

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

**Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2011  
(With Independent Auditors' Reports Thereon)**

**EMERSON SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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Year Ended June 30, 2011**

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EMERSON SCHOOL DISTRICT

Comprehensive Annual Financial Report

Introductory Section

Emerson BOARD OF EDUCATION  
MAIN STREET  
Emerson, NEW JERSEY 07630

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December 5, 2011

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, 2011, 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

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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, 2011.

Emerson BOARD OF EDUCATION  
MAIN STREET  
Emerson, NEW JERSEY 07630

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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

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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

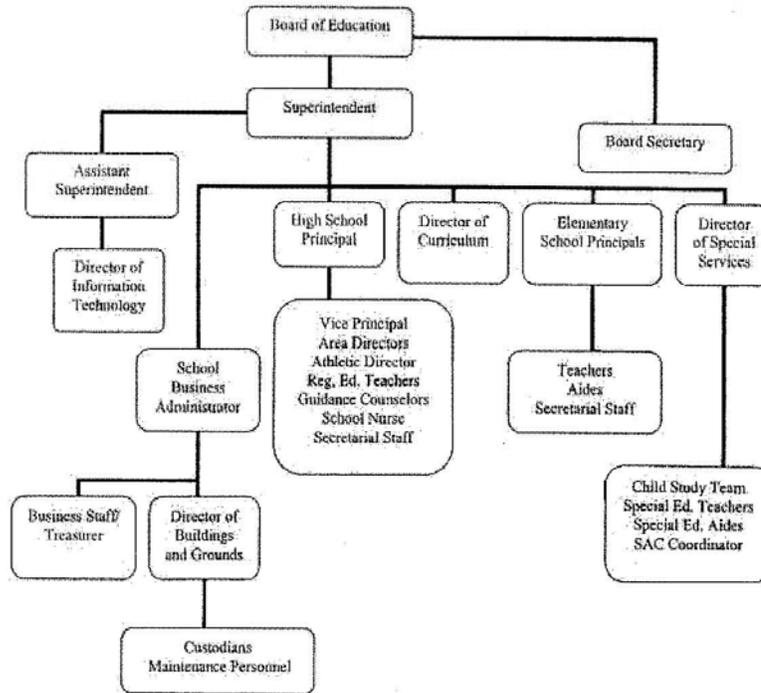
Philip Nisonoff, Ed.D.  
Assistant Superintendent of Schools  
School Business Administrator  
Board Secretary

# 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, 2011**

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<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mary Reid - President	2013
John DiNiro - Vice President	2011
Ann Pressimone	2011
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, 2011**

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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, LLP  
220 Park Avenue  
P.O. Box 991  
Florham Park, NJ 07932

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, 2011, 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 and Regulatory Compliance, 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, 2011, 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 5, 2011 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***

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

December 5, 2011

REQUIRED SUPPLEMENTAL INFORMATION - PART I

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

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, 2011. 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 (2011-2010) and the prior year (2010-2009) is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2010-2011 fiscal year include the following:

The assets of the Emerson Board of Education exceeded its liabilities at the close of the fiscal year by \$3,845,350 (net assets).

The District's total net assets increased \$1,554,036.

Overall district revenues were \$20,569,432. General revenues accounted for \$17,890,637 or 87% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,678,795 or 13% of total revenues.

Overall district expenses were \$18,967,878. Governmental activities accounted for \$18,395,310 or 97% of all expenses. Business-type activities accounted for \$572,568 or 3% of all expenses.

The school district had \$18,395,310 in expenses for governmental activities; only \$2,126,823 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$17,890,637 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 \$2,532,798 an increase of \$869,709 when compared to the previous year ending fund balance at June 30, 2010 of \$1,663,089.

The General Fund unreserved, undesignated fund balance at June 30, 2011 was \$710,553 an increase of \$277,377 when compared with the ending unreserved, undesignated fund balance at June 30, 2010 of \$433,176.

The General Fund unreserved, undesignated budgetary fund balance at June 30, 2011 was \$710,533 which represents an increase of \$275,360 when compared to the ending fund balance at June 30, 2010 of \$435,173.

EMERSON BOARD OF EDUCATION  
EMERSON, NEW JERSEY

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011

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.

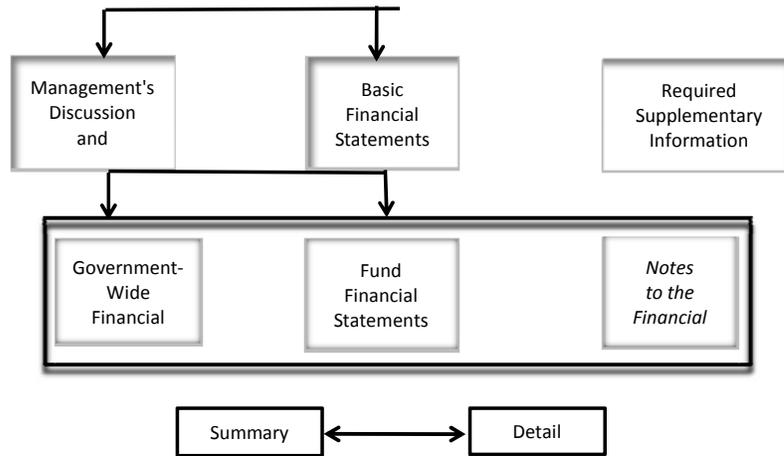
The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

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, 2011**

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 there after; 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

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**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.

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.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**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.

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 enterprise funds.

Food Service (Cafeteria)  
Adult School  
BCBANC

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.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**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 \$3,845,350 as of June 30, 2011 and \$2,291,314 as of 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, 2011 and 2010**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current Assets	\$ 2,660,664	\$ 2,660,664	\$ 84,400	\$ 84,400	\$ 2,745,064	\$ 2,745,064
Capital Assets	1,476,643	1,476,643	17,208	17,208	1,493,851	1,493,851
Total Assets	4,137,307	4,137,307	101,608	101,608	4,238,915	4,238,915
Long-Term Liabilities	947,833	947,833	-	-	947,833	947,833
Other Liabilities	997,575	997,575	2,193	2,193	999,768	999,768
Total Liabilities	1,945,408	1,945,408	\$ 2,193	\$ 2,193	1,947,601	1,947,601
<b>Net Assets</b>						
Invested in capital assets, net of related debt	961,643	961,643	17,208	17,208	978,851	978,851
Restricted	1,229,913	1,229,913	0	0	1,229,913	1,229,913
Unrestricted (Deficit)	343	343	82,207	82,207	82,550	82,550
Total Net Assets	\$ 2,191,899	\$ 2,191,899	\$ 99,415	\$ 99,415	\$ 2,291,314	\$ 2,291,314

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, 2011  
Change in Net Assets  
For The Years Ended June 30, 2011 and 2010**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 113,059	\$ 230,796	\$ 516,738	\$ 556,381	\$ 629,797	\$ 787,177
Operating Grants and Contribution	2,013,764	2,824,957	35,234	36,499	2,048,998	2,861,456
Capital Grants and Contributions	-	106,292	-	-	-	106,292
General Revenues						
Property Taxes	16,850,724	16,183,062	-	-	16,850,724	16,183,062
State and Federal Aid	-	-	-	-	-	-
Other	1,039,913	512,726	-	-	1,039,913	512,726
<b>Total Revenues</b>	<b>20,017,460</b>	<b>19,857,833</b>	<b>551,972</b>	<b>592,880</b>	<b>20,569,432</b>	<b>20,450,713</b>
<b>Expenses</b>						
Instruction						
Regular	5,207,332	5,306,477	-	-	5,207,332	5,306,477
Special Education	1,907,015	1,768,071	-	-	1,907,015	1,768,071
Basic Skills	121,014	159,357	-	-	121,014	159,357
Bilingual	36,000	127,305	-	-	36,000	127,305
School Sponsored Activities & Athletics	450,498	504,984	-	-	450,498	504,984
Undistributed Expenditures:						
Instruction	1,578,250	2,214,137	-	-	1,578,250	2,214,137
Attendance and Social Work Services	20,135	23,767	-	-	20,135	23,767
Health Services	206,951	204,001	-	-	206,951	204,001
Students Related Services	143,870	153,405	-	-	143,870	153,405
Students - Extraordinary	367,673	324,346	-	-	367,673	324,346
Students - Regular	350,501	342,838	-	-	350,501	342,838
Students - Special	343,769	388,602	-	-	343,769	388,602
Improvement of Instruction	-	63,883	-	-	-	63,883
Educational Media	205,275	212,915	-	-	205,275	212,915
Services/School Library						
Instructional Staff Training Services	13,378	25,976	-	-	13,378	25,976
General Administration	434,433	371,509	-	-	434,433	371,509
School Administration	1,030,149	1,110,590	-	-	1,030,149	1,110,590
Central Services	345,599	336,236	-	-	345,599	336,236
Required Maintenance for School Facilities	572,709	660,782	-	-	572,709	660,782
Operation and Maintenance of Plant Services	882,213	618,623	-	-	882,213	618,623
Care and Upkeep of Grounds	47,133	57,814	-	-	47,133	57,814
Student Transportation	453,454	524,846	-	-	453,454	524,846
Allocated and Unallocated Employee Benefits	2,375,381	2,616,092	-	-	2,375,381	2,616,092
TPAF Pension	563,661	521,524	-	-	563,661	521,524
TPAF Social Security	562,721	592,088	-	-	562,721	592,088
Capital Outlay:						
Interest Deposit to Capital Reserve	-	6,328	-	-	-	6,328
Equipment	75,947	45,342	-	-	75,947	45,342
Facilities Acquisition and Construction Services	72,568	170,699	-	-	72,568	170,699
Debt Service:						
Interest on Bonds	27,681	53,386	-	-	27,681	53,386
Principal on Bonds	-	-	-	-	-	-
Transfers & Adjustments	47,518	-	-	-	47,518	-
Food Services	-	-	572,578	614,570	572,578	614,570
<b>Total Expenses</b>	<b>18,442,828</b>	<b>19,505,923</b>	<b>572,578</b>	<b>614,570</b>	<b>19,015,406</b>	<b>20,120,493</b>
Change in Net Assets	1,574,632	351,910	(20,606)	(21,690)	1,554,026	330,220
Net Assets, Beginning	2,191,899	1,839,989	99,415	121,105	2,291,314	1,961,094
Net Assets, Ending	\$ 3,766,531	\$ 2,191,899	\$ 78,809	\$ 99,415	\$ 3,845,340	\$ 2,291,314

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**Governmental Activities** - The District's total governmental activities' revenues, which includes State and Federal grants, were \$ 20,017,460 and \$ 19,904,407 for the years ended June 30, 2011 and June 30, 2010, respectively. Property taxes of \$ 16,850,724 and \$ 16,183,062 represented 84% and 81% of the revenues for the fiscal years ended June 30, 2011 and 2010, respectively. Another significant portion of revenues came from state aid; total state, federal and local aid and grants was \$ 2,013,764 and \$ 2,924,921 which represented 10% and 15% of the revenues for the fiscal years ended June 30, 2011 and 2010, 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 \$ 19,147,751 and \$ 20,105,990 for the years ended June 30, 2011 and 2010. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$ 7,721,859 and \$ 7,866,194 (40% and 39%) of total expenditures for the fiscal years ended June 30, 2011 and 2010, respectively. Support services, totaled \$ 11,425,892 and \$ 12,239,796 (60% and 61%) of total expenditures.

Total governmental activities revenues for the year ended June 30, 2011 exceeded expenses, increasing net assets by \$ 869,709 over the previous year from \$ 1,663,089 at June 30, 2010 to \$ 2,532,798 at June 30, 2011.

The cost of all *governmental activities* this year was \$ 19,147,751 a decrease of \$ 958,239 (5%) over the previous year.

Federal and state governments subsidized certain programs with operating and capital grants and contributions of \$ 2,013,764 a decrease of \$ 917,485. The District also realized decreases in Federal and State aid for operating grants and contributions of \$ 811,193 (29%)

District's costs in the amount of \$ 16,850,724, were provided from property taxes, an increase of \$ 667,662 (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 \$ 0 (0%). This was the result of the lack of unrestricted State Aid allocated to most New Jersey Districts.

Other general revenues totaling \$1,152,972 were provided from miscellaneous local sources, an increase of \$ 356,548.

For the most part, increases in expenses for 2011 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, 2011**

**Net Cost of Governmental Activities** - The District's total cost of services were \$ 18,395,310 and \$ 19,505,923 for the fiscal years ended June 30, 2011 and 2010, respectively. After applying program revenues, derived from charges for services and operating grants and contributions of \$ 2,126,823 and \$ 3,055,753 and capital grants and contribution of \$ 0 and \$ 106,292 for the years ended June 30, 2011 and 2010, respectively; the net cost of services of the District were \$ 16,268,487 and \$ 16,343,878 for the fiscal years ended June 30, 2011 and 2010, respectively.

	<b>Total and Net Cost of Governmental Activities</b>			
	Program Revenues		Net (Expense) Revenue of Services	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction				
Regular	\$ 244,097	\$ 103,179	\$ (4,963,235)	\$ (5,203,298)
Special Education	756,344	1,650,406	(1,150,671)	(117,665)
Basic Skills	-	-	(121,014)	(159,357)
Bilingual	-	-	(36,000)	(127,305)
School Sponsored Activities & Athletics	-	-	(450,498)	(504,984)
Community Service	-	-	-	-
Undistributed Expenditures				
Instruction	-	-	(1,578,250)	(2,214,137)
Attendance and Social Work Services	-	-	(20,135)	(23,767)
Health Services	-	13,664	(206,951)	(190,337)
Students Related Services	-	-	(143,870)	(153,405)
Students - Extraordinary	-	-	(367,673)	(324,346)
Students - Regular	-	-	(350,501)	(342,838)
Students - Special	-	-	(343,769)	(388,602)
Improvement of Instruction	-	-	-	(63,883)
Educational Media	-	-	(205,275)	(212,915)
Services/School Library				
Instructional Staff Training Services	-	-	(13,378)	(25,976)
General Administration	-	-	(434,433)	(371,509)
School Administration	-	-	(1,030,149)	(1,110,590)
Central Services	-	-	(345,599)	(336,236)
Information Technology	-	-	-	-
Required Maintenance for School Facilities	-	-	(572,709)	(660,782)
Operation and Maintenance of Plant Services	-	63,977	(882,213)	(554,646)
Care and Upkeep of Grounds	-	-	(47,133)	(57,814)
Student Transportation	-	102,811	(453,454)	(422,035)
Allocated and Unallocated Employee Benefits	-	1,776	(2,375,381)	(2,614,316)
TPAF Pension	563,661	521,524	-	-
TPAF Social Security	562,721	592,088	-	-
Capital Outlay				
Interest Deposit to Capital Reserve	-	6,328		
Equipment	-	-	(75,947)	(45,342)
Facilities Acquisition and Construction Services	-	106,292	(72,568)	(64,407)
Debt Service				
Interest on Bonds	-	-	(27,681)	(53,386)
Interest - Comm. LPA	-	-	-	-
<b>Total</b>	<b>\$ 2,126,823</b>	<b>\$ 3,162,045</b>	<b>\$ (16,268,487)</b>	<b>\$ (16,343,878)</b>

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**Business-Type-Activities** - The District's total business-type activities revenues were \$ 551,972 and \$ 592,880 for the years ended June 30, 2011 and June 30, 2010. Charges for services accounted for 94% and 94% of total revenues and operating grants and contributions accounted for 6% and 6% of total revenue for the years ended June 30, 2011 and 2010. There were no capital grants received for years ended June 30, 2011 or 2010.

The total cost of all business-type activities programs and services were \$ 572,568 and \$ 614,570 for the years ended June 30, 2011 and 2010. 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, 2011 did not surpass expenses, decreasing net assets by \$ 20,596 below the previous year from \$ 99,415 at June 30, 2010 to \$ 78,819 at June 30, 2011. The cost of business-type activities this year was \$ 572,568, a decrease of \$ 42,002 (7%) from the previous year.

Some of the cost was paid by users of the Districts food service program for a total of \$ 516,738, a decrease of \$ 39,643 (7%).

The Federal and State governments subsidized the food service program with grants and contributions of \$ 35,234, a decrease of \$ 1,265 (3%).

Decreases in expenses reflected the decreased 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 \$ 2,532,798 for the year ended June 30, 2011 compared to a fund balance of \$ 1,663,089 for the year ended June 30, 2010, an increase in the balance of \$ 869,709 for the year.

Revenues for the District's governmental funds were \$ 20,017,460 and \$ 19,904,407, while total expenses were \$ 19,147,751 and \$ 20,105,990 for the fiscal years ended June 30, 2011 and 2010, respectively.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**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, 2011 and 2010:

	June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2011</u>	<u>2010</u>		
Local Sources				
Property Tax Levy	\$ 16,335,724	\$ 15,644,675	\$ 691,049	4%
Miscellaneous	1,017,844	796,424	221,420	28%
State Sources	1,511,069	2,264,902	(753,833)	-33%
Federal Sources	-	1,776	(1,776)	-100%
Total General Fund Revenues	<u>\$ 18,864,637</u>	<u>\$ 18,707,777</u>	<u>\$ 156,860</u>	<u>1%</u>

Local property taxes increased by \$ 691,049 or 4% over the previous year. State aid revenues decreased \$ 753,833, or 33%, predominantly attributable to a change in the State funding formula and reductions made to aid during the year. Federal aid revenues decreased by \$ 1,776 due to the no current year receipt of special education Medicaid funds.

The following schedule presents a comparison of General Fund expenditures for the fiscal years ended June 30, 2011 and 2010:

	June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2011</u>	<u>2010</u>		
Instruction	\$ 7,219,164	\$ 7,314,243	\$ (95,079)	-1%
Support Services	10,515,144	11,578,338	(1,063,194)	-9%
Debt Services	-	-	-	#DIV/0!
Capital Outlay	33,864	15,902	17,962	113%
Total Expenditures	<u>\$ 17,768,172</u>	<u>\$ 18,908,483</u>	<u>\$(1,140,311)</u>	<u>-6%</u>

Total General Fund expenditures decreased \$ 1,140,311 or 6% from the previous year. The decrease can be attributed mostly to reductions in support services and employee benefits costs .

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**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 \$ 502,695 and \$ 551,951 for the years ended June 30, 2011 and 2010. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 82% and 83% of the total revenues for the years ended June 30, 2011 and 2010.

Total Special Revenue Fund revenues decreased \$ 49,256 or 9% from the previous year. State sources decreased \$ 2,512 or 3% and Federal sources decreased by \$ 46,744 or 10%.

Expenditures of the Special Revenue Fund were \$ 502,695 and \$ 551,951 for the fiscal years ended June 30, 2011 and 2010. Instructional expenditures were \$ 502,695 and \$ 551,951 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, 2011 and 2010, 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.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)**

General Fund budgetary revenues exceeded General Fund budgetary and other financing uses increasing budgetary fund balance \$1,046,950 from the previous year. After deducting statutory reserves and designations, the unreserved/undesignated budgetary fund balance increased \$ 275,380 from a \$ 435,173 balance at June 30, 2010 to a \$ 710,553 fund balance at June 30, 2011.

**CAPITAL ASSETS**

The District's investment in capital assets for its governmental and business type activities as of June 30, 2011 and 2010 amounted to \$1,663,483 and \$1,493,851 (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 2010-2011 and 2009-2010 amounted to \$145,871 and \$145,871 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, 2011 and 2010  
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2009
Land and Land Improvements	\$ 156,600	\$ 148,850	\$ -	\$ -	\$ 156,600	\$ 148,850
Building and Building Improvements	993,350	786,983	-	-	993,350	786,983
Machinery and Equipment	32,024	54,107	14,806	17,208	46,830	71,315
Vehicles	466,703	486,703	-	-	466,703	486,703
<b>Total Net Assets</b>	<b>\$ 1,648,677</b>	<b>\$ 1,476,643</b>	<b>\$ 14,806</b>	<b>\$ 17,208</b>	<b>\$ 1,663,483</b>	<b>\$ 1,493,851</b>

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

**LONG TERM LIABILITIES**

At June 30, 2011 and 2010, the District's long-term liabilities consisted of bonds payable of \$0 and \$515,000, capital lease payable of \$0 and \$0, and compensated absences payable of \$414,944 and \$432,833, respectively.

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

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**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 2011 - 2012 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  
AS OF JUNE 30, 2011**

	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Cash	\$ 1,650,033	\$ 90,618	\$ 1,740,651
Receivables, (Net)	497,635	6,856	504,491
Restricted Assets:			
Emergency Reserve Account	100,378	-	100,378
Capital Reserve Account	1,389,019	-	1,389,019
Capital Assets, (Net)	1,648,677	14,806	1,663,483
<b>Total Assets</b>	<b>\$ 5,285,742</b>	<b>\$ 112,280</b>	<b>\$ 5,398,022</b>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 1,076,408	\$ 33,461	\$ 1,109,869
Deferred Revenue	27,859	-	27,859
Non-Current Liabilities:			
Due Within One Year	-	-	-
Due Beyond One Year	414,944	-	414,944
<b>Total liabilities</b>	<b>\$ 1,519,211</b>	<b>\$ 33,461</b>	<b>\$ 1,552,672</b>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt	\$ 1,648,677	\$ 14,806	\$ 1,663,483
Restricted for:			
Debt Service	10	-	10
Capital Projects	1,530,957	-	1,530,957
Emergency	100,378	-	100,378
Other Purposes	125,000	-	125,000
Unrestricted	361,509	64,013	425,522
<b>Total Net Assets</b>	<b>\$ 3,766,531</b>	<b>\$ 78,819</b>	<b>\$ 3,845,350</b>

EMERSON SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

A-2

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
<b>Governmental Activities:</b>											
Current Expense:											
Instruction:											
Regular Programs - Instruction	5,207,332	\$ -	\$ -	\$ 5,207,332	\$ 113,059	\$ 131,038	\$ -	\$ 244,097	\$ (4,963,235)	\$ -	\$ (4,963,235)
Special Education - Instruction	1,907,015	-	-	1,907,015	-	756,344	-	756,344	(1,150,671)	-	(1,150,671)
Basic Skills - Remedial Instruction	121,014	-	-	121,014	-	-	-	-	(121,014)	-	(121,014)
Bilingual Education - Instruction	36,000	-	-	36,000	-	-	-	-	(36,000)	-	(36,000)
School Sponsored Cocurricular Activities - Instruction	121,308	-	-	121,308	-	-	-	-	(121,308)	-	(121,308)
School Sponsored Athletics - Instruction	329,190	-	-	329,190	-	-	-	-	(329,190)	-	(329,190)
Undistributed Expenditures:											
Instruction	1,578,250	-	-	1,578,250	-	-	-	-	(1,578,250)	-	(1,578,250)
Attendance and Social Work Services	20,135	-	-	20,135	-	-	-	-	(20,135)	-	(20,135)
Health Services	206,951	-	-	206,951	-	-	-	-	(206,951)	-	(206,951)
Other Support Services - Students Related Services	143,870	-	-	143,870	-	-	-	-	(143,870)	-	(143,870)
Other Support Services - Students Extraordinary Services	367,673	-	-	367,673	-	-	-	-	(367,673)	-	(367,673)
Other Support Services - Students Regular	350,501	-	-	350,501	-	-	-	-	(350,501)	-	(350,501)
Other Support Services - Students Special	343,769	-	-	343,769	-	-	-	-	(343,769)	-	(343,769)
Educational Media Services/School Library	205,275	-	-	205,275	-	-	-	-	(205,275)	-	(205,275)
Instructional Staff Training Services	13,378	-	-	13,378	-	-	-	-	(13,378)	-	(13,378)
Support Services - General Administration	434,433	-	-	434,433	-	-	-	-	(434,433)	-	(434,433)
Support Services - School Administration	1,030,149	-	-	1,030,149	-	-	-	-	(1,030,149)	-	(1,030,149)
Central Services	345,599	-	-	345,599	-	-	-	-	(345,599)	-	(345,599)
Required Maintenance for School Facilities	572,709	-	-	572,709	-	-	-	-	(572,709)	-	(572,709)
Operation and Maintenance of Plant Services	882,213	-	-	882,213	-	-	-	-	(882,213)	-	(882,213)
Care and Upkeep of Grounds	47,133	-	-	47,133	-	-	-	-	(47,133)	-	(47,133)
Student Transportation Services	453,454	-	-	453,454	-	-	-	-	(453,454)	-	(453,454)
Unallocated Employee Benefits	2,393,270	(17,889)	-	2,375,381	-	-	-	-	(2,375,381)	-	(2,375,381)
TPAF Pension	563,661	-	-	563,661	-	563,661	-	563,661	-	-	-
TPAF Social Security	562,721	-	-	562,721	-	562,721	-	562,721	-	-	-
Capital Outlay:											
Interest Deposit to Capital Reserve	-	-	-	-	-	-	-	-	-	-	-
Equipment	33,864	-	42,083	75,947	-	-	-	-	(75,947)	-	(75,947)
Facilities Acquisition and Construction Services	286,685	-	(214,117)	72,568	-	-	-	-	(72,568)	-	(72,568)
Debt Service:											
Interest on Long-Term Debt	27,681	-	-	27,681	-	-	-	-	(27,681)	-	(27,681)
Principal	515,000	(515,000)	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 19,100,233</b>	<b>\$ (532,889)</b>	<b>\$ (172,034)</b>	<b>\$ 18,395,310</b>	<b>\$ 113,059</b>	<b>\$ 2,013,764</b>	<b>\$ -</b>	<b>\$ 2,126,823</b>	<b>\$ (16,268,487)</b>	<b>\$ -</b>	<b>\$ (16,268,487)</b>
<b>Business-Type Activities</b>	<b>\$ 570,166</b>	<b>\$ -</b>	<b>\$ 2,402</b>	<b>\$ 572,568</b>	<b>\$ 516,738</b>	<b>\$ 35,234</b>	<b>\$ -</b>	<b>\$ 551,972</b>	<b>\$ -</b>	<b>\$ (20,596)</b>	<b>\$ (20,596)</b>
<b>Total Primary Government</b>	<b>\$ 19,670,399</b>	<b>\$ (532,889)</b>	<b>\$ (169,632)</b>	<b>\$ 18,967,878</b>	<b>\$ 629,797</b>	<b>\$ 2,048,998</b>	<b>\$ -</b>	<b>\$ 2,678,795</b>	<b>\$ (16,268,487)</b>	<b>\$ (20,596)</b>	<b>\$ (16,289,083)</b>
<b>General Revenues:</b>											
Local Tax Levy									\$ 16,850,724	\$ -	\$ 16,850,724
Other Local Governmental Units - Restricted									406,283	-	406,283
Unrestricted Miscellaneous Revenues									627,959	-	627,959
Interest Earned on Capital Reserve Funds									5,470	-	5,470
Interest Earned on Emergency Reserve Funds									201	-	201
<b>Total General Revenues</b>									<b>17,890,637</b>	<b>-</b>	<b>17,890,637</b>
Transfers & Adjustments									(47,518)	-	(47,518)
Change in Net Assets									1,574,632	(20,596)	1,554,036
Net Assets—Beginning									2,191,899	99,415	2,291,314
<b>Net Assets—Ending</b>									<b>\$ 3,766,531</b>	<b>\$ 78,819</b>	<b>\$ 3,845,350</b>

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  
AS OF JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
<b>ASSETS</b>					
Cash	\$ 1,573,229	\$ 41,148	\$ 35,646	\$ 10	\$ 1,650,033
Cash - Emergency Reserve Account	100,378	-	-	-	100,378
Cash - Capital Reserve Account	1,389,019	-	-	-	1,389,019
Intergovernmental Receivable - State	382,690	-	106,292	-	488,982
Accounts Receivable	8,653	-	-	-	8,653
Total Assets	<u>\$ 3,453,969</u>	<u>\$ 41,148</u>	<u>\$ 141,938</u>	<u>\$ 10</u>	<u>\$ 3,637,065</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 1,063,119	\$ 13,289	\$ -	\$ -	\$ 1,076,408
Deferred Revenue:					
Reserve for Encumbrances	-	27,859	-	-	27,859
Total Liabilities	<u>\$ 1,063,119</u>	<u>\$ 41,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,104,267</u>
Fund Balances:					
Reserve for Encumbrances	\$ 65,900	\$ -	\$ -	\$ -	\$ 65,900
Emergency Reserve Account	100,378	-	-	-	100,378
Capital Reserve Account	1,389,019	-	-	-	1,389,019
Designated for:					
Subsequent Years' Expenditures	125,000	-	-	-	125,000
Undesignated	710,553	-	141,938	10	852,501
	<u>\$ 2,390,850</u>	<u>\$ -</u>	<u>\$ 141,938</u>	<u>\$ 10</u>	<u>\$ 2,532,798</u>
Total Liabilities and Fund Balances	<u>\$ 3,453,969</u>	<u>\$ 41,148</u>	<u>\$ 141,938</u>	<u>\$ 10</u>	<u>\$ 3,637,065</u>

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because: \$ 2,532,798

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 1,648,677

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (414,944)

Net assets of governmental activities \$ 3,766,531

**EMERSON SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General	Special Revenue	Capital Projects	Debt Service	Total
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 16,335,724	\$ -	\$ -	\$ 515,000	\$ 16,850,724
Other Local Governmental Units - Restricted	406,283	-	-	-	406,283
Tuition - From Individuals	113,059	-	-	-	113,059
Tuition - From Other LEAs Within State	-	-	-	-	-
Interest Earned on Capital Reserve Funds	5,470	-	-	-	5,470
Interest Earned on Emergency Reserve Funds	201	-	-	-	201
Unrestricted Miscellaneous Revenues	492,831	-	107,447	27,681	627,959
Total Local Sources	\$ 17,353,568	\$ -	\$ 107,447	\$ 542,681	\$ 18,003,696
State Sources	1,511,069	92,912	-	-	1,603,981
Federal Sources	-	409,783	-	-	409,783
Total Revenues	\$ 18,864,637	\$ 502,695	\$ 107,447	\$ 542,681	\$ 20,017,460
<b>EXPENDITURES</b>					
Current Expense:					
Instruction:					
Regular Programs	\$ 5,076,294	\$ 131,038	\$ -	\$ -	\$ 5,207,332
Special Education	1,535,358	371,657	-	-	1,907,015
Basic Skills/Remedial	121,014	-	-	-	121,014
Bilingual Education	36,000	-	-	-	36,000
School Sponsored Cocurricular/Extracurricular Activities	121,308	-	-	-	121,308
School Sponsored Athletics	329,190	-	-	-	329,190
Undistributed Expenditures:					
Instruction	1,578,250	-	-	-	1,578,250
Attendance and Social Work Services	20,135	-	-	-	20,135
Health Services	206,951	-	-	-	206,951
Other Support Services - Students - Related Services	143,870	-	-	-	143,870
Other Support Services - Students - Extraordinary Services	367,673	-	-	-	367,673
Other Support Services - Students Regular	350,501	-	-	-	350,501
Other Support Services - Students Special	343,769	-	-	-	343,769
Educational Media Services - School Library	205,275	-	-	-	205,275
Instructional Staff Training Services	13,378	-	-	-	13,378
Support Services - General Administration	434,433	-	-	-	434,433
Support Services - School Administration	1,030,149	-	-	-	1,030,149
Central Services	345,599	-	-	-	345,599
Required Maintenance for School Facilities	572,709	-	-	-	572,709
Operation and Maintenance of Plant Services	882,213	-	-	-	882,213
Care and Upkeep of Grounds	47,133	-	-	-	47,133
Student Transportation Services	453,454	-	-	-	453,454
Personal Services - Employee Benefits	2,393,270	-	-	-	2,393,270
TPAF Pension	563,661	-	-	-	563,661
TPAF Social Security	562,721	-	-	-	562,721
Capital Outlay:					
Increase in Capital Reserve	-	-	-	-	-
Interest Deposit to Capital Reserve	-	-	-	-	-
Equipment	33,864	-	-	-	33,864
Facilities Acquisition and Construction Services	-	-	286,685	-	286,685
Debt Service:					
Bond Interest	-	-	-	27,681	27,681
Bond Principal	-	-	-	515,000	515,000
Total Expenditures	\$ 17,768,172	\$ 502,695	\$ 286,685	\$ 542,681	\$ 19,100,233
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 1,096,465	\$ -	\$ (179,238)	\$ -	\$ 917,227
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers	(47,518)	-	-	-	(47,518)
Net Change In Fund Balances	\$ 1,048,947	\$ -	\$ (179,238)	\$ -	\$ 869,709
Fund Balances - July 1	1,341,903	-	321,176	10	1,663,089
Fund Balances - June 30	\$ 2,390,850	\$ -	\$ 141,938	\$ 10	\$ 2,532,798

**EMERSON SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

---

Total Net Change in Fund Balances - Governmental Funds \$ 869,709

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	145,871
Capital Outlays	26,163

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.	515,000
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Net Change in Compensated Absences	17,889
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Change in net assets of governmental activities	<u>\$ 1,574,632</u>
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**EMERSON SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 COMBINING STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2011**

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	<u>Business-Type Activities</u> <u>Enterprise Funds</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 90,618
Intergovernmental Receivable:	
State	520
Federal	6,336
	<u>\$ 97,474</u>
Non-Current Assets:	
Machinery and Equipment, (Net)	<u>\$ 14,806</u>
Total Assets	<u>\$ 112,280</u>
<u>LIABILITIES</u>	
Accounts Payable	<u>\$ 33,461</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 14,806
Unrestricted	64,013
	<u>\$ 78,819</u>

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

**EMERSON SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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	<u>Business-Type Activities</u>
	<u>Enterprise Funds</u>
 <u>OPERATING REVENUES</u>	
Charges for Services:	
Sales	\$ 516,738
 <u>OPERATING EXPENSES</u>	
Salaries	\$ 127,300
Purchased Property Services	2,402
Other Purchased Services	342,965
Supplies & Materials	578
Depreciation	2,402
Miscellaneous	96,921
	<u>\$ 572,568</u>
 Operating Income (Loss)	 <u>\$ (55,830)</u>
 <u>NON-OPERATING REVENUES</u>	
State Sources:	
State School Lunch Program	\$ 2,405
Federal Sources:	
National School Lunch Program	32,829
	<u>\$ 35,234</u>
 Change in Net Assets	 \$ (20,596)
 Total Net Assets - Beginning	 99,415
Total Net Assets - Ending	<u><u>\$ 78,819</u></u>

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

**EMERSON SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Business-Type Activities</u>
	<u>Enterprise Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash Receipts from Sales	\$ 522,398
Payments for Operating Expenses	(538,898)
	<u>\$ (16,500)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>	
Cash Flows from State and Federal Reimbursements	<u>\$ 31,226</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase of Capital Assets	<u>\$ -</u>
Net Increase/(Decrease) in Cash	<u>\$ 14,726</u>
Cash, July 1	<u>75,892</u>
Cash, June 30	<u><u>\$ 90,618</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (55,830)
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used for) Operating Activities:	
Fixed Assets	-
(Increase) Decrease in Accounts Receivable	5,660
Increase (Decrease) in Accounts Payable	31,268
Depreciation	2,402
Net Cash Provided by (Used For) Operating Activities	<u><u>\$ (16,500)</u></u>
	-

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

**EMERSON SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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ASSETS

Cash	\$ 300,038
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LIABILITIES

Due to Student Groups	\$ 149,077
Payroll, Deductions and Withholdings Payable	73,014

Total Liabilities	<u>\$ 222,091</u>
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NET ASSETS

Held in Trust for Unemployment Claims	<u>\$ 77,947</u>
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**EMERSON SCHOOL DISTRICT 2011  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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ADDITIONS

Transfers	\$ 15,272
Earnings on Investments	<u>1,866</u>
	<u>\$ 17,138</u>

DEDUCTIONS

Unemployment Claims	<u>\$ 113,103</u>
Change in Net Assets	\$ (95,965)
Net Assets - Beginning	<u>173,912</u>
Net Assets - Ending	<u><u>\$ 77,947</u></u>

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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**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-Day 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, 2011**

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**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, 2011**

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**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 approved budget amendments during the fiscal year ended June 30, 2011.

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, 2011**

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**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, 2011**

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**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, 2011, 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, 2011

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**Note 2 - Cash and Cash Equivalents and Investments**

As of June 30, 2011, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash</u>	<u>Investments</u>
Checking/Money Market Accounts	<u>\$ 1,740,651</u>	<u>\$ -</u>

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

**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, 2011:

	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	317,905	-	-	1,556,962
Machinery and Equipment	835,566	-	-	-	835,566
Vehicles	669,158	-	-	-	669,158
	<u>\$ 5,708,919</u>	<u>\$ 317,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,026,824</u>
	<u>\$ 5,857,769</u>	<u>\$ 317,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,175,674</u>
Less Accumulated Depreciation:					
Site Improvements	\$ (142,045)	\$ (2,643)	\$ -	\$ -	\$ (144,688)
Buildings	(2,695,312)	(55,644)	-	-	(2,750,956)
Building Improvements	(579,855)	(45,501)	-	-	(625,356)
Machinery and Equipment	(781,459)	(22,083)	-	-	(803,542)
Vehicles	(182,455)	(20,000)	-	-	(202,455)
	<u>\$ (4,381,126)</u>	<u>\$ (145,871)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,526,997)</u>
Net Assets for Governmental Activities	<u>\$ 1,476,643</u>	<u>\$ 172,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,648,677</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	\$ (36,023)	\$ (2,402)	\$ -	\$ -	\$ (38,425)
Net Assets for Business Type Activities	<u>\$ 17,208</u>	<u>\$ (2,402)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,806</u>

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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**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, 2011, 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, 2011

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**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	\$ 515,000	\$ -	\$ (515,000)	\$ -	\$ -
Compensated Absences Payable	432,833	50,490	(68,379)	-	414,944
	<u>\$ 947,833</u>	<u>\$ 50,490</u>	<u>\$ (583,379)</u>	<u>\$ -</u>	<u>\$ 414,944</u>

	Amounts Due within One Year	Long-Term Portion	Ending Balance
Bonds Payable	\$ -	\$ -	\$ -
Compensated Absences Payable	-	414,944	414,944
	<u>\$ -</u>	<u>\$ 414,944</u>	<u>\$ 414,944</u>

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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**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, 2011, the Board had \$0 of bonds payable. As of June 30, 2011, 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, 2011, no liability existed for compensated absences in the Food Service Fund.

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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**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, 2009 and 2008, the dates of the most recent actuarial valuations, participating employers consisted of the following:

	<u>2009</u>	<u>2008</u>
State of New Jersey	1	1
County Agencies	65	65
Municipalities	584	583
School Districts	566	561
Other Public Agencies	484	486
Total	<u>1,700</u>	<u>1,696</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.

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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**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, 2011**

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**Note 6 - Retirement Plans (Continued)**

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

Public Employees' Retirement System (PERS) (Continued)

Significant Legislation:

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**Membership**

Membership in the System consisted of the following at June 30, 2009 and 2008, the dates of the most recent actuarial valuations:

	<u>2009</u>	<u>2008</u>
Retirees and beneficiaries currently receiving benefits and employees entitled to benefits but not yet receiving them	138,619	134,555
Active Members:		
Vested	144,698	142,280
Non-Vested	172,151	176,902
Total Active Members	<u>316,849</u>	<u>319,182</u>
Total	<u><u>455,468</u></u>	<u><u>453,737</u></u>

**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.

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, 2011**

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**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.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of TPAF from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF to 1/60 from 1/55, and it provided that new members of TPAF have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also requires the State to make its full pension contribution, defined as 1/7th of the required amount beginning in fiscal 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of TPAF with disability insurance coverage similiar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**Membership and Contributing Employers**

Membership in the Fund consisted of the following at June 30, 2009 and 2008, the dates of the most recent actuarial valuations:

	2009	2008
Retirees and beneficiaries currently receiving benefits and employees entitled to benefits but not yet receiving them	78,782	76,068
Active Members:		
Vested	78,829	76,368
Non-Vested	78,280	79,719
Total Active Members	157,109	156,087
Total	235,891	232,155
Contributing Employers	35	38

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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**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				
2011	\$ 176,638	\$ -	-	\$ -	\$ 13,416	\$ 190,054
2010	120,818	-	-	-	16,755	137,573
2009	97,564	-	(48,782)	-	12,127	60,909
2008	101,993	(20,399)	-	-	-	81,594
2007	67,260	(26,904)	-	-	-	40,356
2006	56,139	(33,683)	-	-	-	22,456

*Teachers' Pension and Annuity Fund:*

Year	Annual Pension Cost	Percentage Contributed	Total Obligation
2011	\$ 563,661	100%	- (On-Behalf)
2010	521,524	100%	- (On-Behalf)
2009	471,411	100%	- (On-Behalf)
2008	1,277,980	100%	- (On-Behalf)
2007	1,204,110	100%	- (On-Behalf)
2006	724,893	100%	- (On-Behalf)

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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**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, 2010, there were 87,288 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 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 \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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**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.

The 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 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, 2011, a liability existed for compensated absences in the Food Service Fund in the amount of \$0.

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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**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, 2011**

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**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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve was as follows:

	<u>2011</u>	<u>2010</u>
Beginning Balance	\$ 633,550	\$ 902,801
Increases:		
Local Funds Transferred	750,000	-
Interest Earned	5,469	6,329
Decreases:		
Budgeted Withdrawals for DOE approved projects from LRFP	-	(275,580)
Ending Balance	<u>\$ 1,389,019</u>	<u>\$ 633,550</u>

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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**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.

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

Fiscal Year	Contributions	Investment Earnings	Amount Reimbursed	Ending Balance
2010-2011	\$ 15,272	\$ 1,866	\$ (113,103)	\$ 77,947
2009-2010				173,912

EMERSON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2011

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**Note 12 - Interfund Receivables and Payables**

Interfund balances as of June 30 were as follows:

	2011		2010	
	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, 2011**

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**Note 13 - Retained Earnings - Enterprise Funds**

The Enterprise Funds have cumulative retained earnings at June 30 as follows:

Food Service	\$	38,527
Adult School		39,389
BCBANK		903
	\$	<u>78,819</u>

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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**Note 14 - Fund Balance Appropriated**

General Fund -- The following is an analysis of the General Fund balance at June 30, 2011:

Reserve for Encumbrances	\$	65,900
Emergency Reserve Account		100,378
Capital Reserve Account		1,389,019
Designated for		
Subsequent Years' Expenditures		125,000
Undesignated		710,553
	\$	<u>2,390,850</u>

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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**Note 15 - Calculation of Excess Surplus**

The designation Reserved Fund Balance - Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. 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 subsequent years' budget. The excess fund balance at June 30 was \$0.

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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

Total Fund Balance, June 30 - Budgetary Basis	\$ 2,390,850
Less: Final Delayed State Aid Payment	-
Total Fund Balance, June 30 - GAAP Basis	<u>\$ 2,390,850</u>

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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**Note 17 - Contingent Liabilities**

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

**EMERSON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

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**Note 18 - Subsequent Events**

We have evaluated subsequent events through December 5, 2011, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION - PART II

SECTION "C" - BUDGETARY COMPARISON SCHEDULES

EMERSON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1

Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered
<b>REVENUES</b>								
Local Sources:								
Local Tax Levy	10-1210	\$ 16,335,724	\$ -	\$ -	\$ -	\$ 16,335,724	\$ 16,335,724	\$ -
Other Local Governmental Units - Restricted	10-12XX	398,262	-	-	-	398,262	406,283	8,021
Tuition - Individuals	10-1310	233,488	-	-	-	233,488	113,059	(120,429)
Tuition - From Other LEAs Within State	10-1320	-	-	-	-	-	-	-
Transportation Fees from Individuals	10-1410	12,000	-	-	-	12,000	-	(12,000)
Interest Earned on Capital Reserve Funds	10-1XXX	100	-	-	-	100	5,470	5,370
Interest Earned on Emergency Reserve Funds		-	-	-	-	-	201	201
Unrestricted Miscellaneous Revenues	10-1XXX	68,000	-	-	-	68,000	492,831	424,831
Total Local Sources		\$ 17,047,574	\$ -	\$ -	\$ -	\$ 17,047,574	\$ 17,353,568	\$ 305,994
State Sources:								
Extraordinary Aid	10-3131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 382,690	\$ 382,690
TPAF Pension (On Behalf)		-	-	-	-	-	563,661	563,661
TPAF Social Security (Reimbursed)	Non-Budgeted	-	-	-	-	-	562,721	562,721
Total State Sources		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,509,072	\$ 1,509,072
Federal Sources:								
Medicaid Reimbursement	10-4200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues		\$ 17,047,574	\$ -	\$ -	\$ -	\$ 17,047,574	\$ 18,862,640	\$ 1,815,066

EMERSON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered
<b>EXPENDITURES</b>									
<u>General Current Expense</u>									
Regular Programs - Instruction:									
Preschool - Salaries of Teachers	11-105-100-101	\$ 148,593	\$ -	\$ (1,650)	\$ -	\$ 146,943	\$ 146,943	\$ -	\$ -
Kindergarten - Salaries of Teachers	11-110-100-101	116,512	-	51,066	-	167,578	167,578	-	-
Grades 1-5 - Salaries of Teachers	11-120-100-101	1,555,189	-	(50,115)	-	1,505,074	1,505,074	-	-
Grades 6-8 - Salaries of Teachers	11-130-100-101	1,068,203	-	(29,233)	-	1,038,970	1,038,970	-	-
Grades 9-12 - Salaries of Teachers	11-140-100-101	1,731,268	-	(75,727)	-	1,655,541	1,655,541	-	-
Regular Programs - Home Instruction:									
Salaries of Teachers	11-150-100-101	10,400	-	4,325	-	14,725	14,725	-	-
Regular Programs - Undistributed Instruction:									
Other Salaries for Instruction	11-190-100-106	61,144	-	8,099	-	69,243	69,243	-	-
Purchased Professional - Educational Services	11-190-100-320	20,610	-	(16,115)	-	4,495	4,495	-	-
Other Purchased Services	11-190-100-500	44,200	-	(14,072)	-	30,128	27,331	2,797	925
General Supplies	11-190-100-610	227,182	-	100,552	-	327,734	327,278	456	-
Textbooks	11-190-100-640	21,037	-	66,100	-	87,137	87,119	18	-
Other Objects	11-190-100-800	48,941	-	(16,360)	-	32,581	31,997	584	514
Total Regular Programs		\$ 5,053,279	\$ -	\$ 26,870	\$ -	\$ 5,080,149	\$ 5,076,294	\$ 3,855	\$ 1,439

EMERSON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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>									
Special Education - Instruction - Cognitive - Mild:									
Salaries of Teachers	11-201-100-101	\$ 153,163	\$ -	\$ 475	\$ -	\$ 153,638	\$ 153,638	\$ -	\$ -
Other Salaries for Instruction	11-201-100-106	56,148	-	(3,018)	-	53,130	52,332	798	-
General Supplies	11-201-100-610	2,006	-	-	-	2,006	1,662	344	-
		<u>\$ 211,317</u>	<u>\$ -</u>	<u>\$ (2,543)</u>	<u>\$ -</u>	<u>\$ 208,774</u>	<u>\$ 207,632</u>	<u>\$ 1,142</u>	<u>\$ -</u>
Special Education - Instruction - Learning and/or Language Disabilities:									
Salaries of Teachers	11-204-100-101	\$ 209,522	\$ -	\$ 7,484	\$ -	\$ 217,006	\$ 217,006	\$ -	\$ -
Other Salaries for Instruction	11-204-100-106	53,215	-	(22,237)	-	30,978	30,435	543	-
General Supplies	11-204-100-610	1,378	-	(488)	-	890	890	-	-
		<u>\$ 264,115</u>	<u>\$ -</u>	<u>\$ (15,241)</u>	<u>\$ -</u>	<u>\$ 248,874</u>	<u>\$ 248,331</u>	<u>\$ 543</u>	<u>\$ -</u>
Special Education - Instruction - Resource Room/Resource Center:									
Salaries of Teachers	11-213-100-101	\$ 710,404	\$ -	\$ (15,189)	\$ -	\$ 695,215	\$ 695,215	\$ -	\$ -
Other Salaries for Instruction	11-213-100-106	241,956	-	(8,044)	-	233,912	233,583	329	298
General Supplies	11-213-100-610	1,491	-	(445)	-	1,046	1,046	-	-
Textbooks	11-213-100-640	1,023	-	-	-	1,023	983	40	-
		<u>\$ 954,874</u>	<u>\$ -</u>	<u>\$ (23,678)</u>	<u>\$ -</u>	<u>\$ 931,196</u>	<u>\$ 930,827</u>	<u>\$ 369</u>	<u>\$ 298</u>
Special Education - Instruction - Pre-school Disabilities - Part Time:									
Salaries of Teachers	11-215-100-101	\$ 82,127	\$ -	\$ (5,053)	\$ -	\$ 77,074	\$ 77,074	\$ -	\$ -
Other Salaries for Instruction	11-215-100-106	17,038	-	33,156	-	50,194	50,194	-	-
		<u>\$ 99,165</u>	<u>\$ -</u>	<u>\$ 28,103</u>	<u>\$ -</u>	<u>\$ 127,268</u>	<u>\$ 127,268</u>	<u>\$ -</u>	<u>\$ -</u>
Special Education - Instruction - Pre-school Disabilities - Full Time:									
Salaries of Teachers	11-216-100-101	\$ -	\$ -	\$ 21,600	\$ -	\$ 21,600	\$ 21,300	\$ 300	\$ -
Total Special Education - Instruction		<u>\$ 1,529,471</u>	<u>\$ -</u>	<u>\$ 8,241</u>	<u>\$ -</u>	<u>\$ 1,537,712</u>	<u>\$ 1,535,358</u>	<u>\$ 2,354</u>	<u>\$ 298</u>

EMERSON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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>									
Basic Skills/Remedial - Instruction:									
Salaries of Teachers	11-230-100-101	\$ 147,750	\$ -	\$ (26,376)	\$ -	\$ 121,374	\$ 121,014	\$ 360	\$ -
Bilingual Education - Instruction:									
Salaries of Teachers	11-240-100-101	\$ 74,625	\$ -	\$ (38,625)	\$ -	\$ 36,000	\$ 36,000	\$ -	\$ -
School Sponsored Cocurricular Activities - Instruction:									
Salaries	11-401-100-100	\$ 95,511	\$ -	\$ 8,464	\$ -	\$ 103,975	\$ 96,022	\$ 7,953	\$ -
Purchased Services	11-401-100-500	4,385	-	-	-	4,385	3,555	830	-
Supplies and Materials	11-401-100-600	7,203	-	-	-	7,203	6,817	386	-
Other Objects	11-401-100-800	20,366	-	(5,395)	-	14,971	14,914	57	-
		\$ 127,465	\$ -	\$ 3,069	\$ -	\$ 130,534	\$ 121,308	\$ 9,226	\$ -
School Sponsored Athletics - Instruction:									
Salaries	11-402-100-100	\$ 253,719	\$ -	\$ 14,084	\$ -	\$ 267,803	\$ 258,160	\$ 9,643	\$ -
Purchased Services	11-402-100-500	11,962	-	23,247	-	35,209	27,676	7,533	-
Supplies and Materials	11-402-100-600	34,956	-	(3,615)	-	31,341	30,968	373	-
Other Objects	11-402-100-800	14,421	-	(762)	-	13,659	12,386	1,273	-
		\$ 315,058	\$ -	\$ 32,954	\$ -	\$ 348,012	\$ 329,190	\$ 18,822	\$ -
Total - Instruction		\$ 7,247,648	\$ -	\$ 6,133	\$ -	\$ 7,253,781	\$ 7,219,164	\$ 34,617	\$ 1,737

EMERSON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered
<b>EXPENDITURES (Continued)</b>									
<b>General Current Expense (Continued)</b>									
Undistributed Expenditures - Instruction:									
Tuition to Other LEAs Within the State - Special	11-000-100-562	\$ 457,393	\$ -	\$ 83,145	\$ -	\$ 540,538	\$ 534,055	\$ 6,483	\$ -
Tuition to County Vocational School District - Regular	11-000-100-563	135,300	-	-	-	135,300	126,592	8,708	-
Tuition to CSSD & Regional Day Schools	11-000-100-565	367,960	-	(201,771)	-	166,189	164,473	1,716	-
Tuition to Private Schools for the Handicapped - Within State	11-000-100-566	694,239	-	75,645	-	769,884	753,130	16,754	-
		<u>\$ 1,654,892</u>	<u>\$ -</u>	<u>\$ (42,981)</u>	<u>\$ -</u>	<u>\$ 1,611,911</u>	<u>\$ 1,578,250</u>	<u>\$ 33,661</u>	<u>\$ -</u>
Undistributed Expenditures - Attendance and Social Work:									
Salaries	11-000-211-100	\$ 21,526	\$ -	\$ -	\$ -	\$ 21,526	\$ 20,135	\$ 1,391	\$ -
Undistributed Expenditures - Health Services:									
Salaries	11-000-213-100	\$ 206,748	\$ -	\$ (61)	\$ -	\$ 206,687	\$ 201,576	\$ 5,111	\$ -
Purchased Professional and Technical Services	11-000-213-300	5,000	-	-	-	5,000	2,156	2,844	-
Supplies and Materials	11-000-213-600	3,159	-	61	-	3,220	3,219	1	-
		<u>\$ 214,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,907</u>	<u>\$ 206,951</u>	<u>\$ 7,956</u>	<u>\$ -</u>
Undistributed Expenditures - Speech, OT, PT, Related Services:									
Salaries	11-000-216-100	\$ 127,997	\$ -	\$ 1,700	\$ -	\$ 129,697	\$ 129,337	\$ 360	\$ -
Purchased Professional - Educational Services	11-000-216-320	44,370	-	(1,700)	-	42,670	14,533	28,137	-
		<u>\$ 172,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,367</u>	<u>\$ 143,870</u>	<u>\$ 28,497</u>	<u>\$ -</u>
Undistributed Expenditures - Other Support Services Students - Extraordinary Services:									
Purchased Professional - Educational Services	11-000-217-320	\$ 406,719	\$ -	\$ -	\$ -	\$ 406,719	\$ 367,439	\$ 39,280	\$ -
Other Objects	11-000-217-800	4,400	-	(1,078)	-	3,322	234	3,088	-
		<u>\$ 411,119</u>	<u>\$ -</u>	<u>\$ (1,078)</u>	<u>\$ -</u>	<u>\$ 410,041</u>	<u>\$ 367,673</u>	<u>\$ 42,368</u>	<u>\$ -</u>
Undistributed Expenditures - Guidance:									
Salaries of Other Professional Staff	11-000-218-104	\$ 274,458	\$ -	\$ 3,828	\$ -	\$ 278,286	\$ 278,286	\$ -	\$ -
Salaries of Secretarial and Clerical Assistants	11-000-218-105	56,858	-	-	-	56,858	55,595	1,263	-
Supplies and Materials	11-000-218-600	11,313	-	(3,828)	-	7,485	5,295	2,190	768
Other Objects	11-000-218-800	12,035	-	-	-	12,035	11,325	710	-
		<u>\$ 354,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,664</u>	<u>\$ 350,501</u>	<u>\$ 4,163</u>	<u>\$ 768</u>

EMERSON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	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	\$ 256,188	\$ -	\$ (13,273)	\$ -	\$ 242,915	\$ 238,650	\$ 4,265	\$ -
Salaries of Secretarial and Clerical Assistants	11-000-219-105	37,387	-	-	-	37,387	36,256	1,131	-
Miscellaneous Purchased Services	11-000-219-592	58,500	-	50	-	58,550	58,550	-	-
Supplies and Materials	11-000-219-600	15,550	-	-	-	15,550	8,170	7,380	611
Other Objects	11-000-219-800	11,688	-	(50)	-	11,638	2,143	9,495	-
		<u>\$ 379,313</u>	<u>\$ -</u>	<u>\$ (13,273)</u>	<u>\$ -</u>	<u>\$ 366,040</u>	<u>\$ 343,769</u>	<u>\$ 22,271</u>	<u>\$ 611</u>
Undistributed Expenditures - Educational Media Services/School Library:									
Salaries	11-000-222-100	\$ 190,165	\$ -	\$ (236)	\$ -	\$ 189,929	\$ 184,857	\$ 5,072	\$ -
Supplies and Materials	11-000-222-600	20,436	-	236	-	20,672	20,418	254	-
		<u>\$ 210,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,601</u>	<u>\$ 205,275</u>	<u>\$ 5,326</u>	<u>\$ -</u>
Undistributed Expenditures - Instructional Staff Training Services:									
Other Objects	11-000-223-800	\$ 27,250	\$ -	\$ (1,253)	\$ -	\$ 25,997	\$ 13,378	\$ 12,619	\$ -

EMERSON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered
<b>EXPENDITURES (Continued)</b>									
<b>General Current Expense (Continued)</b>									
Undistributed Expenditures - Support Services - General Administration:									
Salaries	11-000-230-100	\$ 274,739	\$ -	\$ 81,253	\$ -	\$ 355,992	\$ 355,992	\$ -	\$ -
Legal Services	11-000-230-331	24,990	-	(3,996)	-	20,994	20,994	-	-
Audit Fees	11-000-230-332	19,450	-	-	-	19,450	19,450	-	-
Communications/Telephone	11-000-230-530	8,000	-	(5,820)	-	2,180	2,180	-	-
General Supplies	11-000-230-610	5,100	-	(2,592)	-	2,508	2,466	42	-
Miscellaneous Expenditures	11-000-230-890	45,088	-	(11,508)	-	33,580	33,351	229	-
		<u>\$ 377,367</u>	<u>\$ -</u>	<u>\$ 57,337</u>	<u>\$ -</u>	<u>\$ 434,704</u>	<u>\$ 434,433</u>	<u>\$ 271</u>	<u>\$ -</u>
Undistributed Expenditures - Support Services - School Administration:									
Salaries of Principals/Assistant Principals	11-000-240-103	\$ 909,979	\$ -	\$ (14,073)	\$ -	\$ 895,906	\$ 895,643	\$ 263	\$ -
Salaries of Secretarial and Clerical Assistants	11-000-240-105	148,026	-	(3,069)	-	144,957	131,246	13,711	-
Supplies and Materials	11-000-240-600	1,134	-	-	-	1,134	713	421	-
Other Objects	11-000-240-800	2,610	-	-	-	2,610	2,547	63	-
		<u>\$ 1,061,749</u>	<u>\$ -</u>	<u>\$ (17,142)</u>	<u>\$ -</u>	<u>\$ 1,044,607</u>	<u>\$ 1,030,149</u>	<u>\$ 14,458</u>	<u>\$ -</u>
Undistributed Expenditures - Central Services:									
Salaries	11-000-251-100	\$ 323,367	\$ -	\$ 471	\$ -	\$ 323,838	\$ 323,825	\$ 13	\$ -
Purchased Technical Services	11-000-251-340	19,000	-	(1,978)	-	17,022	16,582	440	-
Supplies and Materials	11-000-251-600	3,500	-	-	-	3,500	2,673	827	-
Other Objects	11-000-251-890	2,950	-	-	-	2,950	2,519	431	-
		<u>\$ 348,817</u>	<u>\$ -</u>	<u>\$ (1,507)</u>	<u>\$ -</u>	<u>\$ 347,310</u>	<u>\$ 345,599</u>	<u>\$ 1,711</u>	<u>\$ -</u>
Undistributed Expenditures - Required Maintenance for School Facilities:									
Salaries	11-000-261-100	\$ 461,149	\$ -	\$ (10,171)	\$ -	\$ 450,978	\$ 424,366	\$ 26,612	\$ -
Cleaning, Repair and Maintenance Services	11-000-261-420	115,218	-	(3,373)	-	111,845	98,769	13,076	10,789
General Supplies	11-000-261-610	36,075	-	13,544	-	49,619	49,574	45	-
		<u>\$ 612,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 612,442</u>	<u>\$ 572,709</u>	<u>\$ 39,733</u>	<u>\$ 10,789</u>

EMERSON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1

	Account Number	Original Budget	Budget Amendments	Budget Transfers	Prior Year Encumbrances	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)	Encumbered
<b>EXPENDITURES (Continued)</b>									
<b>General Current Expense (Continued)</b>									
Undistributed Expenditures - Other Operations and Maintenance of Plant Services:									
Salaries	11-000-262-100	\$ 405,045	\$ -	\$ (8,325)	\$ -	\$ 396,720	\$ 371,654	\$ 25,066	\$ -
Salaries of Non-Instructional Aids	11-000-262-101	-	-	-	-	-	-	-	-
Cleaning, Repair and Maintenance Services	11-000-262-420	43,609	-	(2,000)	-	41,609	24,564	17,045	1,725
Insurance	11-000-262-520	150,912	-	-	-	150,912	138,408	12,504	-
General Supplies	11-000-262-610	47,598	-	(6,120)	-	41,478	37,530	3,948	-
Energy (Natural Gas)	11-000-262-622	-	-	-	-	-	-	-	-
Energy (Electricity)	11-000-262-622	365,213	-	(10,217)	-	354,996	282,878	72,118	50,000
Other Objects	11-000-262-800	20,409	-	10,216	-	30,625	27,179	3,446	-
		<u>\$ 1,032,786</u>	<u>\$ -</u>	<u>\$ (16,446)</u>	<u>\$ -</u>	<u>\$ 1,016,340</u>	<u>\$ 882,213</u>	<u>\$ 134,127</u>	<u>\$ 51,725</u>
Undistributed Expenditures - Care and Upkeep of Grounds:									
Salaries	11-000-263-100	\$ 26,733	\$ -	\$ 5,011	\$ -	\$ 31,744	\$ 26,826	\$ 4,918	\$ -
General Supplies	11-000-263-610	19,586	-	1,109	-	20,695	20,307	388	270
		<u>\$ 46,319</u>	<u>\$ -</u>	<u>\$ 6,120</u>	<u>\$ -</u>	<u>\$ 52,439</u>	<u>\$ 47,133</u>	<u>\$ 5,306</u>	<u>\$ 270</u>
Undistributed Expenditures - Student Transportation Services:									
Salaries for Pupil Transportation (Between Home and Sch	11-000-270-160	\$ 50,660	\$ -	\$ (1,912)	\$ -	\$ 48,748	\$ 47,945	\$ 803	\$ -
Salaries for Pupil Transportation (Between Home and Sch	11-000-270-161	54,021	-	7,380	-	61,401	61,321	80	-
Other Purchased Professional & Technical Services	11-000-270-390	-	-	-	-	-	-	-	-
Cleaning, Repair, & Maintenance Services	11-000-270-420	6,000	-	(205)	-	5,795	4,534	1,261	-
Contracted Services (Between Home & School) - Vendors	11-000-270-511	21,661	-	(11,737)	-	9,924	2,103	7,821	-
Contracted Services (Bet.Home & School) Joint Agrmnts	11-000-270-513	-	-	-	-	-	-	-	-
Contracted Services (Special Education Students) - Joint A	11-000-270-515	340,900	-	(2,937)	-	337,963	248,652	89,311	-
Contracted Services - Aid in Lieu of Payments - Nonpublic	11-000-270-503	82,810	-	(2,700)	-	80,110	69,057	11,053	-
General Supplies	11-000-270-610	12,500	-	2,938	-	15,438	15,438	-	-
Other Objects	11-000-270-800	5,500	-	-	-	5,500	4,404	1,096	-
Miscellaneous Expenditures	11-000-270-890	-	-	-	-	-	-	-	-
		<u>\$ 574,052</u>	<u>\$ -</u>	<u>\$ (9,173)</u>	<u>\$ -</u>	<u>\$ 564,879</u>	<u>\$ 453,454</u>	<u>\$ 111,425</u>	<u>\$ -</u>
Unallocated Benefits - Employee Benefits:									
Social Security Contributions	11-000-291-220	\$ 243,965	\$ -	\$ (13,936)	\$ -	\$ 230,029	\$ 217,285	\$ 12,744	\$ -
Other Retirement Contributions - PERS	11-000-291-241	146,000	-	44,054	-	190,054	190,054	-	-
Unemployment Compensation	11-000-291-250	-	-	-	-	-	-	-	-
Health Benefits	11-000-291-270	2,031,592	-	(30,118)	-	2,001,474	1,985,931	15,543	-
		<u>\$ 2,421,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,421,557</u>	<u>\$ 2,393,270</u>	<u>\$ 28,287</u>	<u>\$ -</u>

EMERSON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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>								
TPAF Pension (On Behalf)	Non-Budgeted	\$ -	\$ -	\$ -	\$ -	\$ 563,661	\$ (563,661)	\$ -
TPAF Social Security (Reimbursed)	Non-Budgeted	\$ -	\$ -	\$ -	\$ -	\$ 562,721	\$ (562,721)	\$ -
Total Undistributed Expenditures		\$ 9,921,728	\$ -	\$ (39,396)	\$ -	\$ 9,882,332	\$ 10,515,144	\$ (632,812)
Total Expenditures - Current Expense		\$ 17,169,376	\$ -	\$ (33,263)	\$ -	\$ 17,136,113	\$ 17,734,308	\$ (598,195)
<u>Capital Outlay</u>								
Interest Deposit to Capital Reserve	10-604	\$ 100	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ 100
Equipment:								
Undistributed Expenditures - Support Services - Child Stud	12-000-219-730	\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000	\$ 3,938	\$ 2,062
Undistributed Expenditures - Custodial Services	12-000-262-730	-	-	8,325	-	8,325	8,325	-
Grades 1-5	12-120-100-730	-	-	6,981	-	6,981	6,981	-
School-Sponsored and Other Instructional Programs	12-402-100-730	-	-	14,620	-	14,620	14,620	-
		\$ 6,000	\$ -	\$ 29,926	\$ -	\$ 35,926	\$ 33,864	\$ 2,062
Total Capital Outlay		\$ 6,100	\$ -	\$ 29,926	\$ -	\$ 36,026	\$ 33,864	\$ 2,162
Total Expenditures		\$ 17,175,476	\$ -	\$ (3,337)	\$ -	\$ 17,172,139	\$ 17,768,172	\$ (596,033)
Excess (Deficiency) of Revenues Over (Under) Expenditures		\$ (127,902)	\$ -	\$ 3,337	\$ -	\$ (124,565)	\$ 1,094,468	\$ 1,219,033
Other Financing Sources (Uses):								
Operating Transfers:								
Trust and Agency Fund	11-4XX-100-930	\$ (47,098)	\$ -	\$ (3,337)	\$ -	\$ (50,435)	\$ (47,518)	\$ (2,917)
Capital Reserve to Capital Projects		-	-	-	-	-	-	-
		\$ (47,098)	\$ -	\$ (3,337)	\$ -	\$ (50,435)	\$ (47,518)	\$ (2,917)



**EMERSON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance to Final Favorable / (Unfavorable)
<u>REVENUES</u>			
Local Sources	\$ -	\$ -	\$ -
Federal Sources	412,619	412,619	-
State Sources	117,935	117,935	-
Total Revenues	<u>\$ 530,554</u>	<u>\$ 530,554</u>	<u>\$ -</u>
<u>EXPENDITURES</u>			
Instruction:			
Personal Services - Salaries	\$ 86,404	\$ 86,404	\$ -
Purchased Professional & Technical Services	-	-	-
Other Purchased Services	232,840	232,840	-
General Supplies	29,660	29,660	-
Textbooks	8,867	8,867	-
Other Objects	-	-	-
Total Instruction	<u>\$ 357,771</u>	<u>\$ 357,771</u>	<u>\$ -</u>
Support Services:			
Personal Services - Salaries	\$ 4,000	\$ 4,000	\$ -
Personal Services - Employee Benefits	-	-	-
Purchased Professional & Technical Services	15,465	15,465	-
Purchased Professional - Educational Services	30,037	30,037	-
Purchased Property Services	-	-	-
Other Purchased Services	12,439	12,439	-
Travel	705	705	-
Supplies and Materials	2,400	2,400	-
Other Objects	-	-	-
Total Support Services	<u>\$ 65,046</u>	<u>\$ 65,046</u>	<u>\$ -</u>
Facilities Acquisition and Construction Services:			
Buildings	\$ 107,447	\$ 107,447	-
Instructional Equipment	290	290	-
Non-Instructional Equipment	-	-	-
Total Facilities Acquisition and Construction Service:	<u>\$ 107,737</u>	<u>\$ 107,737</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 530,554</u>	<u>\$ 530,554</u>	<u>\$ -</u>

EMERSON SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1)	\$ 18,862,640	\$ 530,554
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	1,997	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	\$ 18,864,637	\$ 530,554
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 17,768,172	\$ 530,554
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	\$ 17,768,172	\$ 530,554

SECTION "D" - SCHOOL LEVEL SCHEDULES

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

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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

SECTION "E" - SPECIAL REVENUE FUND

**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
<b>REVENUES</b>										
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-	-	-	-	-	-
Federal Sources	32,687	-	-	45	8,230	239,316	9,561	-	112,695	10,085
<b>Total Revenues</b>	<b>\$ 32,687</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45</b>	<b>\$ 8,230</b>	<b>\$ 239,316</b>	<b>\$ 9,561</b>	<b>\$ -</b>	<b>\$ 112,695</b>	<b>\$ 10,085</b>
<b>EXPENDITURES</b>										
Instruction:										
Salaries of Teachers 100-101	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Professional and Technical Services 100-300	-	-	-	-	-	-	-	-	-	-
Other Purchased Services 100-500	-	-	-	-	-	223,279	9,561	-	-	-
General Supplies 100-610	7,500	-	-	45	7,830	-	-	-	-	10,085
Textbooks 100-640	-	-	-	-	-	-	-	-	-	-
Other Objects 100-800	-	-	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	<b>\$ 7,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45</b>	<b>\$ 7,830</b>	<b>\$ 223,279</b>	<b>\$ 9,561</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,085</b>
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	-	-	-	-	-	-	-	-	4,958	-
Purchased Professional - Educational Services 200-320	14,000	-	-	-	-	16,037	-	-	-	-
Purchased Property Services 200-400	-	-	-	-	-	-	-	-	-	-
Travel 200-580	-	-	-	-	-	-	-	-	-	-
Other Purchased Services 200-590	11,187	-	-	-	-	-	-	-	-	-
Supplies and Materials 200-600	-	-	-	-	400	-	-	-	-	-
Other Objects 200-890	-	-	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>\$ 25,187</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 400</b>	<b>\$ 16,037</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,958</b>	<b>\$ -</b>
Facilities Acquisition and Construction Services:										
Buildings 400-720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	107,447	\$ -
Instructional Equipment 400-731	-	-	-	-	-	-	-	-	290	-
Non-Instructional Equipment 400-732	-	-	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 107,737</b>	<b>\$ -</b>
<b>Total Expenditures</b>	<b>\$ 32,687</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45</b>	<b>\$ 8,230</b>	<b>\$ 239,316</b>	<b>\$ 9,561</b>	<b>\$ -</b>	<b>\$ 112,695</b>	<b>\$ 10,085</b>

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

	Personalized Student Learning Plan Pilot Program	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
<b>REVENUES</b>												
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	12,747	8,867	10,507	-	38,179	2,561	-	-	18,651	13,221	13,202	117,935
Federal Sources	-	-	-	-	-	-	-	-	-	-	-	412,619
<b>Total Revenues</b>	<b>\$ 12,747</b>	<b>\$ 8,867</b>	<b>\$ 10,507</b>	<b>\$ -</b>	<b>\$ 38,179</b>	<b>\$ 2,561</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,651</b>	<b>\$ 13,221</b>	<b>\$ 13,202</b>	<b>\$ 530,554</b>
<b>EXPENDITURES</b>												
<b>Instruction:</b>												
Salaries of Teachers	\$ 590	\$ -	\$ -	\$ -	\$ 38,179	\$ 2,561	\$ -	\$ -	\$ 18,651	\$ 13,221	\$ 13,202	\$ 86,404
Purchased Professional and Technical Services	-	-	-	-	-	-	-	-	-	-	-	-
Other Purchased Services	-	-	-	-	-	-	-	-	-	-	-	232,840
General Supplies	4,200	-	-	-	-	-	-	-	-	-	-	29,660
Textbooks	-	8,867	-	-	-	-	-	-	-	-	-	8,867
Other Objects	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	<b>\$ 4,790</b>	<b>\$ 8,867</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,179</b>	<b>\$ 2,561</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,651</b>	<b>\$ 13,221</b>	<b>\$ 13,202</b>	<b>\$ 357,771</b>
<b>Support Services:</b>												
Salaries of Program Directors	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,000
Salaries of Supervisors of Instruction	-	-	-	-	-	-	-	-	-	-	-	-
Salaries of Other Professional Staff	-	-	-	-	-	-	-	-	-	-	-	-
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-	-	-	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Purchased Professional & Technical Services	-	-	10,507	-	-	-	-	-	-	-	-	15,465
Purchased Professional - Educational Services	-	-	-	-	-	-	-	-	-	-	-	30,037
Purchased Property Services	-	-	-	-	-	-	-	-	-	-	-	-
Travel	705	-	-	-	-	-	-	-	-	-	-	705
Other Purchased Services	1,252	-	-	-	-	-	-	-	-	-	-	12,439
Supplies and Materials	2,000	-	-	-	-	-	-	-	-	-	-	2,400
Other Objects	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>\$ 7,957</b>	<b>\$ -</b>	<b>\$ 10,507</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 65,046</b>
<b>Facilities Acquisition and Construction Services:</b>												
Buildings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	107,447
Instructional Equipment	-	-	-	-	-	-	-	-	-	-	-	290
Non-Instructional Equipment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 107,737</b>
<b>Total Expenditures</b>	<b>\$ 12,747</b>	<b>\$ 8,867</b>	<b>\$ 10,507</b>	<b>\$ -</b>	<b>\$ 38,179</b>	<b>\$ 2,561</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,651</b>	<b>\$ 13,221</b>	<b>\$ 13,202</b>	<b>\$ 530,554</b>

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

	Reconciliation to GAAP Basis		
	plus 6/30/10 encumbrances	(less) 6/30/11 encumbrances	GAAP Basis
<b>REVENUES</b>			
Local Sources	\$ -	\$ -	\$ -
State Sources	-	(25,023)	92,912
Federal Sources	-	(2,836)	409,783
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ (27,859)</b>	<b>\$ 502,695</b>
<b>EXPENDITURES</b>			
Instruction:			
Salaries of Teachers	\$ -	\$ (25,024)	\$ 61,380
Purchased Professional and Technical Services	-	-	-
Other Purchased Services	-	-	232,840
General Supplies	-	(2,378)	27,282
Textbooks	-	-	8,867
Other Objects	-	-	-
<b>Total Instruction</b>	<b>\$ -</b>	<b>\$ (27,402)</b>	<b>\$ 330,369</b>
Support Services:			
Salaries of Program Directors	\$ -	\$ -	\$ 4,000
Salaries of Supervisors of Instruction	-	-	-
Salaries of Other Professional Staff	-	-	-
Salaries of Secretarial and Clerical Assistants	-	-	-
Personal Services - Employee Benefits	-	-	-
Purchased Professional & Technical Services	-	-	15,465
Purchased Professional - Educational Services	-	-	30,037
Purchased Property Services	-	-	-
Travel	-	-	705
Other Purchased Services	-	(141)	12,298
Supplies and Materials	-	(316)	2,084
Other Objects	-	-	-
<b>Total Support Services</b>	<b>\$ -</b>	<b>\$ (457)</b>	<b>\$ 64,589</b>
Facilities Acquisition and Construction Services:			
Buildings	\$ -	\$ -	\$ 107,447
Instructional Equipment	-	-	290
Non-Instructional Equipment	-	-	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 107,737</b>
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ (27,859)</b>	<b>\$ 502,695</b>

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

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Not Applicable

SECTION "F" - CAPITAL PROJECTS FUND

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

	Account Number	Tennis Courts	Handicapped Elevator	Total
<b><u>REVENUES</u></b>				
Additional State Building Aid - EDA Grant	30-3255	\$ -	\$ -	\$ -
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		-	-	-
Other Financing Sources		-	107,447	107,447
Total Revenues		\$ -	\$ 107,447	\$ 107,447
<b><u>EXPENDITURES</u></b>				
Capital Project Equipment	30-XXX-XXX-73X	\$ -	\$ 286,685	\$ 286,685
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	-	-	-
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		\$ -	\$ 286,685	\$ 286,685
Excess (Deficiency) of Revenues Over (Under) Expenditures		\$ -	\$ (179,238)	\$ (179,238)
<b><u>OTHER FINANCING SOURCES/(USES)</u></b>				
Operating Transfers from/(to) Other Funds:				
General Fund - Capital Outlay		\$ -	\$ -	\$ -
Capital Reserve Account		-	-	-
Capital Reserve Account		-	-	-
Debt Service Fund		-	-	-
Total Operating Transfers		\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources/(Uses)		\$ -	\$ (179,238)	\$ (179,238)
Fund Balances, July 1		-	321,176	321,176
Fund Balances, June 30		\$ -	\$ 141,938	\$ 141,938

SECTION "G" - ENTERPRISE FUNDS

**EMERSON SCHOOL DISTRICT  
COMBINING SCHEDULE OF NET ASSETS  
ENTERPRISE FUNDS  
AS OF JUNE 30, 2011**

	Food Service	Adult School	BCBANC	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 16,865	\$ 72,850	\$ 903	\$ 90,618
Intergovernmental Receivable:				
State	520	-	-	520
Federal	6,336	-	-	6,336
Total Current Assets	<u>\$ 23,721</u>	<u>\$ 72,850</u>	<u>\$ 903</u>	<u>\$ 97,474</u>
Non-Current Assets:				
Machinery and Equipment, (Net)	\$ 14,806	\$ -	\$ -	\$ 14,806
Total Assets	<u>\$ 38,527</u>	<u>\$ 72,850</u>	<u>\$ 903</u>	<u>\$ 112,280</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ 33,461	\$ -	\$ 33,461
<u>NET ASSETS</u>				
Invested in Capital Assets	\$ 14,806	\$ -	\$ -	\$ 14,806
Unrestricted	23,721	39,389	903	64,013
	<u>\$ 38,527</u>	<u>\$ 39,389</u>	<u>\$ 903</u>	<u>\$ 78,819</u>

**EMERSON SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 ENTERPRISE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Food Service	Adult School	BCBANC	Total
<u>OPERATING REVENUES</u>				
Charges for Services:				
Sales	\$ 294,996	\$ 219,942	\$ 1,800	\$ 516,738
<u>OPERATING EXPENSES</u>				
Salaries	\$ -	\$ 127,300	\$ -	\$ 127,300
Purchased Property Services	2,402	-	-	2,402
Other Purchased Services	310,205	31,863	897	342,965
Supplies & Materials	578	-	-	578
Depreciation	2,402	-	-	2,402
Miscellaneous	19,124	77,797	-	96,921
	<u>\$ 334,711</u>	<u>\$ 236,960</u>	<u>\$ 897</u>	<u>\$ 572,568</u>
Operating Income (Loss)	\$ (39,715)	\$ (17,018)	\$ 903	\$ (55,830)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program	\$ 2,405	\$ -	\$ -	\$ 2,405
Federal Sources:				
National School Lunch Program	32,829	-	-	32,829
	<u>\$ 35,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,234</u>
Income (Loss) Before Other Financing Sources (Uses)	\$ (4,481)	\$ (17,018)	\$ 903	\$ (20,596)
Other Financing Sources (Uses):				
Operating Transfers:				
General Fund	\$ -	\$ -	\$ -	\$ -
Change in Net Assets	\$ (4,481)	\$ (17,018)	\$ 903	\$ (20,596)
Total Net Assets - Beginning	43,008	56,407	-	99,415
Total Net Assets - Ending	<u>\$ 38,527</u>	<u>\$ 39,389</u>	<u>\$ 903</u>	<u>\$ 78,819</u>

**EMERSON SCHOOL DISTRICT  
COMBINING SCHEDULE OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Food Service	Adult School	BCBANC	Total
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Receipts from Sales	\$ 300,656	\$ 219,942	\$ 1,800	\$ 522,398
Payments for Operating Expenses	(332,309)	(205,692)	(897)	(538,898)
	<u>\$ (31,653)</u>	<u>\$ 14,250</u>	<u>\$ 903</u>	<u>\$ (16,500)</u>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>				
State Sources	\$ 2,104	\$ -	\$ -	\$ 2,104
Federal Sources	29,122	-	-	29,122
	<u>\$ 31,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,226</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Purchase of Capital Assets	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Cash	<u>\$ (427)</u>	<u>\$ 14,250</u>	<u>\$ 903</u>	<u>\$ 14,726</u>
Balances - Beginning of Year	17,292	58,600	-	75,892
Balances - End of Year	<u>\$ 16,865</u>	<u>\$ 72,850</u>	<u>\$ 903</u>	<u>\$ 90,618</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided				
(Used) by Operating Activities:				
Operating Income (Loss)	\$ (39,715)	\$ (17,018)	\$ 903	\$ (55,830)
Adjustments to Reconcile Operating Income				
(Used for) Operating Activities:				
Fixed Assets	-	-	-	-
(Increase) Decrease in Accounts Receivable	5,660	-	-	5,660
Increase (Decrease) in Accounts Payable	-	31,268	-	31,268
Depreciation	2,402	-	-	2,402
Net Cash Provided by (used for)				
Operating Activities	<u>\$ (31,653)</u>	<u>\$ 14,250</u>	<u>\$ 903</u>	<u>\$ (16,500)</u>

SECTION "H" - FIDUCIARY FUNDS

EMERSON SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2011

	Agency Funds			Unemployment Trust	Total
	Student Activity	Payroll	Total		
<u>ASSETS</u>					
Cash	\$ 149,077	\$ 73,014	\$ 222,091	\$ 77,947	\$ 300,038
<u>LIABILITIES</u>					
Due to Student Groups Payroll, Deductions and Withholdings Payable	\$ 149,077	\$ -	\$ 149,077	\$ -	\$ 149,077
	-	73,014	73,014	-	73,014
Total Liabilities	\$ 149,077	\$ 73,014	\$ 222,091	\$ -	\$ 222,091
<u>NET ASSETS</u>					
Unrestricted	\$ -	\$ -	\$ -	\$ 77,947	\$ 77,947

**EMERSON SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF CHANGES IN NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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REVENUES

Tansfers	\$ 15,272
Investments Earnings	1,866
	<u>\$ 17,138</u>

EXPENDITURES

Unemployment Claims	113,103
	<u>\$ (95,965)</u>
Fund Balance, July 1	173,912
Fund Balance, June 30	<u><u>\$ 77,947</u></u>

EMERSON SCHOOL DISTRICT  
 STUDENT ACTIVITY AGENCY FUND  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
Student Activities	\$ 134,499	\$ 180,175	\$ 175,939	\$ 138,735
Student Athletics	3,788	58,203	51,649	10,342
	<u>\$ 138,287</u>	<u>\$ 238,378</u>	<u>\$ 227,588</u>	<u>\$ 149,077</u>

EMERSON SCHOOL DISTRICT  
 PAYROLL AGENCY FUND  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<u>ASSETS</u>				
Cash:				
Net Payroll Account	\$ -	\$ 6,759,396	\$ 6,759,396	\$ -
Payroll Agency Account	73,550	11,571,129	11,571,665	73,014
	<u>\$ 73,550</u>	<u>\$ 18,330,525</u>	<u>\$ 18,331,061</u>	<u>\$ 73,014</u>
<u>LIABILITIES</u>				
Payroll, Deductions and Withholdings Payable	<u>\$ 73,550</u>	<u>\$ 18,330,525</u>	<u>\$ 18,331,061</u>	<u>\$ 73,014</u>

SECTION "I" - LONG-TERM DEBT

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

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<u>Issue</u>	<u>Date of Issue</u>	<u>Amount Outstanding June 30, 2010</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2011</u>
Improvements to Memorial, Villano and Emerson Jr./Sr. High School	05/15/96	\$ 515,000	\$ -	\$ 515,000	\$ -

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

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Not Applicable

EMERSON SCHOOL DISTRICT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable / (Unfavorable)
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 515,000	\$ -	\$ 515,000	\$ 515,000	\$ -
Miscellaneous	27,681	-	27,681	27,681	-
	<u>\$ 542,681</u>	<u>\$ -</u>	<u>\$ 542,681</u>	<u>\$ 542,681</u>	<u>\$ -</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Interest on Bonds	\$ 27,681	\$ -	\$ 27,681	\$ 27,681	\$ -
Redemption of Bond Principal	515,000	-	515,000	515,000	-
Total Expenditures	<u>\$ 542,681</u>	<u>\$ -</u>	<u>\$ 542,681</u>	<u>\$ 542,681</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances, July 1	10	-	10	10	-
Fund Balances, June 30	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ -</u>

EMERSON SCHOOL DISTRICT  
Comprehensive Annual Financial Report  
Statistical Section

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

	2011	2010	2009	2008	2007
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 1,648,677	\$ 961,643	\$ 330,859	\$ (171,740)	\$ 6,321,046
Restricted	1,756,345	1,229,913	1,295,359	1,161,855	1,058,594
Unrestricted	361,509	343	213,771	93,067	(1,879,210)
<b>Total governmental activities</b>	<b>\$ 3,766,531</b>	<b>\$ 2,191,899</b>	<b>\$ 1,839,989</b>	<b>\$ 1,083,182</b>	<b>\$ 5,500,430</b>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 14,806	\$ 17,208	\$ 19,610	\$ 22,012	\$ 5,148
Restricted	-	-	-	-	-
Unrestricted	64,013	82,207	101,495	201,625	159,488
<b>Total business-type activities</b>	<b>\$ 78,819</b>	<b>\$ 99,415</b>	<b>\$ 121,105</b>	<b>\$ 223,637</b>	<b>\$ 164,636</b>
<b>District-wide</b>					
Invested in capital assets, net of related debt	\$ 1,663,483	\$ 978,851	\$ 350,469	\$ (149,728)	\$ 6,326,194
Restricted	1,756,345	1,229,913	1,295,359	1,161,855	1,058,594
Unrestricted	425,522	82,550	315,266	294,692	(1,719,722)
<b>Total district-wide</b>	<b>\$ 3,845,350</b>	<b>\$ 2,291,314</b>	<b>\$ 1,961,094</b>	<b>\$ 1,306,819</b>	<b>\$ 5,665,066</b>

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

	2011	2010	2009	2008
<b>Expenses</b>				
Governmental Activities:				
Instruction				
Regular Programs	\$ 5,207,332	\$ 5,306,477	\$ 5,166,567	\$ 5,182,915
Special Education	1,907,015	1,768,071	1,626,956	1,393,158
Basic Skills - Remedial Instruction	121,014	159,357	142,750	94,750
Bilingual Education	36,000	127,305	118,841	107,250
School Sponsored Cocurricular Activities - Instruction	121,308	132,230	135,894	150,810
School Sponsored Athletics - Instruction	329,190	372,754	412,458	392,405
Undistributed Expenditures:				
Instruction	1,578,250	2,214,137	1,836,472	1,695,166
Attendance and Social Work Services	20,135	23,767	39,716	11,125
Health Services	206,951	204,001	195,346	183,818
Other Support Services - Students Related Services	143,870	153,405	174,261	149,948
Other Support Services - Students Extraordinary Services	367,673	324,346	262,015	169,674
Other Support Services - Students Regular	350,501	342,838	354,274	399,953
Other Support Services - Students Special	343,769	388,602	355,529	496,434
Improvement of Instructional Services	-	63,883	8,656	120,371
Educational Media Services/School Library	205,275	212,915	200,474	274,606
Instructional Staff Training Services	13,378	25,976	50,656	65,379
Support Services - General Administration	434,433	371,509	330,054	348,025
Support Services - School Administration	1,030,149	1,110,590	1,097,723	562,900
Central Services	345,599	336,236	325,072	301,750
Required Maintenance for School Facilities	572,709	660,782	831,792	831,348
Operation and Maintenance of Plant Services	882,213	618,623	922,633	904,139
Care and Upkeep of Grounds	47,133	57,814	-	-
Student Transportation Services	453,454	524,846	630,431	604,529
Unallocated Employee Benefits	2,375,381	2,616,092	2,012,086	1,980,759
TPAF Pension	563,661	521,524	471,411	1,277,980
TPAF Social Security	562,721	592,088	582,430	532,712
Capital Outlay:				
Increase in Capital Reserve	-	-	-	177,000
Interest Deposit to Capital Reserve	-	6,328	-	-
Equipment	75,947	45,342	141,075	5,105,720
Facilities Acquisition and Construction Services	72,568	170,699	-	-
Debt Service:				
Principal	-	-	-	-
Interest on Long-Term Debt	27,681	53,386	77,566	100,373
Total Governmental Activities Expenses	<u>\$ 18,395,310</u>	<u>\$ 19,505,923</u>	<u>\$ 18,503,138</u>	<u>\$ 23,614,997</u>
Business-Type Activities:				
Food Service	<u>\$ 572,568</u>	<u>\$ 614,570</u>	<u>\$ 711,334</u>	<u>\$ 600,328</u>
Total District Expenses	<u>\$ 18,967,878</u>	<u>\$ 20,120,493</u>	<u>\$ 19,214,472</u>	<u>\$ 24,215,325</u>

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

	2011	2010	2009	2008
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services	\$ 113,059	\$ 230,796	\$ 279,962	\$ 362,175
Operating Grants and Contributions	2,013,764	2,824,957	2,284,440	2,956,084
Capital Grants and Contributions	-	106,292	-	-
Total Governmental Activities Program Revenues	<u>\$ 2,126,823</u>	<u>\$ 3,162,045</u>	<u>\$ 2,564,402</u>	<u>\$ 3,318,259</u>
Business-Type Activities:				
Charges for Services	\$ 516,738	\$ 556,381	\$ 580,561	\$ 638,004
Operating Grants and Contributions	35,234	36,499	28,241	21,325
Capital Grants and Contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>551,972</u>	<u>592,880</u>	<u>608,802</u>	<u>659,329</u>
Total District Program Revenues	<u>\$ 2,678,795</u>	<u>\$ 3,754,925</u>	<u>\$ 3,173,204</u>	<u>\$ 3,977,588</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (16,268,487)	\$ (16,343,878)	\$ (15,938,736)	\$ (20,296,738)
Business-Type Activities	(20,596)	(21,690)	(102,532)	59,001
Total District-Wide	<u>\$ (16,289,083)</u>	<u>\$ (16,365,568)</u>	<u>\$ (16,041,268)</u>	<u>\$ (20,237,737)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Local Tax Levy	16,850,724	16,183,062	15,634,991	15,039,240
Other Local Governmental Units - Restricted	406,283	443,760	426,693	375,307
Interest Earned on Capital Reserve Funds	5,470	-	6,040	16,021
Interest Earned on Emergency Reserve Funds	201	-	-	-
Unrestricted Miscellaneous Revenues	627,959	115,540	180,967	254,299
State Sources	-	-	488,052	218,530
Federal Sources	-	-	-	35,906
Transfers & Adjustments	(47,518)	(46,574)	(41,200)	(39,002)
Total Governmental Activities	<u>\$ 17,843,119</u>	<u>\$ 16,695,788</u>	<u>\$ 16,695,543</u>	<u>\$ 15,900,301</u>
Business-Type Activities:				
Unrestricted Miscellaneous Revenues	\$ -	\$ -	\$ -	\$ -
Transfers	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 17,843,119</u>	<u>\$ 16,695,788</u>	<u>\$ 16,695,543</u>	<u>\$ 15,900,301</u>
<b>Change in Net Assets</b>				
Governmental Activities	\$ 1,574,632	\$ 351,910	\$ 756,807	\$ (4,396,437)
Business-Type Activities	(20,596)	(21,690)	(102,532)	59,001
Total District	<u>\$ 1,554,036</u>	<u>\$ 330,220</u>	<u>\$ 654,275</u>	<u>\$ (4,337,436)</u>
Net Assets - Beginning	2,291,314	1,961,094	1,306,819	5,644,255
Net Assets - Ending	<u>\$ 3,845,350</u>	<u>\$ 2,291,314</u>	<u>\$ 1,961,094</u>	<u>\$ 1,306,819</u>

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund					
Reserved	\$ 1,555,297	\$ 908,727	\$ 1,295,350	\$ 986,852	\$ 788,298
Unreserved	835,553	433,176	569,313	602,701	600,956
Total General Fund	<u>\$ 2,390,850</u>	<u>\$ 1,341,903</u>	<u>\$ 1,864,663</u>	<u>\$ 1,589,553</u>	<u>\$ 1,389,254</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special Revenue Fund	-	-	-	-	-
Capital Projects Fund	141,938	321,176	-	-	-
Debt Service Fund	10	10	9	3	3
Permanent Fund	-	-	-	-	-
Total all Other Governmental Funds	<u>\$ 141,948</u>	<u>\$ 321,186</u>	<u>\$ 9</u>	<u>\$ 3</u>	<u>\$ 3</u>
Total Governmental Funds	<u>\$ 2,532,798</u>	<u>\$ 1,663,089</u>	<u>\$ 1,864,672</u>	<u>\$ 1,589,556</u>	<u>\$ 1,389,257</u>

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

	2011	2010	2009
<b>REVENUES</b>			
Local Sources:			
Local Tax Levy	\$ 16,850,724	\$ 16,183,062	\$ 15,634,991
Other Local Governmental Units - Restricted	406,283	443,760	426,693
Tuition - From Individuals	113,059	227,124	2,197
Tuition - From Other LEAs Within State	-	3,672	277,765
Interest on Capital Reserve Funds	5,470	6,328	6,040
Interest Earned on Emergency Reserve Funds	201	-	-
Unrestricted Miscellaneous Revenues	627,959	115,540	180,967
Total Local Sources	18,003,696	16,979,486	16,528,653
State Sources	1,603,981	2,466,618	2,386,362
Federal Sources	409,783	458,303	386,130
Total Revenues	<u>\$ 20,017,460</u>	<u>\$ 19,904,407</u>	<u>\$ 19,301,145</u>
<b>EXPENDITURES</b>			
Current Expense:			
Instruction:			
Regular Programs	\$ 5,207,332	\$ 5,306,477	\$ 5,166,567
Special Education	1,907,015	1,768,071	1,626,956
Basic Skills - Remedial Instruction	121,014	159,357	142,750
Bilingual Education	36,000	127,305	118,841
School Sponsored Cocurricular/Extracurricular Activities	121,308	132,230	135,894
School Sponsored Athletics	329,190	372,754	412,458
Support Services:			
Instruction	1,578,250	2,214,137	1,836,472
Attendance and Social Work	20,135	23,767	39,716
Health Services	206,951	204,001	195,346
Other Support Services - Students - Related Services	143,870	153,405	174,261
Other Support Services - Students - Extraordinary Services	367,673	324,346	262,015
Other Support Services - Students Regular	350,501	342,838	354,274
Other Support Services - Students Special	343,769	388,602	355,529
Improvement of Instructional Services	-	63,883	8,656
Educational Media Services - School Library	205,275	212,915	200,474
Instructional Staff Training Services	13,378	25,976	50,656
Support Services - General Administration	434,433	371,509	330,054
Support Services - School Administration	1,030,149	1,110,590	1,097,723
Central Services	345,599	336,236	325,072
Required Maintenance for School Facilities	572,709	660,782	831,792
Operation and Maintenance of Plant Services	882,213	910,278	922,633
Care and Upkeep of Grounds	47,133	57,814	-
Student Transportation Services	453,454	524,846	630,431
Personal Services - Employee Benefits	2,393,270	2,538,801	1,991,178
TPAF Pension	563,661	521,524	471,411
TPAF Social Security	562,721	592,088	582,430
Sub-Total	<u>\$ 18,237,003</u>	<u>\$ 19,444,532</u>	<u>\$ 18,263,589</u>
Capital Outlay	320,549	76,498	178,674
Debt Service	542,681	538,386	542,566
Total Expenditures	<u>\$ 19,100,233</u>	<u>\$ 20,059,416</u>	<u>\$ 18,984,829</u>
Excess (Deficiency) of revenues over (under) expenditures	\$ 917,227	\$ (155,009)	\$ 316,316
Other Financing Sources (Uses)	\$ (47,518)	\$ (46,574)	\$ (41,200)
Net change in fund balances	<u>\$ 869,709</u>	<u>\$ (201,583)</u>	<u>\$ 275,116</u>
Debt service as a percentage of noncapital expenditures	2.98%	2.77%	2.97%

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

	2011	2010	2009	2008
Interest on Investments	\$ 33,560	\$ 31,082	\$ -	\$ -
Interest on Capital Reserve Funds	5,470	6,328	6,040	16,021
Interest on Emergency Reserve Funds	201	-	-	-
Tuition	113,059	230,796	279,962	362,175
Other Local Units - Restricted	406,283	443,760	426,693	375,307
Prior Year Refunds	47,967	66,167	-	-
Rentals	1,822	953	-	-
Miscellaneous	24,610	17,338	180,967	61,278
Non-Public Transportation Reimbursement	8,653	-	-	-
Prior Year Credit Orders	376,219	-	-	-
	<u>\$ 1,017,844</u>	<u>\$ 796,424</u>	<u>\$ 893,662</u>	<u>\$ 814,781</u>

**EMERSON SCHOOL DISTRICT  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF  
 TAXABLE PROPERTY (Municipality)  
 (Unaudited)**

Description	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	<u>\$ 1,401,921,021</u>	<u>\$ 1,400,406,444</u>	<u>\$ 1,380,934,990</u>	<u>\$ 1,365,915,507</u>	<u>\$ 652,032,250</u>
<b><u>TAX REQUIREMENTS</u></b>					
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>
<b><u>TAX RATES</u></b>					
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)**

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<u>Taxpayer</u>	<u>2011 Assessment</u>
Robert Lee Realty Co.	\$ 23,750,000
Emerson Convalescent Center	16,064,700
Urstadt Biddle Properties Inc.	13,790,000
Hackensack Golf Club	12,360,400
Brea Emerson LLC	9,500,000
452 Old Hook Road Associates LLC	5,004,000
Hackensack Golf Club	4,947,800
Liberty Emerson LLC	4,430,000
United Water N.J.	4,025,500
Ramsland Enterprise Inc.	2,325,000
	<u>\$ 96,197,400</u>

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

	2010	2009	2008	2007	2006
Total Tax Levy	\$ 27,986,298	\$ 26,803,187	\$ 25,687,511	\$ 24,575,194	\$ 23,190,230
Current Tax Collections	\$ 27,592,504	\$ 26,426,394	\$ 25,256,343	\$ 24,211,512	\$ 22,989,124
Percent of Tax Levy Collected	98.59%	98.59%	98.32%	98.52%	99.13%

**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	
2011	\$ -	\$ -	\$ -	7,433	\$ -	\$ 64,388	0.00%
2010	\$ 515,000	\$ -	\$ 515,000	7,433	\$ 69	\$ 64,388	0.11%
2009	\$ 1,000,000	\$ -	\$ 1,000,000	7,433	\$ 135	\$ 64,388	0.21%
2008	\$ 1,465,000	\$ -	\$ 1,465,000	7,319	\$ 200	\$ 68,541	0.29%
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)**

	2010	2009	2008	2007	2006
Population (Exhibit J-14)	7,433	7,433	7,319	7,266	7,170
County Equalized Valuations (Exhibit J-6)	\$ 1,378,939,597	\$ 1,416,252,475	\$ 1,364,632,955	\$ 1,301,474,848	\$ 1,167,453,680
Gross Debt (Exhibit J-10)	\$ 515,000	\$ 1,000,000	\$ 1,465,000	\$ 1,910,000	\$ 2,330,000
Gross Debt Per Capita	\$ 69	\$ 135	\$ 200	\$ 263	\$ 325
Ratio of Gross Debt to Equalized Valuations	0.04%	0.07%	0.11%	0.15%	0.20%

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

DIRECT DEBT

	December 31, 2010
Municipal:	
General Purposes:	
B&N Issued and Outstanding:	
Serial Bonds	\$ 4,815,000
Bond Anticipation Notes	247,000
Loans	1,831,348
B&N Authorized But Not Issued	-
Credits	-
Total Municipal Debt	<u>\$ 6,893,348</u>
Local School:	
B&N Issued and Outstanding:	
Serial Bonds	\$ 515,000
Bond Anticipation Notes	-
Loans	-
B&N Authorized But Not Issued	-
Credits	-
Total Local School Debt	<u>\$ 515,000</u>
Total Direct Debt	<u>\$ 7,408,348</u>

OVERLAPPING DEBT

	December 31, 2010
(1) County Debt:	
Municipal Equalized Valuations	<u>\$ 1,378,939,597</u>
Total County Equalized Valuations	<u>\$ 183,412,099,706</u>
	0.75%
X's Outstanding County Debt	<u>1,248,273,490</u>
	<u>\$ 9,362,051</u>
(2) Bergen County Utilities Authority Debt:	
X's Outstanding BCUA Debt	<u>\$ 2,930,934</u>
Total Direct and Overlapping Debt	<u><u>\$ 19,701,333</u></u>

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

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	<u>2010</u>
State Equalized Valuation Basis	<u>\$ 1,373,964,580</u>
Municipal Borrowing Power:	
3 1/2% of Equalized Valuation Basis	\$ 48,088,760
Net Debt	<u>6,893,348</u>
Remaining Borrowing Power	<u><u>\$ 41,195,412</u></u>
School Borrowing Power:	
4% of Equalized Valuation Basis	\$ 54,958,583
Net School Debt	<u>515,000</u>
School Borrowing Margin Available	<u><u>\$ 54,443,583</u></u>

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

	<u>2010</u>	<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	3,526	3,554	3,602	3,583	3,573	3,531	3,501	3,603	3,613
Employment	3,387	3,417	3,526	3,526	3,509	3,469	3,434	3,432	3,439
Unemployment	139	136	76	58	64	61	67	171	174
Unemployment Rate	3.9%	3.8%	2.1%	1.6%	1.8%	1.7%	1.9%	4.7%	4.8%

Per Capital Personal Income by County	<u>\$ 64,388</u>	<u>\$ 64,388</u>	<u>\$ 68,541</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>
--	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------

Estimates as of July 1,

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

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

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Not Available

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Employees:</u>			
Certified	114	117	118
Non-Certified	67	74	78
Total	<u>181</u>	<u>191</u>	<u>196</u>
<u>Student Teacher Ratio:</u>			
Jr./Sr. H.S.	10:1	11:1	11:1
Elementary	16:1	16:1	16:1
<u>Student Count:</u>			
Memorial	288	326	310
Villano	385	387	390
Jr./Sr. H.S.	521	519	520
Total	<u>1,194</u>	<u>1,232</u>	<u>1,220</u>

EMERSON SCHOOL DISTRICT  
 OPERATING STATISTICS (District)  
 (Unaudited)

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<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>
2011	1196.5	-2.6%	\$ 17,973,851	15,022	0.7%	181.00	1145.2	95.70%
2010	1228.6	0.7%	\$ 18,330,920	14,920	5.8%	191.00	1178.3	95.90%
2009	1220.4	2.7%	\$ 17,209,748	14,102	2.2%	196.00	1169.7	95.80%
2008	1188.7	N/A	\$ 16,407,262	13,803	N/A	188.00	1142.3	96.10%

**EMERSON SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION (District)  
(Unaudited)**

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<u>District Building</u>	<u>2011</u>
Emerson Jr. Sr. High School:	
Square Feet	103,000
Student Capacity	526.7
Student Average Daily Enrollment	520.7
Memorial School:	
Square Feet	24,750
Student Capacity	338.5
Student Average Daily Enrollment	289.5
Patrick M. Villano School:	
Square Feet	35,175
Student Capacity	396.0
Student Average Daily Enrollment	386.3
District Totals:	
Square Feet	162,925
Student Capacity	1,261.2
Student Average Daily Enrollment	1,196.5

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

School Facilities	2011	2010	2009	2008	2007
Emerson Jr. Sr. High School \$	927,702	\$ 823,645	\$ 448,961	\$ 431,694	\$ 408,302
Patrick M. Villano School	316,815	281,279	156,780	150,750	142,582
Memorial School	222,919	197,915	106,896	102,784	97,215
	<u>\$ 1,467,436</u>	<u>\$ 1,302,839</u>	<u>\$ 712,637</u>	<u>\$ 685,228</u>	<u>\$ 648,099</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, Suite 309  
Hasbrouck Heights, NJ 07604  
(201)727-1720 (Fax) 727-0080

Page 1 of 4

Date Prepared 7/15/10

COVERAGE	LIMITS	TERM	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
<b>COMMERCIAL PACKAGE POLICY</b> Property Blanket Building & Contents Extra Expense Replacement Cost Agreed Amount Deductible	36,359,752     1,000	7/1/2010-11	School Alliance Insurance Fund	Master # PR-0801 Certificate # 180	\$ 50,287	Per Statement of Values on file with the carrier
<b>CRIME COVERAGE</b> Employee Dishonesty WF-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	7/1/2010-11	School Alliance Insurance Fund	Certificate # 180	Included Above	
<b>FLOOD</b> Subject to FEMA Deductible In Flood Zone "A&V"	10,000,000	7/1/2010-11	School Alliance Insurance Fund	Certificate # 180	Included Above	
<b>EARTHQUAKE</b>	25,000,000					

(28)

**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 Prepared: 7/15/10

Page 2 of 4

COVERAGE	LIMITS	TERM	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
<b>BOILER &amp; MACHINERY</b> Coverage Deductible	100,000,000 1,000	7/1/2010-11	School Alliance Insurance Fund	Certificate # 180	Included Above	
<b>GENERAL LIABILITY</b> 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	7/1/2010-11	School Alliance Insurance Fund	Certificate # 180	Included Above	
<b>AUTOMOBILE COVERAGE</b> 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	7/1/2010-11	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: 7/11/2010

Page 3 of 4

COVERAGE	LIMITS	TERM	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
<b>SCHOOL LEADERS</b> 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	7/1/2010-11	Ace American Insurance	EONG21650377 008 Cert. # 1020	\$ 15,302	Each Claim Each Claim
<b>EXCESS LIABILITY</b> Each Occurrence Aggregate Excess School Leaders E & O/Each Loss Each Policy Year	5,000,000 5,000,000 5,000,000	7/1/2010-11	School Alliance Insurance Fund	Certificate # 180	\$ 3,215	
<b>EXCESS LIABILITY (CAP)</b> Each Occurrence Aggregate	50,000,000 50,000,000	7/1/2010-11	Fireman's Fund	XTM-000-8279-6459 Certificate CAP07	\$ 5,522	Includes Terrorism
<b>ENVIRONMENTAL</b> Each Claim Limit Master Policy Aggregate limit of Self-Insured Retention Per "Pollution" condition	1,000,000 25,000,000 10,000	7/1/2010-11	ACE American Ins.	PPL G23566527 006	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  
INSURANCE SCHEDULE (District)  
(Unaudited)**

**RLI**<sup>®</sup> RLI Surety  
P.O. Box 3967  
Peoria, IL 61612-3967  
Phone: 309-692-1000 Fax: 309-692-8637

**Official Bond And Oath**

**Bond No. RSB4136742**

**KNOW ALL MEN BY THESE PRESENTS:**

That we, Douglas Barrett, as Principal,  
and RLI Insurance Company, a corporation duly licensed to do business in the State of New Jersey,  
as Surety, are held and firmly bound unto the Emerson Board Of Education in the penal  
sum of One Hundred Eighty-Eight Thousand Dollars And No Cents DOLLARS  
( \$ 188,000.00 ), to the payment of which sum, well and truly to be made, we jointly and severally bind ourselves and our legal  
representatives firmly by these presents.

DATED this 2nd day of April, 2010.

THE CONDITION OF THIS OBLIGATION IS SUCH, That whereas, the said Principal was duly  elected  appointed to  
the office of Treasurer in the State of New Jersey  
for the term commencing on the 30th day of June, 2010 and ending on June 30, 2011.  
NOW THEREFORE, if the said Principal shall faithfully perform the duties of his said office, then this obligation shall be void and of no  
effect.

This bond is executed by the Surety upon the following express conditions:

FIRST, the Surety shall not be liable hereunder for the loss of any public moneys or funds occurring through or resulting from the failure  
of, or default in payment by, any banks or depositories in which any public moneys or funds have been deposited, or may be deposited,  
or placed to the credit, or under the control of the Principal, whether or not such banks or depositories were or may be selected or  
designated by the Principal or by other persons; or by reason of the allowance to, or acceptance by the Principal or any interest on said  
public moneys or funds, any law, decision, ordinances, or statute to the contrary notwithstanding.

SECOND, that the Surety shall not be liable for any loss or losses, resulting from the failure of the Principal to collect any taxes,  
licenses, levies, assessments, etc., with the collections or which he may be chargeable by reason of his election or appointment as  
aforesaid.

THIRD, that the Surety may, if it shall so elect, cancel this bond by giving thirty (30) days notice in writing to the Oblige and this bond  
shall be deemed canceled at the expiration of said thirty (30) days; the Surety remaining liable, however, subject to all the terms,  
conditions and provisions of this bond for any act or acts covered by this bond which may have been committed by the Principal up to  
the date of such cancellation.

Countersigned

By \_\_\_\_\_

\_\_\_\_\_  
Douglas Barrett

\_\_\_\_\_  
Principal

\_\_\_\_\_  
RLI Insurance Company



\_\_\_\_\_  
Roy C. Die Attorney In Fact

\_\_\_\_\_  
Approving Officer

\_\_\_\_\_  
Title

**APPROVAL:**

I have inspected the above Bond and do hereby certify  
that the same is sufficient.

EMERSON SCHOOL DISTRICT  
INSURANCE SCHEDULE (District)  
(Unaudited)



THE OHIO CASUALTY INSURANCE COMPANY  
136 North Third Street, Hamilton, Ohio 45025

CONTINUATION CERTIFICATE

*IN CONSIDERATION* of the payment of a premium of \$ \$149.00

THE OHIO CASUALTY INSURANCE COMPANY hereby continues in force to 06/30/11  
its bond No. 3123952, effective 01/31/94, on behalf of  
NISONOFF PHILIP, principal, in favor of  
EMERSON BD OF EDUCATION, obligee,  
subject to all its terms, conditions and limitations as set forth and expressed in said bond.

This certificate is executed upon the express condition that the Company's liability under said bond and this and all continuation certificates issued in connection therewith shall not be cumulative, and shall not in any event exceed the amount set forth in said bond, or said amount as it may have been increased or decreased by any rider(s) or endorsement(s) properly issued by the Company.

Dated this 30TH day of JUNE 2010

THE OHIO CASUALTY INSURANCE COMPANY

By \_\_\_\_\_

*Danielle Kocher*  
ATTORNEY-IN-FACT

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, 2011, and have issued our report thereon dated December 5, 2011. 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 and Regulatory Compliance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

Management of the Emerson Board of Education is responsible for establishing and maintaining effective 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 and Regulatory Compliance, 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 5, 2011.

**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  
Accountants and Consultants**

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

December 5, 2011

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

**Report on Compliance With Requirements That Could Have a Direct and  
Material Effect on Each Major Program and on Internal Control Over  
Compliance in Accordance with 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 could have a direct and material effect on each of Emerson Board of Education's major federal and state programs for the year ended June 30, 2011. 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 and Regulatory Compliance, 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 That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

**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 and New Jersey OMB Circular 04-04, 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 That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with 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**  
**Accountants and Consultants**

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

December 5, 2011

**EMERSON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts Receivable) June 30, 2011	Deferred Revenue June 30, 2011	Due to Grantor at June 30, 2011
					From	To									
<b>Special Revenue Fund</b>															
Improving Teacher Quality State Grants	84.367	Title II, Part A	NCLB 136009 270	\$ 32,687	09/01/10	06/30/11	\$ -	\$ -	\$ 32,687	\$ (32,687)	\$ -	\$ -	\$ -	\$ -	\$ -
Improving Teacher Quality State Grants	84.367	Title II, Part A	NCLB 136010 270	32,556	09/01/09	06/30/10	(6,164)	-	6,164	-	-	-	-	-	-
Enhancing Education Through Technology	84.318	Title II, Part D	NCLB 136010 271	45	09/01/10	06/30/11	-	-	45	(45)	-	-	-	-	-
English Language Acquisition Grants	84.365	Title III (Consortium)	241	8,230	09/01/10	06/30/11	-	-	8,230	(8,230)	-	-	-	-	-
English Language Acquisition Grants	84.365	Title III (Consortium)	241	9,731	09/01/09	06/30/10	(9,731)	-	9,731	-	-	-	-	-	-
Safe and Drug-Free Schools & Communities	84.184	Title IV	NCLB 136010	1,826	09/01/09	06/30/10	(1,331)	-	1,331	-	-	-	-	-	-
Special Education - Grants to States	84.027	I.D.E.A. Part B - Basic	IDEA 136009 251	239,316	09/01/10	06/30/11	-	-	239,316	(239,316)	-	-	-	-	-
Special Education - Grants to States	84.027	I.D.E.A. Part B - Basic	IDEA 136010 251	236,557	09/01/09	06/30/10	(3,811)	-	3,811	-	-	-	-	-	-
Special Education - Grants to States	84.027	I.D.E.A. Part B - Preschool	IDEA 136010 250	9,561	09/01/10	06/30/11	-	-	9,561	(9,561)	-	-	-	-	-
ARRA - Basic			454	278,724	09/01/09	06/30/11	(6,582)	-	119,277	(112,695)	-	-	-	-	-
ARRA - Preschool			455	10,085	09/01/09	06/30/11	-	-	10,085	(10,085)	-	-	-	-	-
							\$ (27,619)	\$ -	\$ 440,238	\$ (412,619)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Enterprise Fund</b>															
National School Lunch Program	10.555	National School Lunch Program	N/A	\$ 32,829	09/01/10	06/30/11	\$ -	\$ -	\$ 26,493	\$ (32,829)	\$ -	\$ -	\$ (6,336)	\$ -	\$ -
National School Lunch Program	10.555	National School Lunch Program	N/A	33,609	09/01/09	06/30/10	(2,629)	-	2,629	-	-	-	-	-	-
							\$ (2,629)	\$ -	\$ 29,122	\$ (32,829)	\$ -	\$ -	\$ (6,336)	\$ -	\$ -
<b>Total Federal Financial Awards</b>							\$ (30,248)	\$ -	\$ 469,360	\$ (445,448)	\$ -	\$ -	\$ (6,336)	\$ -	\$ -

\*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, 2011**

State Grantor / Program Title	Grant or State Project Number	Award Amount	Grant Period		Balance June 30, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts Receivable) June 30, 2011	Deferred Revenue June 30, 2011	Due to Grantor at June 30, 2011
			From	To									
<b>General Fund</b>													
Extraordinary Special Education Costs Aid	11-100-034-5120 -473	\$ 382,690	09/01/10	06/30/11	\$ -	\$ -	\$ -	\$ (382,690) *	\$ -	\$ -	\$ (382,690)	\$ -	\$ -
Extraordinary Special Education Costs Aid	10-100-034-5120 -473	507,050	09/01/09	06/30/10	(507,050)	-	507,050	-	-	-	-	-	-
Teachers' Pension and Annuity Fund – Post Retirement Me	10-495-034-5095 -001	538,317	09/01/10	06/30/11	-	-	538,317	(538,317) *	-	-	-	-	-
Teachers' Pension & Annuity Fund – Non-Contributory Insu	10-495-034-5095 -007	25,344	09/01/10	06/30/11	-	-	25,344	(25,344)	-	-	-	-	-
Social Security Tax	11-495-034-5095 -002	562,721	09/01/10	06/30/11	-	-	562,721	(562,721) *	-	-	-	-	-
Social Security Tax	10-495-034-5095 -002	592,088	09/01/09	06/30/10	(29,690)	-	29,690	-	-	-	-	-	-
					\$ (536,740)	\$ -	\$ 1,663,122	\$ (1,509,072)	\$ -	\$ -	\$ (382,690)	\$ -	\$ -
<b>Special Revenue Fund</b>													
N.J. Nonpublic Textbook Aid	11-100-034-5120 -064	501 \$ 8,867	09/01/10	06/30/11	\$ -	\$ -	8,867	(8,867)	\$ -	\$ -	\$ -	\$ -	\$ -
N.J. Nonpublic Auxiliary Services Aid:													
Compensatory Education	11-100-034-5120 -067	502 38,179	09/01/10	06/30/11	-	-	38,179	(38,179)	-	-	-	-	-
Compensatory Education	10-100-034-5120 -067	502 37,428	09/01/09	06/30/10	4,414	-	-	-	-	(4,414)	-	-	-
ESL	11-100-034-5120 -067	503 2,561	09/01/10	06/30/11	-	-	2,561	(2,561)	-	-	-	-	-
ESL	10-100-034-5120 -067	503 3,915	09/01/09	06/30/10	3,915	-	-	-	-	(3,915)	-	-	-
N.J. Nonpublic Handicapped Aid:													
Supplemental Instruction	11-100-034-5120 -066	506 13,202	09/01/10	06/30/11	-	-	13,202	(13,202)	-	-	-	-	-
Supplemental Instruction	10-100-034-5120 -066	506 8,761	09/01/09	06/30/10	3,425	-	-	-	-	(3,425)	-	-	-
Initial Examination & Classification	11-100-034-5120 -066	507 16,734	09/01/10	06/30/11	-	-	16,734	(16,734)	-	-	-	-	-
Initial Examination & Classification	10-100-034-5120 -066	507 10,230	09/01/09	06/30/10	2,012	-	-	-	-	(2,012)	-	-	-
Annual Examination & Classification	11-100-034-5120 -066	507 1,918	09/01/10	06/30/11	-	-	1,918	(1,918)	-	-	-	-	-
Corrective Speech	11-100-034-5120 -066	508 13,221	09/01/10	06/30/11	-	-	13,221	(13,221)	-	-	-	-	-
Corrective Speech	10-100-034-5120 -066	508 14,347	09/01/09	06/30/10	7,622	-	-	-	-	(7,622)	-	-	-
N.J. Nonpublic Nursing Services	10-100-034-5120 -070	509 10,507	09/01/09	06/30/10	-	-	10,507	(10,507)	-	-	-	-	-
Personalized Student Learning Plan Pilot Program	431 15,000	07/01/09	06/30/11	(1,379)	-	14,125	(12,746)	-	-	-	-	-	-
					\$ 20,009	\$ -	\$ 119,314	\$ (117,935)	\$ -	\$ (21,388)	\$ -	\$ -	\$ -
<b>Enterprise Fund</b>													
State School Lunch Program	11-100-010-3350 -023	\$ 2,405	09/01/10	06/30/11	\$ -	\$ -	1,885	(2,405)	\$ -	\$ -	(520)	\$ -	\$ -
State School Lunch Program	10-100-010-3350 -023	2,890	09/01/09	06/30/10	(219)	-	219	-	-	-	-	-	-
					\$ (219)	\$ -	\$ 2,104	\$ (2,405)	\$ -	\$ -	(520)	\$ -	\$ -
<b>Total State Financial Assistance</b>					<b>\$ (516,950)</b>	<b>\$ -</b>	<b>\$ 1,784,540</b>	<b>\$ (1,629,412)</b>	<b>\$ -</b>	<b>\$ (21,388)</b>	<b>\$ (383,210)</b>	<b>\$ -</b>	<b>\$ -</b>

\* Indicates Major Program

**EMERSON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**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 \$1,997 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

	Federal	State	Total
General Fund	\$ -	\$ 1,509,072	\$ 1,509,072
Special Revenue Fund	412,619	117,935	530,554
Debt Service Fund	-	-	-
Enterprise Fund	32,829	2,405	35,234
Total Awards and Financial Assistance	<u>\$ 445,448</u>	<u>\$ 1,629,412</u>	<u>\$ 2,074,860</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, 2011.

**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, 2011. 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, 2011.

**EMERSON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**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	___X___ no
2. Reportable condition(s) identified that are not considered to be material weakness(es)?	_____ yes	___X___ none reported
C) Noncompliance material to financial statements noted?	_____ yes	___X___ no



**EMERSON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**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>
Extraordinary Special Education Costs Aid	11-100-034-5120-473
TPAF (Post Retirement Medical)	11-495-034-5095-001
Social Security Tax	11-495-034-5095-002

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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**Section II -- Financial Statement Findings**

There were no matters identified.

**EMERSON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**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, 2011**

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Not Applicable - No Prior Audit Findings