	11-213-100-101	791,101	-	(62,000)	-	729,101	729,101	-	-
Other Salaries for Instruction	11-213-100-106	281,839	-	126,174	-	408,013	408,013	-	-
General Supplies	11-213-100-610	1,837	-	(82)	-	1,755	1,180	575	-
		<u>1,074,777</u>	<u>-</u>	<u>64,092</u>	<u>-</u>	<u>1,138,869</u>	<u>1,138,294</u>	<u>575</u>	<u>-</u>
Special Education - Instruction - Pre-school Disabilities - Part Time:									
Salaries of Teachers	11-215-100-101	97,111	-	-	-	97,111	94,994	2,117	2,000
Other Salaries for Instruction	11-215-100-106	77,126	-	157	-	77,283	75,920	1,363	1,363
		<u>174,237</u>	<u>-</u>	<u>157</u>	<u>-</u>	<u>174,394</u>	<u>170,914</u>	<u>3,480</u>	<u>3,363</u>
Special Education - Instruction - Pre-school Disabilities - Full Time:									
Salaries of Teachers	11-216-100-101	53,250	-	(5,000)	-	48,250	47,500	750	-
Other Salaries for Instruction	11-216-100-106	-	-	-	-	-	-	-	-
		<u>53,250</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>48,250</u>	<u>47,500</u>	<u>750</u>	<u>-</u>
Total Special Education - Instruction		<u>1,884,782</u>	<u>-</u>	<u>52,945</u>	<u>-</u>	<u>1,937,727</u>	<u>1,912,493</u>	<u>25,234</u>	<u>16,123</u>

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

C-1

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Under/(Over)	Encumbered
<u>EXPENDITURES (Continued)</u>									
<u>General Current Expense (Continued)</u>									
Basic Skills/Remedial - Instruction:									
Salaries of Teachers	11-230-100-101	153,250	-	4,575	-	157,825	157,825	-	-
Bilingual Education - Instruction:									
Salaries of Teachers	11-240-100-101	88,550	-	2,950	-	91,500	91,500	-	-
School Sponsored Cocurricular Activities - Instruction:									
Salaries	11-401-100-100	183,022	-	12,520	-	195,542	187,775	7,767	7,757
Purchased Services	11-401-100-500	-	-	-	-	-	-	-	-
Supplies and Materials	11-401-100-600	3,000	-	-	-	3,000	2,077	923	223
Other Objects	11-401-100-800	44,000	-	(13,595)	23,034	53,439	49,766	3,673	3,616
		230,022	-	(1,075)	23,034	251,981	239,618	12,363	11,596
School Sponsored Athletics - Instruction:									
Salaries	11-402-100-100	326,311	-	(4,346)	-	321,965	245,309	76,656	30,994
Purchased Services	11-402-100-500	654	-	4,346	-	5,000	595	4,405	-
Supplies and Materials	11-402-100-600	44,300	-	-	1,650	45,950	39,369	6,581	-
Other Objects	11-402-100-800	20,799	-	-	1,000	21,799	20,559	1,240	-
Transfer to Cover Deficit	11-402-100-930	58,925	-	-	-	58,925	58,324	601	-
		450,989	-	-	2,650	453,639	364,156	89,483	30,994
Total - Instruction		8,460,236	-	417,001	41,772	8,919,009	8,446,688	472,321	279,540

**EMERSON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Under / (Over)	Encumbered
<u>EXPENDITURES (Continued)</u>									
<u>General Current Expense (Continued)</u>									
Undistributed Expenditures - Instruction:									
Tuition to Other LEAs Within the State - Special	11-000-100-562	581,810	-	(149,656)	-	432,154	418,215	13,939	13,931
Tuition to County Vocational School District - Regular	11-000-100-563	106,920	-	17,820	6,256	130,996	124,740	6,256	-
Tuition to County Vocational School District - Special	11-000-100-564	53,400	-	1	-	53,401	53,400	1	-
Tuition to CSSD & Regional Day Schools	11-000-100-565	78,660	-	116,816	-	195,476	195,475	1	-
Tuition to Private Schools for the Handicapped - Within State	11-000-100-566	993,630	-	(34,787)	26,446	985,289	956,126	29,163	15,954
Tuition - State Facilities	11-000-100-568	-	-	32,306	-	32,306	32,306	-	-
		<u>1,814,420</u>	<u>-</u>	<u>(17,500)</u>	<u>32,702</u>	<u>1,829,622</u>	<u>1,780,262</u>	<u>49,360</u>	<u>29,885</u>
Undistributed Expenditures - Attendance and Social Work:									
Salaries	11-000-211-100	25,246	-	-	-	25,246	24,602	644	-
Undistributed Expenditures - Health Services:									
Salaries	11-000-213-100	198,087	-	6,968	-	205,055	203,329	1,726	-
Purchased Professional and Technical Services	11-000-213-300	12,200	-	-	-	12,200	8,410	3,790	-
Supplies and Materials	11-000-213-600	4,158	-	-	2,260	6,418	6,350	68	-
		<u>214,445</u>	<u>-</u>	<u>6,968</u>	<u>2,260</u>	<u>223,673</u>	<u>218,089</u>	<u>5,584</u>	<u>-</u>
Undistributed Expenditures - Speech, OT, PT, Related Services:									
Salaries	11-000-216-100	122,596	-	(1,000)	-	121,596	120,192	1,404	1,092
Purchased Professional - Educational Services	11-000-216-320	22,908	-	-	6,935	29,843	10,500	19,343	5,650
		<u>145,504</u>	<u>-</u>	<u>(1,000)</u>	<u>6,935</u>	<u>151,439</u>	<u>130,692</u>	<u>20,747</u>	<u>6,742</u>
Undistributed Expenditures - Other Support Services Students - Extraordinary Services:									
Purchased Professional - Educational Services	11-000-217-320	468,200	-	(244,531)	82,282	305,951	228,526	77,425	63,674
Other Objects	11-000-217-800	3,750	-	53	-	3,803	3,803	-	-
		<u>471,950</u>	<u>-</u>	<u>(244,478)</u>	<u>82,282</u>	<u>309,754</u>	<u>232,329</u>	<u>77,425</u>	<u>63,674</u>
Undistributed Expenditures - Guidance:									
Salaries of Other Professional Staff	11-000-218-104	259,213	-	-	-	259,213	256,583	2,630	-
Salaries of Secretarial and Clerical Assistants	11-000-218-105	67,051	-	-	-	67,051	66,250	801	800
Supplies and Materials	11-000-218-600	5,000	-	-	465	5,465	3,529	1,936	-
Other Objects	11-000-218-800	20,000	-	-	614	20,614	15,731	4,883	-
		<u>351,264</u>	<u>-</u>	<u>-</u>	<u>1,079</u>	<u>352,343</u>	<u>342,093</u>	<u>10,250</u>	<u>800</u>

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Under/(Over)	Encumbered
<u>EXPENDITURES (Continued)</u>									
<u>General Current Expense (Continued)</u>									
Undistributed Expenditures - Child Study Team:									
Salaries of Other Professional Staff	11-000-219-104	270,750	-	44,582	-	315,332	313,509	1,823	1,823
Salaries of Secretarial and Clerical Assistants	11-000-219-105	44,596	-	(1,800)	-	42,796	42,755	41	-
Miscellaneous Purchased Services	11-000-219-592	68,000	-	-	-	68,000	63,982	4,018	4,006
Supplies and Materials	11-000-219-600	13,000	-	20	4,044	17,064	15,726	1,338	1,338
Other Objects	11-000-219-800	10,045	-	(144)	205	10,106	10,106	-	-
		<u>406,391</u>	<u>-</u>	<u>42,658</u>	<u>4,249</u>	<u>453,298</u>	<u>446,078</u>	<u>7,220</u>	<u>7,167</u>
Undistributed Expenditures - Educational Media Services/School Library:									
Salaries	11-000-222-100	202,131	-	1,391	-	203,522	203,522	-	-
Supplies and Materials	11-000-222-600	18,044	-	(632)	28	17,440	13,583	3,857	-
		<u>220,175</u>	<u>-</u>	<u>759</u>	<u>28</u>	<u>220,962</u>	<u>217,105</u>	<u>3,857</u>	<u>-</u>
Undistributed Expenditures - Instructional Staff Training Services:									
Salaries of Secretarial and Clerical Assistants	11-000-223-105	25,000	-	(1,000)	-	24,000	20,538	3,462	1,414
Other Objects	11-000-223-800	42,795	-	2,378	14,009	59,182	56,070	3,112	2,057
		<u>67,795</u>	<u>-</u>	<u>1,378</u>	<u>14,009</u>	<u>83,182</u>	<u>76,608</u>	<u>6,574</u>	<u>3,471</u>

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

C-1

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Under/(Over)	Encumbered
<u>EXPENDITURES (Continued)</u>									
<u>General Current Expense (Continued)</u>									
Undistributed Expenditures - Support Services - General Administration:									
Salaries	11-000-230-100	245,348	-	13	3,000	248,361	248,344	17	17
Legal Services	11-000-230-331	27,000	-	2,500	-	29,500	14,377	15,123	-
Audit Fees	11-000-230-332	20,850	-	-	-	20,850	20,510	340	-
	11-000-230-339	-	-	-	-	-	-	-	-
Communications/Telephone	11-000-230-530	8,000	-	(2,000)	-	6,000	5,007	993	-
General Supplies	11-000-230-610	5,100	-	400	-	5,500	5,495	5	-
Miscellaneous Expenditures	11-000-230-890	32,750	-	11,264	1,127	45,141	43,639	1,502	-
		<u>339,048</u>	<u>-</u>	<u>12,177</u>	<u>4,127</u>	<u>355,352</u>	<u>337,372</u>	<u>17,980</u>	<u>17</u>
Undistributed Expenditures - Support Services - School Administration:									
Salaries of Principals/Assistant Principals	11-000-240-103	953,863	-	66,078	-	1,019,941	963,244	56,697	56,697
Salaries of Secretarial and Clerical Assistants	11-000-240-105	144,959	-	2,318	-	147,277	129,830	17,447	17,408
Supplies and Materials	11-000-240-600	1,400	-	-	-	1,400	1,016	384	-
Other Objects	11-000-240-800	2,020	-	80	-	2,100	1,918	182	-
		<u>1,102,242</u>	<u>-</u>	<u>68,476</u>	<u>-</u>	<u>1,170,718</u>	<u>1,096,008</u>	<u>74,710</u>	<u>74,105</u>
Undistributed Expenditures - Central Services:									
Salaries	11-000-251-100	411,517	-	-	-	411,517	410,247	1,270	155
Purchased Technical Services	11-000-251-340	23,000	-	(3,081)	-	19,919	17,579	2,340	-
Supplies and Materials	11-000-251-600	3,500	-	2,300	-	5,800	5,755	45	-
Other Objects	11-000-251-890	2,950	-	4,500	-	7,450	7,450	-	-
		<u>440,967</u>	<u>-</u>	<u>3,719</u>	<u>-</u>	<u>444,686</u>	<u>441,031</u>	<u>3,655</u>	<u>155</u>
Undistributed Expenditures - Required Maintenance for School Facilities:									
Salaries	11-000-261-100	498,628	-	(548)	-	498,080	482,342	15,738	12,498
Cleaning, Repair and Maintenance Services	11-000-261-420	300,590	-	(41,643)	35,820	294,767	269,617	25,150	24,987
General Supplies	11-000-261-610	42,625	-	(730)	2,621	44,516	33,435	11,081	5,779
		<u>841,843</u>	<u>-</u>	<u>(42,921)</u>	<u>38,441</u>	<u>837,363</u>	<u>785,394</u>	<u>51,969</u>	<u>43,264</u>

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Under/(Over)	Encumbered
<u>EXPENDITURES (Continued)</u>									
<u>General Current Expense (Continued)</u>									
Undistributed Expenditures - Other Operations and Maintenance of Plant Services:									
Salaries	11-000-262-100	245,760	-	36,622	-	282,382	273,605	8,777	2,584
Salaries of Non-Instructional Aids	11-000-262-107	66,177	-	-	-	66,177	47,650	18,527	18,527
Cleaning, Repair and Maintenance Services	11-000-262-420	39,139	-	(200)	4,945	43,884	29,217	14,667	4,993
Insurance	11-000-262-520	203,305	-	11,017	-	214,322	214,322	-	-
General Supplies	11-000-262-610	60,109	-	(2,329)	309	58,089	43,076	15,013	-
Energy (Natural Gas)	11-000-262-621	170,929	-	(41,764)	-	129,165	127,109	2,056	-
Energy (Electricity)	11-000-262-622	176,258	-	(13,180)	-	163,078	155,704	7,374	-
Other Objects	11-000-262-800	25,480	-	3,200	-	28,680	28,580	100	-
		<u>987,157</u>	<u>-</u>	<u>(6,634)</u>	<u>5,254</u>	<u>985,777</u>	<u>919,263</u>	<u>66,514</u>	<u>26,104</u>
Undistributed Expenditures - Care and Upkeep of Grounds:									
Salaries	11-000-263-100	58,346	-	1,323	-	59,669	59,669	-	-
General Supplies	11-000-263-610	19,585	-	13,707	500	33,792	33,736	56	-
		<u>77,931</u>	<u>-</u>	<u>15,030</u>	<u>500</u>	<u>93,461</u>	<u>93,405</u>	<u>56</u>	<u>-</u>
Undistributed Expenditures - Student Transportation Services:									
Salaries for Pupil Transportation (Between Home and Sch	11-000-270-160	97,199	-	1,440	-	98,639	81,859	16,780	16,780
Salaries for Pupil Transportation (Between Home and Sch	11-000-270-161	72,265	-	18,300	-	90,565	90,565	-	-
Cleaning, Repair, & Maintenance Services	11-000-270-420	18,000	-	3,079	-	21,079	20,485	594	536
Contracted Services - Aid in Lieu of Payments - Nonpublic	11-000-270-503	62,100	-	(15,100)	-	47,000	45,810	1,190	-
Contracted Services (Between Home & School) - Vendors	11-000-270-511	22,000	-	(400)	-	21,600	19,047	2,553	-
Contracted Services (Special Education Students) - Joint #	11-000-270-515	215,000	-	(25,000)	20,496	210,496	193,585	16,911	15,672
General Supplies	11-000-270-610	34,000	-	(11,944)	2,562	24,618	23,145	1,473	-
Other Objects	11-000-270-800	5,000	-	-	-	5,000	1,582	3,418	-
		<u>525,564</u>	<u>-</u>	<u>(29,625)</u>	<u>23,058</u>	<u>518,997</u>	<u>476,078</u>	<u>42,919</u>	<u>32,988</u>
Unallocated Benefits - Employee Benefits:									
Social Security Contributions	11-000-291-220	287,065	-	-	104	287,169	251,948	35,221	-
Other Retirement Contributions - PERS	11-000-291-241	236,900	-	-	-	236,900	211,533	25,367	-
Health Benefits	11-000-291-270	3,111,245	-	-	566	3,111,811	2,769,534	342,277	-
		<u>3,635,210</u>	<u>-</u>	<u>-</u>	<u>670</u>	<u>3,635,880</u>	<u>3,233,015</u>	<u>402,865</u>	<u>-</u>

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Under / (Over)	Encumbered
<u>EXPENDITURES (Continued)</u>									
<u>General Current Expense (Continued)</u>									
TPAF Pension (On Behalf)	Non-Budgeted	-	-	-	-	-	1,695,135	(1,695,135)	-
TPAF Social Security (Reimbursed)	Non-Budgeted	-	-	-	-	-	616,424	(616,424)	-
Total Undistributed Expenditures		11,667,152	-	(190,993)	215,594	11,691,753	13,160,983	(1,469,230)	288,372
Total Expenditures - Current Expense		20,127,388	-	226,008	257,366	20,610,762	21,607,671	(996,909)	567,912
<u>Capital Outlay</u>									
Interest Deposit to Capital Reserve	10-604	100	-	-	-	100	-	100	-
Equipment:									
Grades 1-5	12-120-100-730	-	-	28,749	-	28,749	15,949	12,800	12,800
Grades 9-12	12-140-100-730	-	-	8,204	5,097	13,301	12,983	318	-
Required Maintenance School Facilities	12-000-261-730	-	-	-	-	-	-	-	-
Non-Instructional Equipment	12-000-270-732	-	-	35,925	98,501	134,426	124,564	9,862	8,925
		-	-	72,878	103,598	176,476	153,496	22,980	21,725
Facilities Acquisition and Construction Services:									
Architectural/Engineering Services	12-000-400-334	-	-	36,925	-	36,925	31,123	5,802	3,740
Construction Services	12-000-400-450	350,000	-	(36,925)	253,242	566,317	429,367	136,950	108,515
Assessment for Debt Service on SDA Funding	12-000-400-896	1,916	-	-	-	1,916	1,916	-	-
		351,916	-	-	253,242	605,158	462,406	142,752	112,255
Total Capital Outlay		352,016	-	72,878	356,840	781,734	615,902	165,832	133,980
Total Expenditures		20,479,404	-	298,886	614,206	21,392,496	22,223,573	(831,077)	701,892
Excess (Deficiency) of Revenues Over (Under) Expenditures		(450,000)	-	(298,886)	(614,206)	(1,363,092)	460,142	1,823,234	701,892

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Under/(Over)	Encumbered
Other Financing Sources (Uses):									
Operating Transfers:									
Capital Outlay - Transfer to Capital Projects Fund	12-000-400-931	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Expenditures and Other Financing Uses									
		(450,000)	-	(298,886)	(614,206)	(1,363,092)	460,142	1,823,234	
Fund Balances, July 1		3,403,365	-	-	-	3,403,365	3,403,365	-	
Fund Balances, June 30		2,953,365	-	(298,886)	(614,206)	2,040,273	3,863,507	1,823,234	

Recapitulation of Excess (Deficiency) of Revenues Under Expenditures:

Adjustment for Prior Year Encumbrances	-	-	-	(614,206)	(614,206)	(614,206)	-	-
Budgeted Fund Balance - Original	(100,000)	-	-	-	(100,000)	-	-	100,000
Budgeted Fund Balance - Additional	-	-	(298,886)	-	(298,886)	-	-	298,886
Budgeted Withdrawal From Capital Reserve	(350,000)	-	-	-	(350,000)	-	-	350,000
Results of Operations	-	-	-	-	-	1,074,348	1,074,348	-
	(450,000)	-	(298,886)	(614,206)	(1,363,092)	460,142	1,823,234	

298,886 FY2016 Extraordinary Aid

Recapitulation of Fund Balance:

Reserve for Encumbrances	701,892
Emergency Reserve Account	101,411
Capital Reserve Account	2,262,424
Restricted for Subsequent Year's Expenditures	100,000
Unassigned	697,780
	<u>3,863,507</u>
	-

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment(s) not recognized on GAAP basis	(21,754)
Fund Balance per Governmental Funds (GAAP) (Exhibit B-1)	<u>3,841,753</u>

**EMERSON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance to Final Under / (Over)
<u>REVENUES</u>			
Local Sources	\$ 53,697	\$ 53,697	\$ -
Federal Sources	344,621	344,621	-
State Sources	447	447	-
Total Revenues	<u>\$ 398,765</u>	<u>\$ 398,765</u>	<u>\$ -</u>
<u>EXPENDITURES</u>			
Instruction:			
Salaries	\$ 54,744	\$ 54,744	\$ -
Purchased Services	-	-	-
Other Purchased Services	237,389	237,389	-
Instructional Supplies	10,347	10,347	-
Other Objects	53,697	53,697	-
Total Instruction	<u>\$ 356,177</u>	<u>\$ 356,177</u>	<u>\$ -</u>
Support Services:			
Salaries	\$ -	\$ -	\$ -
Benefits	4,020	4,020	-
Purchased Professional & Technical Services	38,412	38,412	-
Purchased Property Services	-	-	-
Other Purchased Services	56	56	-
Supplies and Materials	-	-	-
Other Objects	100	100	-
Total Support Services	<u>\$ 42,588</u>	<u>\$ 42,588</u>	<u>\$ -</u>
Facilities Acquisition and Construction Services:			
Buildings	\$ -	\$ -	\$ -
Instructional Equipment	-	-	-
Non-Instructional Equipment	-	-	-
Total Facilities Acquisition and Construction Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 398,765</u>	<u>\$ 398,765</u>	<u>\$ -</u>

**EMERSON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 1 Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1)	\$ 22,223,573	\$ 398,765
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
State aid payments recognized for GAAP statements, not recognized for budgetary purposes	33,091	-
State aid payments recognized for budgetary purposes, not recognized for GAAP statements	(21,754)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 22,234,910</u>	<u>\$ 398,765</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 22,223,573	\$ 398,765
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 22,223,573</u>	<u>\$ 398,765</u>

REQUIRED SUPPLEMENTAL INFORMATION - PART III

SECTION "L" - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
PENSIONS (GASB 68)

**EMERSON SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PERS
 LAST 10 FISCAL YEARS***

	June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.0216626625%	0.0231779258%	0.0242059063%	0.0243277995%						
District's proportionate share of the net pension liability (asset)	\$ 6,415,859	\$ 5,202,980	\$ 4,532,008	\$ 4,649,526						
District 's covered employee payroll	\$ 1,439,808	\$ 1,482,510	\$ 1,582,896	\$ 1,631,832						
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	445.61%	350.96%	286.31%	284.93%						
Plan fiduciary net position as a percentage of the total pension liability (Local)	40.14%	47.93%	52.08%	48.72%						

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

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

EMERSON SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS
 LAST 10 FISCAL YEARS*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 193,374	\$ 199,268	\$ 199,550	\$ 183,305						
Contributions in relation to the contractually required contribution	(193,374)	(199,268)	(199,550)	(183,305)						
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -						
District 's covered employee payroll	\$ 1,439,808	\$ 1,482,510	\$ 1,582,896	\$ 1,631,832						
Contributions as a percentage of covered employee payroll	13.43%	13.44%	12.61%	11.23%						

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

**EMERSON SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - TPAF
LAST 10 FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)*	N/A	N/A	N/A	N/A						
District's proportionate share of the net pension liability (asset)*	N/A	N/A	N/A	N/A						
State's proportionate share of the net pension liability (asset) associated with the District	\$ 65,060,377	\$ 51,515,241	\$ 43,943,129	\$ 41,276,261						
Total	\$ 65,060,377	\$ 51,515,241	\$ 43,943,129	\$ 41,276,261						
District 's covered employee payroll	\$ 8,176,017	\$ 8,209,002	\$ 7,897,661	\$ 8,047,701						
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	N/A	N/A	N/A						
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%						

* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

EMERSON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Note 1. **Teachers ' Pension and Annuity Fund (TPAF)**

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

Changes of assumptions Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

Public Employees' Retirement System (PERS)

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

Changes of assumptions Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males & females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (setback 3 years for males and set forward 1 year for females).

SECTION "E" - SPECIAL REVENUE FUND

**EMERSON SCHOOL DISTRICT
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

		4411	4451	4420	4421	3231	3239	3240	3241	1790	Reconciliation to GAAP Basis			
		N.C.L.B. Title I, Part A	(Consortium) N.C.L.B. Title II, Part A	I.D.E.A. Part B (Handicapped)		N.J. Non-Public Textbook Aid	N.J. Non-Public Nursing Services Aid	N.J. Non-Public Technology Initiative Aid	N.J. Non-Public Security Aid	Rivervale Education Fund	Totals	plus 6/30/16 encumbrances	(less) 6/30/17 encumbrances	GAAP Basis
			Basic	Preschool										
REVENUES														
Local Sources		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,697	\$ 53,697	\$ -	\$ -	\$ 53,697
State Sources		-	-	-	-	115	180	52	100	-	447	-	-	447
Federal Sources		79,285	27,999	227,275	10,062	-	-	-	-	-	344,621	-	-	344,621
Total Revenues		\$ 79,285	\$ 27,999	\$ 227,275	\$ 10,062	\$ 115	\$ 180	\$ 52	\$ 100	\$ 53,697	\$ 398,765	\$ -	\$ -	\$ 398,765
EXPENDITURES														
Instruction:														
Salaries	100-100	\$ 54,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,744	\$ -	\$ -	\$ 54,744
Purchased Services	100-300	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Purchased Services	100-500	-	-	227,275	10,062	-	-	52	-	-	237,389	-	-	237,389
Instructional Supplies	100-600	10,232	-	-	-	115	-	-	-	-	10,347	-	-	10,347
Other Objects	100-800	-	-	-	-	-	-	-	-	53,697	53,697	-	-	53,697
Total Instruction		\$ 64,976	\$ -	\$ 227,275	\$ 10,062	\$ 115	\$ -	\$ 52	\$ -	\$ 53,697	\$ 356,177	\$ -	\$ -	\$ 356,177
Support Services:														
Salaries	200-100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits	200-200	4,020	-	-	-	-	-	-	-	-	4,020	-	-	4,020
Purchased Professional & Technical Services	200-300	10,289	27,943	-	-	-	180	-	-	-	38,412	-	-	38,412
Purchased Property Services	200-400	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Purchased Services	200-500	-	56	-	-	-	-	-	-	-	56	-	-	56
Supplies and Materials	200-600	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Objects	200-800	-	-	-	-	-	-	-	100	-	100	-	-	100
Total Support Services		\$ 14,309	\$ 27,999	\$ -	\$ -	\$ -	\$ 180	\$ -	\$ 100	\$ -	\$ 42,588	\$ -	\$ -	\$ 42,588
Facilities Acquisition and Construction Services:														
Buildings	400-720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Instructional Equipment	400-731	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Instructional Equipment	400-732	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures		\$ 79,285	\$ 27,999	\$ 227,275	\$ 10,062	\$ 115	\$ 180	\$ 52	\$ 100	\$ 53,697	\$ 398,765	\$ -	\$ -	\$ 398,765

SECTION "G" - ENTERPRISE FUNDS

**EMERSON SCHOOL DISTRICT
COMBINING SCHEDULE OF NET POSITION
ENTERPRISE FUNDS
AS OF JUNE 30, 2017**

	60 Food Service	61 Adult School	62 BCBANC	63 Pre-K	Total
<u>ASSETS</u>					
Current Assets:					
Cash	\$ 19,973	\$ 74,521	\$ 903	\$ 39,230	\$ 134,627
Intergovernmental Receivable:					
State	216	-	-	-	216
Federal	4,773	-	-	-	4,773
Total Assets	\$ 24,962	\$ 74,521	\$ 903	\$ 39,230	\$ 139,616
<u>LIABILITIES</u>					
Accounts Payable	\$ 8,479	\$ 18,263	-	-	\$ 26,742
<u>NET POSITION</u>					
Unrestricted	\$ 16,483	\$ 56,258	\$ 903	\$ 39,230	\$ 112,874

**EMERSON SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Food Service	Adult School	BCBANC	Pre-K	Total
<u>OPERATING REVENUES</u>					
Charges for Services:					
Daily Sales - Reimbursable Programs	\$ 317,888	\$ -	\$ -	\$ -	\$ 317,888
Daily Sales - Non-Reimbursable Programs	9,991	-	-	-	9,991
Community Service Activities/Miscellaneous R	1,578	183,114	-	91,825	276,517
Total Operating Revenues	\$ 329,457	\$ 183,114	\$ -	\$ 91,825	\$ 604,396
<u>OPERATING EXPENSES</u>					
Salaries	\$ -	\$ 99,540	\$ -	\$ -	\$ 99,540
Other Purchased Services - Reimbursable Prc	398,585	-	-	-	398,585
Other Purchased Services	9,543	30,967	-	-	40,510
Supplies & Materials	1,497	62,486	-	-	63,983
Miscellaneous	-	-	-	76,495	76,495
Total Operating Expenses	\$ 409,625	\$ 192,993	\$ -	\$ 76,495	\$ 679,113
Operating Income (Loss)	\$ (80,168)	\$ (9,879)	\$ -	\$ 15,330	\$ (74,717)
Non-Operating Revenues:					
State Sources:					
State School Lunch Program	\$ 2,727	\$ -	\$ -	\$ -	\$ 2,727
Federal Sources:					
School Breakfast Program	9,186	-	-	-	9,186
National School Lunch Program	50,394	-	-	-	50,394
	\$ 62,307	\$ -	\$ -	\$ -	\$ 62,307
Change in Net Position	\$ (17,861)	\$ (9,879)	\$ -	\$ 15,330	\$ (12,410)
Total Net Position - Beginning	34,344	66,137	903	23,900	125,284
Total Net Position - Ending	\$ 16,483	\$ 56,258	\$ 903	\$ 39,230	\$ 112,874

**EMERSON SCHOOL DISTRICT
COMBINING SCHEDULE OF CASH FLOWS
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Food Service	Adult School	BCBANC	Pre-K	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Sales	\$ 329,457	\$ 183,114	\$ -	\$ 91,825	\$ 604,396
Payments for Operating Expenses	(411,739)	(174,730)	-	(76,495)	(662,964)
	<u>\$ (82,282)</u>	<u>\$ 8,384</u>	<u>\$ -</u>	<u>\$ 15,330</u>	<u>\$ (58,568)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
State Sources	\$ 2,717	\$ -	\$ -	\$ -	\$ 2,717
Federal Sources	59,661	-	-	-	59,661
	<u>\$ 62,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,378</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Cash	<u>\$ (19,904)</u>	<u>\$ 8,384</u>	<u>\$ -</u>	<u>\$ 15,330</u>	<u>\$ 3,810</u>
Balances - Beginning of Year	39,877	66,137	903	23,900	130,817
Balances - End of Year	<u>\$ 19,973</u>	<u>\$ 74,521</u>	<u>\$ 903</u>	<u>\$ 39,230</u>	<u>\$ 134,627</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided					
(Used) by Operating Activities:					
Operating Income (Loss)	\$ (80,168)	\$ (9,879)	\$ -	\$ 15,330	\$ (74,717)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by					
(Used for) Operating Activities:					
Fixed Assets	-	-	-	-	-
(Increase) Decrease in Accounts Receivable	-	-	-	-	-
Increase (Decrease) in Accounts Payable	(2,114)	18,263	-	-	16,149
Depreciation	-	-	-	-	-
Net Cash Provided by (used for) Operating Activities	<u>\$ (82,282)</u>	<u>\$ 8,384</u>	<u>\$ -</u>	<u>\$ 15,330</u>	<u>\$ (58,568)</u>

SECTION "H" - FIDUCIARY FUNDS

**EMERSON SCHOOL DISTRICT
 FIDUCIARY FUND
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 JUNE 30, 2017**

	Agency Funds			Unemployment Trust	Total
	Student Activity	Payroll	Total		
<u>ASSETS</u>					
Cash	\$ 184,734	\$ 15,337	\$ 200,071	\$ 124,444	\$ 324,515
<u>LIABILITIES</u>					
Due to Student Groups	\$ 184,734	\$ -	\$ 184,734	\$ -	\$ 184,734
Payroll, Deductions and Withholdings Payable	-	15,337	15,337	-	15,337
Total Liabilities	\$ 184,734	\$ 15,337	\$ 200,071	\$ -	\$ 200,071
<u>NET POSITION</u>					
Reserved	\$ -	\$ -	\$ -	\$ 124,444	\$ 124,444

**EMERSON SCHOOL DISTRICT
 FIDUCIARY FUNDS
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

REVENUES

Transfers - Employee Contributions	\$ 19,822
Transfers - Budget Appropriation	-
Investments Earnings	550
	<u>\$ 20,372</u>

EXPENDITURES

Unemployment Claims	\$ 9,954
Interest Transferred to Warrant A/C	48
	<u>\$ 10,002</u>

Change in Net Position	\$ 10,370
------------------------	-----------

Net Position, July 1	114,074
Net Position, June 30	<u>\$ 124,444</u>

**EMERSON SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Student Activities	\$ 165,206	\$ 18,647	\$ 183,853	\$ -
Student Activities	-	358,212	174,309	183,903
Student Athletics	1,817	15,420	17,237	-
Student Athletics	-	56,689	55,858	831
	<u>\$ 167,023</u>	<u>\$ 448,968</u>	<u>\$ 431,257</u>	<u>\$ 184,734</u>

**EMERSON SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<u>ASSETS</u>				
Cash:				
Net Payroll Account	\$ 44	\$ 980,857	\$ 980,901	\$ -
Net Payroll Account	-	6,372,476	6,372,417	59
Payroll Agency Account	81,695	1,675,159	1,756,854	-
Payroll Agency Account	-	11,481,058	11,465,780	15,278
	<u>\$ 81,739</u>	<u>\$ 20,509,550</u>	<u>\$ 20,575,952</u>	<u>\$ 15,337</u>
<u>LIABILITIES</u>				
Payroll, Deductions and Withholdings Payable	<u>\$ 81,739</u>	<u>\$ 20,509,550</u>	<u>\$ 20,575,952</u>	<u>\$ 15,337</u>

EMERSON SCHOOL DISTRICT
Comprehensive Annual Financial Report
Statistical Section

EMERSON SCHOOL DISTRICT
NET POSITION BY COMPONENT (DISTRICT)
UNAUDITED

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Invested in capital assets, net of related debt	\$ 1,405,445	\$ 1,449,616	\$ 1,622,580	\$ 1,203,950	\$ 1,322,457	\$ 1,833,610	\$ 1,648,677	\$ 961,643	\$ 330,859	\$ (171,740)
Restricted	2,463,835	2,105,626	1,854,685	2,579,770	2,398,321	2,228,774	1,756,345	1,229,913	1,295,359	1,161,855
Unrestricted	(3,923,374)	(3,706,338)	(3,040,588)	1,590,163	857,685	440,386	361,509	343	213,771	93,067
Total governmental activities	\$ (54,094)	\$ (151,096)	\$ 436,677	\$ 5,373,883	\$ 4,578,463	\$ 4,502,770	\$ 3,766,531	\$ 2,191,899	\$ 1,839,989	\$ 1,083,182
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,404	\$ 14,806	\$ 17,208	\$ 19,610	\$ 22,012
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	112,874	125,284	82,012	92,858	70,436	69,600	64,013	82,207	101,495	201,625
Total business-type activities	\$ 112,874	\$ 125,284	\$ 82,012	\$ 92,858	\$ 70,436	\$ 82,004	\$ 78,819	\$ 99,415	\$ 121,105	\$ 223,637
District-wide										
Invested in capital assets, net of related debt	\$ 1,405,445	\$ 1,449,616	\$ 1,622,580	\$ 1,203,950	\$ 1,322,457	\$ 1,846,014	\$ 1,663,483	\$ 978,851	\$ 350,469	\$ (149,728)
Restricted	2,463,835	2,105,626	1,854,685	2,579,770	2,398,321	2,228,774	1,756,345	1,229,913	1,295,359	1,161,855
Unrestricted	(3,810,500)	(3,581,054)	(2,958,576)	1,683,021	928,121	509,986	425,522	82,550	315,266	294,692
Total district-wide net position	\$ 58,780	\$ (25,812)	\$ 518,689	\$ 5,466,741	\$ 4,648,899	\$ 4,584,774	\$ 3,845,350	\$ 2,291,314	\$ 1,961,094	\$ 1,306,819

**EMERSON SCHOOL DISTRICT
CHANGES IN NET POSITION (DISTRICT)
UNAUDITED**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental Activities:										
Instruction										
Regular Programs	\$ 5,842,344	\$ 5,861,777	\$ 5,305,071	\$ 5,078,116	\$ 5,606,665	\$ 5,210,207	\$ 5,207,332	\$ 5,306,477	\$ 5,166,567	\$ 5,182,915
Special Education	2,149,830	2,114,959	2,102,980	2,017,881	1,951,193	1,850,647	1,907,015	1,768,071	1,626,956	1,393,158
Basic Skills - Remedial	157,825	148,100	135,213	203,366	118,016	145,553	121,014	159,357	142,750	94,750
Bilingual Education	91,500	85,110	82,320	63,773	40,379	41,024	36,000	127,305	118,841	107,250
School Sponsored Cocurricular/Extracurricular Activities	239,618	212,657	207,562	190,560	170,142	133,237	121,308	132,230	135,894	150,810
School Sponsored Athletics	364,156	415,284	475,988	429,021	425,167	410,162	329,190	372,754	412,458	392,405
Undistributed Expenditures:										
Instruction	1,780,262	1,916,373	1,637,296	1,672,158	1,782,391	1,857,366	1,578,250	2,214,137	1,836,472	1,695,166
Attendance and Social Work Services	24,602	23,314	22,815	22,291	21,777	21,065	20,135	23,767	39,716	11,125
Health Services	218,269	203,815	209,458	233,380	226,975	213,790	206,951	204,001	195,346	183,818
Speech, OT, PT, Related Service	130,692	126,447	125,399	125,231	121,673	141,044	143,870	153,405	174,261	149,948
Extraordinary Services	232,329	350,295	352,178	326,571	340,125	382,696	367,673	324,346	262,015	169,674
Guidance	342,093	431,881	425,307	308,223	364,619	352,384	350,501	342,838	354,274	399,953
Child Study Team	446,078	352,819	365,962	342,497	371,747	365,318	343,769	388,602	355,529	496,434
Improvement of Instructional Services	-	-	-	-	-	-	-	63,883	8,656	120,371
Educational Media Services/School Library	217,105	208,703	212,841	208,889	220,947	214,472	205,275	212,915	200,474	274,606
Instructional Staff Training Services	76,608	82,651	40,899	54,695	14,590	29,908	13,378	25,976	50,656	65,379
Support Services - General Administration	337,372	331,540	320,185	296,218	215,810	356,792	434,433	371,509	330,054	348,025
Support Services - School Administration	1,096,008	917,513	946,879	1,173,130	1,164,992	1,161,212	1,030,149	1,110,590	1,097,723	562,900
Central Services	441,031	429,011	414,766	416,214	441,205	396,425	345,599	336,236	325,072	301,750
Required Maintenance for School Facilities	785,394	909,729	793,568	636,892	642,544	601,680	572,709	660,782	831,792	831,348
Operation and Maintenance of Plant Services	919,263	911,299	826,090	907,181	953,471	1,008,782	882,213	618,623	922,633	904,139
Care and Upkeep of Grounds	93,405	73,049	78,502	71,323	60,960	114,644	47,133	57,814	-	-
Student Transportation Services	476,078	429,787	443,707	394,436	449,369	480,547	453,454	524,846	630,431	604,529
Employee Benefits	3,563,321	3,693,291	7,798,258	2,787,043	2,257,149	2,202,822	2,375,381	2,616,092	2,012,086	1,980,759
TPAF Pension	1,695,135	1,450,613	1,140,186	918,111	1,124,450	759,905	563,661	521,524	471,411	1,277,980
TPAF Social Security	616,424	600,390	605,369	595,708	600,870	576,656	562,721	592,088	582,430	532,712
Capital Outlay:										
Increase in Capital Reserve	-	-	-	-	-	-	-	-	-	177,000
Interest Deposit to Capital Reserve	-	-	-	-	-	-	-	6,328	-	-
Equipment	197,667	261,846	-	-	423,435	-	75,947	45,342	141,075	5,105,720
Facilities Acquisition and Construction Services	462,406	316,492	1,451,702	441,593	381,915	76,888	72,568	170,699	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-	-	27,681	53,386	77,566	100,373
Total Governmental Activities Expenses	\$ 22,996,815	\$ 22,858,745	\$ 26,520,501	\$ 19,914,501	\$ 20,492,576	\$ 19,105,226	\$ 18,395,310	\$ 19,505,923	\$ 18,503,138	\$ 23,614,997
Business-Type Activities:										
Food Service	\$ 679,113	\$ 608,229	\$ 580,941	\$ 548,540	\$ 594,701	\$ 582,345	\$ 572,568	\$ 614,570	\$ 711,334	\$ 600,328
Total District Expenses	\$ 23,675,928	\$ 23,466,974	\$ 27,101,442	\$ 20,463,041	\$ 21,087,277	\$ 19,687,571	\$ 18,967,878	\$ 20,120,493	\$ 19,214,472	\$ 24,215,325

**EMERSON SCHOOL DISTRICT
CHANGES IN NET POSITION (DISTRICT)
UNAUDITED**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 19,487	\$ 16,887	\$ 16,712	\$ 17,554	\$ 58,762	\$ 84,987	\$ 113,059	\$ 230,796	\$ 279,962	\$ 362,175
Operating Grants and Contributions	3,482,078	3,228,767	2,801,223	2,536,687	2,818,506	2,494,262	2,013,764	2,824,957	2,284,440	2,956,084
Capital Grants and Contributions	-	-	-	-	-	-	-	106,292	-	-
Total Governmental Activities Program Revenues	\$ 3,501,565	\$ 3,245,654	\$ 2,817,935	\$ 2,554,241	\$ 2,877,268	\$ 2,579,249	\$ 2,126,823	\$ 3,162,045	\$ 2,564,402	\$ 3,318,259
Business-Type Activities:										
Charges for Services	\$ 604,396	\$ 592,586	\$ 522,797	\$ 520,081	\$ 534,751	\$ 541,505	\$ 516,738	\$ 556,381	\$ 580,561	\$ 638,004
Operating Grants and Contributions	62,307	58,915	47,298	50,881	48,382	44,025	35,234	36,499	28,241	21,325
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	666,703	651,501	570,095	570,962	583,133	585,530	551,972	592,880	608,802	659,329
Total District Program Revenues	\$ 4,168,268	\$ 3,897,155	\$ 3,388,030	\$ 3,125,203	\$ 3,460,401	\$ 3,164,779	\$ 2,678,795	\$ 3,754,925	\$ 3,173,204	\$ 3,977,588
Net (Expense)/Revenue										
Governmental Activities	\$ (19,495,250)	\$ (19,613,091)	\$ (23,702,566)	\$ (17,360,260)	\$ (17,615,308)	\$ (16,525,977)	\$ (16,268,487)	\$ (16,343,878)	\$ (15,938,736)	\$ (20,296,738)
Business-Type Activities	(12,410)	43,272	(10,846)	22,422	(11,568)	3,185	(20,596)	(21,690)	(102,532)	59,001
Total District-Wide	\$ (19,507,660)	\$ (19,569,819)	\$ (23,713,412)	\$ (17,337,838)	\$ (17,626,876)	\$ (16,522,792)	\$ (16,289,083)	\$ (16,365,568)	\$ (16,041,268)	\$ (20,237,737)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Local Tax Levy	18,881,630	18,347,315	17,822,315	17,364,797	17,032,833	16,733,170	16,850,724	16,183,062	15,634,991	15,039,240
Other Local Governmental Units - Restricted	477,791	483,515	473,687	461,899	438,626	406,592	406,283	443,760	426,693	375,307
Interest Earned on Capital Reserve Funds	7,650	-	-	-	-	-	5,470	-	6,040	16,021
Interest Earned on Emergency Reserve Funds	558	-	-	-	-	-	201	-	-	-
Other Restricted Miscellaneous Revenues	-	5,941	3,133	12,540	-	-	-	-	-	-
Unrestricted Miscellaneous Revenues	178,636	188,547	466,225	316,444	219,542	122,454	627,959	115,540	180,967	254,299
State Sources	45,987	-	-	-	-	-	-	-	488,052	218,530
Federal Sources	-	-	-	-	-	-	-	-	-	35,906
Transfers & Adjustments	-	-	-	-	-	-	(47,518)	(46,574)	(41,200)	(39,002)
Total Governmental Activities	\$ 19,592,252	\$ 19,025,318	\$ 18,765,360	\$ 18,155,680	\$ 17,691,001	\$ 17,262,216	\$ 17,843,119	\$ 16,695,788	\$ 16,695,543	\$ 15,900,301
Business-Type Activities:										
Unrestricted Miscellaneous Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 19,592,252	\$ 19,025,318	\$ 18,765,360	\$ 18,155,680	\$ 17,691,001	\$ 17,262,216	\$ 17,843,119	\$ 16,695,788	\$ 16,695,543	\$ 15,900,301
Change in Net Position										
Governmental Activities	\$ 97,002	\$ (587,773)	\$ (4,937,206)	\$ 795,420	\$ 75,693	\$ 736,239	\$ 1,574,632	\$ 351,910	\$ 756,807	\$ (4,396,437)
Business-Type Activities	(12,410)	43,272	(10,846)	22,422	(11,568)	3,185	(20,596)	(21,690)	(102,532)	59,001
Total District	\$ 84,592	\$ (544,501)	\$ (4,948,052)	\$ 817,842	\$ 64,125	\$ 739,424	\$ 1,554,036	\$ 330,220	\$ 654,275	\$ (4,337,436)
Net Position - Beginning	(25,812)	518,689	5,466,741	4,648,899	4,584,774	3,845,350	2,291,314	1,961,094	1,306,819	5,644,255
Net Position - Ending	\$ 58,780	\$ (25,812)	\$ 518,689	\$ 5,466,741	\$ 4,648,899	\$ 4,584,774	\$ 3,845,350	\$ 2,291,314	\$ 1,961,094	\$ 1,306,819

**EMERSON SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS (DISTRICT)
UNAUDITED**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Restricted	\$ 3,165,727	\$ 2,719,832	\$ 2,832,809	\$ 3,474,878	\$ 2,736,473	\$ 2,086,836	\$ 1,680,297	\$ 908,727	\$ 1,295,350	\$ 1,161,852
Unrestricted	676,026	650,442	659,979	621,279	619,247	734,010	710,553	433,176	569,313	427,701
Total General Fund	\$ 3,841,753	\$ 3,370,274	\$ 3,492,788	\$ 4,096,157	\$ 3,355,720	\$ 2,820,846	\$ 2,390,850	\$ 1,341,903	\$ 1,864,663	\$ 1,589,553
All Other Governmental Funds										
Unrestricted, reported in:										
Special Revenue Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects Fund	-	-	-	305,404	141,938	141,938	141,938	321,176	-	-
Debt Service Fund	-	-	-	-	-	-	10	10	9	3
Permanent Fund	-	-	-	-	-	-	-	-	-	-
Total all Other Governmental Funds	\$ -	\$ -	\$ -	\$ 305,404	\$ 141,938	\$ 141,938	\$ 141,948	\$ 321,186	\$ 9	\$ 3
Total Governmental Funds	\$ 3,841,753	\$ 3,370,274	\$ 3,492,788	\$ 4,401,561	\$ 3,497,658	\$ 2,962,784	\$ 2,532,798	\$ 1,663,089	\$ 1,864,672	\$ 1,589,556

**EMERSON SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (DISTRICT)
UNAUDITED**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
REVENUES										
Local Sources:										
Local Tax Levy	\$ 18,881,630	\$ 18,347,315	\$ 17,822,315	\$ 17,364,797	\$ 17,032,833	\$ 16,733,170	\$ 16,850,724	\$ 16,183,062	\$ 15,634,991	\$ 15,039,240
Other Local Governmental Units - Restricted	477,791	483,515	473,687	461,899	438,626	406,592	406,283	443,760	426,693	375,307
Tuition - From Individuals	2,029	16,887	-	-	58,762	84,987	113,059	227,124	2,197	-
Tuition - From Other LEAs Within State	-	-	-	-	-	-	-	3,672	277,765	362,175
Transportation - From Individuals	17,458	-	16,712	17,554	24,201	-	-	-	-	-
Interest on Capital Reserve Funds	7,650	5,696	4,651	9,454	-	5,896	5,470	6,328	6,040	16,021
Interest Earned on Emergency Reserve Funds	558	245	64	57	-	45	201	-	-	-
Unrestricted Miscellaneous Revenues	232,333	229,695	466,225	316,444	219,542	122,454	627,959	115,540	180,967	254,299
Total Local Sources	19,619,449	19,083,353	18,783,654	18,170,205	17,773,964	17,353,144	18,003,696	16,979,486	16,528,653	16,047,042
State Sources	3,129,747	2,845,826	2,530,323	2,282,444	2,515,046	2,201,005	1,603,981	2,466,618	2,386,362	2,887,528
Federal Sources	344,621	341,793	269,318	257,272	279,259	287,316	409,783	458,303	386,130	365,504
Total Revenues	\$ 23,093,817	\$ 22,270,972	\$ 21,583,295	\$ 20,709,921	\$ 20,568,269	\$ 19,841,465	\$ 20,017,460	\$ 19,904,407	\$ 19,301,145	\$ 19,300,074
EXPENDITURES										
Current Expense:										
Instruction:										
Regular Programs	\$ 5,842,344	\$ 5,861,777	\$ 5,305,071	\$ 5,038,451	\$ 5,571,393	\$ 5,163,580	\$ 5,207,332	\$ 5,306,477	\$ 5,166,567	\$ 5,182,915
Special Education	2,149,830	2,114,959	2,102,980	2,002,120	1,938,918	1,834,085	1,907,015	1,768,071	1,626,956	1,393,158
Basic Skills - Remedial	157,825	148,100	135,213	201,778	117,274	144,250	121,014	159,357	142,750	94,750
Bilingual Education	91,500	85,110	82,320	63,275	40,125	40,657	36,000	127,305	118,841	107,250
School Sponsored Cocurricular/Extracurricular Activities	239,618	212,657	207,562	189,072	169,072	132,045	121,308	132,230	135,894	150,810
School Sponsored Athletics	364,156	415,284	475,988	425,670	422,492	406,491	329,190	372,754	412,458	392,405
Support Services:										
Instruction	1,780,262	1,916,373	1,637,296	1,659,097	1,771,178	1,840,744	1,578,250	2,214,137	1,836,472	1,695,166
Attendance and Social Work	24,602	23,314	22,815	22,117	21,640	20,876	20,135	23,767	39,716	11,125
Health Services	218,269	203,815	209,458	231,557	225,547	211,877	206,951	204,001	195,346	183,818
Speech, OT, PT, Related Service	130,692	126,447	125,399	124,253	120,908	139,782	143,870	153,405	174,261	149,948
Extraordinary Services	232,329	350,295	352,178	324,020	337,985	379,271	367,673	324,346	262,015	169,674
Guidance	342,093	431,881	425,307	305,816	362,325	349,230	350,501	342,838	354,274	399,953
Child Study Team	446,078	352,819	365,962	339,822	369,408	362,049	343,769	388,602	355,529	496,434
Improvement of Instructional Services	-	-	-	-	-	-	-	63,883	8,656	120,371
Educational Media Services - School Library	217,105	208,703	212,841	207,257	219,557	212,553	205,275	212,915	200,474	274,606
Instructional Staff Training Services	76,608	82,651	40,899	54,268	14,498	29,640	13,378	25,976	50,656	65,379
Support Services - General Administration	337,372	331,540	320,185	293,904	214,452	353,599	434,433	371,509	330,054	348,025
Support Services - School Administration	1,096,008	917,513	946,879	1,163,967	1,157,663	1,150,820	1,030,149	1,110,590	1,097,723	562,900
Central Services	441,031	429,011	414,766	412,963	438,428	392,877	345,599	336,236	325,072	301,750
Required Maintenance for School Facilities	785,394	909,729	793,568	631,917	638,502	596,296	572,709	660,782	831,792	831,348
Operation and Maintenance of Plant Services	919,263	911,299	826,090	900,095	947,473	999,754	882,213	910,278	922,633	904,139
Care and Upkeep of Grounds	93,405	73,049	78,502	70,766	60,576	113,618	47,133	57,814	-	-
Student Transportation Services	476,078	429,787	443,707	391,354	446,542	476,247	453,454	524,846	630,431	604,529
Employee Benefits	3,233,015	3,400,996	3,351,195	2,797,067	2,294,593	2,303,345	2,393,270	2,538,801	1,991,178	1,966,809
TPAF Pension	1,695,135	1,450,613	1,140,186	918,111	1,124,450	759,905	563,661	521,524	471,411	1,277,980
TPAF Social Security	616,424	600,390	605,369	595,708	600,870	576,656	562,721	592,088	582,430	532,712
Sub-Total	\$ 22,006,436	\$ 21,988,112	\$ 20,621,736	\$ 19,364,425	\$ 19,625,869	\$ 18,990,247	\$ 18,237,003	\$ 19,444,532	\$ 18,263,589	\$ 18,217,954
Capital Outlay	615,902	405,374	1,870,332	441,593	407,525	421,232	320,549	76,498	178,674	270,955
Debt Service	-	-	-	-	-	-	542,681	538,386	542,566	545,373
Total Expenditures	\$ 22,622,338	\$ 22,393,486	\$ 22,492,068	\$ 19,806,018	\$ 20,033,394	\$ 19,411,479	\$ 19,100,233	\$ 20,059,416	\$ 18,984,829	\$ 19,034,282
Excess (Deficiency) of revenues over (under) expenditures	\$ 471,479	\$ (122,514)	\$ (908,773)	\$ 903,903	\$ 534,875	\$ 429,986	\$ 917,227	\$ (155,009)	\$ 316,316	\$ 265,792
Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (47,518)	\$ (46,574)	\$ (41,200)	\$ (39,002)
Net change in fund balances	\$ 471,479	\$ (122,514)	\$ (908,773)	\$ 903,903	\$ 534,875	\$ 429,986	\$ 869,709	\$ (201,583)	\$ 275,116	\$ 226,790
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.98%	2.77%	2.97%	2.99%

**EMERSON SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE (DISTRICT)
UNAUDITED**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Interest on Investments	\$ 21,900	\$ 13,179	\$ 11,938	\$ 17,143	\$ 17,342	\$ 14,635	\$ 33,560	\$ 31,082	\$ -	\$ -
Interest on Capital Reserve Funds	-	-	-	-	-	5,896	5,470	6,328	6,040	16,021
Interest on Emergency Reserve Funds	-	-	-	-	-	45	201	-	-	-
Tuition	-	-	-	-	-	84,987	113,059	230,796	279,962	362,175
Other Local Units - Restricted	-	-	-	-	149,110	406,592	406,283	443,760	426,693	375,307
Prior Year Refunds	10,093	89,302	108,787	19,948	-	52,069	47,967	66,167	-	-
Rentals	-	-	-	-	-	1,469	1,822	953	-	-
Miscellaneous	145,460	71,356	17,054	22,815	44,265	50,919	24,610	17,338	180,967	61,278
Non-Public Transportation Reimbursement	-	6,710	7,939	8,269	-	-	8,653	-	-	-
Prior Year Credit Orders	1,183	-	28	97,464	-	3,362	376,219	-	-	-
Anti Bullying Grant	-	-	-	8,857	-	-	-	-	-	-
Returned from Capital Projects Fund	-	-	305,404	141,948	-	-	-	-	-	-
Transportation Refunds	-	8,000	15,075	-	-	-	-	-	-	-
	<u>\$ 178,636</u>	<u>\$ 188,547</u>	<u>\$ 466,225</u>	<u>\$ 316,444</u>	<u>\$ 210,717</u>	<u>\$ 619,974</u>	<u>\$ 1,017,844</u>	<u>\$ 796,424</u>	<u>\$ 893,662</u>	<u>\$ 814,781</u>

**EMERSON SCHOOL DISTRICT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
 OF TAXABLE PROPERTY (MUNICIPALITY)
 UNAUDITED**

Description	2016	
	# of Parcels	Value
Net Valuations Taxable:		
Vacant Land	72	\$ 16,966,300
Residential	2318	1,014,035,500
Farm (Regular)	1	283,300
Farm (Qualified)	1	5,100
Commercial	127	163,408,000
Industrial	11	6,706,500
Apartments	0	-
Sub-Total	2530	1,201,404,700
Personal Property		802,591
Net Valuations Taxable		<u>1,202,207,291</u>
County Equalization Adjustment		57,269,422
County Equalized Valuation		<u>\$ 1,259,476,713</u>
County Equalization Ratio		<u>95.67%</u>
Average Residential Assessment		<u>\$ 437,461</u>
Total County Equalized Valuations		<u>\$ 167,963,794,248</u>
Municipal Percentage		
County Equalized Valuations		<u>0.75%</u>

EMERSON SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES (MUNICIPALITY)
 UNAUDITED

	2016	2015	2014	2013	2012	2011**	2010	2009	2008	2007*
Net Valuations Taxable	\$ 1,202,207,291	\$ 1,199,853,696	\$ 1,198,075,818	\$ 1,198,470,270	\$ 1,203,978,960	\$ 1,200,917,760	\$ 1,401,921,021	\$ 1,400,406,444	\$ 1,380,934,990	\$ 1,365,915,507
TAX REQUIREMENTS										
County	\$ 3,058,593	\$ 2,915,114	\$ 2,859,036	\$ 2,886,320	\$ 2,859,911	\$ 2,620,874	\$ 2,663,121	\$ 2,575,712	\$ 2,386,354	\$ 2,234,745
County Open Space	31,487	30,846	31,248	31,780	33,109	32,066	34,473	141,625	136,463	130,147
Local School	18,881,630	18,347,315	17,822,315	17,364,797	17,032,833	16,733,170	16,878,405	16,183,062	15,634,991	15,039,240
Municipal - Local	8,909,633	8,892,370	8,771,424	8,566,281	8,370,176	8,125,901	8,365,403	7,805,759	7,246,604	6,947,691
Municipal - Library	418,040	409,675	415,734	424,574	439,225	453,272	-	-	-	-
Total	\$ 31,299,383	\$ 30,595,320	\$ 29,899,757	\$ 29,273,752	\$ 28,735,254	\$ 27,965,283	\$ 27,941,402	\$ 26,706,158	\$ 25,404,412	\$ 24,351,823
TAX RATES										
County	0.255	0.243	0.239	0.241	0.238	0.219	0.190	0.184	0.173	0.164
County Open Space	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.011	0.010	0.010
Local School	1.571	1.529	1.488	1.449	1.415	1.393	1.204	1.156	1.132	1.101
Municipal - Local	0.741	0.741	0.732	0.715	0.695	0.676	0.596	0.557	0.525	0.515
Municipal - Library	0.034	0.034	0.034	0.035	0.036	0.038	-	-	-	-
Total	2.604	2.550	2.496	2.443	2.387	2.329	1.993	1.908	1.840	1.790

*Revaluation Year

**Reassessment Year

**EMERSON SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS (MUNICIPALITY)
UNAUDITED**

<u>Taxpayer (Block/Lot/Qualifier)</u>	<u>2016 Assessment</u>
Robert Lee Realty Co. (211/1)	\$ 23,750,000
Urstadt Biddle Properties Inc. (1301/1.01)	13,790,000
Emerson Convalescent Center (607/1)	12,750,000
Brea Emerson LLC (1101/6.01)	9,500,000
Hackensack Golf Club (901/1)	7,029,300
452 Old Hook Road Associates LLC (1101/5.02)	5,004,000
Liberty Emerson LLC (610/7)	4,030,000
United Water N.J. (1301/3.05)	4,025,500
Grand Investments IV LLC (616/16)	3,742,700
Hackensack Golf Club (515/14)	2,947,800
	<u>\$ 86,569,300</u>

**EMERSON SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS (MUNICIPALITY)
UNAUDITED**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Tax Levy	\$ 31,252,142	\$ 30,678,891	\$ 29,957,596	\$ 29,368,882	\$ 28,795,036	\$ 28,075,600	\$ 27,986,298	\$ 26,803,187	\$ 25,687,511	\$ 24,575,194
Current Tax Collections	\$ 31,089,224	\$ 30,385,685	\$ 29,740,567	\$ 29,085,569	\$ 28,526,425	\$ 27,830,846	\$ 27,592,504	\$ 26,426,394	\$ 25,256,343	\$ 24,211,512
Percent of Tax Levy Collected	99.48%	99.04%	99.28%	99.04%	99.07%	99.13%	98.59%	98.59%	98.32%	98.52%

EMERSON SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE (DISTRICT)
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	(Exhibit J-14)	Outstanding Debt Per Capita	(Exhibit J-14)	Percentage of Personal Income
	General Obligation Bonds	Certificates of Participation		District Population		(County) Per Capita Income	
2017	\$ -	\$ -	\$ -	7,669	\$ -	\$ 75,849	0.00%
2016	\$ -	\$ -	\$ -	7,669	\$ -	\$ 75,849	0.00%
2015	\$ -	\$ -	\$ -	7,697	\$ -	\$ 75,849	0.00%
2014	\$ -	\$ -	\$ -	7,656	\$ -	\$ 73,536	0.00%
2013	\$ -	\$ -	\$ -	7,621	\$ -	\$ 70,498	0.00%
2012	\$ -	\$ -	\$ -	7,564	\$ -	\$ 71,380	0.00%
2011	\$ -	\$ -	\$ -	7,521	\$ -	\$ 68,244	0.00%
2010	\$ 515,000	\$ -	\$ 515,000	7,414	\$ 69	\$ 65,275	0.11%
2009	\$ 1,000,000	\$ -	\$ 1,000,000	7,433	\$ 135	\$ 64,571	0.21%
2008	\$ 1,465,000	\$ -	\$ 1,465,000	7,319	\$ 200	\$ 68,548	0.29%
2007	\$ 1,910,000	\$ -	\$ 1,910,000	7,266	\$ 263	\$ 68,147	0.39%
2006	\$ 2,330,000	\$ -	\$ 2,330,000	7,170	\$ 325	\$ 63,814	0.51%
2005	\$ 2,730,000	\$ -	\$ 2,730,000	7,218	\$ 378	\$ 58,785	0.64%
2004	\$ 3,110,000	\$ -	\$ 3,110,000	7,242	\$ 429	\$ 55,245	0.78%
2003	\$ 3,470,000	\$ -	\$ 3,470,000	7,219	\$ 481	\$ 51,995	0.93%
2002	\$ 3,815,000	\$ -	\$ 3,815,000	7,218	\$ 529	\$ 51,913	1.02%
2001	\$ -	\$ -	\$ -	7,199	\$ -	\$ 52,010	0.00%
2000	\$ -	\$ -	\$ -	7,197	\$ -	\$ 51,467	0.00%

**EMERSON SCHOOL DISTRICT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING (DISTRICT)
UNAUDITED**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Population (Exhibit J-14)	7,669	7,697	7,656	7,621	7,564	7,521	7,414	7,433	7,319	7,266
County Equalized Valuations (Exhibit J-6)	\$ 1,259,476,713	\$ 1,233,850,026	\$ 1,249,910,039	\$ 1,271,210,844	\$ 1,324,355,506	\$ 1,282,656,347	\$ 1,378,939,597	\$ 1,416,252,475	\$ 1,364,632,955	\$ 1,301,474,848
Gross Debt (Exhibit J-10)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 515,000	\$ 1,000,000	\$ 1,465,000	\$ 1,910,000
Gross Debt Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69	\$ 135	\$ 200	\$ 263
Ratio of Gross Debt to Equalized Valuations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.07%	0.11%	0.15%

**EMERSON SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (MUNICIPALITY)
UNAUDITED**

DIRECT DEBT

	<u>December 31, 2016</u>
Municipal:	
General Purposes:	
B&N Issued and Outstanding:	
Serial Bonds	\$ 5,228,000
Bond Anticipation Notes	4,516,665
Loans	878,952
B&N Authorized But Not Issued	149,900
Credits	-
Total Municipal Debt	<u>\$ 10,773,517</u>
Local School:	
B&N Issued and Outstanding:	
Serial Bonds	\$ -
Bond Anticipation Notes	-
Loans	-
B&N Authorized But Not Issued	-
Credits	-
Total Local School Debt	<u>\$ -</u>
Total Direct Debt	<u>\$ 10,773,517</u>

OVERLAPPING DEBT

	<u>December 31, 2016</u>
County of Bergen	<u>\$ 9,035,921</u>
Bergen County Utilities Authority	<u>\$ 2,018,200</u>
Total Overlapping Debt	<u>\$ 11,054,121</u>
Total Direct and Overlapping Debt	<u><u>\$ 21,827,638</u></u>

**EMERSON SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION (MUNICIPALITY AND DISTRICT)
 UNAUDITED**

	<u>2016</u>
State Equalized Valuation Basis	<u>\$ 1,248,503,243</u>
Municipal Borrowing Power:	
3 1/2% of Equalized Valuation Basis	\$ 43,697,614
Net Debt	<u>10,773,517</u>
Remaining Borrowing Power	<u><u>\$ 32,924,097</u></u>
School Borrowing Power:	
4% of Equalized Valuation Basis	\$ 49,940,130
Net School Debt	<u>-</u>
School Borrowing Margin Available	<u><u>\$ 49,940,130</u></u>

**EMERSON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS (MUNICIPALITY)
UNAUDITED**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Average Labor Force Estimates by Municipality:										
Labor Force	3,713	3,702	3,659	3,536	3,550	3,526	3,526	3,554	3,602	3,583
Employment	3,571	3,546	3,481	3,334	3,410	3,389	3,387	3,417	3,526	3,526
Unemployment	142	156	178	202	140	136	139	136	76	58
Unemployment Rate	3.8%	4.2%	4.9%	5.7%	3.9%	3.9%	3.9%	3.8%	2.1%	1.6%
Per Capital Personal										
Income by County	\$ 75,849	\$ 75,849	\$ 73,536	\$ 70,498	\$ 71,380	\$ 68,244	\$ 65,275	\$ 64,571	\$ 68,548	\$ 68,147

Estimates as of July 1,

Subcounty Population Estimates:										
Emerson BORO	7,669	7,697	7,656	7,621	7,564	7,521	7,414	7,433	7,319	7,266
County of Bergen	939,151	938,506	932,836	926,284	920,006	914,018	906,895	895,250	889,915	885,664

**EMERSON SCHOOL DISTRICT
PRINCIPAL EMPLOYERS (MUNICIPALITY)
UNAUDITED**

Not Available

**EMERSON SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM (DISTRICT)
UNAUDITED**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>Employees:</u>										
Certified	124	127	128	127	123	115	114	117	118	111
Non-Certified	78	74	74	72	68	74	67	74	78	77
Total	202	201	202	199	191	189	181	191	196	188
<u>Student Teacher Ratio:</u>										
Jr./Sr. H.S.	8:1	9:1	9:1	9:1	9:1	10:1	10:1	11:1	11:1	11:1
Elementary	11:1	11:1	10:1	12:1	12:1	14:1	16:1	16:1	16:1	17:1
<u>Student Count:</u>										
Memorial	294	291	291	308	295	285	288	326	310	334
Villano	326	322	334	333	340	364	385	387	390	377
Jr./Sr. H.S.	532	552	569	561	556	539	521	519	520	497
Total	1,152	1,165	1,194	1,202	1,191	1,188	1,194	1,232	1,220	1,208

EMERSON SCHOOL DISTRICT
 OPERATING STATISTICS (DISTRICT)
 UNAUDITED

Fiscal Year	Average Daily Enrollment	% Change	(Exhibit J-4 w/o TPAF)	Cost Per Pupil	Percentage Change	Teaching Staff	Average Daily Attendance	Student Attendance Percentage
			Operating Expenditures					
2017	1118.2	-3.9%	\$ 20,310,779	18,164	3.8%	202.00	1070.6	95.74%
2016	1163.0	-2.5%	\$ 20,342,483	17,491	0.5%	201.00	1122.6	96.53%
2015	1192.4	0.1%	\$ 20,746,513	17,399	13.3%	202.00	1146.9	96.18%
2014	1191.4	0.2%	\$ 18,292,199	15,354	-0.3%	199.00	1146.7	96.25%
2013	1188.7	0.7%	\$ 18,308,074	15,402	0.6%	191.00	1145.7	96.40%
2012	1180.3	-1.4%	\$ 18,074,918	15,314	1.9%	189.00	1139.6	96.60%
2011	1196.5	-2.6%	\$ 17,973,851	15,022	0.7%	181.00	1145.2	95.70%
2010	1228.6	0.7%	\$ 18,330,920	14,920	5.8%	191.00	1178.3	95.90%
2009	1220.4	2.7%	\$ 17,209,748	14,102	2.2%	196.00	1169.7	95.80%
2008	1188.7	N/A	\$ 16,407,262	13,803	N/A	188.00	1142.3	96.10%

**EMERSON SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION (DISTRICT)
UNAUDITED**

<u>District Building</u>	<u>2017</u>
Emerson Jr. Sr. High School:	
Square Feet	103,000
Student Capacity	526.7
Student Average Daily Enrollment	527.3
Memorial School:	
Square Feet	24,750
Student Capacity	338.5
Student Average Daily Enrollment	266.1
Patrick M. Villano School:	
Square Feet	35,175
Student Capacity	396.0
Student Average Daily Enrollment	324.8
District Totals:	
Square Feet	162,925
Student Capacity	1,261.2
Student Average Daily Enrollment	1,118.2

EMERSON SCHOOL DISTRICT
SCHEDULE OF ALLOWABLE MAINTENANCE EXPENDITURES BY SCHOOL FACILITY (DISTRICT)
UNAUDITED

School Facilities	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Emerson Jr. Sr. High School	\$ 496,520	\$ 575,124	\$ 499,948	\$ 399,493	\$ 403,657	\$ 1,078,506	\$ 362,063	\$ 823,645	\$ 448,961	\$ 431,694
Patrick M. Villano School	169,564	196,408	174,585	136,429	137,850	368,315	123,646	281,279	156,780	150,750
Memorial School	119,310	138,197	119,035	95,995	96,995	259,156	87,000	197,915	106,896	102,784
	-	-	-	-	-	-	-	-	-	-
	\$ 785,394	\$ 909,729	\$ 793,568	\$ 631,917	\$ 638,502	\$ 1,705,977	\$ 572,709	\$ 1,302,839	\$ 712,637	\$ 685,228

EMERSON SCHOOL DISTRICT
INSURANCE SCHEDULE (DISTRICT)
UNAUDITED

SCHEMULE OF YOUR CURRENT INSURANCE

PREPARED FOR:

Emerson Board of Education
133 Main Street
Emerson, NJ 07630

POLARIS GALAXY INSURANCE, LLC
Risk Managers & Insurance Brokers
777 Terrace Avenue, Suite 309
Hasbrouck Heights, NJ 07604
(201) 727-1720 Fax (201)727-0080

Date Prepared: January 2017

Page 1 of 2

COVERAGE	LIMITS	TERM	COMPANY	POLICY NUMBER	COMMENTS
COMMERCIAL PACKAGE POLICY		7/1/2016-2017	School Alliance Insurance Fund	Master # PR-16-01 Certificate # 16-01-185	Per Statement of Values on file with the carrier
Property	42,140,257				
Blanket Building & Contents	2,500				
Deductible					
CRIME COVERAGE		7/1/2016-2017	School Alliance Insurance Fund	Certificate # 16-01-185	
Money and Securities	50,000				
Loss Inside	50,000				
Loss Outside					
Blanket Dishonesty incl	500,000				
Faithful Performance	1,000				
Deductible					
BOILER & MACHINERY		7/1/2016-2017	School Alliance Insurance Fund	Certificate # 16-01-185	
Coverage	100,000,000				
Deductible	1,000				
FLOOD		7/1/2016-2017	School Alliance Insurance Fund	Certificate # 16-01-185	
Per Occurrence/Per Member	10,000,000				
Excluding Zones A&V					
Per Occurrence/Per Member	25,000,000				
In Flood Zone "A&V"					
EARTHQUAKE	25,000,000				

IMPORTANT: This is only an outline of the insurance coverage arranged through this office. It does not include all terms, coverages, exclusions, limitations and conditions in the actual contract. You must read the policy for those details.

EMERSON SCHOOL DISTRICT
INSURANCE SCHEDULE (DISTRICT)
UNAUDITED

SCHEDULE OF YOUR CURRENT INSURANCE

PREPARED FOR:
Emerson Board of Education
133 Main Street
Emerson, NJ 07630

Date Prepared: January 2017

Page 2 of 2

COVERAGE	LIMITS	TERM	COMPANY	POLICY NUMBER	COMMENTS
GENERAL LIABILITY Each Occurrence	5,000,000	7/1/2016-2017	School Alliance Insurance Fund	Certificate # 16-01-185	
AUTOMOBILE COVERAGE Combined Single Limit Comprehensive Collision	5,000,000 1,000 1,000	7/1/2016-2017	School Alliance Insurance Fund	Certificate # 16-01-185	
SCHOOL LEADERS Limit of Liability Deductible	5,000,000 5,000	7/1/2016-2017	School Alliance Insurance Fund	SLPL-16-185	
ENVIRONMENTAL Per Incident Fund Annual Aggregate Member Deductible	1,000,000 25,000,000 10,000	7/1/2016-2017	ACE	PPE G23566527 012	
CYBER LIABILITY Limit of Liability Member Deductible	2,000,000 10,000	7/1/2016-2017	School Alliance Insurance Fund	Certificate # 16-01-185	

IMPORTANT: This is only an outline of the insurance coverage arranged through this office. It does not include all terms, coverages, exclusions, limitations and conditions in the actual contract. You must read the policy for those details.

EMERSON SCHOOL DISTRICT
INSURANCE SCHEDULE (DISTRICT)
UNAUDITED

Otterstedt Insurance Agency

VOUCHER FOR
Emerson Board of Education
Claimant- Otterstedt Insurance Agency
540 Sylvan Avenue
Englewood Cliffs, NJ 07632


Order No. _____

Quantity	Unit	Description of Goods of Services	Amount
		Policy Renewal – Public Official	\$875.00
		P. Nisonoff \$250K	
		Total Voucher Amount Due:	\$875.00

Bond # LSF037172
06/30/2016 to 06/30/2017

Please remit one copy of this
Voucher with your payment. Thank you!

I do solemnly declare and certify under the penalties of the Law that the above billing is correct in all its particulars; that the articles have been furnished or services rendered as stated therein; that no bonus has been given or received by any person or persons within the knowledge of this claimant in connection with the above claim; that the amount therein stated is justly due and owing; and that the amount charged is a reasonable one.

 _____, Licensed Agent
Claimant's Signature
04/13/2016
Date

Received by _____	Account _____
Prices checked by _____	H.S. _____
Examined & Approved _____ 20____	Elementary _____
	Warrant _____
	Warrant No. _____

OFFICER'S CERTIFICATION: I, having knowledge of the facts, certify that the materials and supplies have been received or the services rendered; said certification being based on signed delivery slips or other reasonable procedures.

Signature (Title) (Date)

EMERSON SCHOOL DISTRICT
INSURANCE SCHEDULE (DISTRICT)
UNAUDITED

Otterstedt Insurance Agency

VOUCHER FOR
Emerson Board of Education
Claimant- Otterstedt Insurance Agency
540 Sylvan Avenue
Englewood Cliffs, NJ 07632

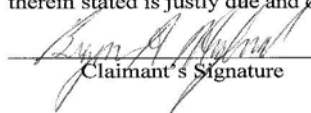
Order No. _____

Quantity	Unit	Description of Goods of Services	Amount
		Policy Renewal – Public Official	\$750.00
		Douglas Barrett	\$250,000
		Total Voucher Amount Due:	\$750.00

Bond # RSB4136742
06/30/2016 to 06/30/2017

Please remit one copy of this
Voucher with your payment. Thank you!

I do solemnly declare and certify under the penalties of the Law that the above billing is correct in all it's particulars; that the articles have been furnished or services rendered as stated therein; that no bonus has been given or received by any person or persons within the knowledge of this claimant in connection with the above claim; that the amount therein stated is justly due and owing; and that the amount charged is a reasonable one.

 _____, Licensed Agent
Claimant's Signature
04/13/2016
Date

Received by _____ Account _____
Prices checked by _____ H.S. _____
Examined & Approved _____ 20____ Elementary _____
Warrant _____
Warrant No. _____

OFFICER'S CERTIFICATION: I, having knowledge of the facts, certify that the materials and supplies have been received or the services rendered; said certification being based on signed delivery slips or other reasonable procedures.

Signature (Title) (Date)

EMERSON SCHOOL DISTRICT
INSURANCE SCHEDULE (DISTRICT)
UNAUDITED

Otterstedt Insurance Agency

VOUCHER FOR
Emerson Board of Education
Claimant- Otterstedt Insurance Agency
540 Sylvan Avenue
Englewood Cliffs, NJ 07632


Order No. _____

Quantity	Unit	Description of Goods or Services	Amount
		Policy Renewal – Public Official Gaby Mills \$50K	\$175.00
		Total Voucher Amount Due:	\$175.00

Bond # LSM0652567
06/30/2016 to 06/30/2017

Please remit one copy of this
Voucher with your payment. Thank you!

I do solemnly declare and certify under the penalties of the Law that the above billing is correct in all it's particulars; that the articles have been furnished or services rendered as stated therein; that no bonus has been given or received by any person or persons within the knowledge of this claimant in connection with the above claim; that the amount therein stated is justly due and owing; and that the amount charged is a reasonable one.

 _____, Licensed Agent
Claimant's Signature Date 04/13/2016

Received by _____ Account _____
Prices checked by _____ H.S. _____
Examined & Approved _____ 20____ Elementary _____
Warrant _____
Warrant No. _____

OFFICER'S CERTIFICATION: I, having knowledge of the facts, certify that the materials and supplies have been received or the services rendered; said certification being based on signed delivery slips or other reasonable procedures.

Signature (Title) (Date)

EMERSON SCHOOL DISTRICT
INSURANCE SCHEDULE (DISTRICT)
UNAUDITED

Otterstedt Insurance Agency

VOUCHER FOR
Emerson Board of Education
Claimant- Otterstedt Insurance Agency
540 Sylvan Avenue
Englewood Cliffs, NJ 07632

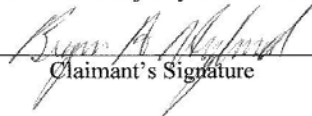
Order No. _____

Quantity	Unit	Description of Goods or Services	Amount
		Policy Renewal – Public Official	\$175.00
		John Vitetta \$50K	
		Total Voucher Amount Due:	\$175.00

Bond # LSM0652562
06/30/2016 to 06/30/2017

Please remit one copy of this
Voucher with your payment. Thank you!

I do solemnly declare and certify under the penalties of the Law that the above billing is correct in all its particulars; that the articles have been furnished or services rendered as stated therein; that no bonus has been given or received by any person or persons within the knowledge of this claimant in connection with the above claim; that the amount therein stated is justly due and owing; and that the amount charged is a reasonable one.

 _____, Licensed Agent
Claimant's Signature
04/13/2016
Date

Received by _____	Account _____
Prices checked by _____	H.S. _____
Examined & Approved _____ 20____	Elementary _____
	Warrant _____
	Warrant No. _____

OFFICER'S CERTIFICATION: I, having knowledge of the facts, certify that the materials and supplies have been received or the services rendered; said certification being based on signed delivery slips or other reasonable procedures.

Signature (Title) (Date)

EMERSON SCHOOL DISTRICT
Comprehensive Annual Financial Report
Single Audit Section

Di Maria & Di Maria LLP
Accountants and Consultants

245 Union Street
Lodi, New Jersey 07644
Voice 973.779.6890
Facsimile 973.779.6891

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards**

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Emerson School District, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Emerson School District's basic financial statements, and have issued our report thereon dated November 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Emerson School District's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Emerson School 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Di Maria & Di Maria LLP

Independent Auditor's Report (Continued)
Internal Control Over Financial Reporting (Continued)

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Emerson School 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 Emerson School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DI MARIA & DI MARIA LLP
Accountants and Consultants*Frank Di Maria***Frank Di Maria**
Licensed Public School Accountant
PSA No. CS 01168

November 30, 2017

Di Maria & Di Maria LLP
Accountants and Consultants

245 Union Street
Lodi, New Jersey 07644
Voice 973.779.6890
Facsimile 973.779.6891

**Report on Compliance for Each Major State Program; Report on Internal Control Over
Compliance; and Report on the Schedule of Expenditures of State Financial Assistance
as Required by New Jersey OMB Circular 15-08**

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the Emerson Board of Education's compliance with the types of compliance requirements described in the *New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Emerson School District's major state programs for the fiscal year ended June 30, 2017. The Emerson School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Emerson School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

Di Maria & Di Maria LLP

Independent Auditor's Report (Continued)
Auditor's Responsibility (Continued)

An audit includes examining, on a test basis, evidence about the Emerson School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Emerson School District, in the County of Bergen, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

Di Maria & Di Maria LLP

**Independent Auditor's Report (Continued)
Report on Internal Control Over Compliance (Continued)**

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

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

Report on Schedules of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Emerson School District as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2017 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is 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 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

DI MARIA & DI MARIA LLP
Accountants and Consultants

Frank Di Maria

Frank Di Maria
Licensed Public School Accountant
PSA No. CS 01168

November 30, 2017

EMERSON SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

K-3
 Schedule A

Catalog of Federal Domestic Assistance Program Title	Federal C.F.D.A. Number	FAIN Number	State Aid/Grant Program Titles	Award Amount	Grant Period		(Accounts Receivable) June 30, 2016	Deferred Revenue June 30, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts Receivable) June 30, 2017	Deferred Revenue June 30, 2017	Due to Grantor at June 30, 2017	
					From	To											
Special Revenue Fund																	
Improving Teacher Quality State Grants	84.010A	S010A160030	Title I, Part A	\$ 72,299	09/01/16	08/31/17	\$ -	\$ -	\$ -	72,299	\$ (72,299)	\$ -	\$ -	\$ -	\$ -	\$ -	
Improving Teacher Quality State Grants	84.010A	S010A150030	Title I, Part A	66,557	09/01/15	08/31/16	(17,365)	6,986	-	17,365	(6,986)	-	-	-	-	-	
Improving Teacher Quality State Grants	84.367A	S367A160029	Title II, Part A (Consortium)	27,999	09/01/16	08/31/17	-	-	-	27,999	(27,999)	-	-	-	-	-	
Improving Teacher Quality State Grants	84.367A	S367A150029	Title II, Part A (Consortium)	29,450	09/01/15	08/31/16	(4,697)	-	-	4,697	-	-	-	-	-	-	
Special Education - Grants to States	84.027	H027A160100	I.D.E.A. Part B - Basic	227,275	09/01/16	08/31/17	-	-	-	227,275	(227,275)	-	-	-	-	-	
Special Education - Grants to States	84.027	H027A150100	I.D.E.A. Part B - Basic	242,774	09/01/15	08/31/16	(2,239)	-	-	2,239	-	-	-	-	-	-	
Special Education - Grants to States	84.173	H173A160114	I.D.E.A. Part B - Preschool	10,062	09/01/16	08/31/17	-	-	-	10,062	(10,062)	-	-	-	-	-	
							(24,301)	6,986	-	361,936	(344,621)	-	-	-	-	-	
Enterprise Fund																	
School Breakfast Program	10.553	171NJ304N1099	School Breakfast Program	9,186	09/01/16	06/30/17	-	-	-	8,339	(9,186)	-	-	(847)	-	-	
School Breakfast Program	10.553	16161NJ304N1099	School Breakfast Program	8,702	09/01/15	06/30/16	(969)	-	-	969	-	-	-	-	-	-	
National School Lunch Program	10.555	171NJ304N1099	National School Lunch Program	50,394	09/01/16	06/30/17	-	-	-	46,468	(50,394)	-	-	(3,926)	-	-	
National School Lunch Program	10.555	16161NJ304N1099	National School Lunch Program	47,589	09/01/15	06/30/16	(3,885)	-	-	3,885	-	-	-	-	-	-	
							(4,854)	-	-	59,661	(59,580)	-	-	(4,773)	-	-	
Total Federal Financial Awards							\$ (29,155)	\$ 6,986	\$ -	\$ 421,597	\$ (404,201)	\$ -	\$ -	\$ (4,773)	\$ -	\$ -	\$ -

EMERSON SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

K-4
 Schedule B

State Grantor / Program Title	Grant or State Project Number	Award Amount	Grant Period		(Accounts	Due to	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts	Deferred	Due to
			From	To	Receivable) June 30, 2016	Grantor at June 30, 2016						Receivable) June 30, 2017	Revenue June 30, 2017	Grantor at June 30, 2017
General Fund														
Transportation Aid	17-495-034-5120-014	\$ 34,285	09/01/16	06/30/17	\$ -	\$ -	\$ -	\$ 34,285	\$ (34,285)	\$ -	\$ -	\$ -	\$ -	\$ -
Special Education Categorical Aid	17-495-034-5120-089	417,064	09/01/16	06/30/17	-	-	-	417,064	(417,064)	-	-	-	-	-
Security Aid	17-495-034-5120-084	21,975	09/01/16	06/30/17	-	-	-	21,975	(21,975)	-	-	-	-	-
PARCC Readiness Aid	17-495-034-5120-098	11,620	09/01/16	06/30/17	-	-	-	11,620	(11,620)	-	-	-	-	-
Per Pupil Growth Aid	17-495-034-5120-097	11,620	09/01/16	06/30/17	-	-	-	11,620	(11,620)	-	-	-	-	-
Professional Learning Community Aid	17-495-034-5120-101	11,410	09/01/16	06/30/17	-	-	-	11,410	(11,410)	-	-	-	-	-
Extraordinary Special Education Costs Aid	17-100-034-5120-044	298,430	09/01/16	06/30/17	-	-	-	-	(298,430)	-	-	(298,430)	-	-
Extraordinary Special Education Costs Aid	16-100-034-5120-044	298,886	09/01/15	06/30/16	(298,886)	-	-	298,886	-	-	-	-	-	-
Teachers' Pension & Annuity Fund (PRM)	17-495-034-5094-001	769,353	09/01/16	06/30/17	-	-	-	769,353	(769,353)	-	-	-	-	-
Teachers' Pension & Annuity Fund	17-495-034-5094-002	923,342	09/01/16	06/30/17	-	-	-	923,342	(923,342)	-	-	-	-	-
Teachers' Pension & Annuity Fund (NCGI)	17-495-034-5094-004	2,440	09/01/16	06/30/17	-	-	-	2,440	(2,440)	-	-	-	-	-
Social Security Tax	17-495-034-5094-003	616,424	09/01/16	06/30/17	-	-	-	585,716	(616,424)	-	-	(30,708)	-	-
					(298,886)	-	-	3,087,711	(3,117,963)	-	-	(329,138)	-	-
Special Revenue Fund														
N.J. Nonpublic Nursing Services Aid	17-100-034-5120-070	180	09/01/16	06/30/17	-	-	-	180	(180)	-	-	-	-	-
N.J. Nonpublic Textbook Aid	17-100-034-5120-064	115	09/01/16	06/30/17	-	-	-	115	(115)	-	-	-	-	-
N.J. Nonpublic Technology Initiative Aid	17-100-034-5120-373	52	09/01/16	06/30/17	-	-	-	52	(52)	-	-	-	-	-
N.J. Nonpublic Security Aid	17-100-034-5120-509	100	09/01/16	06/30/17	-	-	-	100	(100)	-	-	-	-	-
					-	-	-	447	(447)	-	-	-	-	-
Enterprise Fund														
State School Lunch Program	17-100-010-3350-023	2,727	09/01/16	06/30/17	-	-	-	2,511	(2,727)	-	-	(216)	-	-
State School Lunch Program	16-100-010-3350-023	2,555	09/01/15	06/30/16	(206)	-	-	206	-	-	-	-	-	-
					(206)	-	-	2,717	(2,727)	-	-	(216)	-	-
Total State Financial Assistance					\$ (299,092)	\$ -	\$ -	\$ 3,090,875	\$ (3,121,137)	\$ -	\$ -	\$ (329,354)	\$ -	\$ -

**EMERSON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 1 - General

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, 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 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 awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 - *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJ Treasury Circular OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3 - Relationship to General-Purpose Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$11,337 for the general fund and \$0 for the special revenue fund. See Note 1 (C-3) [the Notes to Required Supplementary Information] for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

Note 3 - Relationship to General-Purpose Financial Statements (Continued)

	Federal	State	Total
General Fund	\$ -	\$ 3,117,963	\$ 3,117,963
Special Revenue Fund	344,621	447	345,068
Debt Service Fund	-	-	-
Enterprise Fund	59,580	2,727	62,307
Total Awards and Financial Assistance	<u>\$ 404,201</u>	<u>\$ 3,121,137</u>	<u>\$ 3,525,338</u>

Note 4 - Relationship to Federal and State Financial Reports

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

Note 5 - Federal and State Loans Outstanding

The District did not have any federal and state loans outstanding at of June 30, 2017.

Note 6 - Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

**EMERSON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I -- Summary of Auditors' Results

Financial Statements

A) Type of auditors' report issued:	Unmodified		
B) Internal control over financial reporting:			
1. Material weakness(es) identified?	_____ yes	<u> X </u> no	
2. Significant deficiencies identified?	_____ yes	<u> X </u> none reported	
C) Noncompliance material to basic financial statements noted?	_____ yes	<u> X </u> no	

EMERSON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I -- Summary of Auditors' Results (Continued)

Federal Awards

****Not Applicable** Less Than \$750,000**

A) Internal control over major programs:

- 1. Material weakness(es) identified? _____ yes _____ no
- 2. Significant deficiencies identified? _____ yes _____ none reported

B) Type of auditors' report issued on compliance for major programs: N/A

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

D) Identification of major programs:

<u>Name of Program</u>	<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Program Name</u>
------------------------	---------------------------	---------------------------	-------------------------

E) Dollar threshold used to distinguish between type A and type B programs: \$ _____ -

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

**EMERSON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I -- Summary of Auditors' Results (Continued)

State Awards

A) Internal control over major programs:

1. Material weakness(es) identified? _____ yes X no
2. Significant deficiencies identified that are not considered to be material weakness(es)? _____ yes X none reported

B) Type of auditors' report issued on compliance for major programs: Unmodified

C) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? _____ yes X no

D) Identification of major programs:

<u>Name of State Program</u>	<u>GMIS Number</u>
Transportation Aid	17-495-034-5120-014
Special Education Categorical Aid	17-495-034-5120-089
Security Aid	17-495-034-5120-084
PARCC Readiness Aid	17-495-034-5120-098
Per Pupil Growth Aid	17-495-034-5120-097
Professional Learning Community Aid	17-495-034-5120-101
Extraordinary Special Education Costs Aid	17-100-034-5120-044

E) Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

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

EMERSON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section II -- Financial Statement Findings

There were no matters identified.

**EMERSON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section III -- Federal Awards and State Financial Assistance Findings and Questioned Costs

Current Year

Federal Awards:

There were no matters identified.

State Awards:

There were no matters identified.

**EMERSON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Not Applicable - No Prior Audit Findings