

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

**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2010
(With Independent Auditors' Reports Thereon)**

**EMERSON SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Year Ended June 30, 2010**

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EMERSON SCHOOL DISTRICT

Comprehensive Annual Financial Report

Introductory Section

Emerson BOARD OF EDUCATION
MAIN STREET
Emerson, NEW JERSEY 07630

December 6, 2010

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, 2010, 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 general purpose 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 multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133 "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". 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 within the criteria adopted by the GASB as established by NCGA Statement No. 14. 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 youngsters.

Emerson BOARD OF EDUCATION
MAIN STREET
Emerson, NEW JERSEY 07630

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 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 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. Annual appropriated budgets are adopted for the general fund and the special revenue 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, 2010.

Emerson BOARD OF EDUCATION
MAIN STREET
Emerson, NEW JERSEY 07630

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 Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose 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.

Emerson BOARD OF EDUCATION
MAIN STREET
Emerson, NEW JERSEY 07630

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,

Vincent J. Taffaro, Ed.D.
Superintendent of Schools

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

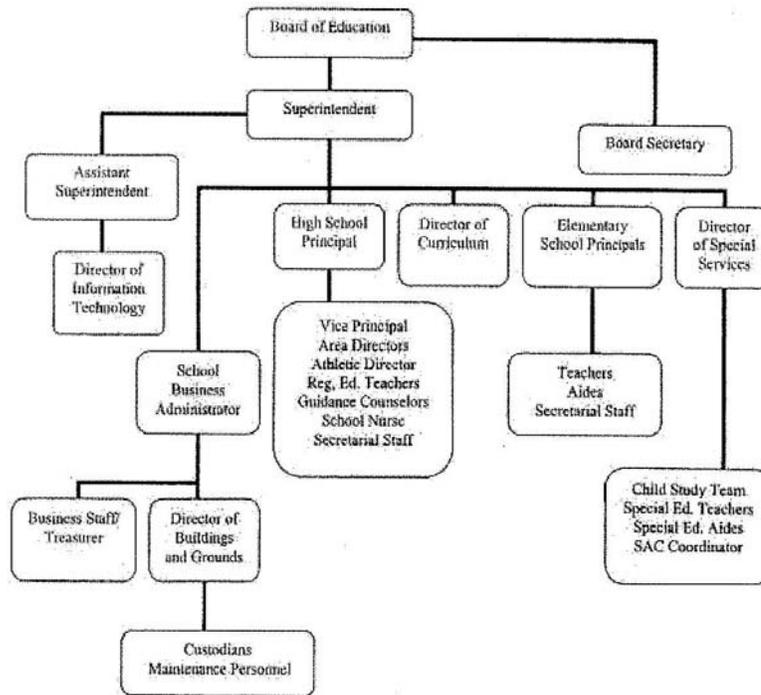
EMERSON SCHOOL DISTRICT
Organizational Chart
Fiscal Year Ended June 30, 2010

POLICY

EMERSON BOARD OF EDUCATION

ADMINISTRATION
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 ORGANIZATIONAL CHART

1110 ORGANIZATIONAL CHART



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



EMERSON SCHOOL DISTRICT
Roster of Officials
Fiscal Year Ended June 30, 2010

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mary Reid - President	2013
John DiNiro - Vice President	2011
Eric Wendell	2013
Teresa Giacalone	2011
Sanjay Deshpande	2012

Other Officials

Vincent J. Taffaro, Ed.D., Superintendent

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

Douglas S. Barrett, Treasurer

EMERSON BOARD OF EDUCATION
Consultants and Advisors
Fiscal Year Ended June 30, 2010

Independent Audit Firm

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

General Counsel

Piekarsky & Schettino
16 Jefferson Street
Hackensack, NJ 07601

Special Education Counselor

Monica Peck, Esq.
Schenck, Price, Smith & King
10 Washington Street
P.O. Box 905
Morristown, NJ 07963-0905

Official Depositories

TD Bank NA
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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Board of Education of the Emerson School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Emerson Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Emerson Board of Education, in the County of Bergen, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditors' Report (Continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2010 on our consideration of the Emerson Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Emerson Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Di Maria & Di Maria LLP

Independent Auditors' Report (Continued)

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DI MARIA & DI MARIA LLP
Public Accountants and Consultants

Frank R. Di Maria

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

December 6, 2010

REQUIRED SUPPLEMENTAL INFORMATION - PART I

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

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, 2010. 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.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued in June 1999. Certain comparative information between the current year (2009-2010) and the prior year (2008-2009) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2009-2010 fiscal year include the following:

The assets of the Emerson Board of Education exceeded its liabilities at the close of the fiscal year by \$ 2,291,314 (net assets).

The District's total net assets increased \$ 330,220.

Overall district revenues were \$ 20,497,287. General revenues accounted for \$ 18,707,777 or 91% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$ 3,754,925 or 18% of total revenues.

Overall district expenses were \$ 20,720,560. Governmental activities accounted for \$ 20,105,990 or 97% of all expenses. Business-type activities accounted for \$ 614,570 or 3% of all expenses.

The school district had \$ 20,105,990 in expenses for governmental activities; only \$ 3,162,045 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$ 16,695,788 were adequate to provide for these programs.

As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$ 1,663,089 a decrease of \$ 201,583 when compared to the previous year ending fund balance at June 30, 2009 of \$ 1,864,672.

The General Fund unreserved undesignated fund balance at June 30, 2010 was \$ 433,176 a decrease of \$ 136,137 when compared with the ending unreserved undesignated fund balance at June 30, 2009 of \$ 569,313.

The General Fund unreserved, undesignated budgetary fund balance at June 30, 2010 was \$ 435,173 which represents a decrease of \$ 132,143 when compared to the ending fund balance at June 30, 2009 of \$ 567,316.

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts - Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

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

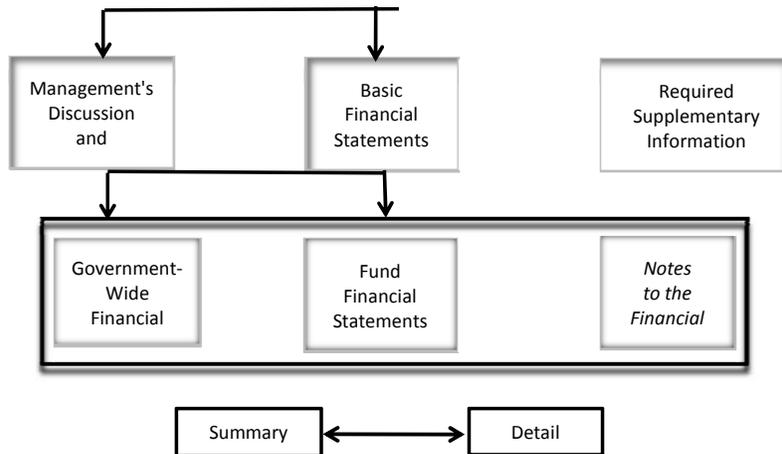
The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

The *governmental funds statements* tell how basic services 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.

Fiduciary funds 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 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, 2010**

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

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 Regular and Special Education Instruction and Building maintenance	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 assets Statement of activities	Balance Sheet Statement of Revenues, Expenditures and changes in fund balances	Statement of Net Assets Statement of revenue, expenses, and changes in fund net assets Statement of cash flows	Statements of Fiduciary assets and liabilities
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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 funds do not currently contain capital assets
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 additions and dedications during the year, regardless of when cash is received or paid

District-wide financial statements

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

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

District-wide financial statements (continued)

Over time, increases or decreases in the District's net assets 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 district-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. The District's Food Service Fund is included under this category.

Fund financial statements

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

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 four 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 district-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 are reported in the same way as the district-wide statements.

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

Fund financial statements (continued)

3. *Enterprise Funds* - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. 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 single enterprise fund.

- Food Service (Cafeteria)

4. *Fiduciary funds* - The District is the trustee, or *fiduciary*, for assets that belong to others. 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 assets and liabilities. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for the general and special revenue funds as required supplementary information. The required supplementary information can be found following the notes to the basic financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$ 2,291,314 as of June 30, 2010 and \$ 1,961,094 as of June 30, 2009.

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

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 Assets
As of June 30, 2010 and 2009**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current Assets	\$ 2,660,664	\$ 2,735,697	\$ 84,400	\$ 213,231	\$ 2,745,064	\$ 2,948,928
Capital Assets	1,476,643	1,330,859	17,208	19,610	1,493,851	1,350,469
Total Assets	4,137,307	4,066,556	101,608	232,841	4,238,915	4,299,397
Long-Term Liabilities	947,833	1,355,542	-	-	947,833	1,355,542
Other Liabilities	997,575	871,025	2,193	111,736	999,768	982,761
Total Liabilities	1,945,408	2,226,567	\$ 2,193	111,736	1,947,601	2,338,303
Net Assets						
Invested in capital assets, net of related debt	961,643	330,859	17,208	19,610	978,851	350,469
Restricted	1,229,913	1,295,359	0	0	1,229,913	1,295,359
Unrestricted (Deficit)	343	213,771	82,207	101,495	82,550	315,266
Total Net Assets	\$ 2,191,899	\$ 1,839,989	\$ 99,415	\$ 121,105	\$ 2,291,314	\$ 1,961,094

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 assets is in a deficit position and 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.

**EMERSON BOARD OF EDUCATION
EMERSON, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

**Change in Net Assets
For The Years Ended June 30, 2010 and 2009**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues						
Program Revenues						
Charges for Services	\$ 230,796	\$ 279,962	\$ 556,381	\$ 580,561	\$ 787,177	\$ 860,523
Operating Grants and Contribution	2,824,957	2,284,440	36,499	28,241	2,861,456	2,312,681
Capital Grants and Contributions	106,292	-	-	-	106,292	-
General Revenues						
Property Taxes	16,183,062	15,634,991	-	-	16,183,062	15,634,991
State and Federal Aid	-	488,052	-	-	-	488,052
Other	512,726	572,500	-	-	512,726	572,500
Total Revenues	19,857,833	19,259,945	592,880	608,802	20,450,713	19,868,747
Expenses						
Instruction						
Regular	5,306,477	5,166,567	-	-	5,306,477	5,166,567
Special Education	1,768,071	1,626,956	-	-	1,768,071	1,626,956
Basic Skills	159,357	142,750	-	-	159,357	142,750
Bilingual	127,305	118,841	-	-	127,305	118,841
School Sponsored Activities & Athletics	504,984	548,352	-	-	504,984	548,352
Community Service	-	-	-	-	-	-
Undistributed Expenditures						
Instruction	2,214,137	1,836,472	-	-	2,214,137	1,836,472
Attendance and Social Work Services	23,767	39,716	-	-	23,767	39,716
Health Services	204,001	195,346	-	-	204,001	195,346
Students Related Services	153,405	174,261	-	-	153,405	174,261
Students - Extraordinary	324,346	262,015	-	-	324,346	262,015
Students - Regular	342,838	354,274	-	-	342,838	354,274
Students - Special	388,602	355,529	-	-	388,602	355,529
Improvement of Instruction	63,883	8,656	-	-	63,883	8,656
Educational Media Services/School Library	212,915	200,474	-	-	212,915	200,474
Instructional Staff Training Services	25,976	50,656	-	-	25,976	50,656
General Administration	371,509	330,054	-	-	371,509	330,054
School Administration	1,110,590	1,097,723	-	-	1,110,590	1,097,723
Central Services	336,236	325,072	-	-	336,236	325,072
Information Technology	-	-	-	-	-	-
Required Maintenance for School Facilities	660,782	831,792	-	-	660,782	831,792
Operation and Maintenance of Plant Services	618,623	922,633	-	-	618,623	922,633
Care and Upkeep of Grounds	57,814	-	-	-	57,814	-
Student Transportation	524,846	630,431	-	-	524,846	630,431
Allocated and Unallocated Employee Benefits	2,616,092	2,012,086	-	-	2,616,092	2,012,086
TPAF Pension	521,524	471,411	-	-	521,524	471,411
TPAF Social Security	592,088	582,430	-	-	592,088	582,430
Capital Outlay						
Interest Deposit to Capital Reserve	6,328	-	-	-	6,328	-
Equipment	45,342	141,075	-	-	45,342	141,075
Facilities Acquisition and Construction Services	170,699	-	-	-	170,699	-
Debt Service						
Interest on Bonds	53,386	77,566	-	-	53,386	77,566
Interest - Comm. LPA	-	-	-	-	-	-
Food Services	-	-	614,570	711,334	614,570	711,334

**EMERSON BOARD OF EDUCATION
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Total Expenses	19,505,923	18,503,138	614,570	711,334	20,120,493	19,214,472
Change in Net Assets	351,910	756,807	(21,690)	(102,532)	330,220	654,275
Net Assets, Beginning of Year	1,839,989	1,083,182	121,105	223,637	1,961,094	1,306,819
Net Assets, End of Year	\$ 2,191,899	\$ 1,839,989	\$ 99,415	\$ 121,105	\$ 2,291,314	\$ 1,961,094

**EMERSON BOARD OF EDUCATION
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Governmental Activities - The District's total governmental activities' revenues, which includes State and Federal grants, were \$ 19,904,407 and \$ 19,301,145 for the years ended June 30, 2010 and June 30, 2009, respectively. Property taxes of \$ 16,183,062 and \$ 15,634,991 represented 81% and 81% of the revenues for the fiscal years ended June 30, 2010 and 2009, respectively. Another significant portion of revenues came from state aid; total state, federal and local aid and grants was \$ 2,924,921 and \$ 2,772,492 which represented 15% and 14% of the revenues for the fiscal years ended June 30, 2010 and 2009, 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 \$ 20,105,990 and \$ 18,943,629 for the years ended June 30, 2010 and 2009. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$ 7,866,194 and \$ 7,603,466 (39% and 40%) of total expenditures for the fiscal years ended June 30, 2010 and 2009, respectively. Support services, totaled \$ 12,239,796 and \$ 11,340,163 (61% and 60%) of total expenditures.

Total governmental activities revenues for the year ended June 30, 2010 did not exceed expenses, decreasing net assets by \$ 201,583 over the previous year from \$ 1,864,672 at June 30, 2009 to \$ 1,663,089 at June 30, 2010.

The cost of all *governmental activities* this year was \$ 20,105,990 an increase of \$ 1,162,361 (6%) over the previous year.

Federal and state governments subsidized certain programs with operating and capital grants and contributions of \$ 2,924,921 an increase of \$ 152,429. The District also realized increases in Federal and State aid for operating grants and contributions of \$ 540,517 (24%)

District's costs in the amount of \$ 16,183,062, were provided from property taxes, an increase of \$ 548,071 (4%). This increase was a result of additional property taxes levied to finance increases in District operating costs.

District's costs in the amount of \$ 0 were provided from unrestricted federal and state aid a decrease of \$ 459,461 (100%). The decrease was the result of a decrease in unrestricted State Aid allocated to most New Jersey Districts.

Other general revenues totaling \$ 796,424 were provided from miscellaneous local sources, a decrease of \$ 97,238.

For the most part, increases in expenses for 2010 closely paralleled inflation and the growth in the demand for services. Significant increases were noted in student and instruction related services functions which were mainly attributable to costs associated with increased expenses for support services to special services to special education students. Another significant area of increased expenses was also noted in the instruction for special education function for expenses associated with increased tuition costs for out-of-district placement of classified students.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

Net Cost of Governmental Activities - The District's total cost of services were \$ 19,505,923 and \$ 18,503,138 for the fiscal years ended June 30, 2010 and 2009, respectively. After applying program revenues, derived from charges for services and operating grants and contributions of \$ 3,055,753 and \$ 2,564,402 and capital grants and contribution of \$ 106,292 and \$ 0, for the years ended June 30, 2010 and 2009, respectively; the net cost of services of the District were \$ 16,343,878 and \$ 15,938,736 for the fiscal years ended June 30, 2010 and 2009, respectively.

	Total and Net Cost of Governmental Activities			
	<u>Program Revenues</u>		<u>Net (Expense) Revenue of Services</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Instruction				
Regular	\$ 103,179	\$ 217,285	\$ (5,203,298)	\$ (4,949,282)
Special Education	1,650,406	1,185,544	(117,665)	(441,412)
Basic Skills	-	-	(159,357)	(142,750)
Bilingual	-	-	(127,305)	(118,841)
School Sponsored Activities & Athletics	-	-	(504,984)	(548,352)
Community Service	-	-	-	-
Undistributed Expenditures				
Instruction	-	-	(2,214,137)	(1,836,472)
Attendance and Social Work Services	-	-	(23,767)	(39,716)
Health Services	13,664	-	(190,337)	(195,346)
Students Related Services	-	-	(153,405)	(174,261)
Students - Extraordinary	-	-	(324,346)	(262,015)
Students - Regular	-	-	(342,838)	(354,274)
Students - Special	-	-	(388,602)	(355,529)
Improvement of Instruction Educational Media	-	-	(63,883)	(8,656)
Services/School Library	-	-	(212,915)	(200,474)
Instructional Staff Training Services	-	-	(25,976)	(50,656)
General Administration	-	-	(371,509)	(330,054)
School Administration	-	-	(1,110,590)	(1,097,723)
Central Services	-	-	(336,236)	(325,072)
Information Technology Required Maintenance for School Facilities	-	-	-	-
Operation and Maintenance of Plant Services	63,977	-	(554,646)	(922,633)
Care and Upkeep of Grounds	-	-	(57,814)	-
Student Transportation	102,811	107,732	(422,035)	(522,699)
Allocated and Unallocated Employee Benefits	1,776	-	(2,614,316)	(2,012,086)
TPAF Pension	521,524	471,411	-	-
TPAF Social Security	592,088	582,430	-	-
Capital Outlay				
Interest Deposit to Capital Reserve	6,328	-	-	-
Equipment	-	-	(45,342)	(141,075)
Facilities Acquisition and Construction Services	106,292	-	(64,407)	-
Debt Service				
Interest on Bonds	-	-	(53,386)	(77,566)
Interest - Comm. LPA	-	-	-	-
Total	\$ 3,162,045	\$ 2,564,402	\$ (16,343,878)	\$ (15,938,736)

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Business-Type-Activities - The District's total business-type activities revenues were \$ 592,880 and \$ 608,802 for the years ended June 30, 2010 and June 30, 2009. Charges for services accounted for 94% and 95% of total revenues and operating grants and contributions accounted for 6% and 5% of total revenue for the years ended June 30, 2010 and 2009. There were no capital grants received for years ended June 30, 2010 or 2009.

The total cost of all business-type activities programs and services were \$ 614,570 and \$ 711,334 for the years ended June 30, 2010 and 2009. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District.

The business-type activities revenues for the year ended June 30, 2010 did not surpass expenses, decreasing net assets by \$ 21,690 below the previous year from \$ 121,105 at June 30, 2009 to \$ 99,415 at June 30, 2010. The cost of business-type activities this year was \$ 614,570, a decrease of \$ 96,764 (14%) from the previous year.

Some of the cost was paid by users of the Districts food service program for a total of \$ 556,381, a decrease of \$ 24,180 (4%).

The Federal and State governments subsidized the food service program with grants and contributions of \$ 36,499, an increase of \$ 8,258 (29%).

Decreases in expenses reflected the increased cost of sales (i.e., food and supply costs) associated with higher food prices offset with reductions in salaries.

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 focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

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 \$ 1,663,089 for the year ended June 30, 2010 compared to a fund balance of \$ 1,864,672 for the year ended June 30, 2009, a decrease in the balance of \$ 201,583 for the year.

Revenues for the District's governmental funds were \$ 19,904,407 and \$ 19,301,145, while total expenses were \$ 20,105,990 and \$ 18,943,629 for the fiscal years ended June 30, 2010 and 2009, respectively.

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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, 2010 and 2009:

	June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2010</u>	<u>2009</u>		
Local Sources				
Property Tax Levy	\$ 15,644,675	\$ 15,092,419	\$ 552,256	4%
Miscellaneous	796,424	893,662	(97,238)	-11%
State Sources	2,264,902	2,275,563	(10,661)	0%
Federal Sources	1,776	-	1,776	#DIV/0!
Total General Fund Revenues	<u>\$ 18,707,777</u>	<u>\$ 18,261,644</u>	<u>\$ 446,133</u>	2%

Local property taxes increased by \$ 552,256 or 4% over the previous year. State aid revenues decreased \$ 10,661, or 1%, predominantly attributable to a change in the State funding formula and reductions made to aid during the year. However, Federal aid revenues increased by \$ 1,776 due to the receipt of special education Medicaid funds.

The following schedule presents a comparison of General Fund expenditures for the fiscal years ended June 30, 2010 and 2009:

	June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2010</u>	<u>2009</u>		
Instruction	\$ 7,314,243	\$ 7,106,537	\$ 207,706	3%
Support Services	11,578,338	10,660,123	918,215	9%
Debt Services	-	-	-	#DIV/0!
Capital Outlay	15,902	178,674	(162,772)	-91%
Total Expenditures	<u>\$ 18,908,483</u>	<u>\$ 17,945,334</u>	<u>\$ 963,149</u>	5%

Total General Fund expenditures increased \$ 963,149 or 5% from the previous year. The increase can be attribute to contractual increases in salaries and wages, health benefits and special education tuition costs.

**EMERSON BOARD OF EDUCATION
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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 \$ 551,951 and \$ 496,929 for the years ended June 30, 2010 and 2009. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 83% and 78% of the total revenues for the years ended June 30, 2010 and 2009.

Total Special Revenue Fund revenues increased \$ 55,022 or 11% from the previous year. State sources decreased \$ 15,375 or 14% and Federal sources increased by \$ 70,397 or 18%.

Expenditures of the Special Revenue Fund were \$ 551,951 and \$ 496,929 for the fiscal years ended June 30, 2010 and 2009. Instructional expenditures were \$ 551,951 and \$ 496,929 or 100% and 100% and expenditures for the support services were \$ 0 and \$ 0 or 0% and 0% of the total amounts expended for the years ended June 30, 2010 and 2009, respectively.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities which are supported in part through user fees.

Enterprise Fund - The District uses an Enterprise fund to report activities related to the Food Services program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

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.

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GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

General Fund budgetary revenues did not exceed General Fund budgetary and other financing uses decreasing budgetary fund balance \$ 563,733 from the previous year. After deducting statutory reserves and designations, the unreserved/undesignated budgetary fund balance decreased \$ 132,143 from a \$ 567,316 balance at June 30, 2009 to a \$ 435,173 fund balance at June 30, 2010.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2010 and 2009 amounted to \$ 1,493,851 and \$ 1,350,469 (net of accumulated depreciation). The capital assets consist of land, land improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal years 2009-2010 and 2008-2009 amounted to \$ 145,871 and \$ 141,075 for governmental activities and \$ 2,402 and \$ 2,402 for business-type activities. This increase in governmental activity depreciation was due to the depreciation expense for various building improvements.

Capital Assets at June 30, 2010 and 2009
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land and Land Improvements	\$ 148,850	\$ 148,850	\$ -	\$ -	\$ 148,850	\$ 148,850
Building and Building Improvements	786,983	890,771	-	-	786,983	890,771
Machinery and Equipment	54,107	76,190	17,208	19,610	71,315	95,800
Vehicles	486,703	215,048	-	-	486,703	215,048
Total Net Assets	\$ 1,476,643	\$ 1,330,859	\$ 17,208	\$ 19,610	\$ 1,493,851	\$ 1,350,469

Additional information on the District's capital assets is presented in Note 3 of this report.

LONG TERM LIABILITIES

At June 30, 2010 and 2009, the District's long-term liabilities consisted of bonds payable of \$ 515,000 and \$ 1,000,000 , capital lease payable of \$ 0 and \$ 0 and compensated absences payable of \$ 432,833 and \$ 355,542, respectively.

Additional information on the District's long term liabilities is presented in Note 5 of this report.

**EMERSON BOARD OF EDUCATION
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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 2010 - 2011 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 ASSETS**

	2010			2009
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash	\$ 1,132,127	\$ 75,892	\$ 1,208,019	\$ 1,398,120
Receivables, (Net)	794,810	8,508	803,318	548,007
Restricted Assets:				
Emergency Reserve Account	100,177	-	100,177	100,000
Capital Reserve Account	633,550	-	633,550	902,801
Capital Assets, (Net)	1,476,643	17,208	1,493,851	1,350,469
Total Assets	\$ 4,137,307	\$ 101,608	\$ 4,238,915	\$ 4,299,397
LIABILITIES				
Accounts Payable	\$ 853,407	\$ 2,193	\$ 855,600	\$ 933,580
Intergovernmental Payable	21,388	-	21,388	49,181
Deferred Revenue	122,780	-	122,780	-
Non-Current Liabilities:				
Due Within One Year	515,000	-	515,000	485,000
Due Beyond One Year	432,833	-	432,833	870,542
Total liabilities	\$ 1,945,408	\$ 2,193	\$ 1,947,601	\$ 2,338,303
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 961,643	\$ 17,208	\$ 978,851	\$ 350,469
Restricted for:				
Debt Service	10	-	10	9
Emergency	100,177	-	100,177	100,000
Capital Projects	954,726	-	954,726	902,801
Other Purposes	175,000	-	175,000	292,549
Unrestricted	343	82,207	82,550	315,266
Total Net Assets	\$ 2,191,899	\$ 99,415	\$ 2,291,314	\$ 1,961,094

EMERSON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES

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
<i>Governmental Activities:</i>											
Current Expense:											
Instruction:											
Regular Programs - Instruction	5,306,477	\$ -	\$ -	\$ 5,306,477	\$ -	\$ 103,179	\$ -	\$ 103,179	\$ (5,203,298)	\$ -	\$ (5,203,298)
Special Education - Instruction	1,768,071	-	-	1,768,071	230,796	1,419,610	-	1,650,406	(117,665)	-	(117,665)
Basic Skills - Remedial Instruction	159,357	-	-	159,357	-	-	-	-	(159,357)	-	(159,357)
Bilingual Education - Instruction	127,305	-	-	127,305	-	-	-	-	(127,305)	-	(127,305)
School Sponsored Cocurricular Activities - Instruction	132,230	-	-	132,230	-	-	-	-	(132,230)	-	(132,230)
School Sponsored Athletics - Instruction	372,754	-	-	372,754	-	-	-	-	(372,754)	-	(372,754)
Undistributed Expenditures:											
Instruction	2,214,137	-	-	2,214,137	-	-	-	-	(2,214,137)	-	(2,214,137)
Attendance and Social Work Services	23,767	-	-	23,767	-	-	-	-	(23,767)	-	(23,767)
Health Services	204,001	-	-	204,001	-	13,664	-	13,664	(190,337)	-	(190,337)
Other Support Services - Students Related Services	153,405	-	-	153,405	-	-	-	-	(153,405)	-	(153,405)
Other Support Services - Students Extraordinary Services	324,346	-	-	324,346	-	-	-	-	(324,346)	-	(324,346)
Other Support Services - Students Regular	342,838	-	-	342,838	-	-	-	-	(342,838)	-	(342,838)
Other Support Services - Students Special	388,602	-	-	388,602	-	-	-	-	(388,602)	-	(388,602)
Improvement of Instruction Services	63,883	-	-	63,883	-	-	-	-	(63,883)	-	(63,883)
Educational Media Services/School Library	212,915	-	-	212,915	-	-	-	-	(212,915)	-	(212,915)
Instructional Staff Training Services	25,976	-	-	25,976	-	-	-	-	(25,976)	-	(25,976)
Support Services - General Administration	371,509	-	-	371,509	-	-	-	-	(371,509)	-	(371,509)
Support Services - School Administration	1,110,590	-	-	1,110,590	-	-	-	-	(1,110,590)	-	(1,110,590)
Central Services	336,236	-	-	336,236	-	-	-	-	(336,236)	-	(336,236)
Required Maintenance for School Facilities	660,782	-	-	660,782	-	-	-	-	(660,782)	-	(660,782)
Operation and Maintenance of Plant Services	910,278	(291,655)	-	618,623	-	63,977	-	63,977	(554,646)	-	(554,646)
Care and Upkeep of Grounds	57,814	-	-	57,814	-	-	-	-	(57,814)	-	(57,814)
Student Transportation Services	524,846	-	-	524,846	-	102,811	-	102,811	(422,035)	-	(422,035)
Unallocated Employee Benefits	2,538,801	77,291	-	2,616,092	-	1,776	-	1,776	(2,614,316)	-	(2,614,316)
TPAF Pension	521,524	-	-	521,524	-	521,524	-	521,524	-	-	-
TPAF Social Security	592,088	-	-	592,088	-	592,088	-	592,088	-	-	-
Capital Outlay:											
Interest Deposit to Capital Reserve	6,328	-	-	6,328	-	6,328	-	6,328	-	-	-
Equipment	3,259	-	42,083	45,342	-	-	-	-	(45,342)	-	(45,342)
Facilities Acquisition and Construction Services	66,911	-	103,788	170,699	-	-	106,292	106,292	(64,407)	-	(64,407)
Debt Service:											
Interest on Long-Term Debt	53,386	-	-	53,386	-	-	-	-	(53,386)	-	(53,386)
Principal	485,000	(485,000)	-	-	-	-	-	-	-	-	-
Total Governmental Activities	\$ 20,059,416	\$ (699,364)	\$ 145,871	\$ 19,505,923	\$ 230,796	\$ 2,824,957	\$ 106,292	\$ 3,162,045	\$ (16,343,878)	\$ -	\$ (16,343,878)
Business-Type Activities	\$ 612,168	\$ -	\$ 2,402	\$ 614,570	\$ 556,381	\$ 36,499	\$ -	\$ 592,880	\$ -	\$ (21,690)	\$ (21,690)
Total Primary Government	\$ 20,671,584	\$ (699,364)	\$ 148,273	\$ 20,120,493	\$ 787,177	\$ 2,861,456	\$ 106,292	\$ 3,754,925	\$ (16,343,878)	\$ (21,690)	\$ (16,365,568)
									General Revenues:		
									Local Tax Levy		
									16,183,062		
									Other Local Governmental Units - Restricted		
									443,760		
									Unrestricted Miscellaneous Revenues		
									115,540		
									Transfers & Adjustments		
									(46,574)		
									Change in Net Assets		
									\$ 351,910		
									Net Assets—Beginning		
									1,839,989		
									Net Assets—Ending		
									\$ 2,191,899		
									Business-type Activities		
									(21,690)		
									Net Assets—Ending		
									\$ 2,291,314		

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

	2010				Total	2009
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund		
ASSETS						
Cash	\$ 911,633	\$ 2,514	\$ 217,970	\$ 10	\$ 1,132,127	\$ 1,194,509
Cash - Emergency Reserve Account	100,177	-	-	-	100,177	100,000
Cash - Capital Reserve Account	633,550	-	-	-	633,550	902,801
Intergovernmental Receivable:						
Federal	-	150,399	-	-	150,399	77,027
State	536,740	1,379	106,292	-	644,411	451,062
Accounts Receivable	-	-	-	-	-	10,298
Total Assets	\$ 2,182,100	\$ 154,292	\$ 324,262	\$ 10	\$ 2,660,664	\$ 2,735,697
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 840,197	\$ 10,124	\$ 3,086	\$ -	\$ 853,407	\$ 821,844
Intergovernmental Payable:						
State	-	21,388	-	-	21,388	49,181
Deferred Revenue:						
Reserve for Encumbrances	-	-	-	-	-	-
Federal Programs	-	122,780	-	-	122,780	-
Total Liabilities	\$ 840,197	\$ 154,292	\$ 3,086	\$ -	\$ 997,575	\$ 871,025
Fund Balances:						
Reserve for Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,119
Emergency Reserve Account	100,177	-	-	-	100,177	100,000
Capital Reserve Account	633,550	-	-	-	633,550	902,801
Excess Surplus - FY 2008	-	-	-	-	-	276,430
Designated for						
Subsequent Years' Expenditures	175,000	-	-	-	175,000	-
Undesignated	433,176	-	321,176	10	754,362	569,322
	\$ 1,341,903	\$ -	\$ 321,176	\$ 10	\$ 1,663,089	\$ 1,864,672
Total Liabilities and Fund Balances	\$ 2,182,100	\$ 154,292	\$ 324,262	\$ 10	\$ 2,660,664	\$ 2,735,697

**EMERSON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

	2010					2009
	General	Special Revenue	Capital Projects	Debt Service	Total	
REVENUES						
Local Sources:						
Local Tax Levy	\$ 15,644,675	\$ -	\$ -	\$ 538,387	\$ 16,183,062	\$ 15,634,991
Other Local Governmental Units - Restricted	443,760	-	-	-	443,760	426,693
Tuition - From Individuals	227,124	-	-	-	227,124	2,197
Tuition - From Other LEAs Within State	3,672	-	-	-	3,672	277,765
Interest Earned on Capital Reserve Funds	6,328	-	-	-	6,328	6,040
Unrestricted Miscellaneous Revenues	115,540	-	-	-	115,540	180,967
Total Local Sources	\$ 16,441,099	\$ -	\$ -	\$ 538,387	\$ 16,979,486	\$ 16,528,653
State Sources	2,264,902	95,424	106,292	-	2,466,618	2,386,362
Federal Sources	1,776	456,527	-	-	458,303	386,130
Total Revenues	\$ 18,707,777	\$ 551,951	\$ 106,292	\$ 538,387	\$ 19,904,407	\$ 19,301,145
EXPENDITURES						
Current Expense:						
Instruction:						
Regular Programs	\$ 5,023,605	\$ 282,872	\$ -	\$ -	\$ 5,306,477	\$ 5,166,567
Special Education	1,498,992	269,079	-	-	1,768,071	1,626,956
Basic Skills/Remedial	159,357	-	-	-	159,357	142,750
Bilingual Education	127,305	-	-	-	127,305	118,841
School Sponsored Cocurricular/Extracurricular Activities	132,230	-	-	-	132,230	135,894
School Sponsored Athletics	372,754	-	-	-	372,754	412,458
Undistributed Expenditures:						
Instruction	2,214,137	-	-	-	2,214,137	1,836,472
Attendance and Social Work Services	23,767	-	-	-	23,767	39,716
Health Services	204,001	-	-	-	204,001	195,346
Other Support Services - Students - Related Services	153,405	-	-	-	153,405	174,261
Other Support Services - Students - Extraordinary Services	324,346	-	-	-	324,346	262,015
Other Support Services - Students Regular	342,838	-	-	-	342,838	354,274
Other Support Services - Students Special	388,602	-	-	-	388,602	355,529
Improvement of Instruction Services	63,883	-	-	-	63,883	8,656
Educational Media Services - School Library	212,915	-	-	-	212,915	200,474
Instructional Staff Training Services	25,976	-	-	-	25,976	50,656
Support Services - General Administration	371,509	-	-	-	371,509	330,054
Support Services - School Administration	1,110,590	-	-	-	1,110,590	1,097,723
Central Services	336,236	-	-	-	336,236	325,072
Required Maintenance for School Facilities	660,782	-	-	-	660,782	831,792
Operation and Maintenance of Plant Services	910,278	-	-	-	910,278	922,633
Care and Upkeep of Grounds	57,814	-	-	-	57,814	-
Student Transportation Services	524,846	-	-	-	524,846	630,431
Personal Services - Employee Benefits	2,538,801	-	-	-	2,538,801	1,991,178
TPAF Pension	521,524	-	-	-	521,524	471,411
TPAF Social Security	592,088	-	-	-	592,088	582,430
Capital Outlay:						
Increase in Capital Reserve	6,328	-	-	-	6,328	-
Interest Deposit to Capital Reserve	-	-	-	-	-	-
Equipment	3,259	-	-	-	3,259	178,674
Facilities Acquisition and Construction Services	6,315	-	60,596	-	66,911	-
Special Schools	-	-	-	-	-	-
Debt Service:						
Bond Interest	-	-	-	53,386	53,386	77,566
Bond Principal	-	-	-	485,000	485,000	465,000
Total Expenditures	\$ 18,908,483	\$ 551,951	\$ 60,596	\$ 538,386	\$ 20,059,416	\$ 18,984,829
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (200,706)	\$ -	\$ 45,696	\$ 1	\$ (155,009)	\$ 316,316
OTHER FINANCING SOURCES (USES)						
Operating Transfers	(322,054)	-	275,480	-	(46,574)	(41,200)
Net Change In Fund Balances	\$ (522,760)	\$ -	\$ 321,176	\$ 1	\$ (201,583)	\$ 275,116
Fund Balances - July 1	1,864,663	-	-	9	1,864,672	1,589,556
Fund Balances - June 30	\$ 1,341,903	\$ -	\$ 321,176	\$ 10	\$ 1,663,089	\$ 1,864,672

**EMERSON SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

	<u>2009</u>
Total Net Change in Fund Balances - Governmental Funds	\$ 303,707
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	(141,075)
Capital Outlays	178,674
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.	465,000
Net Change in Compensated Absences	(20,908)
Other	(28,591)
Change in net assets of governmental activities	<u>\$ 756,807</u>

**EMERSON SCHOOL DISTRICT
STATEMENT OF NET ASSETS
ENTERPRISE FUND**

	2010	2009	2008	2007	2006
ASSETS					
Current Assets:					
Cash	\$ 75,892	\$ 203,611	\$ 209,398	\$ 160,108	\$ 3,477
Intergovernmental Receivable:					
State	219	532	1,334	583	747
Federal	2,629	5,462	-	-	-
Other Receivables	5,660	3,626	2,252	-	1,626
Total Current Assets	\$ 84,400	\$ 213,231	\$ 212,984	\$ 160,691	\$ 5,850
Non-Current Assets:					
Machinery and Equipment, (Net)	\$ 17,208	\$ 19,610	\$ 22,012	\$ 5,148	\$ 720
Total Assets	\$ 101,608	\$ 232,841	\$ 234,996	\$ 165,839	\$ 6,570
LIABILITIES					
Accounts Payable	\$ 2,193	\$ 111,736	\$ 11,359	\$ 1,203	\$ 121
NET ASSETS					
Invested in Capital Assets	\$ 17,208	\$ 19,610	\$ 22,012	\$ 5,148	\$ 720
Unrestricted	82,207	101,495	201,625	159,488	5,729
	\$ 99,415	\$ 121,105	\$ 223,637	\$ 164,636	\$ 6,449

**EMERSON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUND**

	2010	2009	2008	2007	2006
OPERATING REVENUES					
Charges for Services:					
Sales	\$ 556,381	\$ 580,561	\$ 638,004	\$ 663,690	\$ 290,336
OPERATING EXPENSES					
Salaries	\$ 165,273	\$ 257,847	\$ 183,358	\$ 189,809	\$ -
Support Services - Employee Benefits	-	-	-	-	-
Purchased Professional - Technical Service	4,866	42,738	-	-	-
Other Purchased Services	358,649	339,172	340,844	302,411	284,042
Supplies & Materials	7,841	20,295	19,827	14,701	-
Depreciation	2,402	2,402	2,746	5,148	2,011
Cost of Sales	-	-	-	-	-
Miscellaneous	75,539	48,880	53,553	47,885	21,775
	\$ 614,570	\$ 711,334	\$ 600,328	\$ 559,954	\$ 307,828
Operating Income (Loss)	\$ (58,189)	\$ (130,773)	\$ 37,676	\$ 103,736	\$ (17,492)
Non-Operating Revenues:					
State Sources:					
State School Lunch Program	\$ 2,890	\$ 2,579	\$ 2,177	\$ -	\$ -
Federal Sources:					
National School Lunch Program	33,609	25,662	19,148	-	-
Special Milk Program	-	-	-	8,243	10,284
Prior Period Adjustment - Machinery and Equipment, (Net)	-	-	-	-	-
	\$ 36,499	\$ 28,241	\$ 21,325	\$ 8,243	\$ 10,284
Income (Loss) Before Other Financing Sources (Uses)	\$ (21,690)	\$ (102,532)	\$ 59,001	\$ 111,979	\$ (7,208)
Other Financing Sources (Uses):					
Operating Transfers:					
General Fund	\$ -	\$ -	\$ -	\$ 46,208	\$ -
Change in Net Assets	\$ (21,690)	\$ (102,532)	\$ 59,001	\$ 158,187	\$ (7,208)
Total Net Assets - Beginning	121,105	223,637	164,636	6,449	13,657
Total Net Assets - Ending	\$ 99,415	\$ 121,105	\$ 223,637	\$ 164,636	\$ 6,449

**EMERSON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUND**

	2010	2009	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 554,347	\$ 575,818	\$ 635,752	\$ 663,690	\$ 296,696
Receipts from Transfers	-	-	-	46,208	-
Payments for Operating Expenses	(721,711)	(605,186)	(587,426)	(561,674)	(307,998)
Net Cash Provided (Used) by Operating Activities	\$ (167,364)	\$ (29,368)	\$ 48,326	\$ 148,224	\$ (11,302)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
State Sources	\$ 3,203	\$ 2,185	\$ 2,039	\$ -	\$ -
Federal Sources	36,442	21,396	18,535	8,407	11,563
	\$ 39,645	\$ 23,581	\$ 20,574	\$ 8,407	\$ 11,563
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Capital Assets	\$ -	\$ -	\$ (19,610)	\$ -	\$ -
Net Increase (Decrease) in Cash	\$ (127,719)	\$ (5,787)	\$ 49,290	\$ 156,631	\$ 261
Balances - Beginning of Year	203,611	209,398	160,108	3,477	3,216
Balances - End of Year	\$ 75,892	\$ 203,611	\$ 209,398	\$ 160,108	\$ 3,477
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (58,189)	\$ (130,773)	\$ 37,676	\$ 103,736	\$ (17,492)
Transfers	-	-	20,188	46,208	-
Adjustments to Reconcile Operating (used for) Operating Activities:					
Fixed Assets	-	-	(19,610)	(9,740)	-
(Increase) Decrease in Accounts Receivable	(2,034)	(4,743)	(2,252)	1,790	6,360
Increase (Decrease) in Accounts Payable	(109,543)	103,746	9,578	1,082	(2,181)
Depreciation	2,402	2,402	2,746	5,148	2,011
Net Cash Provided by (used for) Operating Activities	\$ (167,364)	\$ (29,368)	\$ 48,326	\$ 148,224	\$ (11,302)

**EMERSON SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

	2010	2009	2008	2007	2006
<u>ASSETS</u>					
Cash	\$ 385,749	\$ 279,752	\$ 292,462	\$ 214,036	\$ 172,686
<u>LIABILITIES</u>					
Due to Student Groups	\$ 138,287	\$ 127,153	\$ 126,453	\$ 101,505	\$ 87,672
Net Payroll and Deductions Payable	73,550	70,664	64,379	588	9,179
Interfund Payable - General Fund	-	-	-	-	-
Total Liabilities	\$ 211,837	\$ 197,817	\$ 190,832	\$ 102,093	\$ 96,851
<u>NET ASSETS</u>					
Held in Trust for Unemployment Claims	\$ 173,912	\$ 81,935	\$ 101,630	\$ 111,943	\$ 75,835

**EMERSON SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

	2010	2009	2008	2007	2006
<u>ADDITIONS</u>					
Transfers	\$ 167,743	\$ 10,900	\$ 32,602	\$ 33,620	\$ 12,626
Earnings on Investments	630	1,147	4,605	2,488	-
	<u>\$ 168,373</u>	<u>\$ 12,047</u>	<u>\$ 37,207</u>	<u>\$ 36,108</u>	<u>\$ 12,626</u>
<u>DEDUCTIONS</u>					
Unemployment Expenditures	\$ 76,396	\$ 31,742	\$ 47,520	-	\$ 19,420
Change in Net Assets	\$ 91,977	\$ (19,695)	\$ (10,313)	\$ 36,108	\$ (6,794)
Net Assets - Beginning	81,935	101,630	111,943	75,835	82,629
Net Assets - Ending	<u>\$ 173,912</u>	<u>\$ 81,935</u>	<u>\$ 101,630</u>	<u>\$ 111,943</u>	<u>\$ 75,835</u>

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

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. 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 seven 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
- Cognitive - Moderate
- LLD Mild to Moderate
- Half-Dav Pre-School Disabled

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 the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control.

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

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

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.

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.)

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

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 THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

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 soon enough thereafter to be used to pay liabilities of the current period. 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.

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 and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. There were no budget amendments during the fiscal year ended June 30, 2009.

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 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.

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

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.

H. Fixed Assets

General Fixed Assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The general fixed 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.

General fixed 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 THE FINANCIAL STATEMENTS
Year Ended June 30, 2010

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, 2009, 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 appropriatable 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.

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.

EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010

Note 2 - Cash and 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.

Deposits --

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the daily balance of collected public funds on deposit.

The market value of the collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments --

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2010, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash</u>	<u>Investments</u>
Checking/Money Market Accounts	<u>\$ 1,208,019</u>	<u>\$ -</u>

EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010

Note 3 - Fixed Assets

The following schedule is a summarization of the changes in general fixed assets by source for the fiscal year ended June 30, 2010:

	Beginning Balance	Additions	Disposals	Adjustments	Ending Balance
<i>Governmental Activities --</i>					
Capital Assets not being Depreciated:					
Sites	\$ 148,850	\$ -	\$ -	\$ -	\$ 148,850
Construction in Progress	-	-	-	-	-
	<u>\$ 148,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,850</u>
Capital Assets being Depreciated:					
Site Improvements	\$ 152,438	\$ -	\$ -	\$ -	\$ 152,438
Buildings	2,812,700	-	-	-	2,812,700
Building Improvements	1,239,057	-	-	-	1,239,057
Machinery and Equipment	835,566	-	-	-	835,566
Vehicles	377,503	291,655	-	-	669,158
	<u>\$ 5,417,264</u>	<u>\$ 291,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,708,919</u>
	<u>\$ 5,566,114</u>	<u>\$ 291,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,857,769</u>
Less Accumulated Depreciation:					
Site Improvements	\$ (139,402)	\$ (2,643)	\$ -	\$ -	\$ (142,045)
Buildings	(2,639,668)	(55,644)	-	-	(2,695,312)
Building Improvements	(534,354)	(45,501)	-	-	(579,855)
Machinery and Equipment	(759,376)	(22,083)	-	-	(781,459)
Vehicles	(162,455)	(20,000)	-	-	(182,455)
	<u>\$ (4,235,255)</u>	<u>\$ (145,871)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,381,126)</u>
Net Assets for Governmental Activities	<u>\$ 1,330,859</u>	<u>\$ 145,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,476,643</u>

Business Type Activities --

	Beginning Balance	Additions	Disposals	Adjustments	Ending Balance
Capital Assets being Depreciated:					
Machinery and Equipment	\$ 53,231	\$ -	\$ -	\$ -	\$ 53,231
Less Accumulated Depreciation For:					
Machinery and Equipment	\$ (33,621)	\$ (2,402)	\$ -	\$ -	\$ (36,023)
Net Assets for Business Type Activities	<u>\$ 19,610</u>	<u>\$ (2,402)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,208</u>

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 4 - Operating Leases and Other Commitments

In accordance with GAAP, the District does not include non-capitalized (operating) leases or other similar commitments in the financial statements. As of June 30, 2010, the District had not entered into any such agreements which would be considered material for subsequent year's obligation disclosure. The District has entered into such agreements which have been deemed immaterial to the financial statements for small office equipment, etc. Detailed information concerning these insignificant obligations is on file with the School Business Office.

EMERSON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2010

Note 5 - Long-Term Debt

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported as general long-term debt:

	Beginning Balance	Issued	Retired	Adjustments	Ending Balance
Bonds Payable	\$ 1,000,000	\$ -	\$ (485,000)	\$ -	\$ 515,000
Compensated Absences Payable	355,542	149,315	(72,024)	-	432,833
	<u>\$ 1,355,542</u>	<u>\$ 149,315</u>	<u>\$ (557,024)</u>	<u>\$ -</u>	<u>\$ 947,833</u>

	Amounts Due within One Year	Long-Term Portion	Ending Balance
Bonds Payable	\$ 515,000	\$ -	\$ 515,000
Compensated Absences Payable	-	432,833	432,833
	<u>\$ 515,000</u>	<u>\$ 432,833</u>	<u>\$ 947,833</u>

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 5 - Long-Term Debt (Continued)

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2010, the Board had \$515,000 of bonds payable. As of June 30, 2010, the Board had not authorized the issuance of any additional bonds.

B. 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, 2010, no liability existed for compensated absences in the Food Service Fund.

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 6 - Retirement Plans

Those employees who are eligible for pension coverage are enrolled in either the Public Employees Retirement System of New Jersey (PERS) or the Teachers' Pension and Annuity Fund of New Jersey (TPAF). The systems are cost-sharing multiple-employer contributory defined benefit pension plans, and are component units of the State of New Jersey. Each retirement system has a Board of Trustees which is responsible for its organization and administration.

A. Plan Descriptions, Contribution Information and Funding Policies

Public Employees' Retirement System (PERS)

Description of the System - The State of New Jersey Public Employees' Retirement System (the System; PERS) is a cost-sharing multiple-employer contributory defined benefit plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The System is included along with other state-administered pension trust and agency funds in the basic financial statements of the State of New Jersey.

At June 30, 2008 and 2007, the dates of the most recent actuarial valuations, participating employers consisted of the following:

	<u>2008</u>	<u>2007</u>
State of New Jersey	1	1
County Agencies	65	65
Municipalities	583	580
School Districts	561	558
Other Public Agencies	486	487
Total	<u>1,696</u>	<u>1,691</u>

The System's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the System 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 pension fund or local jurisdiction's pension fund. The System's Board of Trustees is primarily responsible for the administration of the System.

According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

In 2008, the System adopted the provisions of GASB Statement No. 50, "Pension Disclosures."

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 6 - Retirement Plans (Continued)

A. Plan Descriptions, Contribution Information and Funding Policies (Continued)

Public Employees' Retirement System (PERS) (Continued)

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The System provides retirement, death and disability benefits. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the System. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of 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 years service credit, as defined, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

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

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008 as well as increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 6 - Retirement Plans (Continued)

A. Plan Descriptions, Contribution Information and Funding Policies (Continued)

Public Employees' Retirement System (PERS) (Continued)

Significant Legislation:

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers to contribute 50% of the normal and accrued liability contribution amounts certified by the PERS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100% of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Membership

Membership in the System consisted of the following at June 30, 2008 and 2007, the dates of the most recent actuarial valuations:

	<u>2008</u>	<u>2007</u>
Retirees and beneficiaries currently receiving benefits and employees entitled to benefits but not yet receiving them	134,555	130,686
Active Members:		
Vested	142,280	140,400
Non-Vested	176,902	178,853
Total Active Members	<u>319,182</u>	<u>319,253</u>
Total	<u>453,737</u>	<u>449,939</u>

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 6 - Retirement Plans (Continued)

A. Plan Descriptions, Contribution Information and Funding Policies (Continued)

Teachers' Pension and Annuity Fund

Description of the Fund - The State of New Jersey Teachers' Pension and Annuity Fund (the Fund; TPAF) is a cost-sharing contributory defined benefit plan with a special funding situation which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The Fund is included along with other state-administered pension trust and agency funds in the basic financial statements of the State of New Jersey.

The Fund's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the Fund 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. The Fund's Board of Trustees is primarily responsible for the administration of the Fund.

According to the State of New Jersey Administrative Code, all obligations of the Fund will be assumed by the State of New Jersey should the Fund terminate.

In 2008, the Fund adopted the provisions of GASB Statement No. 50, "Pension Disclosures."

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 18A:66. The 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 the Fund. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of 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 years service credit, as defined, or they may elect deferred retirement after achieving ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

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.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits (COLA) after 24 months of retirement.

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 6 - Retirement Plans (Continued)

A. Plan Descriptions, Contribution Information and Funding Policies (Continued)

Teachers' Pension and Annuity Fund (Continued)

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1 % for every year between age 55 and 60 plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the TPAF eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008 as well as increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Membership and Contributing Employers

Membership in the Fund consisted of the following at June 30, 2008 and 2007, the dates of the most recent actuarial valuations:

	<u>2008</u>	<u>2007</u>
Retirees and beneficiaries currently receiving benefits and employees entitled to benefits but not yet receiving them	76,068	72,748
Active Members:		
Vested	76,368	75,235
Non-Vested	79,719	79,861
Total Active Members	<u>156,087</u>	<u>155,096</u>
Total	<u>232,155</u>	<u>227,844</u>
Contributing Employers	38	38

EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010

Note 6 - Retirement Plans (Continued)

B. 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		Chapter 19 P.L. 2009 Deferral	Non-Contributory Group Life Insurance	Net Pension Obligation
		P.L. 2003 Phase - In Credit				
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
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 THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 7 - Post-Retirement Benefits

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, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State made post-retirement (PRM) contributions of \$1.38 billion for fiscal year 2009 and \$3.22 million for fiscal year 2008.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 8 - Compensated Absences

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

District employees are granted varying 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.

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 9 - 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 THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 10 - Capital Reserve Account

A capital reserve account was established by the Board of Education 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 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.

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 11 - Risk Management

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

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

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.

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 12 - Interfund Receivables and Payables

Interfund balances as of June 30 were as follows:

	2010		2009	
	Interfund Receivable	Interfund Payable	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ -	\$ -	\$ -
Special Revenue Fund	-	-	-	-
Capital Projects Fund	-	-	-	-
Debt Service Fund	-	-	-	-
Enterprise Fund	-	-	-	-
Trust and Agency Fund	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 13 - Retained Earnings - Food Services Enterprise Fund

The Food Service Enterprise Fund has a cumulative retained earnings at June 30 as follows:

	<u>2010</u>	<u>2009</u>
Retained Earnings	<u>\$ 43,008</u>	<u>\$ 46,188</u>

EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010

Note 14 - Fund Balance Appropriated

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

	<u>2010</u>	<u>2009</u>
Capital Reserve	\$ 633,550	\$ 902,801
Reserve for Encumbrances	-	16,119
Emergency Reserve	100,177	100,000
Reserved Fund Balance - Excess Surplus FY 2010	-	276,430
Designated for Subsequent Years' Expenditures	175,000	-
Undesignated	433,176	569,313
	<u>\$ 1,341,903</u>	<u>\$ 1,864,663</u>

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 15 - Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance - 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 reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their years' budget. The excess fund balance at June 30 was as follows:

	<u>2010</u>	<u>2009</u>
Excess Fund Balance	<u>\$ -</u>	<u>\$ 276,430</u>

EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010

Note 16 - Reconciliation of Budgetary Basis General Fund Balance to GAAP Basis General Fund Balance

	<u>2010</u>	<u>2009</u>
Total Fund Balance, June 30 - Budgetary Basis	\$ 1,343,900	\$ 1,907,633
Less: Final Delayed State Aid Payment	(1,997)	(42,970)
Total Fund Balance, June 30 - GAAP Basis	<u>\$ 1,341,903</u>	<u>\$ 1,864,663</u>

**EMERSON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Note 17 - Contingent Liabilities

The Board is not involved in any claims which could be material to its operations.

REQUIRED SUPPLEMENTAL INFORMATION - PART II

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Years Ended June 30, 2010

C-1

Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered
REVENUES								
Local Sources:								
Local Tax Levy	10-1210	\$ 15,644,675	\$ -	\$ -	\$ -	\$ 15,644,675	\$ 15,644,675	\$ -
Other Local Governmental Units - Restricted	10-12XX	389,866	-	-	-	389,866	443,760	53,894
Tuition - Individuals	10-1300	285,134	-	-	-	285,134	227,124	(58,010)
Tuition - From Other LEAs Within State	10-1320	-	-	-	-	-	3,672	3,672
Interest Earned on Capital Reserve Funds	10-1XXX	100	-	-	-	100	6,328	6,228
Unrestricted Miscellaneous Revenues	10-1XXX	80,000	-	-	-	80,000	115,540	35,540
Total Local Sources		\$ 16,399,775	\$ -	\$ -	\$ -	\$ 16,399,775	\$ 16,441,099	\$ 41,324
State Sources:								
Special Education Aid	10-3132	\$ 606,897	\$ -	\$ -	\$ -	\$ 606,897	\$ 436,479	\$ (170,418)
Security Aid	10-3177	88,942	-	-	-	88,942	63,977	(24,965)
Transportation Aid	10-3121	142,943	-	-	-	142,943	102,811	(40,132)
Extraordinary Aid	10-3131	100,099	-	-	-	100,099	507,050	406,951
TPAF Pension		-	-	-	-	-	521,524	521,524
TPAF Social Security		-	-	-	-	-	592,088	592,088
Total State Sources		\$ 938,881	\$ -	\$ -	\$ -	\$ 938,881	\$ 2,223,929	\$ 1,285,048
Federal Sources:								
Medicaid Reimbursement	10-4200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,776	\$ 1,776
Total Revenues		\$ 17,338,656	\$ -	\$ -	\$ -	\$ 17,338,656	\$ 18,666,804	\$ 1,328,148

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Years Ended June 30, 2010

C-1

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered
<u>EXPENDITURES</u>									
<u>General Current Expense</u>									
Regular Programs - Instruction:									
Preschool - Salaries of Teachers	11-105-100-101	\$ 142,183	\$ -	\$ 22,734	\$ -	\$ 164,917	\$ 164,917	\$ -	-
Kindergarten - Salaries of Teachers	11-110-100-101	150,902	-	7,022	-	157,924	157,924	-	-
Grades 1-5 - Salaries of Teachers	11-120-100-101	1,595,689	-	(15,443)	-	1,580,246	1,576,324	3,922	-
Grades 6-8 - Salaries of Teachers	11-130-100-101	1,075,962	-	3,249	-	1,079,211	1,079,211	-	-
Grades 9-12 - Salaries of Teachers	11-140-100-101	1,690,978	-	23,577	-	1,714,555	1,714,555	-	-
Regular Programs - Home Instruction:									
Salaries of Teachers	11-150-100-101	10,400	-	-	-	10,400	5,667	4,733	-
Regular Programs - Undistributed Instruction:									
Other Salaries for Instruction	11-190-100-106	68,948	-	7,212	-	76,160	76,160	-	-
Purchased Professional - Educational Services	11-190-100-320	24,285	-	(23,716)	-	569	568	1	-
Other Purchased Services	11-190-100-500	44,200	-	(26,719)	-	17,481	17,481	-	-
General Supplies	11-190-100-610	212,277	-	(22,798)	6,914	196,393	181,262	15,131	-
Textbooks	11-190-100-640	26,462	-	(12,223)	-	14,239	12,918	1,321	-
Other Objects	11-190-100-800	51,285	-	(11,451)	-	39,834	36,618	3,216	-
Total Regular Programs		\$ 5,093,571	\$ -	\$ (48,556)	\$ 6,914	\$ 5,051,929	\$ 5,023,605	\$ 28,324	\$ -

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Years Ended June 30, 2010

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered
<u>EXPENDITURES (Continued)</u>									
<u>General Current Expense (Continued)</u>									
Special Education - Instruction - Cognitive - Mild:									
Salaries of Teachers	11-201-100-101	\$ 146,913	\$ -	\$ (800)	\$ -	\$ 146,113	\$ 138,060	\$ 8,053	\$ -
Other Salaries for Instruction	11-201-100-106	53,815	-	(700)	-	53,115	51,115	2,000	-
General Supplies	11-201-100-610	1,854	-	-	-	1,854	1,614	240	-
		<u>\$ 202,582</u>	<u>\$ -</u>	<u>\$ (1,500)</u>	<u>\$ -</u>	<u>\$ 201,082</u>	<u>\$ 190,789</u>	<u>\$ 10,293</u>	<u>\$ -</u>
Special Education - Instruction - Learning and/or Language Disabilities:									
Salaries of Teachers	11-204-100-101	\$ 154,972	\$ -	\$ 47,000	\$ -	\$ 201,972	\$ 201,973	\$ (1)	\$ -
Other Salaries for Instruction	11-204-100-106	39,188	-	218	-	39,406	39,406	-	-
General Supplies	11-204-100-610	1,408	-	(179)	-	1,229	1,229	-	-
		<u>\$ 195,568</u>	<u>\$ -</u>	<u>\$ 47,039</u>	<u>\$ -</u>	<u>\$ 242,607</u>	<u>\$ 242,608</u>	<u>\$ (1)</u>	<u>\$ -</u>
Special Education - Instruction - Resource Room/Resource Center:									
Salaries of Teachers	11-213-100-101	\$ 709,404	\$ -	\$ (7,747)	\$ -	\$ 701,657	\$ 701,657	\$ -	\$ -
Other Salaries for Instruction	11-213-100-106	206,689	-	51,901	-	258,590	258,590	-	-
General Supplies	11-213-100-610	1,432	-	(150)	-	1,282	785	497	-
Textbooks	11-213-100-640	971	-	-	-	971	892	79	-
		<u>\$ 918,496</u>	<u>\$ -</u>	<u>\$ 44,004</u>	<u>\$ -</u>	<u>\$ 962,500</u>	<u>\$ 961,924</u>	<u>\$ 576</u>	<u>\$ -</u>
Special Education - Instruction - Pre-school Disabilities - Part Time:									
Salaries of Teachers	11-215-100-101	\$ 79,288	\$ -	\$ (4,636)	\$ -	\$ 74,652	\$ 73,315	\$ 1,337	\$ -
Other Salaries for Instruction	11-215-100-106	18,014	-	12,342	-	30,356	30,356	-	-
		<u>\$ 97,302</u>	<u>\$ -</u>	<u>\$ 7,706</u>	<u>\$ -</u>	<u>\$ 105,008</u>	<u>\$ 103,671</u>	<u>\$ 1,337</u>	<u>\$ -</u>
Total Special Education - Instruction		<u>\$ 1,413,948</u>	<u>\$ -</u>	<u>\$ 97,249</u>	<u>\$ -</u>	<u>\$ 1,511,197</u>	<u>\$ 1,498,992</u>	<u>\$ 12,205</u>	<u>\$ -</u>

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Years Ended June 30, 2010

Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered	
<u>EXPENDITURES (Continued)</u>									
<u>General Current Expense (Continued)</u>									
Basic Skills/Remedial - Instruction:									
Salaries of Teachers	11-230-100-101	\$ 150,000	\$ -	\$ 9,500	\$ -	\$ 159,500	\$ 159,357	\$ 143	\$ -
Bilingual Education - Instruction:									
Salaries of Teachers	11-240-100-101	\$ 120,000	\$ -	\$ 7,305	\$ -	\$ 127,305	\$ 127,305	\$ -	\$ -
School Sponsored Cocurricular Activities - Instruction:									
Salaries	11-401-100-100	\$ 110,599	\$ -	\$ 3,219	\$ -	\$ 113,818	\$ 107,741	\$ 6,077	\$ -
Purchased Services	11-401-100-500	4,305	-	-	-	4,305	2,476	1,829	-
Supplies and Materials	11-401-100-600	7,082	-	-	-	7,082	7,043	39	-
Other Objects	11-401-100-800	23,761	-	525	-	24,286	14,970	9,316	-
		\$ 145,747	\$ -	\$ 3,744	\$ -	\$ 149,491	\$ 132,230	\$ 17,261	\$ -
School Sponsored Athletics - Instruction:									
Salaries	11-402-100-100	\$ 275,529	\$ -	\$ 3,454	\$ -	\$ 278,983	\$ 276,307	\$ 2,676	\$ -
Purchased Services	11-402-100-500	81,154	-	(3,454)	-	77,700	50,729	26,971	-
Supplies and Materials	11-402-100-600	41,658	-	(4,000)	7,587	45,245	35,270	9,975	-
Other Objects	11-402-100-800	12,595	-	-	-	12,595	10,448	2,147	-
		\$ 410,936	\$ -	\$ (4,000)	\$ 7,587	\$ 414,523	\$ 372,754	\$ 41,769	\$ -
Total - Instruction		\$ 7,334,202	\$ -	\$ 65,242	\$ 14,501	\$ 7,413,945	\$ 7,314,243	\$ 99,702	\$ -

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Years Ended June 30, 2010

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	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	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	\$ 346,025	\$ -	\$ 140,113	\$ -	\$ 486,138	\$ 486,138	\$ -	\$ -
Tuition to County Vocational School District - Regular	11-000-100-563	92,640	-	56,460	-	149,100	149,100	-	-
Tuition to County Vocational School District - Special	11-000-100-564	-	-	-	-	-	376,650	(376,650)	-
Tuition to CSSD & Regional Day Schools	11-000-100-565	385,176	-	(8,526)	-	376,650	315,150	61,500	-
Tuition to Private Schools for the Handicapped - Within State	11-000-100-566	998,383	-	(111,284)	-	887,099	887,099	-	-
		<u>\$ 1,822,224</u>	<u>\$ -</u>	<u>\$ 76,763</u>	<u>\$ -</u>	<u>\$ 1,898,987</u>	<u>\$ 2,214,137</u>	<u>\$ (315,150)</u>	<u>\$ -</u>
Undistributed Expenditures - Attendance and Social Work:									
Salaries	11-000-211-100	\$ 24,239	\$ -	\$ -	\$ -	\$ 24,239	\$ 23,767	\$ 472	\$ -
Undistributed Expenditures - Health Services:									
Salaries	11-000-213-100	\$ 198,522	\$ -	\$ 788	\$ -	\$ 199,310	\$ 199,310	\$ -	\$ -
Purchased Professional and Technical Services	11-000-213-300	5,000	-	(788)	-	4,212	1,782	2,430	-
Supplies and Materials	11-000-213-600	2,996	-	50	-	3,046	2,909	137	-
		<u>\$ 206,518</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 206,568</u>	<u>\$ 204,001</u>	<u>\$ 2,567</u>	<u>\$ -</u>
Undistributed Expenditures - Speech, OT, PT, Related Services:									
Salaries	11-000-216-100	\$ 126,522	\$ -	\$ -	\$ -	\$ 126,522	\$ 123,630	\$ 2,892	\$ -
Purchased Professional - Educational Services	11-000-216-320	53,826	-	(12,524)	-	41,302	29,775	11,527	-
		<u>\$ 180,348</u>	<u>\$ -</u>	<u>\$ (12,524)</u>	<u>\$ -</u>	<u>\$ 167,824</u>	<u>\$ 153,405</u>	<u>\$ 14,419</u>	<u>\$ -</u>
Undistributed Expenditures - Other Support Services Students - Extraordinary Services:									
Purchased Professional - Educational Services	11-000-217-320	\$ 396,635	\$ -	\$ (70,527)	\$ -	\$ 326,108	\$ 323,777	\$ 2,331	\$ -
Other Objects	11-000-217-800	8,700	-	(6,236)	-	2,464	569	1,895	-
		<u>\$ 405,335</u>	<u>\$ -</u>	<u>\$ (76,763)</u>	<u>\$ -</u>	<u>\$ 328,572</u>	<u>\$ 324,346</u>	<u>\$ 4,226</u>	<u>\$ -</u>
Undistributed Expenditures - Guidance:									
Salaries of Other Professional Staff	11-000-218-104	\$ 270,458	\$ -	\$ -	\$ -	\$ 270,458	\$ 269,232	\$ 1,226	\$ -
Salaries of Secretarial and Clerical Assistants	11-000-218-105	57,019	-	-	-	57,019	56,487	532	-
Supplies and Materials	11-000-218-600	21,388	-	-	-	21,388	5,533	15,855	-
Other Objects	11-000-218-800	12,044	-	-	-	12,044	11,586	458	-
		<u>\$ 360,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360,909</u>	<u>\$ 342,838</u>	<u>\$ 18,071</u>	<u>\$ -</u>

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Years Ended June 30, 2010

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	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	\$ 320,750	\$ -	\$ (35,471)	\$ -	\$ 285,279	\$ 285,279	\$ -	\$ -
Salaries of Secretarial and Clerical Assistants	11-000-219-105	35,744	-	-	-	35,744	34,701	1,043	-
Miscellaneous Purchased Services	11-000-219-592	56,000	-	-	-	56,000	52,156	3,844	-
Supplies and Materials	11-000-219-600	15,550	-	-	-	15,550	10,839	4,711	-
Other Objects	11-000-219-800	11,859	-	(3,419)	-	8,440	5,627	2,813	-
		<u>\$ 439,903</u>	<u>\$ -</u>	<u>\$ (38,890)</u>	<u>\$ -</u>	<u>\$ 401,013</u>	<u>\$ 388,602</u>	<u>\$ 12,411</u>	<u>\$ -</u>
Undistributed Expenditures - Improvement of Instruction Services:									
Salaries Supervisor of Instruction	11-000-221-102	\$ 69,250	\$ -	\$ -	\$ -	\$ 69,250	\$ 63,883	\$ 5,367	\$ -
		<u>\$ 69,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,250</u>	<u>\$ 63,883</u>	<u>\$ 5,367</u>	<u>\$ -</u>
Undistributed Expenditures - Educational Media Services/School Library:									
Salaries	11-000-222-100	\$ 193,013	\$ -	\$ 280	\$ -	\$ 193,293	\$ 193,292	\$ 1	\$ -
Supplies and Materials	11-000-222-600	21,910	-	(280)	1,618	23,248	19,623	3,625	-
		<u>\$ 214,923</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,618</u>	<u>\$ 216,541</u>	<u>\$ 212,915</u>	<u>\$ 3,626</u>	<u>\$ -</u>
Undistributed Expenditures - Instructional Staff Training Services:									
Other Objects	11-000-223-800	\$ 39,250	\$ -	\$ 2,150	\$ -	\$ 41,400	\$ 25,976	\$ 15,424	\$ -

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Years Ended June 30, 2010

C-1

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered
<u>EXPENDITURES (Continued)</u>									
<u>General Current Expense (Continued)</u>									
Undistributed Expenditures - Support Services - General Administration:									
Salaries	11-000-230-100	\$ 270,055	\$ -	\$ 3,904	\$ -	\$ 273,959	\$ 273,485	\$ 474	\$ -
Legal Services	11-000-230-331	15,000	-	12,147	-	27,147	27,147	-	-
Audit Fees	11-000-230-332	19,450	-	300	-	19,750	19,750	-	-
Communications/Telephone	11-000-230-530	8,000	-	(2,447)	-	5,553	5,550	3	-
General Supplies	11-000-230-610	5,100	-	-	-	5,100	5,090	10	-
Miscellaneous Expenditures	11-000-230-890	45,088	-	(3,904)	-	41,184	40,487	697	-
		<u>\$ 362,693</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 372,693</u>	<u>\$ 371,509</u>	<u>\$ 1,184</u>	<u>\$ -</u>
Undistributed Expenditures - Support Services - School Administration:									
Salaries of Principals/Assistance Principals	11-000-240-103	\$ 934,892	\$ -	\$ 7,702	\$ -	\$ 942,594	\$ 942,594	\$ -	\$ -
Salaries of Secretarial and Clerical Assistants	11-000-240-105	151,056	-	12,346	-	163,402	163,026	376	-
Supplies and Materials	11-000-240-600	2,400	-	(321)	-	2,079	2,079	-	-
Other Objects	11-000-240-800	2,730	-	162	-	2,892	2,891	1	-
		<u>\$ 1,091,078</u>	<u>\$ -</u>	<u>\$ 19,889</u>	<u>\$ -</u>	<u>\$ 1,110,967</u>	<u>\$ 1,110,590</u>	<u>\$ 377</u>	<u>\$ -</u>
Undistributed Expenditures - Central Services:									
Salaries	11-000-251-100	\$ 315,174	\$ -	\$ 672	\$ -	\$ 315,846	\$ 314,911	\$ 935	\$ -
Purchased Technical Services	11-000-251-340	19,000	-	(672)	-	18,328	16,124	2,204	-
Supplies and Materials	11-000-251-600	3,500	-	-	-	3,500	3,125	375	-
Other Objects	11-000-251-890	2,950	-	-	-	2,950	2,076	874	-
		<u>\$ 340,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,624</u>	<u>\$ 336,236</u>	<u>\$ 4,388</u>	<u>\$ -</u>
Undistributed Expenditures - Required Maintenance for School Facilities:									
Salaries	11-000-261-100	\$ 506,752	\$ -	\$ (15,267)	\$ -	\$ 491,485	\$ 480,943	\$ 10,542	\$ -
Cleaning, Repair and Maintenance Services	11-000-261-420	135,075	-	11,993	-	147,068	136,636	10,432	-
General Supplies	11-000-261-610	37,575	-	5,628	-	43,203	43,203	-	-
		<u>\$ 679,402</u>	<u>\$ -</u>	<u>\$ 2,354</u>	<u>\$ -</u>	<u>\$ 681,756</u>	<u>\$ 660,782</u>	<u>\$ 20,974</u>	<u>\$ -</u>

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Years Ended June 30, 2010

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	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	\$ 390,992	\$ -	\$ 21,950	\$ -	\$ 412,942	\$ 320,624	\$ 92,318	\$ -
Salaries of Non-Instructional Aids	11-000-262-101	-	-	-	-	-	63,568	(63,568)	-
Cleaning, Repair and Maintenance Services	11-000-262-420	38,123	-	(7,450)	-	30,673	20,557	10,116	-
Insurance	11-000-262-520	143,726	-	(2,600)	-	141,126	134,521	6,605	-
General Supplies	11-000-262-610	48,871	-	8,453	-	57,324	55,810	1,514	-
Energy (Natural Gas)	11-000-262-622	408,371	-	(56,453)	-	351,918	92,562	259,356	-
Energy (Electricity)	11-000-262-622	-	-	-	-	-	199,748	(199,748)	-
Other Objects	11-000-262-800	-	-	-	-	-	22,888	(22,888)	-
		<u>\$ 1,030,083</u>	<u>\$ -</u>	<u>\$ (36,100)</u>	<u>\$ -</u>	<u>\$ 993,983</u>	<u>\$ 910,278</u>	<u>\$ 83,705</u>	<u>\$ -</u>
Undistributed Expenditures - Care and Upkeep of Grounds:									
Salaries	11-000-263-100	\$ 49,956	\$ -	\$ -	\$ -	\$ 49,956	\$ 43,711	\$ 6,245	\$ -
General Supplies	11-000-263-610	24,786	-	(6,000)	-	18,786	14,103	4,683	-
		<u>\$ 74,742</u>	<u>\$ -</u>	<u>\$ (6,000)</u>	<u>\$ -</u>	<u>\$ 68,742</u>	<u>\$ 57,814</u>	<u>\$ 10,928</u>	<u>\$ -</u>
Undistributed Expenditures - Student Transportation Services:									
Salaries for Pupil Transportation (Between Home and Schoc	11-000-270-160	\$ 10,587	\$ -	\$ 51	\$ -	\$ 10,638	\$ 10,638	\$ -	\$ -
Salaries for Pupil Transportation (Between Home and Schoc	11-000-270-161	33,656	-	37,701	-	71,357	64,959	6,398	-
Other Purchased Professional & Technical Services	11-000-270-390	-	-	660	-	660	660	-	-
Cleaning, Repair, & Maintenance Services	11-000-270-420	3,150	-	(63)	-	3,087	3,087	-	-
Contracted Services (Special Education Students) - Vendors	11-000-270-511	63,816	-	(44,815)	-	19,001	18,276	725	-
Contracted Services (Special Education Students) - Joint Ag	11-000-270-515	416,200	-	(11,358)	-	404,842	336,041	68,801	-
Contracted Services - Aid in Lieu of Payments - Nonpublic S	11-000-270-503	75,690	-	-	-	75,690	73,367	2,323	-
General Supplies	11-000-270-610	-	-	12,889	-	12,889	12,889	-	-
Miscellaneous Expenditures	11-000-270-890	-	-	4,935	-	4,935	4,929	6	-
		<u>\$ 603,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 603,099</u>	<u>\$ 524,846</u>	<u>\$ 78,253</u>	<u>\$ -</u>
Unallocated Benefits - Employee Benefits:									
Social Security Contributions	11-000-291-220	\$ 243,965	\$ -	\$ (8,390)	\$ -	\$ 235,575	\$ 235,575	\$ -	\$ -
Other Retirement Contributions - Regular	11-000-291-241	146,000	-	(8,427)	-	137,573	137,573	-	-
Unemployment Compensation	11-000-291-250	-	-	136,593	-	136,593	136,593	-	-
Health Benefits	11-000-291-270	1,897,625	-	138,262	-	2,035,887	2,029,060	6,827	-
		<u>\$ 2,287,590</u>	<u>\$ -</u>	<u>\$ 258,038</u>	<u>\$ -</u>	<u>\$ 2,545,628</u>	<u>\$ 2,538,801</u>	<u>\$ 6,827</u>	<u>\$ -</u>

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Years Ended June 30, 2010

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<u>Account Number</u>	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Budget Transfers</u>	<u>Prior Year Encumbrances</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>	<u>Encumbered</u>
<u>EXPENDITURES (Continued)</u>								
<u>General Current Expense (Continued)</u>								
TPAF Pension	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 521,524	\$ (521,524)	\$ -
TPAF Social Security	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 592,088	\$ (592,088)	\$ -
Total Undistributed Expenditures	\$ 10,232,210	\$ -	\$ 198,967	\$ 1,618	\$ 10,432,795	\$ 11,578,338	\$ (1,145,543)	\$ -
Total Expenditures - Current Expense	\$ 17,566,412	\$ -	\$ 264,209	\$ 16,119	\$ 17,846,740	\$ 18,892,581	\$ (1,045,841)	\$ -

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Years Ended June 30, 2010

C-1

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered
<u>EXPENDITURES (Continued)</u>									
<u>Capital Outlay</u>									
Increase in Capital Reserve	12-000-400-450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Deposit to Capital Reserve	10-604	\$ 100	\$ -	\$ -	\$ -	\$ 100	\$ 6,328	\$ (6,228)	\$ -
Equipment:									
Undistributed Expenditures - Support Services - Students -	12-000-219-730	6,000	-	-	-	6,000	3,259	2,741	-
General Administration	12-000-230-730	-	-	-	-	-	-	-	-
		\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000	\$ 3,259	\$ 2,741	\$ -
Facilities Acquisition and Construction Services:									
Legal Services	12-000-400-331	-	-	-	-	-	-	-	-
Architectural/Engineering Services	12-000-400-334	-	-	-	-	-	-	-	-
Construction Services	12-000-400-450	-	-	-	-	-	-	-	-
Other Purchased Professional & Technical Services	12-000-400-390	-	-	6,315	-	6,315	6,315	-	-
		\$ -	\$ -	\$ 6,315	\$ -	\$ 6,315	\$ 6,315	\$ -	\$ -
Total Capital Outlay		\$ 6,100	\$ -	\$ 6,315	\$ -	\$ 12,415	\$ 15,902	\$ (3,487)	\$ -
Total Expenditures		\$ 17,572,512	\$ -	\$ 270,524	\$ 16,119	\$ 17,859,155	\$ 18,908,483	\$ (1,049,328)	\$ -
Excess (Deficiency) of Revenues Over (Under) Expenditures		\$ (233,856)	\$ -	\$ (270,524)	\$ (16,119)	\$ (520,499)	\$ (241,679)	\$ 278,820	\$ -
Other Financing Sources (Uses):									
Operating Transfers:									
Trust and Agency Fund	10-402-100-930	\$ (42,574)	\$ -	\$ (4,000)	\$ -	\$ (46,574)	\$ (46,574)	\$ -	\$ -
Capital Reserve to Capital Projects		(275,480)	-	-	-	(275,480)	(275,480)	-	-
		\$ (318,054)	\$ -	\$ (4,000)	\$ -	\$ (322,054)	\$ (322,054)	\$ -	\$ -

EMERSON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Years Ended June 30, 2010

Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered																																																																																	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Expenditures and Other Financing Uses	\$ (551,910)	\$ -	\$ (274,524)	\$ (16,119)	\$ (842,553)	\$ (563,733)	\$ 278,820																																																																																		
Fund Balances, July 1	1,907,633	-	-	-	1,907,633	1,907,633	-																																																																																		
Fund Balances, June 30	<u>\$ 1,355,723</u>	<u>\$ -</u>	<u>\$ (274,524)</u>	<u>\$ (16,119)</u>	<u>\$ 1,065,080</u>	<u>\$ 1,343,900</u>	<u>\$ 278,820</u>																																																																																		
<i>Recapitulation of Excess (Deficiency) of Revenues Under Expenditures:</i>																																																																																									
Adjustment for Prior Year Encumbrances	\$ -	\$ -	\$ -	\$ (16,119)	\$ (16,119)	\$ (16,119)	-																																																																																		
Budgeted Fund Balance - Original	(276,430)	-	-	-	(276,430)	(276,430)	-																																																																																		
Budgeted Fund Balance - Additional	-	-	(274,524)	-	(274,524)	4,296	278,820																																																																																		
Budgeted Withdrawal From Capital Reserve	(275,480)	-	-	-	(275,480)	(275,480)	-																																																																																		
	<u>\$ (551,910)</u>	<u>\$ -</u>	<u>\$ (274,524)</u>	<u>\$ (16,119)</u>	<u>\$ (842,553)</u>	<u>\$ (563,733)</u>	<u>\$ 278,820</u>																																																																																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Recapitulation of Fund Balance:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Emergency Reserve Account</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">100,177</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Capital Reserve</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">633,550</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Designated for Subsequent Year's Expenditures</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">175,000</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Unreserved - Undesignated</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">435,173</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>1,343,900</u></td> <td></td> <td style="text-align: right;">-</td> </tr> <tr> <td colspan="9">Reconciliation to Governmental Funds Statements (GAAP):</td> </tr> <tr> <td style="padding-left: 20px;">Last State Aid Payment(s) not recognized on GAAP basis</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">(1,997)</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Fund Balance per Governmental Funds (GAAP) (Exhibit B-1)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>1,341,903</u></td> <td></td> <td></td> </tr> </table>									Recapitulation of Fund Balance:									Emergency Reserve Account						100,177			Capital Reserve						633,550			Designated for Subsequent Year's Expenditures						175,000			Unreserved - Undesignated						435,173									<u>1,343,900</u>		-	Reconciliation to Governmental Funds Statements (GAAP):									Last State Aid Payment(s) not recognized on GAAP basis						(1,997)			Fund Balance per Governmental Funds (GAAP) (Exhibit B-1)						<u>1,341,903</u>		
Recapitulation of Fund Balance:																																																																																									
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Fund Balance per Governmental Funds (GAAP) (Exhibit B-1)						<u>1,341,903</u>																																																																																			

**EMERSON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
Fiscal Years Ended June 30, 2010**

	Final Budget	Actual	Variance to Final Favorable / (Unfavorable)
<u>REVENUES</u>			
Local Sources	\$ -	\$ -	\$ -
Federal Sources	456,527	456,527	-
State Sources	95,424	95,424	-
Total Revenues	<u>\$ 551,951</u>	<u>\$ 551,951</u>	<u>\$ -</u>
<u>EXPENDITURES</u>			
Instruction:			
Personal Services - Salaries	\$ 56,198	\$ 56,198	\$ -
Purchased Professional & Technical Services	2,500	2,500	-
Other Purchased Services	227,176	227,176	-
General Supplies	30,079	30,079	-
Textbooks	11,523	11,523	-
Other Objects	-	-	-
Total Instruction	<u>\$ 327,476</u>	<u>\$ 327,476</u>	<u>\$ -</u>
Support Services:			
Personal Services - Salaries	\$ 2,750	\$ 2,750	\$ -
Personal Services - Employee Benefits	-	-	-
Purchased Professional & Technical Services	31,162	31,162	-
Purchased Professional - Educational Services	34,059	34,059	-
Purchased Property Services	-	-	-
Other Purchased Services	3,766	3,766	-
Travel	1,287	1,287	-
Supplies and Materials	20,300	20,300	-
Other Objects	-	-	-
Total Support Services	<u>\$ 93,324</u>	<u>\$ 93,324</u>	<u>\$ -</u>
Facilities Acquisition and Construction Services:			
Buildings	\$ -	\$ -	-
Instructional Equipment	30,330	30,330	-
Non-Instructional Equipment	100,821	100,821	-
Total Facilities Acquisition and Construction Service	<u>\$ 131,151</u>	<u>\$ 131,151</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 551,951</u>	<u>\$ 551,951</u>	<u>\$ -</u>

EMERSON SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 Fiscal Year Ended June 30, 2010

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1)	\$ 18,666,804	\$ 551,951
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 payment recognized for budgetary purposes, not recognized for GAAP statements	42,970	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(1,997)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 18,707,777</u>	<u>\$ 551,951</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 18,908,483	\$ 551,951
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>\$ 18,908,483</u>	<u>\$ 551,951</u>

**EMERSON SCHOOL DISTRICT
COMBINING BALANCE SHEET
GENERAL FUND**

Not Applicable

**EMERSON SCHOOL DISTRICT
BLENDED RESOURCE FUND - SCHEDULE OF EXPENDITURES ALLOCATED
BY RESOURCE TYPE - ACTUAL
GENERAL FUND**

Not Applicable

**EMERSON SCHOOL DISTRICT
BLENDED RESOURCE FUND -
SCHEDULE OF BLENDED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND**

Not Applicable

**EMERSON SCHOOL DISTRICT
SCHEDULE OF DEOA EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND**

Not Applicable

**EMERSON SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGETARY BASIS
SPECIAL REVENUE FUND**

	N.C.L.B.			Consortium	I.D.E.A. Part B (Handicapped)		ARRA			
	Title II, Part A	Title IV	Title V	Title II, Part D	Title III	Basic	Preschool	Title I	I.D.E.A. Basic	I.D.E.A. Preschool
REVENUES										
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-	-	-	-	-	-
Federal Sources	32,556	1,826	-	150	9,731	236,557	9,678	-	166,029	-
Total Revenues	\$ 32,556	\$ 1,826	\$ -	\$ 150	\$ 9,731	\$ 236,557	\$ 9,678	\$ -	\$ 166,029	\$ -
EXPENDITURES										
Instruction:										
Salaries of Teachers 100-101	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Professional and Technical Services 100-300	-	550	-	-	-	-	-	-	-	-
Other Purchased Services 100-500	-	-	-	-	-	217,498	9,678	-	-	-
General Supplies 100-610	16,956	-	-	150	7,931	-	-	-	-	-
Textbooks 100-640	-	-	-	-	-	-	-	-	-	-
Other Objects 100-800	-	-	-	-	-	-	-	-	-	-
Total Instruction	\$ 16,956	\$ 550	\$ -	\$ 150	\$ 7,931	\$ 217,498	\$ 9,678	\$ -	\$ -	\$ -
Support Services:										
Salaries of Program Directors 200-102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries of Supervisors of Instruction 200-103	-	-	-	-	-	-	-	-	-	-
Salaries of Other Professional Staff 200-104	-	-	-	-	-	-	-	-	-	-
Salaries of Secretarial and Clerical Assistants 200-105	-	-	-	-	-	-	-	-	-	-
Personal Services - Employee Benefits 200-200	-	-	-	-	-	-	-	-	-	-
Purchased Professional & Technical Services 200-300	-	-	-	-	-	-	-	-	17,498	-
Purchased Professional - Educational Services 200-320	15,000	-	-	-	-	19,059	-	-	-	-
Purchased Property Services 200-400	-	-	-	-	-	-	-	-	-	-
Travel 200-580	-	-	-	-	-	-	-	-	-	-
Other Purchased Services 200-590	600	1,276	-	-	-	-	-	-	-	-
Supplies and Materials 200-600	-	-	-	-	1,800	-	-	-	18,000	-
Other Objects 200-890	-	-	-	-	-	-	-	-	-	-
Total Support Services	\$ 15,600	\$ 1,276	\$ -	\$ -	\$ 1,800	\$ 19,059	\$ -	\$ -	\$ 35,498	\$ -
Facilities Acquisition and Construction Services:										
Buildings 400-720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Instructional Equipment 400-731	-	-	-	-	-	-	-	-	29,710	-
Non-Instructional Equipment 400-732	-	-	-	-	-	-	-	-	100,821	-
Total Facilities Acquisition and Construction Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,531	\$ -
Total Expenditures	\$ 32,556	\$ 1,826	\$ -	\$ 150	\$ 9,731	\$ 236,557	\$ 9,678	\$ -	\$ 166,029	\$ -

**EMERSON SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EX
BUDGETARY BASIS
SPECIAL REVENUE FUND**

	Personalized Student Learning Plan Pilot rogram	N.J. Non-Public Textbook Aid	N.J. Non-Public Nursing Services Aid	N.J. Non-Public Technology Aid	N.J. Non-Public Auxiliary Services			N.J. Non-Public Handicapped Services			Totals	
					Compensatory Education	ESL	Transportation	Home Instruction	Examination & Classification	Corrective Speech		Supplementary Instruction
REVENUES												
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	14,379	11,523	13,664	-	33,014	-	-	-	10,783	6,725	5,336	95,424
Federal Sources	-	-	-	-	-	-	-	-	-	-	-	456,527
Total Revenues	\$ 14,379	\$ 11,523	\$ 13,664	\$ -	\$ 33,014	\$ -	\$ -	\$ -	\$ 10,783	\$ 6,725	\$ 5,336	\$ 551,951
EXPENDITURES												
Instruction:												
Salaries of Teachers	\$ 340	\$ -	\$ -	\$ -	\$ 33,014	\$ -	\$ -	\$ -	\$ 10,783	\$ 6,725	\$ 5,336	\$ 56,198
Purchased Professional and Technical Services	1,950	-	-	-	-	-	-	-	-	-	-	2,500
Other Purchased Services	-	-	-	-	-	-	-	-	-	-	-	227,176
General Supplies	5,042	-	-	-	-	-	-	-	-	-	-	30,079
Textbooks	-	11,523	-	-	-	-	-	-	-	-	-	11,523
Other Objects	-	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	\$ 7,332	\$ 11,523	\$ -	\$ -	\$ 33,014	\$ -	\$ -	\$ -	\$ 10,783	\$ 6,725	\$ 5,336	\$ 327,476
Support Services:												
Salaries of Program Directors	\$ 2,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,750
Salaries of Supervisors of Instruction	-	-	-	-	-	-	-	-	-	-	-	-
Salaries of Other Professional Staff	-	-	-	-	-	-	-	-	-	-	-	-
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-	-	-	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Purchased Professional & Technical Services	-	-	13,664	-	-	-	-	-	-	-	-	31,162
Purchased Professional - Educational Services	-	-	-	-	-	-	-	-	-	-	-	34,059
Purchased Property Services	-	-	-	-	-	-	-	-	-	-	-	-
Travel	1,287	-	-	-	-	-	-	-	-	-	-	1,287
Other Purchased Services	1,890	-	-	-	-	-	-	-	-	-	-	3,766
Supplies and Materials	500	-	-	-	-	-	-	-	-	-	-	20,300
Other Objects	-	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	\$ 6,427	\$ -	\$ 13,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,324
Facilities Acquisition and Construction Services:												
Buildings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Instructional Equipment	620	-	-	-	-	-	-	-	-	-	-	30,330
Non-Instructional Equipment	-	-	-	-	-	-	-	-	-	-	-	100,821
Total Facilities Acquisition and Construction Services	\$ 620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,151
Total Expenditures	\$ 14,379	\$ 11,523	\$ 13,664	\$ -	\$ 33,014	\$ -	\$ -	\$ -	\$ 10,783	\$ 6,725	\$ 5,336	\$ 551,951

**EMERSON SCHOOL DISTRICT
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES -
BUDGETARY BASIS
SPECIAL REVENUE FUND**

Not Applicable

**EMERSON SCHOOL DISTRICT
SUMMARY STATEMENT OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND**

	Account Number	Tennis Courts	Handicapped Elevator	Total
<u>REVENUES</u>				
Additional State Building Aid - EDA Grant	30-3255	\$ -	\$ 106,292	\$ 106,292
Municipal Surplus	30-1220	-	-	-
Earnings on Investments	30-1510	-	-	-
Bond Principal	30-5110	-	-	-
Bond Premium	30-5120	-	-	-
Transfers from Other Funds:	30-5200	-	-	-
Capital Outlay Transferred to Capital Projects		-	-	-
Capital Reserve Transferred to Capital Projects		37,000	238,480	275,480
Other Financing Sources		-	-	-
Total Revenues		<u>\$ 37,000</u>	<u>\$ 344,772</u>	<u>\$ 381,772</u>
<u>EXPENDITURES</u>				
Capital Project Equipment	30-XXX-XXX-73X	\$ -	\$ -	-
Salaries	30-000-4XX-100	-	-	-
Legal Services	30-000-4XX-331	-	-	-
Other Purchased Professional and Technical Services	30-000-4XX-390	-	-	-
Construction Services	30-000-4XX-450	37,000	23,596	60,596
General Supplies	30-000-4XX-610	-	-	-
Land and Improvements	30-000-4XX-710	-	-	-
Lease Purchase Agreements - Principal	30-000-4XX-721	-	-	-
Buildings Other than Lease Purchase Agreements	30-000-4XX-722	-	-	-
Other Objects	30-000-4XX-800	-	-	-
Total Expenditures		<u>\$ 37,000</u>	<u>\$ 23,596</u>	<u>\$ 60,596</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		\$ -	\$ 321,176	\$ 321,176
<u>OTHER FINANCING SOURCES/(USES)</u>				
Operating Transfers from/(to) Other Funds:				
General Fund - Capital Outlay		\$ -	\$ -	-
Capital Reserve Account		-	-	-
Capital Reserve Account		-	-	-
Debt Service Fund		-	-	-
Total Operating Transfers		<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources/(Uses)		\$ -	\$ 321,176	\$ 321,176
Fund Balances, July 1		-	-	-
Fund Balances, June 30		<u>\$ -</u>	<u>\$ 321,176</u>	<u>\$ 321,176</u>

**EMERSON SCHOOL DISTRICT
COMBINING SCHEDULE OF NET ASSETS
ENTERPRISE FUND**

	2010			2009
	Food Service	Adult School	Total	
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 17,292	\$ 58,600	\$ 75,892	\$ 203,611
Intergovernmental Receivable:				
State	219	-	219	532
Federal	2,629	-	2,629	5,462
Other Receivables	5,660	-	5,660	3,626
Total Current Assets	<u>\$ 25,800</u>	<u>\$ 58,600</u>	<u>\$ 84,400</u>	<u>\$ 213,231</u>
Non-Current Assets:				
Machinery and Equipment, (Net)	\$ 17,208	\$ -	\$ 17,208	\$ 19,610
Total Assets	<u>\$ 43,008</u>	<u>\$ 58,600</u>	<u>\$ 101,608</u>	<u>\$ 232,841</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ 2,193	\$ 2,193	\$ 111,736
<u>NET ASSETS</u>				
Invested in Capital Assets	\$ 17,208	\$ -	\$ 17,208	\$ 19,610
Unrestricted	25,800	56,407	82,207	101,495
	<u>\$ 43,008</u>	<u>\$ 56,407</u>	<u>\$ 99,415</u>	<u>\$ 121,105</u>

**EMERSON SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUND**

	2010			2009
	Food Service	Adult School	Total	
<u>OPERATING REVENUES</u>				
Charges for Services:				
Sales	\$ 341,181	\$ 215,200	\$ 556,381	\$ 580,561
<u>OPERATING EXPENSES</u>				
Salaries	\$ -	\$ 165,273	\$ 165,273	\$ 257,847
Support Services - Employee Benefits	-	-	-	-
Purchased Professional - Technical Service:	4,866	-	4,866	42,738
Other Purchased Services	344,699	13,950	358,649	339,172
Supplies & Materials	4,727	3,114	7,841	20,295
Depreciation	2,402	-	2,402	2,402
Cost of Sales	-	-	-	-
Miscellaneous	24,166	51,373	75,539	48,880
	\$ 380,860	\$ 233,710	\$ 614,570	\$ 711,334
Operating Income (Loss)	\$ (39,679)	\$ (18,510)	\$ (58,189)	\$ (130,773)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program	\$ 2,890	\$ -	\$ 2,890	\$ 2,579
Federal Sources:				
National School Lunch Program	33,609	-	33,609	25,662
	\$ 36,499	\$ -	\$ 36,499	\$ 28,241
Income (Loss) Before Other Financing Sources (Uses)	\$ (3,180)	\$ (18,510)	\$ (21,690)	\$ (102,532)
Other Financing Sources (Uses):				
Operating Transfers:				
General Fund	\$ -	\$ -	\$ -	\$ -
Change in Net Assets	\$ (3,180)	\$ (18,510)	\$ (21,690)	\$ (102,532)
Total Net Assets - Beginning	46,188	74,917	121,105	223,637
Total Net Assets - Ending	\$ 43,008	\$ 56,407	\$ 99,415	\$ 121,105

**EMERSON SCHOOL DISTRICT
COMBINING SCHEDULE OF CASH FLOWS
ENTERPRISE FUND**

	2010			2009
	Food Service	Adult School	Total	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from Customers	\$ 339,147	\$ 215,200	\$ 554,347	\$ 575,818
Receipts from Interfunds	-	-	-	-
Receipts from Transfers	-	-	-	-
Payments for Operating Expenses	(378,458)	(343,253)	(721,711)	(605,186)
Net Cash Provided (Used) by Operating Activities	\$ (39,311)	\$ (128,053)	\$ (167,364)	\$ (29,368)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>				
State Sources	\$ 3,203	\$ -	\$ 3,203	\$ 2,185
Federal Sources	36,442	-	36,442	21,396
	\$ 39,645	\$ -	\$ 39,645	\$ 23,581
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of Capital Assets	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Cash	\$ 334	\$ (128,053)	\$ (127,719)	\$ (5,787)
Balances - Beginning of Year	16,958	186,653	203,611	209,398
Balances - End of Year	\$ 17,292	\$ 58,600	\$ 75,892	\$ 203,611
Reconciliation of Operating Income (Loss) to Net Cash Provided				
(Used) by Operating Activities:				
Operating Income (Loss)	\$ (39,679)	\$ (18,510)	\$ (58,189)	\$ (130,773)
Transfers	-	-	-	-
Adjustments to Reconcile Operating Income				
(used for) Operating Activities:				
Fixed Assets	-	-	-	-
(Increase) Decrease in Accounts Receivable	(2,034)	-	(2,034)	(4,743)
Increase (Decrease) in Accounts Payable	-	(109,543)	(109,543)	103,746
Depreciation	2,402	-	2,402	2,402
Net Cash Provided by (used for) Operating Activities	\$ (39,311)	\$ (128,053)	\$ (167,364)	\$ (29,368)

**EMERSON SCHOOL DISTRICT
COMBINING SCHEDULE OF NET ASSETS
INTERNAL SERVICE FUND**

Not Applicable

**EMERSON SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS
INTERNAL SERVICE FUND**

Not Applicable

**EMERSON SCHOOL DISTRICT
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUND**

Not Applicable

EMERSON SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS

	2010	2009	2008	2007	2006	2005	2004
<u>ASSETS</u>							
Cash	\$ 385,749	\$ 279,752	\$ 292,462	\$ 214,036	\$ 172,686	\$ 229,739	\$ 218,093
<u>LIABILITIES</u>							
Due to Student Groups	\$ 138,287	\$ 127,153	\$ 126,453	\$ 101,505	\$ 87,672	\$ 91,654	\$ 81,758
Net Payroll and Deductions Payable	73,550	70,664	64,379	588	9,179	55,456	48,153
Interfund Payable - General Fund	-	-	-	-	-	-	-
Total Liabilities	\$ 211,837	\$ 197,817	\$ 190,832	\$ 102,093	\$ 96,851	\$ 147,110	\$ 129,911
<u>NET ASSETS</u>							
Held in Trust for Unemployment Claims	\$ 173,912	\$ 81,935	\$ 101,630	\$ 111,943	\$ 75,835	\$ 82,629	\$ 88,182

**EMERSON SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

	2010	2009	2008	2007	2006	2005
<u>ADDITIONS</u>						
Transfers	\$ 167,743	\$ 10,900	\$ 32,602	\$ 33,620	\$ 12,626	\$ 10,275
Earnings on Investments	630	1,147	4,605	2,488	-	-
	<u>\$ 168,373</u>	<u>\$ 12,047</u>	<u>\$ 37,207</u>	<u>\$ 36,108</u>	<u>\$ 12,626</u>	<u>\$ 10,275</u>
<u>DEDUCTIONS</u>						
Unemployment Expenditures	\$ 76,396	\$ 31,742	\$ 47,520	\$ -	\$ 19,420	\$ 15,828
Change in Net Assets	\$ 91,977	\$ (19,695)	\$ (10,313)	\$ 36,108	\$ (6,794)	\$ (5,553)
Net Assets - Beginning	81,935	101,630	111,943	75,835	82,629	88,182
Net Assets - Ending	<u>\$ 173,912</u>	<u>\$ 81,935</u>	<u>\$ 101,630</u>	<u>\$ 111,943</u>	<u>\$ 75,835</u>	<u>\$ 82,629</u>

EMERSON SCHOOL DISTRICT
 STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	Balance July 1, 2009	Cash		Balance June 30, 2010
		Receipts	Disbursements	
Student Activities	\$ 126,460	\$ 214,370	\$ 206,331	\$ 134,499
Jr./Sr. High School Student Athletics	693	57,643	54,548	3,788
	<u>\$ 127,153</u>	<u>\$ 272,013</u>	<u>\$ 260,879</u>	<u>\$ 138,287</u>

EMERSON SCHOOL DISTRICT
 PAYROLL AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	Balance July 1, 2009	Cash		Balance June 30, 2010
		Receipts	Disbursements	
Net Payroll Account	\$ -	\$ 7,158,150	\$ 7,158,150	\$ -
Payroll Agency Account	70,664	12,101,217	12,098,331	73,550
	<u>\$ 70,664</u>	<u>\$ 19,259,367</u>	<u>\$ 19,256,481</u>	<u>\$ 73,550</u>

**EMERSON SCHOOL DISTRICT
 SCHEDULE OF SERIAL BONDS
 GENERAL LONG-TERM DEBT ACCOUNT GROUP**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount Outstanding June 30, 2009</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2010</u>
Improvements to Memorial, Villano and Emerson Jr./Sr. High School	05/15/96	\$ 1,000,000	\$ -	\$ 485,000	\$ 515,000

<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Maturities</u>	
		<u>Date</u>	<u>Amount</u>
\$ 5,575,000	5.13%	05/15/11	515,000

**EMERSON SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
GENERAL LONG-TERM DEBT ACCOUNT GROUP**

Not Applicable

EMERSON SCHOOL DISTRICT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable / (Unfavorable)
<u>REVENUES</u>					
Local Sources:					
Local Tax Levy	\$ 538,387	\$ -	\$ 538,387	\$ 538,387	\$ -
<u>EXPENDITURES</u>					
Regular Debt Service					
Interest on Bonds	\$ 38,387	\$ 15,000	\$ 53,387	\$ 53,386	\$ 1
Redemption of Bond Principal	500,000	(15,000)	485,000	485,000	-
Total Expenditures	\$ 538,387	\$ -	\$ 538,387	\$ 538,386	\$ 1
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ 1	\$ (1)
Fund Balances, July 1	9	-	9	9	-
Fund Balances, June 30	\$ 9	\$ -	\$ 9	\$ 10	\$ (1)

EMERSON SCHOOL DISTRICT
Comprehensive Annual Financial Report
Statistical Section

EMERSON SCHOOL DISTRICT
NET ASSETS BY COMPONENT (District)
(Unaudited)

	2010	2009	2008	2007	2006
Governmental activities					
Invested in capital assets, net of related debt	\$ 961,643	\$ 330,859	\$ (171,740)	\$ 6,321,046	\$ 4,237,943
Restricted	1,229,913	1,295,359	1,161,855	1,058,594	447,058
Unrestricted	343	213,771	93,067	(1,879,210)	449,311
Total governmental activities	<u>\$ 2,191,899</u>	<u>\$ 1,839,989</u>	<u>\$ 1,083,182</u>	<u>\$ 5,500,430</u>	<u>\$ 5,134,312</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 17,208	\$ 19,610	\$ 22,012	\$ 5,148	\$ 720
Restricted	-	-	-	-	-
Unrestricted	82,207	101,495	201,625	159,488	5,729
Total business-type activities	<u>\$ 99,415</u>	<u>\$ 121,105</u>	<u>\$ 223,637</u>	<u>\$ 164,636</u>	<u>\$ 6,449</u>
District-wide					
Invested in capital assets, net of related debt	\$ 978,851	\$ 350,469	\$ (149,728)	\$ 6,326,194	\$ 4,238,663
Restricted	1,229,913	1,295,359	1,161,855	1,058,594	447,058
Unrestricted	82,550	315,266	294,692	(1,719,722)	455,040
Total district-wide	<u>\$ 2,291,314</u>	<u>\$ 1,961,094</u>	<u>\$ 1,306,819</u>	<u>\$ 5,665,066</u>	<u>\$ 5,140,761</u>

**EMERSON SCHOOL DISTRICT
CHANGES IN NET ASSETS (District)
(Unaudited)**

	2010	2009	2008
Expenses			
Governmental Activities:			
Instruction			
Regular Programs	\$ 5,306,477	\$ 5,166,567	\$ 5,182,915
Special Education	1,768,071	1,626,956	1,393,158
Basic Skills - Remedial Instruction	159,357	142,750	94,750
Bilingual Education	127,305	118,841	107,250
School Sponsored Cocurricular Activities - Instruction	132,230	135,894	150,810
School Sponsored Athletics - Instruction	372,754	412,458	392,405
Undistributed Expenditures:			
Instruction			
Attendance and Social Work Services	2,214,137	1,836,472	1,695,166
Health Services	23,767	39,716	11,125
Other Support Services - Students Related Services	204,001	195,346	183,818
Other Support Services - Students Extraordinary Services	153,405	174,261	149,948
Other Support Services - Students Regular	324,346	262,015	169,674
Other Support Services - Students Special	342,838	354,274	399,953
Improvement of Instructional Services	388,602	355,529	496,434
Educational Media Services/School Library	63,883	8,656	120,371
Instructional Staff Training Services	212,915	200,474	274,606
Support Services - General Administration	25,976	50,656	65,379
Support Services - School Administration	371,509	330,054	348,025
Central Services	1,110,590	1,097,723	562,900
Required Maintenance for School Facilities	336,236	325,072	301,750
Operation and Maintenance of Plant Services	660,782	831,792	831,348
Care and Upkeep of Grounds	618,623	922,633	904,139
Student Transportation Services	57,814	-	-
Unallocated Employee Benefits	524,846	630,431	604,529
TPAF Pension	2,616,092	2,012,086	1,980,759
TPAF Social Security	521,524	471,411	1,277,980
Capital Outlay:	592,088	582,430	532,712
Increase in Capital Reserve	-	-	177,000
Interest Deposit to Capital Reserve	6,328	-	-
Equipment	45,342	141,075	5,105,720
Facilities Acquisition and Construction Services	170,699	-	-
Debt Service:			
Principal			
Interest on Long-Term Debt	53,386	77,566	100,373
Total Governmental Activities Expenses	\$ 19,505,923	\$ 18,503,138	\$ 23,614,997
Business-Type Activities:			
Food Service			
	\$ 614,570	\$ 711,334	\$ 600,328
Total District Expenses	\$ 20,120,493	\$ 19,214,472	\$ 24,215,325
Program Revenues			
Governmental Activities:			
Charges for Services			
	\$ 230,796	\$ 279,962	\$ 362,175
Operating Grants and Contributions	2,824,957	2,284,440	2,956,084
Capital Grants and Contributions	106,292	-	-
Total Governmental Activities Program Revenues	\$ 3,162,045	\$ 2,564,402	\$ 3,318,259
Business-Type Activities:			
Charges for Services			
	\$ 556,381	\$ 580,561	\$ 638,004
Operating Grants and Contributions	36,499	28,241	21,325
Capital Grants and Contributions	-	-	-
Total Business-Type Activities Program Revenues	592,880	608,802	659,329
Total District Program Revenues	\$ 3,754,925	\$ 3,173,204	\$ 3,977,588
Net (Expense)/Revenue			
Governmental Activities	\$ (16,343,878)	\$ (15,938,736)	\$ (20,296,738)
Business-Type Activities	(21,690)	(102,532)	59,001
Total District-Wide	\$ (16,365,568)	\$ (16,041,268)	\$ (20,237,737)
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Local Tax Levy	16,183,062	15,634,991	15,039,240
Other Local Governmental Units - Restricted	443,760	426,693	375,307
Interest Earned on Capital Reserve Funds	-	6,040	16,021
Unrestricted Miscellaneous Revenues	115,540	180,967	254,299
State Sources	-	488,052	218,530
Federal Sources	-	-	35,906
Transfers & Adjustments	(46,574)	(41,200)	(39,002)
Total Governmental Activities	\$ 16,695,788	\$ 16,695,543	\$ 15,900,301
Business-Type Activities:			
Unrestricted Miscellaneous Revenues			
	\$ -	\$ -	\$ -
Transfers			
	-	-	-
Total business-type activities	-	-	-
Total district-wide	\$ 16,695,788	\$ 16,695,543	\$ 15,900,301
Change in Net Assets			
Governmental Activities	\$ 351,910	\$ 756,807	\$ (4,396,437)
Business-Type Activities	(21,690)	(102,532)	59,001
Total District	\$ 330,220	\$ 654,275	\$ (4,337,436)
Net Assets - Beginning	1,961,094	1,306,819	5,644,255
Net Assets - Ending	\$ 2,291,314	\$ 1,961,094	\$ 1,306,819

EMERSON SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS (District)
(Unaudited)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund					
Reserved	\$ 908,727	\$ 1,295,350	\$ 986,852	\$ 788,298	\$ 608,266
Unreserved	433,176	569,313	602,701	600,956	560,471
Total General Fund	<u>\$ 1,341,903</u>	<u>\$ 1,864,663</u>	<u>\$ 1,589,553</u>	<u>\$ 1,389,254</u>	<u>\$ 1,168,737</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special Revenue Fund	-	-	-	-	-
Capital Projects Fund	321,176	-	-	-	-
Debt Service Fund	10	9	3	3	2
Permanent Fund	-	-	-	-	-
Total all Other Governmental Funds	<u>\$ 321,186</u>	<u>\$ 9</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 2</u>
Total Governmental Funds	<u>\$ 1,663,089</u>	<u>\$ 1,864,672</u>	<u>\$ 1,589,556</u>	<u>\$ 1,389,257</u>	<u>\$ 1,168,739</u>

EMERSON SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (District)
(Unaudited)

	2010	2009	2008
REVENUES			
Local Sources:			
Local Tax Levy	\$ 16,183,062	\$ 15,634,991	\$ 15,039,240
Other Local Governmental Units - Restricted	443,760	426,693	375,307
Tuition - From Individuals	227,124	2,197	-
Tuition - From Other LEAs Within State	3,672	277,765	362,175
Interest on Capital Reserve Funds	6,328	6,040	16,021
Other Restricted Miscellaneous Revenues	-	-	-
Unrestricted Miscellaneous Revenues	115,540	180,967	254,299
Total Local Sources	16,979,486	16,528,653	16,047,042
State Sources	2,466,618	2,386,362	2,887,528
Federal Sources	458,303	386,130	365,504
Total Revenues	<u>\$ 19,904,407</u>	<u>\$ 19,301,145</u>	<u>\$ 19,300,074</u>
EXPENDITURES			
Current Expense:			
Instruction:			
Regular Programs	\$ 5,306,477	\$ 5,166,567	\$ 5,182,915
Special Education	1,768,071	1,626,956	1,393,158
Basic Skills - Remedial Instruction	159,357	142,750	94,750
Bilingual Education	127,305	118,841	107,250
School Sponsored Cocurricular/Extracurricular Activities	132,230	135,894	150,810
School Sponsored Athletics	372,754	412,458	392,405
Support Services:			
Instruction	2,214,137	1,836,472	1,695,166
Attendance and Social Work	23,767	39,716	11,125
Health Services	204,001	195,346	183,818
Other Support Services - Students - Related Services	153,405	174,261	149,948
Other Support Services - Students - Extraordinary Services	324,346	262,015	169,674
Other Support Services - Students Regular	342,838	354,274	399,953
Other Support Services - Students Special	388,602	355,529	496,434
Improvement of Instructional Services	63,883	8,656	120,371
Educational Media Services - School Library	212,915	200,474	274,606
Instructional Staff Training Services	25,976	50,656	65,379
Support Services - General Administration	371,509	330,054	348,025
Support Services - School Administration	1,110,590	1,097,723	562,900
Central Services	336,236	325,072	301,750
Required Maintenance for School Facilities	660,782	831,792	831,348
Operation and Maintenance of Plant Services	910,278	922,633	904,139
Care and Upkeep of Grounds	57,814	-	-
Student Transportation Services	524,846	630,431	604,529
Personal Services - Employee Benefits	2,538,801	1,991,178	1,966,809
TPAF Pension	521,524	471,411	1,277,980
TPAF Social Security	592,088	582,430	532,712
Sub-Total	<u>\$ 19,444,532</u>	<u>\$ 18,263,589</u>	<u>\$ 18,217,954</u>
Capital Outlay	76,498	178,674	270,955
Debt Service	538,386	542,566	545,373
Total Expenditures	<u>\$ 20,059,416</u>	<u>\$ 18,984,829</u>	<u>\$ 19,034,282</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>\$ (155,009)</u>	<u>\$ 316,316</u>	<u>\$ 265,792</u>
Other Financing Sources (Uses)	<u>\$ (46,574)</u>	<u>\$ (41,200)</u>	<u>\$ (39,002)</u>
Net change in fund balances	<u>\$ (201,583)</u>	<u>\$ 275,116</u>	<u>\$ 226,790</u>
Debt service as a percentage of noncapital expenditures	2.77%	2.97%	2.99%

EMERSON SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE (District)
(Unaudited)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Interest on Investments	\$ 31,082	\$ -	\$ -
Interest on Capital Reserve Funds	6,328	6,040	16,021
Tuition	230,796	279,962	362,175
Other Local Units - Restricted	443,760	426,693	375,307
Prior Year Refunds	66,167	-	-
Rentals	953	-	-
Miscellaneous	17,338	180,967	61,278
Prior Year Credit Orders	-	-	-
	<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	2010	
	# of Parcels	Value
Net Valuations Taxable:		
Vacant Land	76	\$ 14,994,400
Residential	2316	1,201,856,850
Farm (Regular)	1	276,700
Farm (Qualified)	1	5,100
Commercial	130	178,316,000
Industrial	10	4,886,000
Apartments	0	-
Sub-Total	2534	1,400,335,050
Personal Property		1,585,971
Net Valuations Taxable		1,401,921,021
County Equalization Adjustment		(22,981,424)
County Equalized Valuation		<u>\$ 1,378,939,597</u>
County Equalization Ratio		<u>101.95%</u>
Average Residential Assessment		<u>\$ 518.936</u>
Total County Equalized Valuations		<u>\$ 183,412,099,706</u>
Municipal Percentage		
County Equalized Valuations		<u>0.75%</u>

EMERSON SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES (Municipality)
(Unaudited)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007**</u>	<u>2006</u>
Net Valuations Taxable	\$ 1,401,921,021	\$ 1,400,406,444	\$ 1,380,934,990	\$ 1,365,915,507	\$ 652,032,250
<u>TAX REQUIREMENTS</u>					
County	\$ 2,663,121	\$ 2,575,712	\$ 2,386,354	\$ 2,234,745	\$ 2,068,786
County Open Space	34,473	141,625	136,463	130,147	116,745
Local School	16,878,405	16,183,062	15,634,991	15,039,240	14,485,061
Municipal	8,365,403	7,805,759	7,246,604	6,947,691	6,407,695
Total	<u>\$ 27,941,402</u>	<u>\$ 26,706,158</u>	<u>\$ 25,404,412</u>	<u>\$ 24,351,823</u>	<u>\$ 23,078,287</u>
<u>TAX RATES</u>					
County	0.190	0.184	0.173	0.164	0.317
County Open Space	0.003	0.011	0.010	0.010	0.010
Local School	1.204	1.156	1.132	1.101	2.222
Municipal	0.597	0.557	0.525	0.515	0.991
Total	<u>1.994</u>	<u>1.908</u>	<u>1.840</u>	<u>1.79</u>	<u>3.54</u>

**Revaluation Year

**EMERSON SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS (Municipality)
(Unaudited)**

<u>Taxpayer</u>	<u>2010 Assessment</u>
Robert Lee Realty Co.	\$ 22,780,000
Emerson Convalescent Center	15,884,700
Urstadt Biddle Properties Inc.	13,780,500
Brea Emerson LLC	12,693,300
Hackensack Golf Club	12,155,600
452 Old Hook Road Associates LLC	5,004,000
Hackensack Golf Club	4,947,800
Liberty Emerson LLC	3,474,600
United Water N.J.	2,683,700
Ramsland Enterprise Inc.	2,630,000
	<u>\$ 96,034,200</u>

**EMERSON SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS (Municipality)
(Unaudited)**

	2009	2008	2007	2006	2005
Total Tax Levy	\$ 26,803,187	\$ 25,687,511	\$ 24,575,194	\$ 23,190,230	\$ 22,261,836
Current Tax Collections	\$ 26,426,394	\$ 25,256,343	\$ 24,211,512	\$ 22,989,124	\$ 22,070,280
Percent of Tax Levy Collected	98.59%	98.32%	98.52%	99.13%	99.14%

EMERSON SCHOOL DISTRICT
RATIO 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	
2009	\$ 1,000,000	\$ -	\$ 1,000,000	7,433	\$ 135	\$ 67,696	0.20%
2008	\$ 1,465,000	\$ -	\$ 1,465,000	7,319	\$ 200	\$ 67,696	0.30%
2007	\$ 1,910,000	\$ -	\$ 1,910,000	7,266	\$ 263	\$ 67,113	0.39%
2006	\$ 2,330,000	\$ -	\$ 2,330,000	7,170	\$ 325	\$ 63,021	0.52%
2005	\$ 2,730,000	\$ -	\$ 2,730,000	7,218	\$ 378	\$ 56,963	0.66%
2004	\$ 3,110,000	\$ -	\$ 3,110,000	7,242	\$ 429	\$ 54,669	0.78%
2003	\$ 3,470,000	\$ -	\$ 3,470,000	7,219	\$ 481	\$ 51,291	0.94%
2002	\$ 3,815,000	\$ -	\$ 3,815,000	7,218	\$ 529	\$ 51,931	1.02%
2001	\$ -	\$ -	\$ -	7,199	\$ -	\$ 52,102	0.00%
2000	\$ -	\$ -	\$ -	7,197	\$ -	\$ 51,467	0.00%

EMERSON SCHOOL DISTRICT
RATIO OF GENERAL BONDED DEBT OUTSTANDING (District)
(Unaudited)

	2009	2008	2007	2006	2005
Population (Exhibit J-14)	7,433	7,319	7,266	7,170	7,218
County Equalized Valuations (Exhibit J-6)	\$ 1,416,252,475	\$ 1,364,632,955	\$ 1,301,474,848	\$ 1,167,453,680	\$ 1,035,114,903
Gross Debt (Exhibit J-10)	\$ 1,000,000	\$ 1,465,000	\$ 1,910,000	\$ 2,330,000	\$ 2,730,000
Gross Debt Per Capita	\$ 135	\$ 200	\$ 263	\$ 325	\$ 378
Ratio of Gross Debt to Equalized Valuations	0.07%	0.11%	0.15%	0.20%	0.26%

**EMERSON SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (Municipality)
(Unaudited)**

DIRECT DEBT

	December 31, 2009
Municipal:	
General Purposes:	
B&N Issued and Outstanding:	
Serial Bonds	\$ 3,478,000
Bond Anticipation Notes	1,697,650
Loans	1,979,316
B&N Authorized But Not Issued	-
Credits	-
Total Municipal Debt	<u>\$ 7,154,966</u>
Local School:	
B&N Issued and Outstanding:	
Serial Bonds	\$ 1,000,000
Bond Anticipation Notes	-
Loans	-
B&N Authorized But Not Issued	1,200,000
Credits	-
Total Local School Debt	<u>\$ 2,200,000</u>
Total Direct Debt	<u>\$ 9,354,966</u>

OVERLAPPING DEBT

	December 31, 2009
(1) County Debt:	
Municipal Equalized Valuations	<u>\$ 1,416,252,475</u>
Total County Equalized Valuations	<u>\$ 187,580,071,463</u>
	0.76%
X's Outstanding County Debt	<u>1,138,505,430</u>
	<u>\$ 8,652,641</u>
Total Direct and Overlapping Debt	<u>\$ 18,007,607</u>

**EMERSON SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION (Municipality and District)
(Unaudited)**

	<u>2009</u>
State Equalized Valuation Basis	<u>\$ 1,369,469,630</u>
Municipal Borrowing Power: 3 1/2% of Equalized Valuation Basis	\$ 47,931,437
Net Debt	<u>7,155,716</u>
Remaining Borrowing Power	<u><u>\$ 40,775,721</u></u>
School Borrowing Power: 3% of Equalized Valuation Basis	\$ 41,084,089
Net School Debt	<u>1,000,000</u>
School Borrowing Margin Available	<u><u>\$ 40,084,089</u></u>

**EMERSON SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS (Municipality)
 (Unaudited)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Average Labor Force Estimates by Municipality:								
Labor Force	3,554	3,602	3,583	3,573	3,531	3,501	3,603	3,613
Employment	3,417	3,526	3,526	3,509	3,469	3,434	3,432	3,439
Unemployment	137	76	57	64	62	67	171	174
Unemployment Rate	3.9%	2.1%	1.6%	1.8%	1.8%	1.9%	4.7%	4.8%

Per Capital Personal Income by County	<u>\$ 67,696</u>	<u>\$ 67,696</u>	<u>\$ 67,113</u>	<u>\$ 63,021</u>	<u>\$ 56,963</u>	<u>\$ 54,669</u>	<u>\$ 51,291</u>	<u>\$ 51,931</u>
--	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------

	<u>Estimates as of July 1,</u>								<u>Corrected Census 2000 Count</u>
Subcounty Population Estimates:									
Emerson BORO	7,433	7,319	7,266	7,170	7,218	7,242	7,219	7,218	7,197
County of Bergen	895,250	889,915	885,664	884,581	887,322	890,232	889,739	889,442	884,118

**EMERSON SCHOOL DISTRICT
PRINCIPAL EMPLOYERS (Municipality)
(Unaudited)**

Not Available

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Employees:</u>			
Certified	117	118	111
Non-Certified	74	78	77
Total	<u>191</u>	<u>196</u>	<u>188</u>
<u>Student Teacher Ratio:</u>			
Jr./Sr. H.S.	11:1	11:1	11:1
Elementary	16:1	16:1	17:1
<u>Student Count:</u>			
Memorial	326	310	334
Villano	387	390	377
Jr./Sr. H.S.	519	520	497
Total	<u>1,232</u>	<u>1,220</u>	<u>1,208</u>

EMERSON SCHOOL DISTRICT
 OPERATING STATISTICS (District)
 (Unaudited)

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>% Change</u>	<u>(Exhibit J-4 w/o TPAF) Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Average Daily Attendance</u>	<u>Student Attendance Percentage</u>
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>2010</u>
Emerson Jr. Sr. High School:	
Square Feet	103,000
Student Capacity	526.7
Student Average Daily Enrollment	516.7
Memorial School:	
Square Feet	24,750
Student Capacity	338.5
Student Average Daily Enrollment	324.5
Patrick M. Villano School:	
Square Feet	35,175
Student Capacity	396.0
Student Average Daily Enrollment	387.4
District Totals:	
Square Feet	162,925
Student Capacity	1,261.2
Student Average Daily Enrollment	1,228.6

EMERSON SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY (District)
(Unaudited)

School Facilities	2010	2009	2008	2007	2006
Emerson Jr. Sr. High School \$	416,293	\$ 525,853	\$ 431,694	\$ 408,302	\$ 366,163
Patrick M. Villano School	145,372	179,581	150,750	142,582	127,866
Memorial School	99,117	126,358	102,784	97,215	87,182
	<u>\$ 660,782</u>	<u>\$ 831,792</u>	<u>\$ 685,228</u>	<u>\$ 648,099</u>	<u>\$ 581,211</u>

**EMERSON SCHOOL DISTRICT
INSURANCE SCHEDULE (District)
(Unaudited)**

SCHEDULE OF YOUR CURRENT INSURANCE

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

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

Date Prepared 9/22/09

Page 1 of 4

COVERAGE PACKAGE POLICY	LIMITS	TERM	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
COMMERCIAL PACKAGE POLICY Property Blanket Building & Contents Extra Expense Replacement Cost Agreed Amount Deductible	35,300,170 1,000	7/1/2009-10	School Alliance Insurance Fund	Master # PR-0801 Certificate # 180	\$ 48,346	Per Statement of Values on file with the carrier
CRIME COVERAGE Employee Dishonesty W/Faithful Performance Each Loss Forgery & Alteration Theft, Disappearance & Destruction Inside & Outside Premises Computer Fraud Deductible	500,000 50,000 50,000 50,000 1,000	7/1/2009-10	School Alliance Insurance Fund	Certificate # 180	Included Above	
FLOOD Subject to FEMA Deductible In Flood Zone "A&V" EARTHQUAKE	10,000,000 25,000,000	7/1/2009-10	School Alliance Insurance Fund	Certificate # 180	Included Above	

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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)**

SCH. 1 ULE OF YOUR CURRENT INSURANCE

PREPARED FOR:

Emerson Board of Education
Administration Bldg.
133 Main Street
Emerson, NJ 07630

Page 2 of 4

Date Prepared: 9/21/09

COVERAGE	LIMITS	TERM	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
BOILER & MACHINERY Coverage Deductible	100,000,000 1,000	7/1/2009-10	School Alliance Insurance Fund	Certificate # 180	Included Above	
GENERAL LIABILITY Each Occurrence General Aggregate Pro/Completed Oper. Personal Injury Fire Damage Medical Expense (Excludes Students) Employee Benefit Liability Aggregate -(Claims Made) Deductible: Employee Benefit Sexual Misconduct-per occ/agg.	5,000,000 5,000,000 5,000,000 5,000,000 5,000,000 100,000 5,000 5,000,000 5,000,000 1,000 3,000,000	7/1/2009-10	School Alliance Insurance Fund	Certificate # 180	Included Above	
AUTOMOBILE COVERAGE Combined Single Limit Hired/Non Owned Uninsured/Underinsured P.I.P. When Applicable Physical Damage Deductible Comprehensive Collision Garage Keepers Coverage Per Occurrence Deductible	5,000,000 5,000,000 15/30/5,000 500 500 Included in Limit 1,000	7/1/2009-10	School Alliance Insurance Fund	Certificate # 180	Included Above	All Owned & Non Owned Vehicles Owned Vehicles

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
Administration Bldg.
133 Main Street
Emerson, NJ 07630

Date: 5/20/10

Page 3 of 4

COVERAGE	LIMITS	TERM	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
SCHOOL LEADERS Liability & Employment Practices Liability Each Claim/Each Insured Aggregate/Each Insured Each Claim/All Insureds Maximum Policy Agg. Retention-SLLL -EPL	5,000,000 5,000,000 10,000,000 20,000,000 25,000 25,000	7/1/2009-10	Ace American Insurance	EONG21650377 007 Cert. # 1020	\$ 14,517	Each Claim Each Claim
EXCESS LIABILITY Each Occurrence Aggregate Excess School Leaders E & O/Each Loss Each Policy Year	5,000,000 5,000,000 5,000,000	7/1/2009-10	School Alliance Insurance Fund	Certificate # 180	\$ 3,215	
EXCESS LIABILITY (CAP) Each Occurrence Aggregate	50,000,000 50,000,000	7/1/2009-10	Fireman's Fund	XTM-000-8279-6459 Certificate CAP07	\$ 5,334	Includes Terrorism
ENVIRONMENTAL Each Claim Limit Master Policy Aggregate limit of Self-Insured Retention Per "Pollution" condition	1,000,000 25,000,000 5,000	7/1/2009-10	ACE American Ins.	PPL G23566527 005	Incl. In Pkg.	

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
Comprehensive Annual Financial Report
Single Audit Section

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

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

We have audited the financial statements of the Board of Education of the Emerson School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated December 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Emerson Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Emerson Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Emerson Board of Education's internal control over financial reporting.

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

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* (Continued)

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Emerson Board of Education'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 Division of Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to the Board of Education of the Emerson School District in a separate report entitled, Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance dated December 6, 2010.

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* (Continued)

This report is intended solely for the information and use of the audit committee, management, the Emerson Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**DI MARIA & DI MARIA LLP
Public Accountants and Consultants**

Frank R. Di Maria

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

December 6, 2010

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

**Report on Compliance With Requirements Applicable to Each Major
Program and on Internal Control Over Compliance in Accordance With
OMB Circular A-133 and New Jersey OMB Circular 04-04**

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

Compliance

We have audited the compliance of the Board of Education of the Emerson School District, in the County of Bergen, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. Emerson Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Emerson Board of Education's management. Our responsibility is to express an opinion on the Emerson Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred.

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance OMB Circular A-133 and New Jersey OMB Circular 04-04 (Continued)

An audit includes examining, on a test basis, evidence about the Emerson Board of Education'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. Our audit does not provide a legal determination of Emerson Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Emerson School District, in the County of Bergen, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

Management of the Board of Education of the Emerson School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered Emerson Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Board of Education'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 federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance OMB Circular A-133 and New Jersey OMB Circular 04-04 (Continued)

Our consideration of the 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 compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Emerson Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Emerson Board of Education's response and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the audit committee, management, the Emerson Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**DI MARIA & DI MARIA LLP
Public Accountants and Consultants**

Frank R. Di Maria

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

December 6, 2010

EMERSON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

Catalog of Federal Domestic Assistance Program Title	Federal C.F.D.A. Number	State Aid/Grant Program Titles	State Project Number	Award Amount	Grant Period		Balance June 30, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts Receivable) June 30, 2010	Deferred Revenue June 30, 2010	Due to Grantor at June 30, 2010
					From	To									
General Fund															
Medical Assistance Program	93.778	Special Education Medicaid Initiati	N/A	\$ 1,776	09/01/09	06/30/10	\$ -	\$ -	\$ 1,776	\$ (1,776)	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Fund															
Improving Teacher Quality State Grants	84.367	Title II, Part A	NCLB 136010	\$ 32,556	09/01/09	06/30/10	\$ -	\$ -	\$ 26,392	\$ (32,556)	\$ -	\$ -	\$ (6,164)	\$ -	\$ -
Improving Teacher Quality State Grants	84.367	Title II, Part A	NCLB 136009	32,834	09/01/08	06/30/09	(10,166)	-	10,166	-	-	-	-	-	-
Enhancing Education Through Technology	84.318	Title II, Part D	NCLB 136010	150	09/01/09	06/30/10	-	-	150	(150)	-	-	-	-	-
English Language Acquisition Grants	84.365	Title III	(Consortium)	9,731	09/01/09	06/30/10	-	-	-	(9,731)	-	-	(9,731)	-	-
English Language Acquisition Grants	84.365	Title III	(Consortium)	7,278	09/01/08	06/30/09	(7,278)	-	7,278	-	-	-	-	-	-
Safe and Drug-Free Schools & Communities	84.184	Title IV	NCLB 136010	1,826	09/01/09	06/30/10	-	-	495	(1,826)	-	-	(1,331)	-	-
Safe and Drug-Free Schools & Communities	84.184	Title IV	NCLB 136009	1,926	09/01/08	06/30/09	(1,926)	-	1,926	-	-	-	-	-	-
Special Education - Grants to States	84.027	I.D.E.A. Part B - Basic	IDEA 136010	236,557	09/01/09	06/30/10	-	-	232,746	(236,557)	-	-	(3,811)	-	-
Special Education - Grants to States	84.027	I.D.E.A. Part B - Basic	IDEA 136009	230,160	09/01/08	06/30/09	(44,774)	-	44,774	-	-	-	-	-	-
Special Education - Grants to States	84.027	I.D.E.A. Part B - Preschool	IDEA 136010	9,678	09/01/09	06/30/10	-	-	9,678	(9,678)	-	-	-	-	-
ARRA - Basic				278,724	09/01/09	06/30/10	-	-	159,447	(166,029)	-	-	(119,277)	112,695	-
ARRA - Preschool				10,085	09/01/09	06/30/10	-	-	-	-	-	-	(10,085)	10,085	-
Special Education - Grants to States	84.027A	Governor's Initiative Program	09-100-034-5060-053-H070	100,000	09/01/08	06/30/09	(12,883)	-	12,883	-	-	-	-	-	-
							\$ (77,027)	\$ -	\$ 505,935	\$ (456,527)	\$ -	\$ -	\$ (150,399)	\$ 122,780	\$ -
Enterprise Fund															
National School Lunch Program	10.555	National School Lunch Program	N/A	\$ 33,609	09/01/09	06/30/10	\$ -	\$ -	\$ 30,980	\$ (33,609)	\$ -	\$ -	\$ (2,629)	\$ -	\$ -
National School Lunch Program	10.555	National School Lunch Program	N/A	25,662	09/01/08	06/30/09	(5,462)	-	5,462	-	-	-	-	-	-
							\$ (5,462)	\$ -	\$ 36,442	\$ (33,609)	\$ -	\$ -	\$ (2,629)	\$ -	\$ -
Total Federal Financial Awards				\$ (82,489)	\$ -	\$ 544,153	\$ (491,912)	\$ -	\$ 544,153	\$ (491,912)	\$ -	\$ -	\$ (153,028)	\$ 122,780	\$ -

*Expenditures less than \$500,000; U.S. Office of Management and Budget (OMB) Circular A-133 Audit not applicable.

EMERSON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended June 30, 2010

State Grantor / Program Title	Grant or State Project Number	Award Amount	Grant Period		Balance June 30, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts Receivable) June 30, 2010	Deferred Revenue June 30, 2010	Due to Grantor at June 30, 2010
			From	To									
General Fund													
Transportation Aid	10-495-034-5120 -014	\$ 102,811	09/01/09	06/30/10	\$ -	\$ -	\$ 102,811	\$ (102,811) *	\$ -	\$ -	\$ -	\$ -	\$ -
Special Education Categorical Aid	10-495-034-5120 -089	436,479	09/01/09	06/30/10	-	-	436,479	(436,479) *	-	-	-	-	-
Security Aid	10-495-034-5120 -084	63,977	09/01/09	06/30/10	-	-	63,977	(63,977)	-	-	-	-	-
Extraordinary Special Education Costs Aid	10-100-034-5120 -473	507,050	09/01/09	06/30/10	-	-	-	(507,050) *	-	-	(507,050)	-	-
Extraordinary Special Education Costs Aid	09-100-034-5120 -473	446,723	09/01/08	06/30/09	(446,723)	-	446,723	-	-	-	-	-	-
Teachers' Pension and Annuity Fund – Post Retirement Me	10-495-034-5095 -001	495,160	09/01/09	06/30/10	-	-	495,160	(495,160) *	-	-	-	-	-
Teachers' Pension & Annuity Fund – Non-Contributory Insu	10-495-034-5095 -007	26,364	09/01/09	06/30/10	-	-	26,364	(26,364)	-	-	-	-	-
Social Security Tax	10-495-034-5095 -002	592,088	09/01/09	06/30/10	-	-	562,398	(592,088) *	-	-	(29,690)	-	-
					\$ (446,723)	\$ -	\$ 2,133,912	\$ (2,223,929)	\$ -	\$ -	\$ (536,740)	\$ -	\$ -
Special Revenue Fund													
N.J. Nonpublic Textbook Aid	10-100-034-5120 -064	\$ 11,523	09/01/09	06/30/10	\$ -	\$ -	\$ 11,523	\$ (11,523)	\$ -	\$ -	\$ -	\$ -	\$ -
N.J. Nonpublic Auxiliary Services Aid:													
Compensatory Education	10-100-034-5120 -067	37,428	09/01/09	06/30/10	-	-	37,428	(33,014)	-	-	-	-	4,414
Compensatory Education	09-100-034-5120 -067	35,632	09/01/08	06/30/09	2,588	-	-	-	-	(2,588)	-	-	-
ESL	10-100-034-5120 -067	3,915	09/01/09	06/30/10	-	-	3,915	-	-	-	-	-	3,915
ESL	09-100-034-5120 -067	2,538	09/01/08	06/30/09	508	-	-	-	-	(508)	-	-	-
N.J. Nonpublic Handicapped Aid:													
Initial Examination & Classification	10-100-034-5120 -066	10,230	09/01/09	06/30/10	-	-	10,230	(8,218)	-	-	-	-	2,012
Initial Examination & Classification	09-100-034-5120 -066	23,313	09/01/08	06/30/09	1,141	-	-	-	-	(1,141)	-	-	-
Annual Examination & Classification	10-100-034-5120 -066	2,565	09/01/09	06/30/10	-	-	2,565	(2,565)	-	-	-	-	-
Corrective Speech	10-100-034-5120 -066	14,347	09/01/09	06/30/10	-	-	14,347	(6,725)	-	-	-	-	7,622
Supplemental Instruction	10-100-034-5120 -066	8,761	09/01/09	06/30/10	-	-	8,761	(5,336)	-	-	-	-	3,425
Supplemental Instruction	09-100-034-5120 -066	11,564	09/01/08	06/30/09	2,808	-	-	-	-	(2,808)	-	-	-
Home Instruction	09-100-034-5120 -066	4,339	09/01/08	06/30/09	(4,339)	-	4,339	-	-	-	-	-	-
N.J. Nonpublic Nursing Services	10-100-034-5120 -070	13,664	09/01/09	06/30/10	-	-	13,664	(13,664)	-	-	-	-	-
Personalized Student Learning Plan Pilot Program		15,000	07/01/09	06/30/11	-	-	13,000	(14,379)	-	-	(1,379)	-	-
					\$ 2,706	\$ -	\$ 119,772	\$ (95,424)	\$ -	\$ (7,045)	\$ (1,379)	\$ -	\$ 21,388
Enterprise Fund													
State School Lunch Program	10-100-010-3350 -023	\$ 2,890	09/01/09	06/30/10	\$ -	\$ -	\$ 2,671	\$ (2,890)	\$ -	\$ -	\$ (219)	\$ -	\$ -
State School Lunch Program	09-100-010-3350 -023	2,579	09/01/08	06/30/09	(532)	-	532	-	-	-	-	-	-
					\$ (532)	\$ -	\$ 3,203	\$ (2,890)	\$ -	\$ -	\$ (219)	\$ -	\$ -
					\$ (444,549)	\$ -	\$ 2,256,887	\$ (2,322,243)	\$ -	\$ (7,045)	\$ (538,338)	\$ -	\$ 21,388

* Indicates Major Program

**EMERSON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
Fiscal Year Ended June 30, 2010**

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 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 last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 last state aid payment 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 \$40,973 for the general fund and \$0 for the special revenue fund. See Note 1 [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:

**EMERSON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
Fiscal Year Ended June 30, 2010**

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

	Federal	State	Total
General Fund	\$ 1,776	\$ 2,223,929	\$ 2,225,705
Special Revenue Fund	456,527	95,424	551,951
Debt Service Fund	-	-	-
Enterprise Fund	33,609	2,890	36,499
Total Awards and Financial Assistance	<u>\$ 491,912</u>	<u>\$ 2,322,243</u>	<u>\$ 2,814,155</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, 2010.

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, 2010. 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, 2010.

**EMERSON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2010**

Section I -- Summary of Auditors' Results

Financial Statements

A) Type of auditors' report issued:	Unqualified		
B) Internal control over financial reporting:			
1. Material weakness(es) identified?	_____ yes	<u> X </u> no	
2. Reportable condition(s) identified that are not considered to be material weakness(es)?	_____ yes	<u> X </u> none reported	
C) Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no	

**EMERSON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2010**

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

Federal Awards

****Not Applicable****

A) Internal control over major programs:

- 1. Material weakness(es) identified? yes no
- 2. Reportable condition(s) identified that are not considered to be material weakness(es)? yes none reported

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

C) Any audit findings disclosed that are required to be reported in accordance with .510(a) of Circular A-133? yes no

D) Identification of major programs:

Name of Program

CFDA
Number

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
Fiscal Year Ended June 30, 2010**

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

State Awards

A) Internal control over major programs:

1. Material weakness(es) identified? _____ yes X no
2. Reportable condition(s) 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: Unqualified

C) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? _____ yes X no

D) Identification of major programs:

<u>Name of State Program</u>	<u>GMIS Number</u>
Transportation Aid	10-495-034-5120-014
Special Education Aid	10-495-034-5120-089
Extraordinary Special Education Costs Aid	10-100-034-5120-473
TPAF (Post Retirement Medical)	10-495-034-5095-001
Social Security Tax	10-495-034-5095-002

E) Dollar threshold used to distinguish between type A and type B programs: \$300,000

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

**EMERSON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2010**

Section II -- Financial Statement Findings

There were no matters identified.

**EMERSON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2010**

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
Fiscal Year Ended June 30, 2010**

Not Applicable - No Prior Audit Findings