

LAKEWOOD BOARD OF EDUCATION

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

LAKEWOOD, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Lakewood Board of Education

Lakewood, New Jersey

For The Fiscal Year Ended June 30, 2013

Prepared by

Business Office

**LAKEWOOD BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-x
Organizational Chart	xi
Roster of Officials	xii
Consultants and Advisors	xiii
FINANCIAL SECTION	
Independent Auditor's Report	1-3
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	4-16
Basic Financial Statements	
A. District-wide Financial Statements	
A-1 Statement of Net Position	17
A-2 Statement of Activities	18
B. Fund Financial Statements	
<i>Governmental Funds</i>	
B-1 Balance Sheet	19
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	20
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
<i>Proprietary Funds</i>	
B-4 Statement of Net Position	22
B-5 Statement of Revenues, Expenses, and Changes in Net Position	23
B-6 Statement of Cash Flows	24
<i>Fiduciary Funds</i>	
B-7 Statement of Fiduciary Net Position	25
B-8 Statement of Changes in Fiduciary Net Position	26
Notes to the Financial Statements	27-54
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	55-63
C-1a Budgetary Comparison Schedule – General Fund – Education Jobs Fund	64
C-2 Budgetary Comparison Schedule – Special Revenue Fund	65
C-3 Budgetary Comparison Schedule – Notes to Required Supplementary Information	66

**LAKWOOD BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION – PART II (Continued)

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules (Not Applicable)

E. Special Revenue Fund

E-1	Combining Schedule of Revenues and Expenditures and Changes in Fund Balance - Special Revenue Fund – Budgetary Basis	67-69
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis	70

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures – Not Applicable	71
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	72
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status- High School HVAC Replacement	73
F-2b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status- 2013 Lease Purchase - High School Hot Water Heater Replacement	74
F-2c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status- 2013 Lease Purchase - Middle School Roof Project	75
F-2d	Schedule of Project Revenues, Expenditures, Project Balance and Project Status- 2013 Lease Purchase - Board Office Project	76
F-2e	Schedule of Project Revenues, Expenditures, Project Balance and Project Status- 2013 Lease Purchase - Middle School Window Replacement	77
F-2f	Schedule of Project Revenues, Expenditures, Project Balance and Project Status- 2013 Lease Purchase - Middle School Exhaust Replacement	78
F-2g	Schedule of Project Revenues, Expenditures, Project Balance and Project Status- 2013 Lease Purchase – Unallocated	79

G. Proprietary Funds

Enterprise Fund

G-1	Combining Statement of Net Position – Not Applicable	80
G-2	Combining Statements of Revenues, Expenses and Changes in Net Position – Not Applicable	80
G-3	Combining Statements of Cash Flows – Not Applicable	80

H. Fiduciary Funds

H-1	Combining Statement of Agency Net Position	81
H-2	Schedule of Changes in Fiduciary Net Position - Not Applicable	82
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	83
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	84

**LAKEWOOD BOARD OF EDUCATION
TABLE OF CONTENTS**

		<u>Page</u>
I.	Long-Term Debt	
I-1	Statement of Serial Bonds Payable	85
I-2	Schedule of Obligations under Capital Lease Agreements	86
I-3	Debt Service Fund Budgetary Comparison Schedule	87
I-4	Statement of Obligations Under Lease Purchase Agreements	88
J.	STATISTICAL SECTION (Unaudited)	
J-1	Net Position by Component	89
J-2	Changes in Net Position	90-91
J-3	Fund Balances – Governmental Funds	92
J-4	Changes in Fund Balances - Governmental Funds	93
J-5	General Fund Other Local Revenue by Source	94
J-6	Assessed Value and Actual Value of Taxable Property	95
J-7	District and Overlapping Property Tax Rates	96
J-8	Principal Property Taxpayers	97
J-9	Property Tax Levies and Collections	98
J-10	Ratios of Outstanding Debt by Type	99
J-11	Ratios of Net General Bonded Debt Outstanding	100
J-12	Direct and Overlapping Governmental Activities Debt	101
J-13	Legal Debt Margin Information	102
J-14	Demographic and Economic Statistics	103
J-15	Principal Employers	104
J-16	Full-Time Equivalent District Employees by Function/Program	105
J-17	Operating Statistics	106
J-18	School Building Information	107
J-19	Schedule of Required Maintenance for School Facilities	108
J-20	Schedule of Insurance	109
K.	SINGLE AUDIT SECTION	
K-1	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	110-111
K-2	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 OMB Circular A-133 and New Jersey OMB Circular 04-04 - Independent Auditor's Report	112-114
K-3	Schedule of Expenditures of Federal Awards	115-116
K-4	Schedule of Expenditures of State Financial Assistance	117
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	118-119
K-6	Schedule of Findings and Questioned Costs	120-136
K-7	Summary Schedule of Prior Year Audit Findings and Questioned Costs	137-139

INTRODUCTORY SECTION

LAURA A. WINTERS
Superintendent of Schools

THOMAS A. D'AMBOLA
Business Administrator/
Board Secretary

LAKESWOOD BOARD OF EDUCATION



BOARD OF EDUCATION
PRESIDENT
CARL FINK
VICE PRESIDENT
YECHESKEL SEITLER
BOARD ATTORNEY
**SCHENCK, PRICE,
SMITH, KING, LLP**

BOARD MEMBERS
YISRAEL FRIEDMAN
ZECHARIAH GREENSPAN
LEE MUND
JOEL SCHWARTZ
JONATHAN SILVER
TRACEY TIFT
ISAAC ZLATKIN

December 3, 2013

Honorable President and Members of the Board of Education
Lakewood Township Public Schools
200 Ramsey Ave.
Lakewood, New Jersey 08701

Dear Members of the Board of Education:

The Comprehensive Annual Financial Report (CAFR) of the Lakewood School District ("District") for the fiscal year ended June 30, 2013 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 Lakewood Township Board of Education ("Board"). 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 operation of the various funds 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, a roster of principal officials and a list of consultants and advisors. The financial section includes the basic financial statements, required supplementary information, and other supplementary information, 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, as amended in 1996, the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular Letter 04-04, 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 Lakewood School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Lakewood School District and all its schools constitute the District's reporting entity.

200 RAMSEY AVENUE, LAKEWOOD, NJ 08701-2895 • (732) 364-2400 • FAX (732) 905-3687
BUSINESS OFFICE FAX (732) 364-2954 • HUMAN RESOURCES FAX (732) 905-0009
BOARD OFFICE FAX (732) 364-1657

The District provides a full range of educational services appropriate to grade levels PK through 12. These include regular and vocational, as well as special education for handicapped youngsters. The District completed the 2012-2013 fiscal year with an enrollment of 5,166 students.

The following details the changes in the student enrollment of the District over the last several years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012/13	5,166	(3.65%)
2011/12	5,362	(1.36%)
2010/11	5,436	6.62%
2009/10	5,076	(4.19%)
2008/09	5,298	.94%
2007/08	5,249	(1.20%)
2006/07	5,313	2.06%
2005/06	5,206	6.20%
2004/05	4,902	(7.89%)
2003/04	5,322	.42%
2002/03	5,300	(3.46%)
2001/02	5,490	(3.89%)
2000/01	5,712	0.97%
1999/00	5,657	1.67%
1998/99	5,546	2.52%
1997/98	5,427	0.17%
1996/97	5,418	(1.08%)
1995/96	5,477	(1.73%)

2. ECONOMIC CONDITION AND OUTLOOK

Lakewood Township is located in Central New Jersey, just 15 miles west of some of New Jersey's most beautiful beaches and about a 1-1/2 hour drive from New York, Philadelphia, Trenton and Atlantic City. Its population of about 93,000 represents peoples of all ethnic and national origins and socio-economic levels. Industrial development in the Township has been centered around two large industrial parks. One is located around a municipality-owned airport in the southeast section of the Township, and the second has the advantage of railroad access in the southwest portion of the Township. Lakewood, among the area communities is the only one with an Urban Enterprise Zone. Lakewood is home to Paul Kimball Medical Center which has 350 licensed beds, 310 physicians on staff and more than 1,800 employees. Post-secondary education is served by Georgian Court University, a four-year college for women, and Beth Medrash Govoha, a rabbinical college. The Township of Lakewood provides for a variety of municipal services including the operation of a municipal building and complex, library and excellent recreation facilities through a system of township-owned parks and playgrounds. Development and expansion is expected to continue which suggests that Lakewood will continue to prosper and grow.

The Lakewood School District has a Superintendent of Schools who is the Chief Administrative Officer. The Business Administrator oversees the Board's business functions and reports through the Superintendent to the Board.

The Lakewood School District encompasses one Kindergarten school, and three 1-5 elementary schools, a Middle School (grades 6-8), a High School and a pre-school campus, serving a student population of approximately 5,700. Lakewood High School is known for the harmonious way the various segments of its population work together, as well as its fine academic programs.

High School students may elect to participate in College Prep, Vocational, or Tech Prep Education programs, JROTC, or attend the ACE Academy. More than 65% of our graduates attend colleges or other institutions of higher learning. Our 2011 graduates were accepted to such prestigious colleges and universities as Central Connecticut State, Concordia College, Gannon University, Georgian Court University, Johnson C. Smith University, NC, Johnson and Wales University, Kean University, Montclair, NJIT, NYIT, Neumann University, Nova Southeastern University, Richard Stockton College, Seton Hall, South Plains College, TCNJ, University of the Sciences and Virginia State among others.

Academic Programs

A broad range of academic programs from Advance Placement and Honors to basic skills are designed to meet the diverse needs of students in the Lakewood schools. Basic skills in reading, writing, mathematics and science are stressed at the elementary level, with continuing emphasis throughout all grades. Art and music classes, physical education, computer and library skills are part of every student's schedule at the elementary level. Chorus, band and orchestra (including free lessons) are offered starting at Grade 5 as part of the curriculum.

To provide students with assistance and opportunities for success, the Lakewood School District has many services, such as district-wide guidance and career services, bilingual education, a special education program and a sports program.

Academically Gifted Program

The Academically Gifted Program consists of two self-contained classes housed at Clifton Avenue Grade School. One class combines third and fourth-grade students, and the other combines students in Grades 5 and 6. Criteria for selection include achievement tests, an ability test and teacher recommendation. "Curriculum compacting" is employed to speed the learning process, thus allowing for a greater focus on creativity, independent thinking, decision-making and inquiry. Students in Kindergarten through Grade 2 who are identified as academically-gifted receive enrichment from their classroom teacher.

Honors Courses

Advanced Placement and Honors-level courses are available at the High School in English, Social Studies, Science, Math, Foreign Languages (including Classic Latin) and Drawing. Finite and Discrete Mathematics and Russian are offered via interactive satellite TV.

Sports Program

Students from Elementary through High School have an opportunity to participate in sports. On the Elementary level, students participate in intra-mural sports. This year, 21 teams will represent Lakewood High School in varsity sports competitions, and 8 teams will compete on the Middle School level. We are proud that more than 800 male and female student athletes from both the High School and Middle School participated in these programs last year.

Tech Prep

The foundation of Tech Prep is applied academics, a combination of academics and hands-on learning. High School students enrolled in Tech Prep follow a career pathway that continues at Ocean County College, with a four-year college option. Some pathways currently available include Accounting, Communications, Communications Media, Environmental Emphasis, Office Systems, Marketing/Public Relations and Telecommunications, among others.

Preschool Program

Research has shown that it is important to focus on the education of our children as early as possible. As a result, the Lakewood School District has instituted a Full-day Lakewood Pre-School Program for three and four-year old students, who are randomly selected.

Children must be three years old by December 31st to enroll in the Program. A teacher and aide are assigned to every fifteen children for instruction each day. Students learn various skills, like understanding a calendar and paying attention to details. They also are prepared for the language, reading and math lessons they will have in future grades. Bus transportation is provided for all students.

All-Day Kindergarten

As of July, 2001, the District offered all-day Kindergarten classes in every school.

Family Life Education

Parents may have their child(ren) excused from any part of instruction in Family Life Education which is in conflict with his or her conscience or sincerely-held moral or religious beliefs.

Guidance Services

Guidance services are available to students at all levels. Periodically, guidance counselors meet with students to offer social, emotional and academic support.

At the Elementary level, counselors organize group discussions on common problems, such as making friends and dealing with emotions. Counselors also serve to strengthen communications between parents and teachers and are always available to discuss problems students may be having at home. Counselors are able to direct students and parents to readily-available support services in the community.

At the Middle and High Schools, counselors work closely with parents and students to plan course selections which would best meet their academic and career goals.

Extensive help is available through the High School Guidance Office for colleges and/or vocational planning. The LHS Career Center contains a wealth of information about jobs and careers both in written form and on computer databases. Special evening workshops are held to inform parents and students about college preparation and procedures for obtaining financial aid.

When appropriate, counselors can arrange for individual tutoring services or home tutoring in cases of extended illness. Students and parents are encouraged to contact their guidance counselors at any time.

Vocational Education

The Ocean County Vocational-Technical School System offers programs that are designed to prepare students for entrance into a career field upon graduation. High School students who wish to choose a vocational career path may sign up in the LHS Career Center.

Career Services

In accordance with the New Jersey School-to-Career Initiative, the Lakewood School District offers a comprehensive career development program in addition to school and work-based learning services. Students in Grades 9-12 develop individual portfolios of work, education, and career-related experiences to guide them in selecting the career and post-secondary education that best suits their interests and abilities.

Testing and Assessment

In 1875, the State constitution guaranteed that students in New Jersey would receive an education in free public schools. Since that time, much of education law has centered on providing that education for all students and paying for it. Content standards in many disciplines were recently designed to determine what students throughout New Jersey should know and be able to do as part of that education.

These standards have now become State law and are directly tied to State funding and to State testing. The assessments of what children have mastered are not just paper and pencil tests. These tests include thinking and performing (hands-on). Some time in the future, the standards will probably be the basis of graduation requirements as defined by the State.

Administrators and teachers in the Lakewood School District have been changing and modifying curricula to incorporate core curriculum content standards. The seven academic areas are the Visual and Performing Arts, Comprehensive Health and Physical Education, Language Arts/Literacy, Mathematics, Science, Social Studies and World Languages.

In addition, there are five standards that are associated with career education and apply to all areas of instruction: 1) All students will develop career-planning workplace readiness skills; 2) All students will use technology information, and other tools; 3) All students will use critical-thinking, decision-making, and problem-solving skills; 4) All students will demonstrate self-management skills; 5) All students will apply safety principles.

An Elementary Test at various grade levels (3, 4, 5, & 6) is now required in Language Arts/Literacy (Reading, Writing, Speaking), Mathematics and Science. Each year, an additional assessment of the standards will be required.

State testing reflects the Core Curriculum Content Standards in the eleventh grade HSPA (High School Proficiency Assessment) and the eighth grade GEPA (Grade Eight Proficiency Assessment) formerly called the EWT (Early Warning Test).

Basic Skills

Students in grades K-12 who need assistance in achieving proficiency in mathematics, reading or language arts receive special help through remedial programs.

Bilingual/ESL Program

The Bilingual Education Act ensures that students of Limited English Proficiency ("LEP") are provided with instructions which will allow them to continue to develop academic skills while acquiring English language skills.

An English Language Proficiency Test is administered to students before entering the program to determine whether they need the Bilingual/ESL Program.

The Bilingual Program in the Lakewood School District is a full-time program of instruction in all subjects (which a student is required to receive) given in the native language of the student and/or in English. All students in the Bilingual Program also receive daily English as a Second Language ("ESL") instruction in order to develop and improve their communication skills, such as aural comprehension, speaking, reading, and writing skills in English. Students leave the Bilingual Program based on English Language Proficiency Test results, standardized test results in English, reading and teachers' recommendations.

Pupil Personnel Services ("PPS")

The Department of Pupil Personnel Services provides specialized programs for handicapped and non-handicapped students. Occupational therapy, physical therapy, speech therapy and nursing services are furnished to students, as appropriate. In addition, an outstanding adaptive physical education program is available for students with identified needs. Social Service intervention is provided for non-handicapped students.

Special education programs follow a New Jersey State Department of Education Three Year Plan of service and are guided by State and Federal code. All professionals serving handicapped students are appropriately certified by the State of New Jersey. Annually, the New Jersey State Department of Education provides a program review of Special Education services, certifying appropriate compliance while approving programs that have been introduced.

Special Education Services

The Lakewood School District employs medical specialists, psychologists, learning consultants and social workers as Child Study Team members. Thus, a full continuum of services along with innovative programs and techniques are provided, allowing for each student to participate in the least restrictive environment to the maximum extent possible.

Direct classroom service is provided by teachers of the handicapped, adaptive physical education instructors, occupational therapists, speech therapists and physical therapists. Many students receiving special education assistance remain in the classroom and are provided with supplemental aids and services. Handicapped students who have remained within the standard educational program have demonstrated extensive educational improvement.

Many programs have been developed for students experiencing significant educational handicaps. Programs that serve the significantly educationally-handicapped alleviate the need for out-of-district placement locations, which require extensive travel time.

Health Services

Students in the Lakewood Public Schools are served by school physicians and full-time, fully-certified school nurses. The School Nurse is a member of the professional staff who carries out health services in

accordance with the regulations of the State of New Jersey and the Board of Education. The School Nurse provides health screenings, monitors immunization requirements and completes health records.

Preschool Program Enrollment

The Lakewood School District provides preschool programming for handicapped students between the ages of 3 and 5 who are identified as having handicaps in one or more of the following areas: motor, communication-language, cognitive, physical, social-emotional and medical. Evaluation to determine eligibility for the program may begin 90 days prior to the child's third birthday. Child Study Team assessment and recommendation are required for enrollment. An Individual Education Plan ("IEP") outlining services to be provided based on the child's individual needs is written for each child entering the preschool program.

Home Instruction

When a pupil is unable to attend school for an extended time, as documented by the attending physician or Child Study Team, he/she may receive Home Instruction.

Senior Citizen Volunteer Program

Since 1991, many senior citizens have been faithfully reporting to the public schools to assist teachers and work with children, either individually or in small groups, from Kindergarten through 5th Grade, including Special Education and the Library/Media Center. Senior Citizen Volunteers, under the direction of a classroom teacher, may focus on readiness skills, reading, mathematics, writing or a host of other educational needs that children have.

Grants Management

Competitive and non-competitive grants are funds that are awarded for specific educational purposes. Grant money, which can come from the Federal government, the State of New Jersey, or even private foundations, provide the funds for programs, equipment, training or services that benefit our children and teachers without adding additional costs to the school budget.

Even though applying for grants takes hours and hours of work filling out detailed application forms, creating a working budget and justifying needs, the Lakewood administration and staff aggressively sought and received more than one million dollars for such competitive grants as Even Start Family Literacy Program; Family and Childhood Early Education Services and School-to-Careers Opportunities Initiatives.

The Lakewood School District is committed to seeking funding, but grants alone are not sufficient to give our children the education they need. Helping our children become successful, productive citizens takes a strong commitment from everyone in our community.

School Based Program

Lakewood Middle and High School students, ages 13-19, including their families, graduates and those who have dropped out of school, can take advantage of the School Based Youth Services Program. The School Based Program, a collaboration among Preferred Children's Services, the Lakewood School District, and the New Jersey Department of Human Services, was implemented in 1988 to provide "one-stop shopping" for students and their families in the areas of counseling, health, recreation, and employment.

Students who are referred by community agencies, family members and self, or Lakewood School administrators and faculty, receive such services as individual, parent-child, family and group therapy; monitoring of high risk students; home visits; pregnancy testing options and family planning counseling; self-esteem workshops; life skills; peer pressure management; overnight camping and job/college readiness, etc.

3. MAJOR EDUCATIONAL INITIATIVES

Our staff is aggressively working to help students raise their scores on standardized tests. The Library at the High School is open three (3) days a week until 5:00 p.m. for student use. Students are also receiving extra help through remedial instruction. At the Middle School, a Homework Club, is being held three (3) days per week staffed by different area teachers to assist students in the various disciplines.

During the summer of 2009 a Bridge Program was instituted at the Middle School to assist eighth graders in their transition to High School. A Summer Scholars Program was operated at the High School funded in part with federal and state grants.

The High School began a transition to an Academy based structure beginning with the entering ninth grade class during the 2009-10 school year. The program is based on the successful High Schools That Work program utilized in many urban school districts throughout the United States and New Jersey.

4. 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 accounting principals generally accepted in the United States of America (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 a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

A detailed Manual of Standard Operating Procedures and Internal Controls was developed during the 2008-09 school year and updated as needed during the 2009-2010 and 2010-2011 school years in accordance with the requirements of the School Accountability Act and distributed to all administrators throughout the district. It is scheduled for another review and update in the 2013-2014 school year.

5. 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. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

The 2013-14 budget was prepared, utilizing the Budget Projection capabilities of the district's accounting system (Systems 3000). Use of this system reduced the amount of time needed by administrators to prepare their budget and enabled the business office to efficiently review budget submissions and make changes in accordance with district priorities and goals.

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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated in the subsequent school year are reported as reservations of fund balance at June 30, 2013.

6. ACCOUNTING SYSTEM AND REPORTS

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

7. 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.

8. 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.

9. MAJOR FINANCIAL INITIATIVES AND ACCOMPLISHMENTS

The continued implementation of a detailed system of internal controls, supplemented with the Manual of Standard Operating Procedures enabled the district to increase its' score from 51 to 90 points on the Financial Management section of the state monitoring guidelines (NJQSAC), resulting in passing that section.

Even with a monthly review of revenues and expenditures, combined with preparation of projection reports for revenues, payroll and health benefits, the district was unable to accurately forecast year-end surplus. The amount of surplus that was utilized as Budgeted Fund Balance for the 2012-2013 school year was not in the plan. The district had a zero increase in the property tax levy for 2012-2013. This resulted in a shortfall at the end of the year.

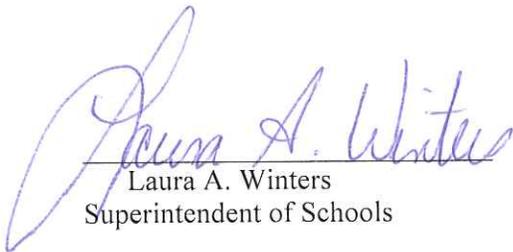
These initiatives resulted in the district ending the school year with an Unreserved General Fund Balance in excess of \$1 million, whereas at June 30, 2007 the district ended the year with a deficit of \$1.1 million, at June 30, 2008 a surplus of only \$277,000 and at June 30, 2009 a surplus of \$1.2 million. These initiatives have enabled the district to move forward fiscally and have placed the district on a stable financial base as required by state code and regulations.

10. OTHER INFORMATION

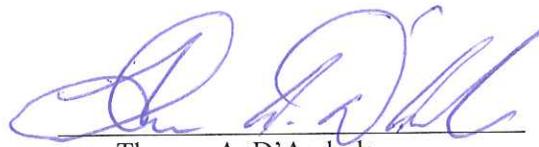
Independent Audit – New Jersey State statutes require an annual audit by independent certified public accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization, and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Requirements of Federal Grants, State Grants and State Aid. The Auditor's report on the basic 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.

11. ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Lakewood Township Board of Education for their unwavering support in providing fiscal accountability to the citizens and taxpayers of the District and to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient, effective and dedicated services of our financial and business office staff.

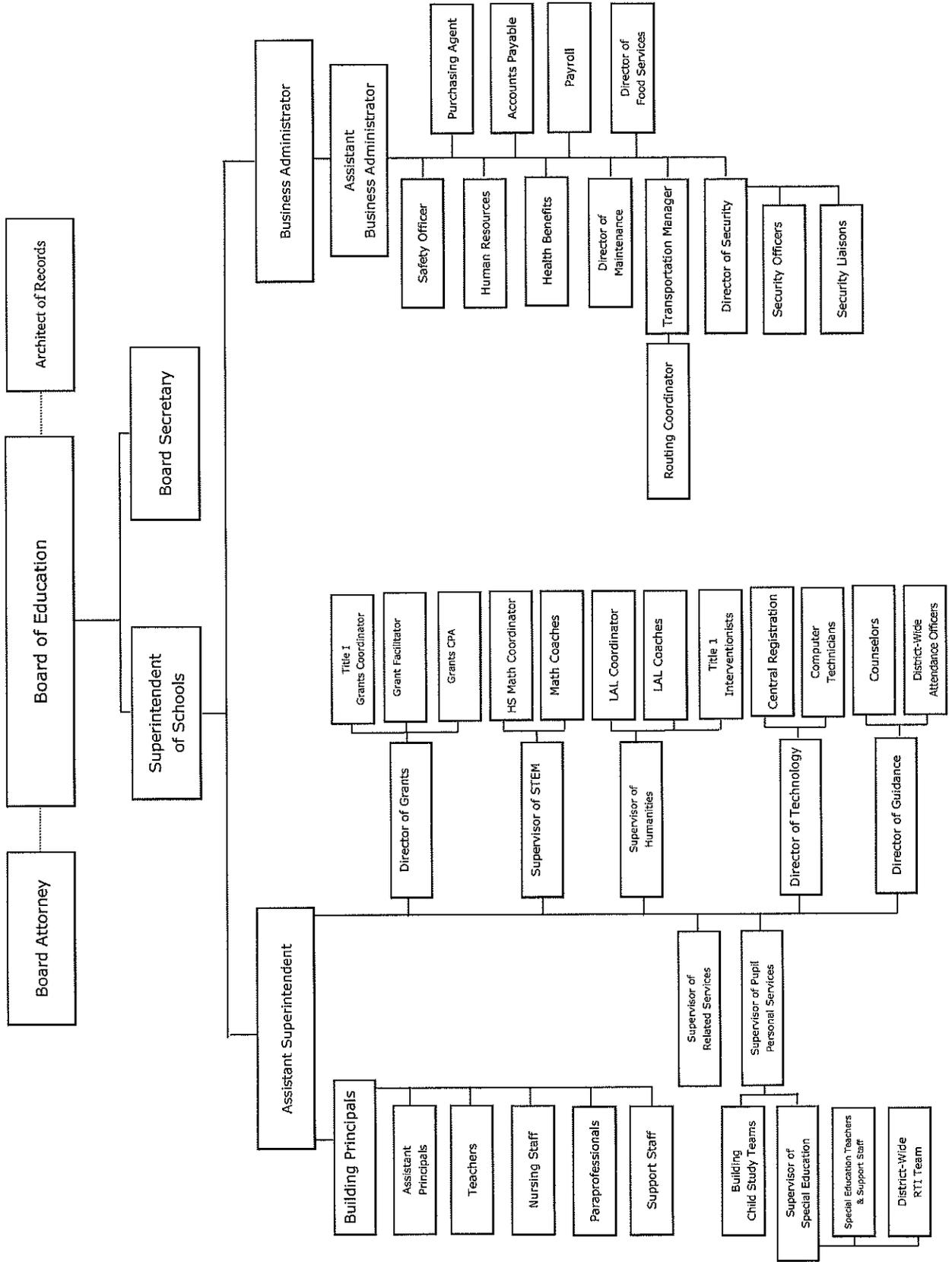


Laura A. Winters
Superintendent of Schools



Thomas A. D'Ambola
Business Administrator/Board Secretary

Lakewood Board of Education Organizational Chart



LAKWOOD BOARD OF EDUCATION

LAKWOOD, New Jersey

June 30, 2013

Members of the Board of Education

Term Expires

Carl Fink, President

2013

Yechezkel Seitler, Vice President

2013

Yisrael Friedman

2014

Zechariah Greenspan

2014

Lee Mund

2015

Joel Schwartz

2015

Jonathan Silver

2015

Tracey Tift

2014

Isaac Zlatkin

2013

Other Officials

Kenneth Jannarone, Treasurer of School Funds

Laura A. Winters, Superintendent of Schools

Arlene Biesiada, Interim Business Administrator/Board Secretary through December 21st

Thomas A. D'Ambola, Business Administrator/Board Secretary

Lisa Miller, Accounts Manager/Assistant Board Secretary through December 21st

Schwartz, Simon, Edelstein & Celso, Attorney through May 31st 2013

Schenck, Price, Smith & King, LLP, Attorney as of June 1, 2013

LAKWOOD BOARD OF EDUCATION

LAKWOOD, NEW JERSEY

CONSULTANTS AND ADVISORS

JUNE 30, 2013

AUDITOR/ACCOUNTANT

Dieter P. Lerch, CPA,RMA,PSA
Lerch, Vinci & Higgins, LLP
17-17 Route 208N
Fair Lawn, NJ 07410

ATTORNEY

Marc H. Zitomer
Schenck, Price, Smith & King, LLP
220 Park Avenue
PO Box 991
Florham Park, NJ 07932

OFFICIAL DEPOSITORY

Investors Bank
101 JFK Parkway
Short Hills, NJ 07078

ARCHITECT

Parette Somjen Architects
439 Route 46 East
Rockaway, NJ 07866

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Lakewood Board of Education
Lakewood, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakewood Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakewood Board of Education as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lakewood Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Lakewood Board of Education.

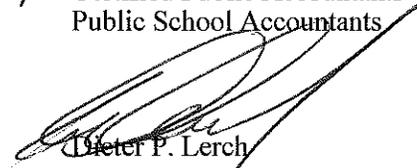
The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2013 on our consideration of the Lakewood 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Lakewood Board of Education's internal control over financial reporting and compliance.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 5, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

LAKEWOOD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2013

This section of Lakewood Board of Education's ("Board" or "District") comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. 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 Standards Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2012-2013) and the prior year (2011-2012) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the 2012-2013 fiscal year are as follows:

- The assets of the Lakewood Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,704,317 (net position).
- Net position decreased \$4,711,960 which represents a decrease of 45 percent from 2012.
- Overall general revenues of \$87,461,279 accounted for 57 percent of all revenues and overall program revenues of \$65,851,294 accounted for 43 percent of total revenues of \$153,312,573.
- The School District had \$158,024,533 in overall expenses of which \$65,851,294 were offset by program specific charges for services, grants or contributions. General revenues of \$87,461,279 helped offset these expenses.
- The School District had \$154,774,041 in expenses for governmental activities; only \$61,892,018 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$88,659,095 were adequate to provide for these programs.
- At June 30, 2013, the District's governmental funds reported a combined fund balance of \$754,125, a decrease of \$93,814 when compared to the previous year ending fund balance of \$847,939 at June 30, 2012.
- The General Fund unassigned fund deficit at June 30, 2013 was \$4,165,721, a decrease of \$1,076,428 when compared with the ending fund deficit of \$3,089,293 at June 30, 2012.
- The General Fund unassigned budgetary fund balance at June 30, 2013 was \$1,142,896, which represents a decrease of \$1,687,627 when compared to the ending unassigned budgetary fund balance of \$2,830,523 at June 30, 2012.

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

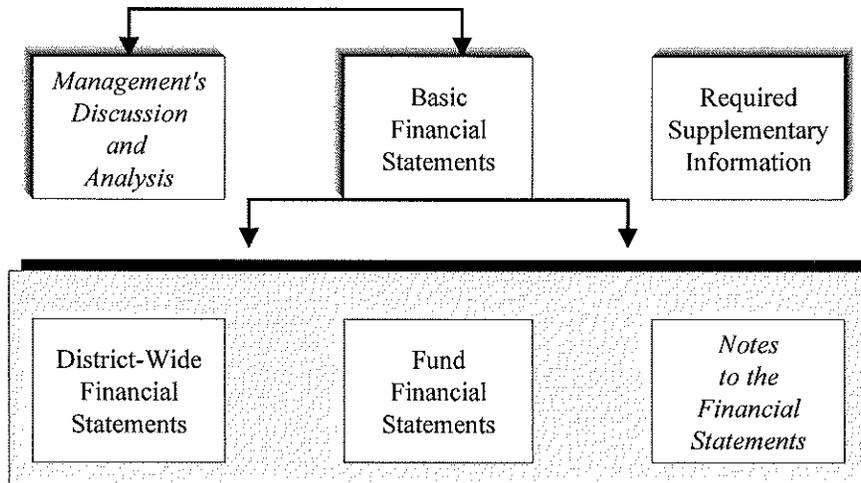
FISCAL YEAR ENDED JUNE 30, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the comprehensive annual financial report consists of four parts – independent auditor’s 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 such as regular and special education were financed in the short term as well as what remains for future spending.
 - *Proprietary funds* statements offer short – and long-term financial information about the activities the district operates 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.

Organization of Lakewood Board of Education’s Annual Financial Report



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The above chart shows how the various parts of this annual report are arranged and related to one another.

The following exhibit 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.

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2013

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 Instruction, special education and building maintenance.	Activities the district operates similar to private businesses: Food Service Fund.	Instances in which the district administers resources on behalf of someone else, such as scholarships and student activity funds.
Required financial statements	Statement of net position Statement of activities	Balance sheet, Statement of revenues expenditures and changes in fund balances	Statement of net position, Statement of revenue, expenses and changes in fund net position Statement of cash flows	Statements of Fiduciary net position, Statement of changes in fiduciary net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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 an liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

District-Wide 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 statements of net position 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 position and how they have changed. Net position – the difference between the District’s assets and liabilities/deferred inflows of resources – is one way to measure the District’s financial health or position.

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2013

District-Wide Statements (Continued)

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

To assess the overall health of the District you need to consider additional non-financial factors such as changes in the amount of State funding and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are presented in two categories:

Governmental Activities – Most of the District's basic services are included here, such as regular and special education, transportation, administration and operations and maintenance of plant. State and federal aid and property taxes finance most of these activities.

Business-Type Activities – The District charges fees to customers to help it cover the costs of certain services it provides. The District's food service and community service funds are included here. The community service program was discontinued at the conclusion of the 2011-2012 school year.

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. The District considers the general fund, special revenue fund and debt service funds to be major funds.

- Some funds are required by State law and by bond covenants.
- The district uses other funds established in accordance with the State of New Jersey Uniform Minimum Chart of Accounts, to control and manage money for particular purposes or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

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 differences) between them.

Proprietary funds – Services for which the District charges a fee are generally reported in proprietary funds. The activities of the District's food service program are accounted for as enterprise funds. Proprietary funds are reported in the same way as in the district-wide statements.

Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2013

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.

FINANCIAL ANALYSIS OF THE DISTRICT

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

Net position. The District's combined net position for governmental activities and business-type activities were \$5,704,317 on June 30, 2013 and \$10,416,277, on June 30, 2012.

**Net Position
as of June 30, 2013 and 2012**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets						
Current and Other Assets	\$ 29,572,964	\$ 10,441,142	\$ 1,224,303	\$ 1,704,566	\$ 30,797,267	\$ 12,145,708
Capital Assets	<u>15,035,372</u>	<u>12,974,252</u>	<u>397,052</u>	<u>427,816</u>	<u>15,432,424</u>	<u>13,402,068</u>
Total Assets	<u>44,608,336</u>	<u>23,415,394</u>	<u>1,621,355</u>	<u>2,132,382</u>	<u>46,229,691</u>	<u>25,547,776</u>
Liabilities						
Long-Term Liabilities	11,538,760	5,343,736			11,538,760	5,343,736
Other Liabilities	<u>28,837,589</u>	<u>9,616,743</u>	<u>145,218</u>	<u>168,724</u>	<u>28,982,807</u>	<u>9,785,467</u>
Total Liabilities	<u>40,376,349</u>	<u>14,960,479</u>	<u>145,218</u>	<u>168,724</u>	<u>40,521,567</u>	<u>15,129,203</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>3,807</u>	<u>2,296</u>	<u>3,807</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>40,376,349</u>	<u>14,960,479</u>	<u>149,025</u>	<u>171,020</u>	<u>40,525,374</u>	<u>15,129,203</u>
Net Position						
Net Investment in Capital Assets	12,022,392	12,110,205	397,052	427,816	12,419,444	12,538,021
Restricted	4,123,316	43			4,123,316	43
Unrestricted	<u>(11,913,721)</u>	<u>(3,655,333)</u>	<u>1,075,278</u>	<u>1,533,546</u>	<u>(10,838,443)</u>	<u>(2,121,787)</u>
Total Net Position	<u>\$ 4,231,987</u>	<u>\$ 8,454,915</u>	<u>\$ 1,472,330</u>	<u>\$ 1,961,362</u>	<u>\$ 5,704,317</u>	<u>\$ 10,416,277</u>

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2013

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

By far the largest portion of the District's net position 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.

The following table presents the changes in net position for the fiscal years ended June 30, 2013 and 2012 of \$(4,711,960) and \$(1,560,623), respectively.

**Change in Net Position
For the Fiscal Years Ended June 30, 2013 and 2012**

Revenues	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Program Revenues						
Charges for Services	\$ 93,062	\$ 125,040	\$ 426,725	\$ 464,305	\$ 519,787	\$ 589,345
Operating Grants and Contributions	61,149,101	53,293,584	3,532,551	3,201,542	64,681,652	56,495,126
Capital Grants and Contribution	649,855		-		649,855	-
General Revenues						
Property Taxes	72,246,057	71,105,078			72,246,057	71,105,078
State Aid	14,988,600	14,857,944			14,988,600	14,857,944
Other/Transfers	1,424,438	534,547	(1,197,816)	1,754	226,622	536,301
Total Revenues and Transfers	<u>150,551,113</u>	<u>139,916,193</u>	<u>2,761,460</u>	<u>3,667,601</u>	<u>153,312,573</u>	<u>143,583,794</u>
Expenses						
Instruction	72,414,727	63,726,589			72,414,727	63,726,589
Support Services						
Student and Instruction Related Services	46,725,353	44,968,464			46,725,353	44,968,464
General Administrative Services	2,169,366	2,144,616			2,169,366	2,144,616
School Administrative Services	3,766,792	4,033,453			3,766,792	4,033,453
Central and Other Support Services	1,765,810	1,639,754			1,765,810	1,639,754
Plant Operation and Maintenance	6,786,985	6,231,930			6,786,985	6,231,930
Pupil Transportation	20,316,662	18,284,409			20,316,662	18,284,409
Food Service/Community School			3,250,492	3,362,764	3,250,492	3,362,764
Unallocated Depreciation	773,373	691,091			773,373	691,091
Interest on Long Term Debt	54,973	61,347	-	-	54,973	61,347
Total Expenses	<u>154,774,041</u>	<u>141,781,653</u>	<u>3,250,492</u>	<u>3,362,764</u>	<u>158,024,533</u>	<u>145,144,417</u>
Changes in Net Position	(4,222,928)	(1,865,460)	(489,032)	304,837	(4,711,960)	(1,560,623)
Net Position, Beginning of Year	<u>8,454,915</u>	<u>11,447,078</u>	<u>1,961,362</u>	<u>1,656,525</u>	<u>10,416,277</u>	<u>13,103,603</u>
Prior Period Adjustment	-	(1,126,703)	-	-	-	(1,126,703)
Net Position, End of Year	<u>\$ 4,231,987</u>	<u>\$ 8,454,915</u>	<u>\$ 1,472,330</u>	<u>\$ 1,961,362</u>	<u>\$ 5,704,317</u>	<u>\$ 10,416,277</u>

LAKWOOD BOARD OF EDUCATION

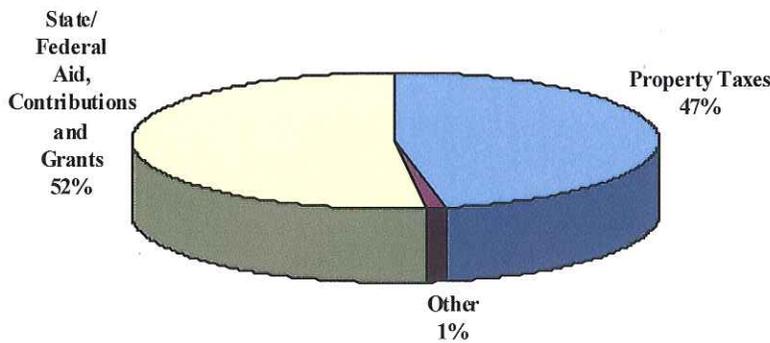
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2013

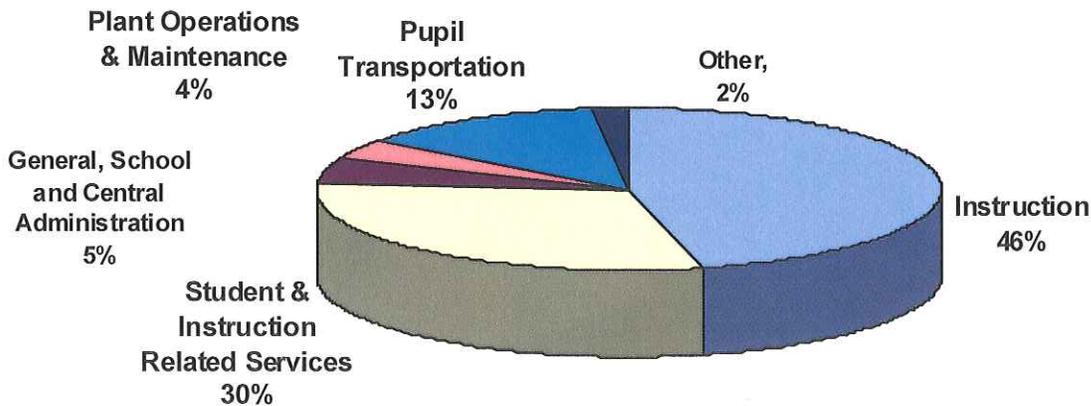
Changes in net position. The District's total revenues and transfers were \$153,312,573 and \$143,583,794 for the years ended June 30, 2013 and 2012, respectively. Property taxes in excess of \$70 million accounted for 47% and 50% of the total revenues for the years ended June 30, 2013 and 2012, respectively. State and Federal formula aid accounted for 10% and 10%, while operating grants and contributions were 42% and 39% of total revenues for the years ended June 30, 2013 and 2012. The remaining revenues for both years were obtained from capital grants and contributions, investment earnings and miscellaneous revenues.

The total cost of all programs and services was \$158,024,533 and \$145,144,417 for the years ended June 30, 2013 and 2012, respectively. The District's expenses are predominantly related to educating and caring for students. Instruction represented 46% and 44% of total expenses in fiscal years 2013 and 2012. The purely administrative activities of the District accounted for only 5% of total costs for both fiscal years 2013 and 2012.

Sources of Revenues
For Fiscal Year 2013



Sources of Expenses
For Fiscal Year 2013



LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2013

Governmental Activities

The following schedule presents the cost of each of the District's largest governmental activities programs as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

- Net position for governmental activities decreased \$4,222,928 and \$1,865,460 for the year ended June 30, 2013 and 2012, respectively.
- The total revenue earned from all governmental activities was \$150,551,113 and \$139,916,193 for the years ended June 30, 2013 and 2012, respectively.
- The cost of all governmental activities was \$154,774,041 and \$141,781,653 for the years ended June 30, 2013 and 2012.
- After applying program revenues, derived from operating grants and contributions of \$61,149,101 and \$53,293,584, capital grants and contribution of \$649,855 and \$-0-, and charges for services of \$93,062 and \$125,040 for the years ended June 30, 2013 and 2012, respectively; the net cost of services of the District were \$92,882,023 and \$88,363,029 for the fiscal years ended June 30, 2013 and 2012.
- The amount that taxpayers paid for these activities through property taxes was \$72,246,057 and \$71,105,078 for fiscal years 2013 and 2012, respectively. Unrestricted State and Federal aid provided \$14,988,600 and \$14,857,944 in fiscal years 2013 and 2012 to fund the District programs.

**Net Expense of Governmental Activities
For the Fiscal Years Ended June 30, 2013 and 2012**

Function/Program:	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
Instruction	\$ 72,414,727	\$ 63,726,589	\$ 51,565,594	\$ 48,817,501
Support Services				
Student and Instruction Related Services	46,725,353	44,968,464	12,824,813	12,234,028
General Administrative Services	2,169,366	2,144,616	2,169,366	2,144,616
School Administrative Services	3,766,792	4,033,453	3,391,643	3,658,288
Central and Other Support Services	1,765,810	1,639,754	1,765,810	1,639,754
Plant Operations and Maintenance	6,786,985	6,231,930	4,644,213	4,055,427
Pupil Transportation	20,316,662	18,284,409	15,695,678	15,068,916
Unallocated Depreciation	773,373	691,091	773,373	691,091
Interest on Long Term Debt	54,973	61,347	51,533	53,408
	<u>\$ 154,774,041</u>	<u>\$ 141,781,653</u>	<u>\$ 92,882,023</u>	<u>\$ 88,363,029</u>
Total	<u>\$ 154,774,041</u>	<u>\$ 141,781,653</u>	<u>\$ 92,882,023</u>	<u>\$ 88,363,029</u>

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2013

Business-Type Activities

The cost of Business-Type activities for the fiscal year ended June 30, 2013 and 2012 was \$3,250,492 and \$3,362,754, respectively. These expenses relate to the operation of the District's school breakfast, lunch, snack and summer food and community service programs. These costs were funded in 2013 and 2012 by operating grants (90% and 87%), charges for services (10% and 12%) and investment earnings.

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, unassigned 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 \$754,125 for the year ended June 30, 2013 compared to a fund balance of \$847,939 for the year ended June 30, 2012, a decrease of \$93,814 for the current year.

Revenues for the District's governmental funds were \$149,351,113 and \$139,916,193, while total expenditures were \$156,389,927 and \$142,353,384 for the fiscal years ended June 30, 2013 and 2012, respectively.

GENERAL FUND

The General Fund is the chief operating fund of the District and includes the primary operations in 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.

	<u>June 30,</u>		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2013</u>	<u>2012</u>		
Local Sources:				
Property Taxes	\$ 70,630,210	\$ 70,238,004	\$ 392,206	1%
Tuition	93,062	125,040	(31,978)	-26%
Other Local Revenue	224,438	534,547	(310,109)	-58%
State Sources	34,377,644	28,416,743	5,960,901	21%
Federal Sources	431,144	1,366,972	(935,828)	-68%
Total Revenues	<u>\$ 105,756,498</u>	<u>\$ 100,681,306</u>	<u>\$ 5,075,192</u>	5%

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2013

GENERAL FUND (Continued)

Total General Fund revenues increased by \$5,075,192 or 5% from the previous year. Local property taxes increased \$392,206, or 1% from the previous year. Overall state and federal aid increased \$5,025,073 or 17% from the previous year.

The following schedule presents a comparison of General Fund expenditures:

	<u>June 30,</u>		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2013</u>	<u>2012</u>		
Instruction	\$ 62,891,953	\$ 57,085,160	\$ 5,806,793	10%
Support Services	47,889,459	45,883,393	2,006,066	4%
Capital Outlay	127,160	113,504	13,656	12%
Debt Service	<u>36,803</u>	<u>36,438</u>	<u>365</u>	1%
 Total General Fund Expenditures	 <u>\$ 110,945,375</u>	 <u>\$ 103,118,495</u>	 <u>\$ 7,826,880</u>	 8%

The general fund expenditures increased by \$7,826,880 or 8%.

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 of accounting for revenues, expenditures and encumbrances. The most significant difference between the budgetary basis of accounting and generally accepted accounting principles is the legally mandated revenue recognition of certain delayed or 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 and appropriation of additional state aid.

General Fund budgetary expenditures exceeded budgetary revenues and other financing sources decreasing budgetary fund balance \$4,600,076 over the previous year. After deducting reserved, committed and assigned fund balances, the unassigned budgetary fund balance decreased \$1,687,627 from \$2,830,523 at June 30, 2012 to \$1,142,896 at June 30, 2013.

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2013

SPECIAL REVENUE FUND

The Special Revenue Fund accounts for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. The revenues include federal funds, state funds, private donations and contributions.

Revenues in the District's Special Revenue Fund totaled \$41,957,103 for the year ended June 30, 2013. State sources accounted for \$20,236,676 or 48% of the total. Federal sources accounted for \$21,720,427 or 52% of the total.

Revenues from State sources decreased \$504,962 or 2% while federal sources increased \$4,176,652 or 24%.

Expenditures of the Special Revenue Fund totaled \$42,185,313 for the year ended June 30, 2013. Expenditures were for instruction (20%), student and instruction related support services (77%) and transportation and capital outlay (3%). Expenditures increased \$3,902,900 or 10% from the prior year.

At June 30, 2013 the Special Revenue Fund reported deferred revenue of \$1,587,008. This amount represents funds that were received during the 2012/13 school year but were not expended as of June 30, 2013. The district may utilize these funds in the subsequent year in accordance with the terms and provisions contained in their grant contracts and agreements.

CAPITAL PROJECTS FUND

The Capital Projects Fund includes all revenue sources for major capital projects of the District. This fund included the commencement of a lease purchase agreement during 2012-13 to fund certain capital projects.

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 the Enterprise Fund to report activities related to the Food Services and Community Service programs. 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.

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2013

CAPITAL ASSETS

At June 30, 2013, the District had invested in excess of \$15 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment and various other machinery and equipment. Total depreciation expense for the year was \$1,112,522. No depreciation is recorded on construction in progress until such facilities are placed into service.

Capital Assets at June 30, 2013 and 2012

	Governmental		Business- Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2011</u>
Land	\$ 143,800	\$ 143,800			\$ 143,800	\$ 143,800
Buildings and Improvements	35,431,975	35,431,975	\$ 302,029	\$ 302,029	35,734,004	35,734,004
Machinery and Equipment	4,764,818	4,026,432	592,604	592,604	5,357,422	4,619,036
Construction in Progress	2,472,992	68,500			2,472,992	68,500
Less: Accumulated Depreciation	<u>(27,778,213)</u>	<u>(26,696,455)</u>	<u>(497,581)</u>	<u>(466,817)</u>	<u>(28,275,794)</u>	<u>(27,163,272)</u>
Total	<u>\$ 15,035,372</u>	<u>\$ 12,974,252</u>	<u>\$ 397,052</u>	<u>\$ 427,816</u>	<u>\$ 15,432,424</u>	<u>\$ 13,402,068</u>

Additional information of the District's capital assets can be found in the Notes to the Basic Financial Statements.

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2013

Long-Term Liabilities

At year-end, the District has \$11,538,760 in long-term liabilities; the District had \$629,000 in outstanding general obligation bonds, \$18,117 in outstanding capital leases, \$5,745,000 in outstanding lease purchase agreements, \$178,134 in outstanding deferred pension obligations and \$4,968,509 in employee compensated absences payable. More detailed financial information about the District's long-term liabilities is presented in Notes to the Basic Financial Statements.

Long-Term Liabilities as of June 30, 2013 and 2012

	<u>Governmental Activities</u>		
	<u>2013</u>	<u>2012</u>	<u>Percentage Change</u>
General Obligation Bonds	\$ 629,000	\$ 839,000	-25%
Obligations Under Capital Lease Agreements	18,117	25,047	-28%
Obligations Under Lease Purchase Agreements	5,745,000		100%
Deferred Pension Obligations	178,134	187,880	-5%
Compensated Absences Payable	<u>4,968,509</u>	<u>4,291,809</u>	16%
Total	<u>\$ 11,538,760</u>	<u>\$ 5,343,736</u>	116%

FACTORS BEARING ON THE DISTRICT'S FUTURE

While many factors influence the District's future, the availability of state aid, special education needs, nonpublic school requirements, capital improvements and the economy will have the most impact on educational and fiscal decisions in the future.

Many of these factors were considered by the District's administration during the process of developing the fiscal year 2013-2014 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.

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 financial information, contact the Business Office, Lakewood Board of Education, 200 Ramsey Avenue, Lakewood, New Jersey 08701.

BASIC FINANCIAL STATEMENTS

LAKESWOOD BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,175,267	\$ -	\$ 2,175,267
Receivables, net			
Receivables from Other Governments	22,539,630	306,901	22,846,531
Accounts	5,745,000		5,745,000
Internal Balances	(886,933)	886,933	
Inventories		30,469	30,469
Capital Assets, not being depreciated	2,616,792		2,616,792
Capital Assets, being depreciated, net	12,418,580	397,052	12,815,632
	<u>44,608,336</u>	<u>1,621,355</u>	<u>46,229,691</u>
LIABILITIES			
Cash Overdraft	13,923,098	145,218	14,068,316
Intergovernmental Accounts Payable	1,809,654		1,809,654
Accounts Payable and Other Liabilities	10,463,160		10,463,160
Due to Other Funds	1,035,919		1,035,919
Unearned Revenue	1,587,008		1,587,008
Accrued Interest Payable	18,750		18,750
Noncurrent Liabilities			
Due Within One Year	1,948,297		1,948,297
Due Beyond One Year	9,590,463		9,590,463
	<u>40,376,349</u>	<u>145,218</u>	<u>40,521,567</u>
DEFERRED INFLOWS OF RESOURCES			
USDA Commodities	-	3,807	3,807
	<u>-</u>	<u>3,807</u>	<u>3,807</u>
Total Deferred Inflows of Resources			
	<u>40,376,349</u>	<u>149,025</u>	<u>40,525,374</u>
NET POSITION			
Net Investment in Capital Assets	12,022,392	397,052	12,419,444
Restricted for:			
Capital Projects	3,379,137		3,379,137
Debt Service	744,179		744,179
Unrestricted	(11,913,721)	1,075,278	(10,838,443)
	<u>\$ 4,231,987</u>	<u>\$ 1,472,330</u>	<u>\$ 5,704,317</u>

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

**LAKEWOOD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 34,508,655	\$ 93,062	\$ 9,756,155	\$ 617,478	\$ (24,041,960)	\$	\$ (24,041,960)
Special Education	30,646,304		9,176,101		(21,470,203)		(21,470,203)
Other Instruction	6,064,313		1,030,832	32,377	(5,001,104)		(5,001,104)
School Sponsored Activities/Athletics	1,195,455		143,128		(1,052,327)		(1,052,327)
Support Services							
Student and Instruction Related Svcs.	46,725,353		33,900,540		(12,824,813)		(12,824,813)
General Administrative Services	2,169,366				(2,169,366)		(2,169,366)
School Administrative Services	3,766,792		375,149		(3,391,643)		(3,391,643)
Plant Operations and Maintenance	6,786,985		2,142,772		(4,644,213)		(4,644,213)
Pupil Transportation	20,316,662		4,620,984		(15,695,678)		(15,695,678)
Central Services	1,765,810		3,440		(1,765,810)		(1,765,810)
Interest on Long-Term debt	54,973				(51,533)		(51,533)
Unallocated Depreciation	773,373				(773,373)		(773,373)
Total Governmental Activities	154,774,041	93,062	61,149,101	649,855	(92,882,023)	-	(92,882,023)
Business-Type Activities							
Food Service	3,250,287	426,725	3,532,551			\$ 708,989	708,989
Community School	205					(205)	(205)
Total Business-Type Activities	3,250,492	426,725	3,532,551	-	-	708,784	708,784
Total Primary Government	\$158,024,533	\$ 519,787	\$ 64,681,652	\$ 649,855	(92,882,023)	708,784	(92,173,239)
General Revenues:							
Property Taxes, Levied for General Purposes, Net					70,630,210		70,630,210
Taxes Levied for Debt Service					1,615,847		1,615,847
Federal and State Aid - Unrestricted					14,970,375		14,970,375
Federal and State Aid Restricted for Debt Service					18,225		18,225
Unrestricted Interest Earnings					26,862	2,184	29,046
Miscellaneous Income					197,576		197,576
Transfers					1,200,000	(1,200,000)	-
Total General Revenues and Transfers					88,659,095	(1,197,816)	87,461,279
Change in Net Position					(4,222,928)	(489,032)	(4,711,960)
Net Position, Beginning of Year					8,454,915	1,961,362	10,416,277
Net Position, End of Year					\$ 4,231,987	\$ 1,472,330	\$ 5,704,317

FUND FINANCIAL STATEMENTS

**LAKWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,431,088			\$ 744,179	\$ 2,175,267
Receivables					
Receivables From Other Governments	1,122,810	\$ 21,416,820			22,539,630
Accounts Receivable	-		\$ 5,745,000		5,745,000
Total Assets	<u>\$ 2,553,898</u>	<u>\$ 21,416,820</u>	<u>\$ 5,745,000</u>	<u>\$ 744,179</u>	<u>\$ 30,459,897</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash Overdraft		\$ 11,604,762	\$ 2,318,336		\$ 13,923,098
Accounts Payable	\$ 2,144,612	6,265,791	47,527		8,457,930
Other Liabilities	1,627,415	377,815			2,005,230
Due to Other Funds	1,922,852	-			1,922,852
Intergovernmental Accounts Payable		1,809,654			1,809,654
Unearned Revenue		1,587,008			1,587,008
Total Liabilities	<u>5,694,879</u>	<u>21,645,030</u>	<u>2,365,863</u>	<u>-</u>	<u>29,705,772</u>
Fund Balances					
Restricted					
Excess Surplus, Designated for Subsequent Year's Expenditures	698,252				698,252
Capital Projects			3,379,137		3,379,137
Debt Service				\$ 744,179	744,179
Assigned					
Year End Encumbrances	326,488				326,488
Unassigned					
	<u>(4,165,721)</u>	<u>(228,210)</u>	<u>-</u>	<u>-</u>	<u>(4,393,931)</u>
Total Fund Balances (Deficits)	<u>(3,140,981)</u>	<u>(228,210)</u>	<u>3,379,137</u>	<u>744,179</u>	<u>754,125</u>
Total Liabilities and Fund Balances	<u>\$ 2,553,898</u>	<u>\$ 21,416,820</u>	<u>\$ 5,745,000</u>	<u>\$ 744,179</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$42,813,585 and the accumulated depreciation is \$27,778,213.

15,035,372

The District has financed capital assets through the issuance of long-term bonds payable. The accrued interest at year end is

(18,750)

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.

Bonds Payable	\$ (629,000)
Obligations Under Lease Purchase	(5,745,000)
Capital Lease Obligations	(18,117)
Deferred Pension Obligation	(178,134)
Compensated Absences Payable	<u>(4,968,509)</u>

(11,538,760)

Net Position of Governmental Activities (Exhibit A-1)

\$ 4,231,987

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

**LAKEWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	\$ 70,630,210			\$ 1,615,847	\$ 72,246,057
Tuition Charges	93,062				93,062
Interest Earned	26,862				26,862
Unrestricted Miscellaneous Revenues	197,576	-	-	-	197,576
Total - Local Sources	70,947,710	-	-	1,615,847	72,563,557
State Sources	34,377,644	\$ 20,236,676		21,665	54,635,985
Federal Sources	431,144	21,720,427			22,151,571
Total Revenues	<u>105,756,498</u>	<u>41,957,103</u>	<u>-</u>	<u>1,637,512</u>	<u>149,351,113</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	26,641,612	6,896,319		643,740	34,181,671
Special Education Instruction	29,353,774	1,183,903			30,537,677
Other Instruction	5,713,797	279,346			5,993,143
School Sponsored Activities and Athletics	1,182,770				1,182,770
Support Services and Undistributed Costs					
Student and Instruction Related Services	13,921,597	32,675,890			46,597,487
General Administration	2,125,516				2,125,516
School Administration	3,638,398				3,638,398
Central Services	1,750,861				1,750,861
Plant Operations and Maintenance	6,640,966				6,640,966
Pupil Transportation	19,812,121	500,000			20,312,121
Debt Service					
Principal	16,676			210,000	226,676
Interest and Other Charges	20,127			39,636	59,763
Capital Outlay	127,160	649,855	\$ 2,365,863		3,142,878
Total Expenditures	<u>110,945,375</u>	<u>42,185,313</u>	<u>2,365,863</u>	<u>893,376</u>	<u>156,389,927</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,188,877)</u>	<u>(228,210)</u>	<u>(2,365,863)</u>	<u>744,136</u>	<u>(7,038,814)</u>
OTHER FINANCING SOURCES (USES)					
Lease Purchase Proceeds			5,745,000		5,745,000
Transfers In	1,200,000	-	-	-	1,200,000
Total Other Financing Sources and Uses	<u>1,200,000</u>	<u>-</u>	<u>5,745,000</u>	<u>-</u>	<u>6,945,000</u>
Net Change in Fund Balances	(3,988,877)	(228,210)	3,379,137	744,136	(93,814)
Fund Balance, Beginning of Year	847,896	-	-	43	847,939
Fund Balance, End of Year	<u>\$ (3,140,981)</u>	<u>\$ (228,210)</u>	<u>\$ 3,379,137</u>	<u>\$ 744,179</u>	<u>\$ 754,125</u>

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

**LAKWOOD BOARD OF EDUCATION
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, 2013**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (93,814)

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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation Expense	\$ (1,081,758)	
Capital Outlay - Additions	<u>3,142,878</u>	
		2,061,120

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Debt Issued		
Lease Purchase		(5,745,000)

Principal Repayments		
Serial Bonds	210,000	
Capital Lease	6,930	
Deferred Pension Obligation	<u>9,746</u>	
		226,676

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Amortization of Debt Issuance Cost	(188)	
Decrease in Accrued Interest	4,978	
Net Increase in Compensated Absences	<u>(676,700)</u>	
		<u>(671,910)</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ (4,222,928)

**LAKWOOD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2013**

	<u>Business-Type Activities</u>		
	<u>Food Service</u>	<u>Community School</u>	<u>Totals Enterprise Funds</u>
ASSETS			
Current Assets			
Cash	\$ (165,788)	\$ 20,570	\$ (145,218)
Receivables			
Intergovernmental			
Federal	303,076		303,076
State	3,825		3,825
Due from Other Funds	886,933		886,933
Inventories	<u>30,469</u>	<u>-</u>	<u>30,469</u>
 Total Current Assets	 <u>1,058,515</u>	 <u>20,570</u>	 <u>1,079,085</u>
Noncurrent Assets			
Buildings and Building Improvements	302,029		302,029
Machinery and Equipment	592,604		592,604
Less: Accumulated Depreciation	<u>(497,581)</u>	<u>-</u>	<u>(497,581)</u>
 Total Noncurrent Assets	 <u>397,052</u>	 <u>-</u>	 <u>397,052</u>
 Total Assets	 <u>1,455,567</u>	 <u>20,570</u>	 <u>1,476,137</u>
 DEFERRED INFLOWS OF RESOURCES			
USDA Commodities	<u>3,807</u>	<u>-</u>	<u>3,807</u>
 Total Deferred Inflows or Resources	 <u>3,807</u>	 <u>-</u>	 <u>3,807</u>
 NET POSITION			
Net Investment in Capital Assets	397,052		397,052
Unrestricted	<u>1,054,708</u>	<u>20,570</u>	<u>1,075,278</u>
 Total Net Position	 <u>\$ 1,451,760</u>	 <u>\$ 20,570</u>	 <u>\$ 1,472,330</u>

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

**LAKWOOD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Business-Type Activities</u>		Totals
	<u>Food Service</u>	<u>Community School</u>	<u>Enterprise Funds</u>
OPERATING REVENUES			
Local Sources			
Daily Sales Reimbursable Programs	\$ 77,827		\$ 77,827
Daily Sales Non-Reimbursable Programs	210,877		210,877
Special Functions	112,814		112,814
Vending	22,884		22,884
Miscellaneous	2,323	-	2,323
	<u>426,725</u>	<u>-</u>	<u>426,725</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries and Wages	977,463		977,463
Purchased Professional and Technical Services	54,092		54,092
Management Contract	162,650		162,650
Supplies and Materials	109,433		109,433
Depreciation	30,764		30,764
Cost of Sales	1,564,362		1,564,362
Management Fee	168,800		168,800
Miscellaneous Expenditures	182,723	\$ 205	182,928
	<u>3,250,287</u>	<u>205</u>	<u>3,250,492</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(2,823,562)</u>	<u>(205)</u>	<u>(2,823,767)</u>
Nonoperating Revenues (Expenses)			
State Sources			
State School Lunch Program	43,255		43,255
Federal Sources			
National School Breakfast Program	864,062		864,062
National School Lunch Program	2,187,244		2,187,244
After School Snack Program	59,101		59,101
Fresh Fruit and Vegetable program	195,897		195,897
Food Distribution Program	182,992		182,992
Interest and Investment Revenue	2,184	-	2,184
	<u>3,534,735</u>	<u>-</u>	<u>3,534,735</u>
Total Nonoperating Revenues			
Income Before Transfers	711,173	(205)	710,968
Transfers Out	<u>(1,200,000)</u>	<u>-</u>	<u>(1,200,000)</u>
Change in Net Position	(488,827)	(205)	(489,032)
Net Position, Beginning of Year	<u>1,940,587</u>	<u>20,775</u>	<u>1,961,362</u>
Net Position, End of Year	<u>\$ 1,451,760</u>	<u>\$ 20,570</u>	<u>\$ 1,472,330</u>

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

**LAKEWOOD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Business-Type Activities</u>		
	<u>Food Service</u>	<u>Community School</u>	<u>Total Enterprise Funds</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 469,673		\$ 469,673
Cash Payments for Employees' Salaries and Wages	(977,463)		(977,463)
Cash Payments to Suppliers for Goods and Services	(2,232,802)	\$ (205)	(2,233,007)
Net Cash Provided by (Used for) Operating Activities	(2,740,592)	(205)	(2,740,797)
Cash Flows from Noncapital Financing Activities			
Cash Received from Federal Sources	3,145,344		3,145,344
Cash Received from State Sources	41,571		41,571
Payments Made to General Fund	(2,086,933)	-	(2,086,933)
Net Cash Provided by Noncapital Financing Activities	1,099,982	-	1,099,982
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	-	-
Cash Flows from Investing Activities			
Interest on Investments	2,184	-	2,184
Net Cash Provided by Investing Activities	2,184	-	2,184
Net Increase (Decrease) in Cash and Cash Equivalents	(1,638,426)	(205)	(1,638,631)
Cash and Cash Equivalents, Beginning of Year	1,472,638	20,775	1,493,413
Cash and Cash Equivalents, End of Year	\$ (165,788)	\$ 20,570	\$ (145,218)
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	\$ (2,823,562)	\$ (205)	(2,823,767)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	30,764		30,764
Non-Cash Federal Assistance - Food Distribution Program	182,992		182,992
Change in Assets and Liabilities			
(Increase)/Decrease in Accounts Receivable	42,948		42,948
(Increase)/Decrease in Inventories	(6,521)		(6,521)
Increase/(Decrease) in Accounts Payable	(168,724)	-	(168,724)
Increase/(Decrease) in Deferred Commodities Revenue	1,511	-	1,511
Total Adjustments	82,970	-	82,970
Net Cash Provided by (Used for) Operating Activities	\$ (2,740,592)	\$ (205)	\$ (2,740,797)
Non-Cash Investing, Capital and Financing Activities:			
Value Received - Food Distribution Program	\$ 184,503	\$ -	\$ 184,503

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

**LAKEWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2013**

	<u>Workers Compensation Trust</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Scholarship Fund</u>	<u>Parent Resource Center/ College Application Fund</u>	<u>Agency Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 129,090	\$ 471	\$ 50,939	\$ 15,681	\$ 1,264,541
Investments			122,279		
Due from Other Funds	-	56,813	-	-	1,035,919
	<u>129,090</u>	<u>57,284</u>	<u>173,218</u>	<u>15,681</u>	<u>\$ 2,300,460</u>
LIABILITIES					
Due to Student Groups					\$ 77,183
Due to Other Funds					56,813
Intergovernmental Accounts Payable		22,561			
Summer Payment Plan Deposits					1,279,710
Flexible Spending Plan Deposits					5,598
Accrued Salaries and Wages					481
Payroll Deductions and Withholdings Payable	-	-	-	-	880,675
	<u>-</u>	<u>22,561</u>	<u>-</u>	<u>-</u>	<u>\$ 2,300,460</u>
NET POSITION					
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 129,090</u>	<u>\$ 34,723</u>	<u>\$ 173,218</u>	<u>\$ 15,681</u>	

**LAKWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Workers Compensation Trust</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Scholarship Fund</u>	<u>Parent Resource Center/ College Application Fund</u>
ADDITIONS				
Contributions				
District	\$ 10,000	\$ 310,263		
Employee		44,636		
Unallocated	123,430			
Donations			\$ 6,900	
Investment Earnings				
Interest	-	24	165	-
Total Additions	<u>133,430</u>	<u>354,923</u>	<u>7,065</u>	<u>-</u>
DEDUCTIONS				
Scholarships Awarded			9,900	
Other Expenses			160	
Depreciation of Investment Value			804	
Workers Compensation Claims	13,559			
Unemployment Claims and Contributions	-	278,865	-	-
Total Deductions	<u>13,559</u>	<u>278,865</u>	<u>10,864</u>	<u>-</u>
Change in Net Position	119,871	76,058	(3,799)	-
Net Position, Beginning of Year	<u>9,219</u>	<u>(41,335)</u>	<u>177,017</u>	<u>\$ 15,681</u>
Net Position, End of Year	<u>\$ 129,090</u>	<u>\$ 34,723</u>	<u>\$ 173,218</u>	<u>\$ 15,681</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Lakewood Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine 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. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Lakewood Board of Education this includes general operations, food service, community school and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (continued)

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The *community school fund* accounts for the activities of the District's adult high school and recreational programs. This program was discontinued during the 2011-12 school year.

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment and workmen's compensation insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as a deferred inflow of resources.

**LAKESWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	15-50
Building Improvements	20
Machinery and Equipment	5-20

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. This item is the amount of unused government commodities, which is reported in the Food Service Enterprise Fund.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation, personal and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

7. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

8. Net Position/Fund Balance

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted net position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

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

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that was appropriated in the 2013/2014 original budget certified for taxes.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

9. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. Property Taxes

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2011-2012 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On November 15, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required, beginning with the 2013/14 budget.

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2012/2013. During 2012/2013 the Board increased the original budget by \$25,026,765. The increase was funded by additional state and federal aid appropriated, an operating transfer from the Food Service Enterprise Fund, a withdrawal from Capital Reserve, grant awards and the reappropriation of prior year general fund encumbrances

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Unfavorable</u> <u>Variance</u>
General Fund			
Instruction			
Basic Skills/Remedial - Instruction			
Salaries of Teachers	\$ 1,263,702	\$ 1,311,807	\$ 48,105
Undistributed Expenditures			
Tuition			
Tuition to Private Schools - Disabled within State	16,917,387	17,520,936	603,549
Student Transportation Services			
Contracted Services (Between Home and School) - Vendors	16,694,820	17,106,490	411,670

The above variances were offset with other available resources.

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity

The District has an unassigned (deficit) fund balance of \$4,165,721 in the General Fund and \$228,210 in the Special Revenue Fund as of June 30, 2013 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2012/2013 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund deficits do not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund balance deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficits in the GAAP (fund) financial statements of \$4,165,721 in the General Fund and \$228,210 in the Special Revenue Fund are less than or equal to the delayed state aid payments.

D. Capital Reserve

A capital reserve account has been established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the fiscal year ended June 30, 2013 is as follows:

Balance, July 1, 2012	\$ 256,500
Withdrawals	
Approved by Board Resolution	<u>(256,500)</u>
Balance, June 30, 2013	<u>\$ -</u>

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2013 is \$698,252. Of this amount, \$698,252 was designated and appropriated in the 2013/2014 original budget certified for taxes. There is no amount required to be appropriated in the 2014/2015 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits reflected a cash deficit of \$10,432,327 and bank and brokerage firm balances of the Board's deposits amounted to \$8,908,583. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 8,848,179
Uninsured and Collateralized	<u>60,404</u>
	<u>\$ 8,908,583</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2013 the Board's bank balance of \$60,404 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department

not in the Board's name

\$ 60,404

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2013, the Board had the following investments:

	<u>Fair Value</u>
<u>Investment:</u>	
U.S. Government Securities	
Mutual Funds	\$ <u>122,279</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2013, \$122,279 of the Board’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>Depository Account</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department not in the Board's name	\$ <u>122,279</u>

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer. More than five (5) percent of the Board’s investments are in Nuveen Mutual Funds. These investments are 100% of the District’s total investments.

The fair value of the above-listed investments were based on quoted market prices.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2013 for the district's individual major funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts			\$ 5,745,000		\$ 5,745,000
Intergovernmental	\$ 1,122,810	\$ 21,416,820	-	\$ 306,901	22,846,531
Gross Receivables	1,122,810	21,416,820	5,745,000	306,901	28,591,531
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 1,122,810</u>	<u>\$ 21,416,820</u>	<u>\$ 5,745,000</u>	<u>\$ 306,901</u>	<u>\$ 28,591,531</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 5,718
Grant Draw Downs Reserved for Encumbrances	<u>1,581,290</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 1,587,008</u>

**LAKEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance, <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2013</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 143,800			\$ 143,800
Construction in Progress	68,500	\$ 2,404,492	-	2,472,992
Total Capital Assets, Not Being Depreciated	<u>212,300</u>	<u>2,404,492</u>	<u>-</u>	<u>2,616,792</u>
Capital Assets, Being Depreciated:				
Land Improvements	2,406,289			2,406,289
Buildings and Building Improvements	33,025,686			33,025,686
Machinery and Equipment	<u>4,026,432</u>	<u>738,386</u>	<u>-</u>	<u>4,764,818</u>
Total Capital Assets Being Depreciated	<u>39,458,407</u>	<u>738,386</u>	<u>-</u>	<u>40,196,793</u>
Less Accumulated Depreciation for:				
Land Improvements	(2,115,075)	(24,043)		(2,139,118)
Buildings and Building Improvements	(22,232,326)	(574,168)		(22,806,494)
Machinery and Equipment	<u>(2,349,054)</u>	<u>(483,547)</u>	<u>-</u>	<u>(2,832,601)</u>
Total Accumulated Depreciation	<u>(26,696,455)</u>	<u>(1,081,758)</u>	<u>-</u>	<u>(27,778,213)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,761,952</u>	<u>(343,372)</u>	<u>-</u>	<u>12,418,580</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,974,252</u>	<u>\$ 2,061,120</u>	<u>\$ -</u>	<u>\$ 15,035,372</u>
	Balance, <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2013</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Building and Building Improvements	\$ 302,029			\$ 302,029
Machinery and Equipment	<u>592,604</u>	<u>-</u>	<u>-</u>	<u>592,604</u>
Total Capital Assets Being Depreciated	<u>894,633</u>	<u>-</u>	<u>-</u>	<u>894,633</u>
Less Accumulated Depreciation for:				
Building and Building Improvements	(33,224)	\$ (6,041)	-	(39,265)
Machinery and Equipment	<u>(433,593)</u>	<u>(24,723)</u>	<u>-</u>	<u>(458,316)</u>
Total Accumulated Depreciation	<u>(466,817)</u>	<u>(30,764)</u>	<u>-</u>	<u>(497,581)</u>
Total Capital Assets, Being Depreciated, Net	<u>427,816</u>	<u>(30,764)</u>	<u>-</u>	<u>397,052</u>
Business-Type Activities Capital Assets, Net	<u>\$ 427,816</u>	<u>\$ (30,764)</u>	<u>\$ -</u>	<u>\$ 397,052</u>

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction	
Regular	\$ 53,300
Total Instruction	<u>53,300</u>
Support Services	
General Administration	34,557
School Administration	83,623
Operations and Maintenance of Plant	<u>136,905</u>
Total Support Services	<u>255,085</u>
Unallocated	<u>773,373</u>
Total Support Services	<u>1,028,458</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,081,758</u>

Business-Type Activities:

Food Service Fund	\$ 30,764
Total Depreciation Expense-Business-Type Activities	<u>\$ 30,764</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Food Service Fund	General Fund	\$ 886,933
Payroll Agency Fund	General Fund	1,035,919
Unemployment Insurance Trust Fund	Payroll Agency Fund	<u>56,813</u>
		<u>\$ 1,979,665</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Total</u>
<u>Transfer Out:</u>		
Food Service Fund	\$ 1,200,000	\$ 1,200,000
Total Transfers Out	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

F. Leases

Operating Leases

The District leases three (3) properties/facilities under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2013 were \$1,003,429. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2014	\$ 347,144
2015	<u>213,121</u>
Total	<u>\$ 560,265</u>

Additionally, pursuant to N.J.S.A. 18A:20-4.2(h), the School District entered into two (2) sale and lease-back contracts on certain instructional materials (i.e., textbooks). One contract was entered into during the fiscal year ended June 30, 2007, totaling \$1,998,120, and was for a term of five years at interest rates of 7.03% and 4.47%. The second contract was entered into during the fiscal year ended June 30, 2009, totaling \$950,000, and was for a term of five years at an interest rate of 3.66%.

Rental payments under operating leases for the fiscal year ended June 30, 2013 were \$695,539.

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases

The District is leasing copiers totaling \$35,254 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ 35,254
Less: Accumulated Depreciation	<u>(21,153)</u>
	\$ <u>14,101</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2014	\$ 8,362
2015	8,362
2016	<u>2,870</u>
Total minimum lease payments	19,594
Less: amount representing interest	<u>(1,477)</u>
Present value of minimum lease payments	<u>\$ 18,117</u>

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements

The District has entered into a five (5) year lease purchase agreement for the funding of certain capital projects to be undertaken by the District.

The maturity schedule of the remaining lease payments for principal and interest is as follows:

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Lease-Purchase</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 745,000	\$ 47,740	\$ 792,740
2015	900,000	77,500	977,500
2016	1,100,000	63,550	1,163,550
2017	1,400,000	46,500	1,446,500
2018	<u>1,600,000</u>	<u>24,800</u>	<u>1,624,800</u>
	<u>\$ 5,745,000</u>	<u>\$ 260,090</u>	<u>\$ 6,005,090</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2013 are comprised of the following issues:

\$2,494,000, 2000 Bonds, due in annual installments of \$209,000 to \$210,000 through August 1, 2015, interest at 5.40%	<u>\$629,000</u>
---	------------------

LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 210,000	\$ 28,296	\$ 238,296
2015	210,000	16,956	226,956
2016	<u>209,000</u>	<u>5,643</u>	<u>214,643</u>
	<u>\$ 629,000</u>	<u>\$ 50,895</u>	<u>\$ 679,895</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 304,964,374
Less: Net Debt (Including Unfunded Authorizations)	<u>(6,374,000)</u>
Remaining Borrowing Power	<u>\$ 298,590,374</u>

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance,</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2013</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 839,000		\$ 210,000	\$ 629,000	\$ 210,000
Obligations Under Lease Purchase		\$ 5,745,000		5,745,000	\$ 745,000
Capital Lease Payable	25,047		6,930	18,117	7,397
Compensated Absences	4,291,809	1,014,706	338,006	4,968,509	975,000
Deferred Pension Obligations	<u>187,880</u>	<u>-</u>	<u>9,746</u>	<u>178,134</u>	<u>10,900</u>
Governmental activity					
Long-term liabilities	<u>\$ 5,343,736</u>	<u>\$ 6,759,706</u>	<u>\$ 564,682</u>	<u>\$ 11,538,760</u>	<u>\$ 1,948,297</u>

For the governmental activities, the liabilities for compensated absences and deferred pension obligations are generally liquidated by the general fund.

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the School Alliance Insurance Fund (SAIF). The Fund is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

SAIF provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Fiscal Year Ended</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 310,263	\$ 44,636	\$ 278,865	\$ 34,723
2012	447,010	48,648	617,675	(41,335)
2011	537,580	85,478	599,291	80,648

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2013, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2013, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation (Continued)

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2013, 2012 and 2011 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2013	\$ 596,356	\$ 2,096,738	NONE
2012	557,032	1,053,395	NONE
2011	561,503	111,288	NONE

The State contributed \$2,096,738 and \$1,053,395 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$111,288 for the NCGI premium only. During 2009/2010 school year, the Board contributed only 50% of its normal and accrued liability components of the PERS obligation and deferred the remaining 50%. The deferred amount is being paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District is permitted to payoff the deferred PERS pension obligation at any time. A long-term liability of the deferred pension obligation for PERS has been recorded in the governmental activities in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,115,181 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$2,370,882, \$2,117,601 and \$2,090,145, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**LAKWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 70,630,210		\$ 70,630,210	\$ 70,630,210	
Tuition				93,062	\$ 93,062
Investment Income				26,862	26,862
Unrestricted Miscellaneous Revenues	248,000	-	248,000	197,576	(50,424)
Total Local Sources	70,878,210	-	70,878,210	70,947,710	69,500
Federal Sources:					
Medicaid Reimbursement	447,334		447,334	422,204	(25,130)
Education Jobs Fund	-	\$ 8,940	8,940	8,940	-
Total Federal Sources	447,334	8,940	456,274	431,144	(25,130)
State Sources					
Categorical Special Education Aid	2,904,408		2,904,408	2,904,408	
Equalization Aid	14,972,074		14,972,074	14,972,074	
Categorical Security Aid	2,136,065		2,136,065	2,136,065	
Categorical Transportation Aid	3,865,747		3,865,747	3,865,747	
Extraordinary Aid	3,025,000		3,025,000	2,972,875	(52,125)
Other State Aids:					
Non Public Transportation Aid	270,050	62,425	332,475	332,475	
On Behalf TPAF Pension Contribution (Non Budgeted)				1,991,935	1,991,935
On Behalf TPAF Non-Contributory Life Insurance Contribution (Non Budgeted)				104,803	104,803
On Behalf TPAF Post Retirement Medical Contribution (Non Budgeted)				2,370,882	2,370,882
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	2,115,181	2,115,181
Total State Sources	27,173,344	62,425	27,235,769	33,766,445	6,530,676
Total Revenues	98,498,888	71,365	98,570,253	105,145,299	6,575,046
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	850,000	(163,727)	686,273	686,273	
Grades 1-5	6,970,151	181,956	7,152,107	7,152,107	
Grades 6-8	3,518,000	(317,211)	3,200,789	3,200,789	
Grades 9-12	4,540,700	(274,157)	4,266,543	4,266,543	
Regular Programs - Home Instruction					
Salaries of Teachers	250,000	(48,848)	201,152	201,152	
Purchased Professional/Educational Services	155,000	(4,264)	150,736	150,735	1
Regular Programs - Undistributed Instruction					
Other Salaries	317,000	(22,915)	294,085	287,175	6,910
Purchased Professional/Educational Services	120,000	(59,229)	60,771	60,771	
Purchased Technical Services	20,000	(20,000)			
Other Purchased Services	250,000	(44,251)	205,749	205,749	
General Supplies	455,500	(27,841)	427,659	427,547	112
Textbooks	245,400	19,162	264,562	264,562	
Other Objects	33,250	(17,748)	15,502	15,502	-
Total Regular Programs	17,725,001	(799,073)	16,925,928	16,918,905	7,023

(Continued)

**LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Favorable (Unfavorable)
CURRENT					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 645,545	\$ (79,714)	\$ 565,831	\$ 565,831	
Other Salaries for Instruction	230,085	(3,911)	226,174	226,174	
Purchased Professional/Educational Services	1,000	(1,000)			
General Supplies	8,500	(99)	8,401	8,401	-
Total Learning and/or Language Disabilities	<u>885,130</u>	<u>(84,724)</u>	<u>800,406</u>	<u>800,406</u>	<u>-</u>
Behavioral Disabilities					
Salaries of Teachers	300,431	(248,050)	52,381	52,381	
Other Salaries for Instruction	47,020	10,245	57,265	57,265	
General Supplies	2,000	921	2,921	2,921	-
Total Behavioral Disabilities	<u>349,451</u>	<u>(236,884)</u>	<u>112,567</u>	<u>112,567</u>	<u>-</u>
Multiple Disabilities					
Salaries of Teachers	566,705	176,298	743,003	743,003	
Other Salaries for Instruction	100,701	48,676	149,377	149,377	
Purchased Professional/Educational Services	500	(500)			
General Supplies	11,000	(1,635)	9,365	9,365	-
Total Multiple Disabilities	<u>678,906</u>	<u>222,839</u>	<u>901,745</u>	<u>901,745</u>	<u>-</u>
Resource Room/Resource Center					
Salaries of Teachers	2,791,265	(27,377)	2,763,888	2,763,888	
Other Salaries for Instruction	146,407	(60,417)	85,990	85,990	
General Supplies	14,250	(673)	13,577	13,577	
Textbooks	2,000	(2,000)	-	-	-
Total Resource Room	<u>2,953,922</u>	<u>(90,467)</u>	<u>2,863,455</u>	<u>2,863,455</u>	<u>-</u>
Autism					
Salaries of Teachers	161,000	12,074	173,074	173,074	
Other Salaries for Instruction	45,000	(13,593)	31,407	31,407	
Purchased Professional/Educational Services	1,000	(1,000)			
General Supplies	6,000		6,000	6,000	
Other Objects	1,200	(1,200)	-	-	-
Total Autism	<u>214,200</u>	<u>(3,719)</u>	<u>210,481</u>	<u>210,481</u>	<u>-</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	500,000	213,754	713,754	713,754	
Other Salaries for Instruction	604,000	(79,719)	524,281	524,281	
Purchased Professional/Educational Services	2,000	(2,000)			
General Supplies	8,500	(4,892)	3,608	3,608	-
Total Preschool Disabilities - Part-Time	<u>1,114,500</u>	<u>127,143</u>	<u>1,241,643</u>	<u>1,241,643</u>	<u>-</u>
Total Special Education	<u>6,196,109</u>	<u>(65,812)</u>	<u>6,130,297</u>	<u>6,130,297</u>	<u>-</u>

(Continued)

**LAKWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Favorable (Unfavorable)
CURRENT					
Basic Skills/Remedial - Instruction					
Salaries of Teachers	\$ 1,000,000	\$ 263,702	\$ 1,263,702	\$ 1,311,807	\$ (48,105)
Other Salaries for Instruction	64,000	(64,000)	-	-	-
Total Basic Skills/Remedial	1,064,000	199,702	1,263,702	1,311,807	(48,105)
Bilingual Education - Instruction					
Salaries of Teachers	2,200,000	219,949	2,419,949	2,419,949	
Other Salaries for Instruction	125,000	130,976	255,976	255,976	
General Supplies	7,000	10,490	17,490	17,490	
Textbooks	1,000	(1,000)	-	-	-
Total Bilingual Education	2,333,000	360,415	2,693,415	2,693,415	-
School Sponsored Co-Curricular Activities					
Salaries	100,000	31,856	131,856	131,856	
Purchased Services	15,000	(11,465)	3,535	3,535	
Supplies and Materials	29,500	(12,897)	16,603	16,603	-
Total School Sponsored Co-Curricular Activities	144,500	7,494	151,994	151,994	-
School Sponsored Athletics - Instruction					
Salaries	500,000	78,894	578,894	578,894	
Purchased Services	110,000	(39,285)	70,715	70,715	
Supplies and Materials	80,000	(4,641)	75,359	75,359	
Other Objects	47,000	(23,077)	23,923	23,923	-
Total School Sponsored Athletics - Instruction	737,000	11,891	748,891	748,891	-
Total - Instruction	28,199,610	(285,383)	27,914,227	27,955,309	(41,082)
Undistributed Expenditures					
Instruction					
Tuition LEA's within State - Regular	21,000	80,380	101,380	101,380	
Tuition LEA's within State - Special	208,000	91,809	299,809	299,809	
Tuition to County Vocational School District-Reg.	7,500	500	8,000	8,000	
Tuition to County Vocational School District-Spec.	250,000	(203,220)	46,780	46,780	
Tuition to CSSD and Regional Day Schools	175,000	409,842	584,842	584,842	
Tuition to Private Schools - Disabled w/i State	13,891,909	3,025,478	16,917,387	17,520,936	(603,549)
Tuition to Private Schools - Disabled and Other LEAs- Special Outside State	400,000	(239,294)	160,706	160,706	
Tuition - State Facilities	92,118		92,118	92,118	
Tuition - Other	928,295	(928,295)	-	-	-
Total Undistributed Expenditures - Instruction	15,973,822	2,237,200	18,211,022	18,814,571	(603,549)
Attendance and Social Work Services					
Salaries	67,600	3,286	70,886	70,886	
Other Purchased Services	100	(100)	-	-	-
Total Attendance and Social Work Services	67,700	3,186	70,886	70,886	-

(Continued)

**LAKWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 381,728	\$ (40,269)	\$ 341,459	\$ 341,459	
Purchased Professional and Technical Services	20,000	15,466	35,466	35,466	
Supplies and Materials	13,750	(427)	13,323	13,323	-
Total Health Services	415,478	(25,230)	390,248	390,248	-
Speech, OT, PT and Related Services					
Salaries	1,128,000	559,063	1,687,063	1,687,063	
Purchased Professional/Educational Services	2,070,000	(245,939)	1,824,061	1,824,061	
Supplies and Materials	45,000	815	45,815	45,815	-
Total Speech, OT, PT and Related Services	3,243,000	313,939	3,556,939	3,556,939	-
Other Support Services - Students - Extra.Serv.					
Salaries	780,440	219,862	1,000,302	1,000,302	
Purchased Professional/Educational Services	607,000	199,156	806,156	806,156	-
Total Other Support Services - Students - Extra Services	1,387,440	419,018	1,806,458	1,806,458	-
Guidance					
Salaries of Other Professional Staff	604,072	(83,306)	520,766	520,766	
Salaries of Secretarial and Clerical Assistants	118,669	(389)	118,280	118,280	
Other Salaries	5,000	(5,000)			
Purchased Professional/Educational Services	10,000	(9,090)	910	910	
Other Purchased Prof. and Technical Services	10,000	(6,257)	3,743	3,743	
Supplies and Materials	3,500	5,124	8,624	8,624	
Other Objects	2,000	1,276	3,276	3,276	-
Total Guidance	753,241	(97,642)	655,599	655,599	-
Child Study Teams					
Salaries of Other Professional Staff	2,010,000	186,411	2,196,411	2,196,411	
Salaries of Secretarial and Clerical Assistants	263,000	35,370	298,370	298,370	
Other Salaries	400,000	(90,911)	309,089	309,089	
Purchased Professional/Educational Services	45,000	20,629	65,629	65,629	
Other Purchased Prof. and Technical Services	165,000	(40,269)	124,731	124,731	
Residential Costs	4,000	1,060	5,060	5,060	
Supplies and Materials	35,000	(129)	34,871	34,871	
Other Objects	14,000	(284)	13,716	13,716	-
Total Child Study Teams	2,936,000	111,877	3,047,877	3,047,877	-
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	257,500	(76,285)	181,215	169,637	\$ 11,578
Salaries of Other Professional Staff	5,200	(5,132)	68	68	
Salaries of Secretarial and Clerical Assistants	121,863	(61,641)	60,222	60,222	
Purchased Professional Educational Services	15,000	(14,100)	900	900	
Other Purchased Services	3,000	(3,000)			
Supplies and Materials	2,000	(1,411)	589	589	
Other Objects	20,000	(1,600)	18,400	18,400	-
Total Improvement of Instruction Services	424,563	(163,169)	261,394	249,816	11,578

(Continued)

**LAKWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 415,400	\$ (35,366)	\$ 380,034	\$ 380,034	
Purchased Professional/Technical Services	2,500	(2,500)			
Supplies and Materials	89,200	(30,030)	59,170	59,170	-
Total Educational Media Services/School Library	507,100	(67,896)	439,204	439,204	-
Instructional Staff Training Services					
Salaries of Other Professional Staff	2,600	(2,325)	275	275	
Purchased Professional Educational Services	5,500	(4,199)	1,301	1,301	
Other Purchased Services	1,500	393	1,893	1,893	
Supplies and Materials	2,000	(1,846)	154	154	-
Total Instructional Staff Training Services	11,600	(7,977)	3,623	3,623	-
Support Services General Administration					
Salaries	620,000	(99,317)	520,683	520,683	
Legal Services	300,000	665,915	965,915	742,758	\$ 223,157
Audit Fees	104,000	(29,000)	75,000	75,000	
Other Purchased Professional Services		5,400	5,400	5,400	
Communications/Telephone	343,000	(113,779)	229,221	229,221	
BOE Other Purchased Services	30,000	(13,010)	16,990	10,000	6,990
Other Purchased Services	125,000	(81,359)	43,641	43,641	
General Supplies	7,500	23,971	31,471	31,471	
BOE In-House Training/Meeting Supplies	6,000	2,675	8,675	8,675	
Judgements Against the School District	50,000	132,651	182,651	182,651	
Miscellaneous Expenditures	25,000	(9,531)	15,469	15,469	
BOE Membership Dues and Fees	20,000	-	20,000	20,000	-
Total Support Services General Administration	1,630,500	484,616	2,115,116	1,884,969	230,147
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,969,295	(106,368)	1,862,927	1,862,927	
Salaries of Secretarial and Clerical Assistants	648,500	(2,869)	645,631	645,631	
Other Purchased Services	21,750	(9,994)	11,756	11,756	
Supplies and Materials	66,500	15,743	82,243	81,224	1,019
Other Objects	4,000	(3,738)	262	262	-
Total Support Services School Administration	2,710,045	(107,226)	2,602,819	2,601,800	1,019
Central Services					
Salaries	480,150	94,698	574,848	574,848	
Purchased Technical Services	60,000	12,405	72,405	72,405	
Misc. Purchased Services	85,000	56,203	141,203	141,203	
Supplies and Materials	26,000	1,734	27,734	27,734	
Interest on Lease Purchase Agreements	51,800	(1)	51,799	51,799	
Miscellaneous Expenditures	5,500	(36)	5,464	5,464	-
Total Central Services	708,450	165,003	873,453	873,453	-
Admin. Info. Tech.					
Salaries	265,000	(2,257)	262,743	262,743	
Purchased Professional Services	150,000	1,676	151,676	151,676	
Other Purchased Services	60,000	3,046	63,046	63,046	
Supplies and Materials	14,000	(345)	13,655	13,655	-
Total Admin. Info. Tech.	489,000	2,120	491,120	491,120	-

(Continued)

**LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	\$ 1,293,000	\$ (77,426)	\$ 1,215,574	\$ 1,209,628	\$ 5,946
General Supplies	120,000	107,825	227,825	227,825	
Other Objects	3,200	(1,379)	1,821	1,821	-
	<u>1,416,200</u>	<u>29,020</u>	<u>1,445,220</u>	<u>1,439,274</u>	<u>5,946</u>
Custodial Services					
Salaries	190,000	13,912	203,912	203,912	
Purchased Professional and Technical Services	45,000	328	45,328	45,328	
Cleaning, Repair and Maintenance Services	1,400,000	22,877	1,422,877	1,422,877	
Rental of Land and Bldg. Oth. Than Lease Purchase	675,100	(27,487)	647,613	647,613	
Other Purchased Property Services	346,000	(98,488)	247,512	247,512	
Insurance	340,000	176,706	516,706	516,706	
Miscellaneous Purchased Services	300,000	(291,144)	8,856		8,856
General Supplies	8,000	7,686	15,686	11,550	4,136
Energy (Heat and Electricity)	1,149,000	(360,913)	788,087	788,087	
Energy (Natural Gas)	301,000	11,854	312,854	312,854	
Energy (Oil)	34,000	(245)	33,755	33,755	-
	<u>4,788,100</u>	<u>(544,914)</u>	<u>4,243,186</u>	<u>4,230,194</u>	<u>12,992</u>
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	400,000	(26,899)	373,101	373,101	-
	<u>400,000</u>	<u>(26,899)</u>	<u>373,101</u>	<u>373,101</u>	<u>-</u>
Security					
Salaries		306,727	306,727	306,727	
Cleaning, Repair and Maintenance Services	300,000	(300,000)			
General Supplies	-	268,873	268,873	56,169	212,704
	<u>300,000</u>	<u>275,600</u>	<u>575,600</u>	<u>362,896</u>	<u>212,704</u>
Student Transportation Services					
Sal. Pupil Trans (Between Home and School) - Reg.	171,700	82,747	254,447	254,447	
Management Fee - ESC & CTSA Transp. Prog.	36,000	(36,000)			
Other Purchased Professional and Technical Services	130,000	1,706	131,706	131,706	
Contracted Services (Between Home and School) - Vendors	14,900,000	1,794,820	16,694,820	17,106,490	(411,670)
Contracted Services (Other Than Between Home and School) - Vendors	390,000	9,573	399,573	399,573	
Contracted Services (Between Home and School) - Joint Agreements	10,000	(1,430)	8,570	8,570	
Contracted Services (Special Education Students)- Vendors	3,325,000	(2,546,813)	778,187	778,187	
Contracted Services (Special Education Students)- ESCs and CTSAs	400,000	181,215	581,215	581,215	
Contracted Services (Aid in Lieu Payments - Nonpublic Schools	250,000	77,042	327,042	327,042	-
	<u>19,612,700</u>	<u>(437,140)</u>	<u>19,175,560</u>	<u>19,587,230</u>	<u>(411,670)</u>

(Continued)

**LAKWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Allocated Benefits					
Regular Programs - Instruction - Employee Benefits					
Health Benefits	\$ 3,550,000	-	\$ 3,550,000	\$ 3,550,000	-
Total Regular Programs - Instruction - Employee Benefits	3,550,000	-	3,550,000	3,550,000	-
Special Programs - Instruction - Employee Benefits					
Health Benefits	2,035,000	-	2,035,000	2,035,000	-
Total Special Programs - Instruction - Employee Benefits	2,035,000	-	2,035,000	2,035,000	-
Other Instructional Programs - Instruction - Employee Benefits					
Health Benefits	110,500	-	110,500	110,500	-
Total Other Instructional Programs - Instruction - Employee Benefits	110,500	-	110,500	110,500	-
Attendance and Social Work Services - Employee Benefits					
Health Benefits	21,700	-	21,700	21,700	-
Total Attendance and Social Work Services - Employee Benefits	21,700	-	21,700	21,700	-
Health Services - Employee Benefits					
Health Services - Employee Benefits	110,000	-	110,000	110,000	-
Total Health Services - Employee Benefits	110,000	-	110,000	110,000	-
Other Support Services - Guidance - Employee Benefits					
Other Support Services - Guidance - Employee Benefits	110,000	-	110,000	110,000	-
Total Other Support Services - Guidance - Employee Benefits	110,000	-	110,000	110,000	-
Other Support Services - Child Study Teams - Employee Benefits					
Other Support Services - Child Study Teams - Employee Benefits	325,000	-	325,000	325,000	-
Total Other Support Services - Child Study Teams - Employee Benefits	325,000	-	325,000	325,000	-
Improvement of Instruction Services - Employee Benefits					
Improvement of Instruction Services - Employee Benefits	110,000	-	110,000	110,000	-
Total Improvement of Instruction Services - Employee Benefits	110,000	-	110,000	110,000	-
Educational Media Services - School Library - Employee Benefits					
Educational Media Services - School Library - Employee Benefits	110,000	-	110,000	110,000	-
Total Educational Media Services - School Library - Employee Benefits	110,000	-	110,000	110,000	-
Student Transportation Services - Employee Benefits					
Student Transportation Services - Employee Benefits	110,000	-	110,000	110,000	-
Total Student Transportation Services - Employee Benefits	110,000	-	110,000	110,000	-
Total Allocated Benefits	6,592,200	-	6,592,200	6,592,200	-

**LAKWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Group Insurance	\$ 25,000	\$ (24,622)	\$ 378	\$ 378	
Social Security Contributions	725,000	68,802	793,802	793,802	
Other Retirement Contribution-Regular	649,139	(52,783)	596,356	596,356	
Other Retirement Contribution-Deferred PERS Payment	30,000	(30,000)	-	-	
Unemployment Compensation	560,000	(227,323)	332,677	310,115	\$ 22,562
Workmen's Compensation	600,000	261,951	861,951	861,951	
Health Benefits	5,175,000	666,858	5,841,858	5,841,858	
Tuition Reimbursement	35,000	14,879	49,879	49,879	
Other Employee Benefits	975,000	(536,994)	438,006	338,006	100,000
Total Unallocated Benefits	<u>8,774,139</u>	<u>140,768</u>	<u>8,914,907</u>	<u>8,792,345</u>	<u>122,562</u>
On Behalf Payments (Non-Budgeted)					
TPAF Pension Contribution				1,991,935	(1,991,935)
TPAF Non Contributory Insurance				104,803	(104,803)
TPAF Post Retirement Medical Contribution				2,370,882	(2,370,882)
Reimbursed TPAF Social Security Contribution	-	-	-	2,115,181	(2,115,181)
Total On-Behalf Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,582,801</u>	<u>(6,582,801)</u>
Total Undistributed Expenditures	<u>73,141,278</u>	<u>2,704,254</u>	<u>75,845,532</u>	<u>82,846,604</u>	<u>(7,001,072)</u>
Total - Current Expenditures	<u>101,340,888</u>	<u>2,418,871</u>	<u>103,759,759</u>	<u>110,801,913</u>	<u>(7,042,154)</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Required Maintenance for School Facilities	30,000	(26,069)	3,931	3,931	
School Buses - Regular		81,031	81,031	81,031	
Non-Instructional Services	18,000	(14,431)	3,569	3,569	-
Total Equipment	<u>48,000</u>	<u>40,531</u>	<u>88,531</u>	<u>88,531</u>	<u>-</u>
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Services		40,310	40,310	38,629	1,681
Other Objects	-	414	414	414	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>40,724</u>	<u>40,724</u>	<u>39,043</u>	<u>1,681</u>
Total Capital Outlay	<u>48,000</u>	<u>81,255</u>	<u>129,255</u>	<u>127,574</u>	<u>1,681</u>
Transfer of Funds to Charter Schools	-	15,888	15,888	15,888	-
Total Expenditures - General Fund	<u>101,388,888</u>	<u>2,516,014</u>	<u>103,904,902</u>	<u>110,945,375</u>	<u>(7,040,473)</u>

(Continued)

**LAKWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,890,000)	\$ (2,444,649)	\$ (5,334,649)	\$ (5,800,076)	\$ (465,427)
Other Financing Sources (Uses)					
Operating Transfers In	-	1,200,000	1,200,000	1,200,000	-
Total Other Financing Sources (Uses)	-	1,200,000	1,200,000	1,200,000	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,890,000)	(1,244,649)	(4,134,649)	(4,600,076)	(465,427)
Fund Balances, Beginning of Year	6,767,712	-	6,767,712	6,767,712	-
Fund Balances, End of Year	<u>\$ 3,877,712</u>	<u>\$ (1,244,649)</u>	<u>\$ 2,633,063</u>	<u>\$ 2,167,636</u>	<u>\$ (465,427)</u>

Recapitulation of Fund Balance:

Restricted	
Excess Surplus, Designated for Subsequent Year's Expenditures	\$ 698,252
Assigned	
Year End Encumbrances	326,488
Unassigned	<u>1,142,896</u>
Reconciliation to Governmental Funds Statements (GAAP):	2,167,636
Less: State Aid Not Recognized on GAAP Basis	<u>(5,308,617)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ (3,140,981)</u>

**LAKWOOD BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND - EDUCATION JOBS FUND PROGRAM
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES					
Federal Sources					
Education Jobs Fund	-	\$ 8,940	\$ 8,940	\$ 8,940	-
Total Revenues	-	8,940	8,940	8,940	-
EXPENDITURES					
CURRENT EXPENDITURES					
Undistributed Expenditures					-
Speech, OT, PT and Related Services					
Salaries	-	8,940	8,940	8,940	-
Total Undistributed Expenditures	-	8,940	8,940	8,940	-
Total Expenditures	-	8,940	8,940	8,940	-
Excess of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

LAKEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
State Sources	\$ 15,217,374	\$ 7,349,931	\$ 22,567,305	\$ 20,383,135	\$ (2,184,170)
Federal Sources	13,800,000	15,160,820	28,960,820	22,701,286	(6,259,534)
Total Revenues	<u>29,017,374</u>	<u>22,510,751</u>	<u>51,528,125</u>	<u>43,084,421</u>	<u>(8,443,704)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	11,007,374	(6,051,513)	4,955,861	2,192,542	2,763,319
Other Salaries	400,000	(86,285)	313,715	310,257	3,458
Purchased Professional and Technical Services	200,000	372,458	572,458	389,134	183,324
Other Purchased Services	10,000	452,318	462,318	288,096	174,222
Tuition	3,000,000	(1,816,097)	1,183,903	1,183,903	
General Supplies	1,500,000	1,627,010	3,127,010	2,344,185	782,825
Textbooks	803,000	234,249	1,037,249	1,018,292	18,957
Other Objects	-	7,570	7,570	3,220	4,350
Total Instruction	<u>16,920,374</u>	<u>(5,260,290)</u>	<u>11,660,084</u>	<u>7,729,629</u>	<u>3,930,455</u>
Support Services					
Salaries of Supervisors of Instruction	104,000	1,093,351	1,197,351	92,967	1,104,384
Salaries of Program Directors		97,198	97,198	597,206	(500,008)
Salaries of Other Professional Staff	50,000	160,388	210,388	147,117	63,271
Salaries of Secretarial and Clerical Assistants	20,000	196,237	216,237	184,990	31,247
Other Salaries	100,000	54,217	154,217	113,384	40,833
Personal Services Employee-Benefits	100,000	829,401	929,401	599,796	329,605
Purchased Professional and Technical Services	11,697,000	6,636,807	18,333,807	16,909,531	1,424,276
Purchased Prof./Ed. Serv.		16,114,635	16,114,635	14,605,308	1,509,327
Other Purchased Services	26,000	250,990	276,990	133,605	143,385
Transportation		500,000	500,000	500,000	
Supplies and Materials	-	652,436	652,436	407,444	244,992
Total Support Services	<u>12,097,000</u>	<u>26,585,660</u>	<u>38,682,660</u>	<u>34,291,348</u>	<u>4,391,312</u>
Facilities and Acquisition Construction Svcs.					
Instructional Equipment	-	1,180,110	1,180,110	1,058,251	121,859
Non Instructional Equipment	-	5,271	5,271	5,193	78
Total Facilities and Acquisition Construction Svcs.	<u>-</u>	<u>1,185,381</u>	<u>1,185,381</u>	<u>1,063,444</u>	<u>121,937</u>
Total Expenditures	<u>29,017,374</u>	<u>22,510,751</u>	<u>51,528,125</u>	<u>43,084,421</u>	<u>8,443,704</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LAKWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 105,145,299	\$ 43,084,421
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2013		(1,581,290)
Encumbrances, June 30, 2012		682,182
State Aid recognized for budgetary purposes, not recognized for GAAP statements (2012/13 State Aid)	(5,308,617)	(228,210)
State Aid recognized for GAAP purposes, not recognized for budgetary statements (2011/2012 State Aid)	<u>5,919,816</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 105,756,498</u>	<u>\$ 41,957,103</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 110,945,375	\$ 43,084,421
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes		
Encumbrances, June 30, 2013		(1,581,290)
Encumbrances, June 30, 2012	<u>-</u>	<u>682,182</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 110,945,375</u>	<u>\$ 42,185,313</u>

SCHOOL LEVEL SCHEDULES

EXHIBITS D-1, D-2 AND D-3

NOT APPLICABLE

SPECIAL REVENUE FUND

LAKEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Title I - Part A		Title I - SFA		Title I - SIG		Title II - A		Title III		Sub-Total Carried Forward
	2012-13	2011-12	2012-13	2011-12	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	
REVENUES											
Intergovernmental											
Federal	\$ 13,879,452	\$ 529,830	\$ 60,586	\$ 85,286	\$ 341,875	\$ 622,957	\$ 87,866	\$ 229,543	\$ 6,102	\$ 15,843,497	
Total Revenues	13,879,452	529,830	60,586	85,286	341,875	622,957	87,866	229,543	6,102	15,843,497	
EXPENDITURES											
Instruction											
Salaries of Teachers	651,374	7,881	7,881	85,286	87,185	38,226	59,622	929,574		12,526	
Other Salaries	4,722				7,804		35,942	276,631		7,692	
Purchased Professional and Technical Services	226,113	12,076	12,076	2,500	11,991		76,119	288,096		1,591,066	
Other Purchased Services	288,096				29,114						
General Supplies	1,466,093	19,740	19,740								
Other Objects											
Total Instruction	2,636,398	39,697	39,697	85,286	126,603	38,226	171,683	3,097,893		592,975	
Support Services											
Salaries of Program Directors	541,902	9,787	9,787		21,215		14,161	14,127		12,656	
Salaries of Other Professional Staff					14,127					7,692	
Salaries of Secretarial and Clerical Assistants	12,656				7,692					50,834	
Other Salaries	30,967	7,876	7,876		11,991		41,191	12,410		69,607	
Personal Services Employee-Benefits	9,347,949	529,830			39,100		606,833			389,333	
Purchased Professional Technical Services	63,315				1,066						
Purchased Prof/Ed. Serv.											
Other Purchased Services	328,731	3,226	3,226		6,548		8,449	26,255		192	
Transportation											
Supplies and Materials	10,325,520	20,889	20,889		101,739		49,640	57,860	6,102	11,714,537	
Total Support Services	917,534				113,533					1,031,067	
Facilities and Acquisition Construction Svcs.											
Instructional Equipment											
Non Instructional Equipment	917,534										
Total Facilities and Acquisition Construction Svcs.	917,534										
Total Expenditures	13,879,452	529,830	60,586	85,286	341,875	622,957	87,866	229,543	6,102	15,843,497	
Excess of Revenues Over Expenditures											
Fund Balance, Beginning of Year											
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

LAKEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Sub-Total Brought Forward	IDEA PART B Basic 2012-13	Preschool 2012-13	Carl D. Perkins Vocational and Educational Act 2012-13	2011-12	21st Century Community Learning Centers Program 2012-13	2011-12	Teaching American History	Preschool Education Aid	Sub-Total Carried Forward
REVENUES										
Intergovernmental										
State Sources	\$ 15,843,497	\$ 5,602,960	\$ 62,753	\$ 266,062	\$ 76,176	\$ 535,000	\$ 44,377	\$ 270,461	\$ 2,832,694	\$ 2,832,694
Federal Sources										22,701,286
Total Revenues	15,843,497	5,602,960	62,753	266,062	76,176	535,000	44,377	270,461	2,832,694	25,533,980
EXPENDITURES										
Instruction										
Salaries of Teachers	929,574			92,003		135,061		1,035,424		2,192,062
Other Salaries	12,526			4,757				297,731		310,257
Purchased Professional and Technical Services	276,631									281,388
Other Purchased Services	288,096	1,121,150	62,753							288,096
Tuition										1,183,903
General Supplies	1,591,066			103,065	76,176	2,485		181,314		1,969,292
Other Objects						2,197	1,023			3,220
Total Instruction	3,097,893	1,121,150	62,753	199,825	76,176	139,743	16,209	1,514,469	1,514,469	6,228,218
Support Services										
Salaries of Supervisors of Instruction									92,967	92,967
Salaries of Program Directors	592,975			9,450		30,580	9,104	27,957	4,231	597,206
Salaries of Other Professional Staff	14,127					6,799		22,000	55,899	147,117
Salaries of Secretarial and Clerical Assistants	12,656								65,027	106,482
Other Salaries	7,692								18,179	25,871
Personal Services Employee-Benefits	50,834			15,515		15,784	3,616	417	513,630	599,796
Purchased Professional and Technical Services	10,577,315	4,481,810		2,500		334,491	7,500	184,516	43,700	15,631,830
Purchased Prof./Ed. Serv.										
Other Purchased Services	69,607			6,395		4,080	7,948	32,536	13,039	133,605
Transportation									500,000	500,000
Supplies and Materials	389,333					3,523		3,033	11,553	407,444
Total Support Services	11,714,537	4,481,810		33,860		395,257	28,168	270,461	1,318,225	18,242,318
Facilities and Acquisition Construction Svcs.										
Instructional Equipment	1,031,067			27,184						1,058,251
Non Instructional Equipment				5,193						5,193
Total Facilities and Acquisition Construction Svcs.	1,031,067			32,377						1,063,444
Total Expenditures	15,843,497	5,602,960	62,753	266,062	76,176	535,000	44,377	270,461	2,832,694	25,533,980
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LAKEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	New Jersey Nonpublic Aid		Chapter 192 - Nonpublic Auxiliary Services				Chapter 193 - Nonpublic Handicapped Services		Grand Total	
	Textbooks	Technology	Nursing	Compensatory Education	ESL	Transportation	Home Instruction	Supplemental Instruction		Examination and Classification
REVENUES										
Intergovernmental										
State	\$ 2,832,694	\$ 1,018,292	\$ 1,277,701	\$ 9,045,821	\$ 275,312	\$ 759,628	\$ 108,226	\$ 1,052,976	\$ 1,703,633	\$ 1,933,484
Federal	22,701,286	-	-	-	-	-	-	-	-	-
Total Revenues	25,533,980	1,018,292	1,277,701	9,045,821	275,312	759,628	108,226	1,052,976	1,703,633	1,933,484
EXPENDITURES										
Instruction										
Salaries of Teachers	2,192,662						480			
Other Salaries	310,257									
Purchased Professional and Technical Services	281,388						107,746			
Other Purchased Services	288,096									
Tuition	1,183,903									
General Supplies	1,969,292									
Textbooks		1,018,292								
Other Objects	3,220									
Total Instruction	6,228,218	1,018,292					108,226			
Support Services										
Salaries of Supervisors of Instruction	92,967									
Salaries of Program Directors	597,206									
Salaries of Other Professional Staff	147,117									
Salaries of Secretarial and Clerical Assistants	106,482									
Other Salaries	25,871									
Personal Services-Employee-Benefits	599,796									
Purchased Professional and Technical Services	15,631,830		1,277,701							
Purchased Prof./Ed. Serv.		475		8,879,800	275,312	759,628		1,052,976	1,703,633	1,933,484
Transportation										
Other Purchased Services	133,605									
Transportation	500,000									
Supplies and Materials	407,444									
Total Support Services	18,242,318	475	1,277,701	9,045,821	275,312	759,628		1,052,976	1,703,633	1,933,484
Facilities and Acquisition Construction Svcs.										
Instructional Equipment	1,038,251									
Non-Instructional Equipment	5,193									
Total Facilities and Acquisition Construction Svcs.	1,063,444									
Total Expenditures	25,533,980	1,018,292	1,277,701	9,045,821	275,312	759,628	108,226	1,052,976	1,703,633	1,933,484
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**LAKEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXPENDITURES	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Instruction					
Salaries of Teachers	\$ 1,807,374	\$ (771,950)	\$ 1,035,424	\$ 1,035,424	
Other Salaries for Instruction	400,000	(102,269)	297,731	297,731	
General Supplies	110,000	71,314	181,314	181,314	-
Total Instruction	<u>2,317,374</u>	<u>(802,905)</u>	<u>1,514,469</u>	<u>1,514,469</u>	<u>-</u>
Support Services					
Salaries of Supervisors of Instruction	104,000	(11,033)	92,967	92,967	
Salaries of Program Directors	-	4,231	4,231	4,231	
Salaries of Other Professional Staff	50,000	5,899	55,899	55,899	
Salaries of Secretarial and Clerical Assts.	20,000	45,027	65,027	65,027	
Other Salaries	100,000	(81,821)	18,179	18,179	
Personal Services - Employee Benefits	100,000		513,630	513,630	
Purchased Professional and Technical Services		43,700	43,700	43,700	
Transportation	-		500,000	500,000	
Other Purchased Professional Services	26,000	(12,961)	13,039	13,039	
Supplies and Materials	-	11,553	11,553	11,553	-
Total Support Services	<u>400,000</u>	<u>4,595</u>	<u>1,318,225</u>	<u>1,318,225</u>	<u>-</u>
Total Expenditures	<u>\$ 2,717,374</u>	<u>\$ (798,310)</u>	<u>\$ 2,832,694</u>	<u>\$ 2,832,694</u>	<u>\$ -</u>
Total Revised 2012-13 Preschool Education Aid Allocation					\$ 2,317,374
Actual ECPA/PEA Carryover (June 30, 2012)					<u>518,847</u>
Total Preschool Education Aid Funds Available for 2012-13 Budget					2,836,221
Less: 2012-13 Budgeted Preschool Education Aid (Including Prior Year Carryover)					<u>(2,832,694)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2013					3,527
Add: June 30, 2013 Unexpended Preschool Education Aid					<u>-</u>
2012-13 Carryover - Preschool Education Aid Programs					<u>\$ 3,527</u>
2012-13 Preschool Education Aid Carryover Budgeted in 2013-14 for Preschool Programs					<u>\$ -</u>

CAPITAL PROJECTS FUND

**LAKWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Issue/Project Title</u>	<u>Expenditures to Date</u>			<u>Unexpended Balance, June 30, 2013</u>
	<u>Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	
High School HVAC Replacement	\$ 485,625		\$ 33,174	\$ 452,451
High School Hot Water Heater Replacement	46,677			46,677
Middle School Roof Project	2,282,999		2,265,939	17,060
Board Office Project	1,753,000		66,750	1,686,250
Middle School Window Replacement	564,400			564,400
Middle School Exhaust Replacement	254,116			254,116
Unallocated	358,183	-	-	358,183
	<u>\$ 5,745,000</u>	<u>\$ -</u>	<u>\$ 2,365,863</u>	<u>\$ 3,379,137</u>

Recapitulation of Fund Balance:

Year End Encumbrances	\$ 829,807
Available for Capital Projects	<u>2,549,330</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 3,379,137</u>

**LAKWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

Revenues and Other Financing Sources

Lease Purchase Proceeds	\$ 5,745,000
	<u>5,745,000</u>
Total Revenues and Other Financing Sources	<u>5,745,000</u>

Expenditures and Other Financing Uses

Purchased Professional and Technical Services	168,424
Construction Services	<u>2,197,439</u>
	<u>2,365,863</u>
Total Expenditures and Other Financing Uses	<u>2,365,863</u>

Excess (Deficiency) of Revenues Over/(Under) Expenditures	3,379,137
---	-----------

Fund Balance - Beginning of Year	<u>-</u>
----------------------------------	----------

Fund Balance - End of Year	<u>\$ 3,379,137</u>
----------------------------	---------------------

**LAKWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2013 LEASE PURCHASE - HIGH SCHOOL HVAC REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	-	\$ 485,625	\$ 485,625	\$ 485,625
Total Revenues	-	485,625	485,625	485,625
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		33,174	33,174	40,000
Construction Services	-	-	-	445,625
Total Expenditures	-	33,174	33,174	485,625
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ -	\$ 452,451	\$ 452,451	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Lease Purchase Issue Date	6/28/2013
Lease Purchase Authorized	485,625
Lease Purchase Issued	485,625
Original Authorized Cost	485,625
Adjustment	-
Revised Authorized Cost	485,625
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	7%
Original Target Completion Date	2013/2014
Revised Target Completion Date	2013/2014

**LAKWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2013 LEASE PURCHASE - HIGH SCHOOL HOT WATER HEATER REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	-	\$ 46,677	\$ 46,677	\$ 46,677
Total Revenues	-	46,677	46,677	46,677
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services				5,500
Construction Services	-	-	-	41,177
Total Expenditures	-	-	-	46,677
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ -	\$ 46,677	\$ 46,677	\$ -
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Lease Purchase Issue Date	6/28/2013			
Lease Purchase Authorized	46,677			
Lease Purchase Issued	46,677			
Original Authorized Cost	46,677			
Adjustment	-			
Revised Authorized Cost	46,677			
Percentage Increase Over Original Authorized Cost	-			
Percentage Completion	0%			
Original Target Completion Date	2013/2014			
Revised Target Completion Date	2013/2014			

**LAKWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2013 LEASE PURCHASE - MIDDLE SCHOOL ROOF PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	-	\$ 2,282,999	\$ 2,282,999	\$ 2,282,999
Total Revenues	-	2,282,999	2,282,999	2,282,999
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		68,500	68,500	68,500
Construction Services	-	2,197,439	2,197,439	2,214,499
Total Expenditures	-	2,265,939	2,265,939	2,282,999
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ -	\$ 17,060	\$ 17,060	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Lease Purchase Issue Date	6/28/2013
Lease Purchase Authorized	2,282,999
Lease Purchase Issued	2,282,999
Original Authorized Cost	2,282,999
Adjustment	-
Revised Authorized Cost	2,282,999
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	99%
Original Target Completion Date	2013/2014
Revised Target Completion Date	2013/2014

**LAKWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2013 LEASE PURCHASE - BOARD OFFICE PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	-	\$ 1,753,000	\$ 1,753,000	\$ 1,753,000
Total Revenues	-	1,753,000	1,753,000	1,753,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		66,750	66,750	103,000
Construction Services	-	-	-	1,650,000
Total Expenditures	-	66,750	66,750	1,753,000
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ -	\$ 1,686,250	\$ 1,686,250	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Lease Purchase Issue Date	6/28/2013
Lease Purchase Authorized	1,753,000
Lease Purchase Issued	1,753,000
Original Authorized Cost	1,753,000
Adjustment	-
Revised Authorized Cost	1,753,000
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	4%
Original Target Completion Date	2013/2014
Revised Target Completion Date	2013/2014

**LAKWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2013 LEASE PURCHASE - MIDDLE SCHOOL WINDOW REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	-	\$ 564,400	\$ 564,400	\$ 564,400
Total Revenues	-	564,400	564,400	564,400
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services				20,000
Construction Services	-	-	-	544,400
Total Expenditures	-	-	-	564,400
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ -	\$ 564,400	\$ 564,400	\$ -
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Lease Purchase Issue Date	6/28/2013			
Lease Purchase Authorized	564,400			
Lease Purchase Issued	564,400			
Original Authorized Cost	564,400			
Adjustment	-			
Revised Authorized Cost	564,400			
Percentage Increase Over Original Authorized Cost	-			
Percentage Completion	0%			
Original Target Completion Date	2013/2014			
Revised Target Completion Date	2013/2014			

**LAKWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2013 LEASE PURCHASE - MIDDLE SCHOOL EXHAUST REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	-	\$ 254,116	\$ 254,116	\$ 254,116
Total Revenues	-	254,116	254,116	254,116
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services				12,000
Construction Services	-	-	-	242,116
Total Expenditures	-	-	-	254,116
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ -	\$ 254,116	\$ 254,116	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Lease Purchase Issue Date	6/28/2013
Lease Purchase Authorized	254,116
Lease Purchase Issued	254,116
Original Authorized Cost	254,116
Adjustment	-
Revised Authorized Cost	254,116
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	0%
Original Target Completion Date	2013/2014
Revised Target Completion Date	2013/2014

**LAKWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2013 LEASE PURCHASE - UNALLOCATED
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	-	\$ 358,183	\$ 358,183	\$ 358,183
Total Revenues	-	358,183	358,183	358,183
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services				20,000
Construction Services	-	-	-	338,183
Total Expenditures	-	-	-	358,183
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ -	\$ 358,183	\$ 358,183	\$ -
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Lease Purchase Issue Date	6/28/2013			
Lease Purchase Authorized	358,183			
Lease Purchase Issued	358,183			
Original Authorized Cost	358,183			
Adjustment	-			
Revised Authorized Cost	358,183			
Percentage Increase Over Original Authorized Cost	-			
Percentage Completion	0%			
Original Target Completion Date	2013/2014			
Revised Target Completion Date	2013/2014			

ENTERPRISE FUND

EXHIBIT G-1

**LAKWOOD BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-2

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-3

**COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**LAKWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET POSITION
AS OF JUNE 30, 2013**

	<u>Agency</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS			
Cash and Cash Equivalents	\$ 77,183	\$ 1,187,358	\$ 1,264,541
Due from Other Fund	-	1,035,919	1,035,919
	<u>77,183</u>	<u>2,223,277</u>	<u>2,300,460</u>
Total Assets	<u>\$ 77,183</u>	<u>\$ 2,223,277</u>	<u>\$ 2,300,460</u>
LIABILITIES			
Due to Other Funds		\$ 56,813	\$ 56,813
Summer Payment Plan Deposits		1,279,710	1,279,710
Flexible Spending Plan Deposits		5,598	5,598
Payroll Deductions and Withholdings		880,675	880,675
Accrued Salaries and Wages		481	481
Due to Student Groups	\$ 77,183	-	77,183
	<u>77,183</u>	<u>-</u>	<u>77,183</u>
Total Liabilities	<u>\$ 77,183</u>	<u>\$ 2,223,277</u>	<u>\$ 2,300,460</u>

**LAKWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE.

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8.

**LAKWOOD BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>School</u>	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2013</u>
ELEMENTARY SCHOOLS				
Oak Street School	\$ 482			\$ 482
JUNIOR HIGH SCHOOLS				
Lakewood Middle School	3,506	\$ 8,487	\$ 8,002	3,991
HIGH SCHOOL				
Lakewood High School	<u>67,275</u>	<u>62,402</u>	<u>62,779</u>	<u>66,898</u>
Total All Schools	<u>71,263</u>	<u>70,889</u>	<u>70,781</u>	<u>71,371</u>
ATHLETIC ACCOUNT				
Due to Student Groups	500	83,409	78,097	5,812
Due to Other Funds	<u>33,905</u>	<u>-</u>	<u>33,905</u>	<u>-</u>
Total Athletics	<u>34,405</u>	<u>83,409</u>	<u>112,002</u>	<u>5,812</u>
Total	<u>\$ 105,668</u>	<u>\$ 154,298</u>	<u>\$ 182,783</u>	<u>\$ 77,183</u>

**LAKESWOOD BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance, July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2013</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,663,048	\$ 62,471,814	\$ 62,947,504	\$ 1,187,358
Total Assets	<u>\$ 1,663,048</u>	<u>\$ 62,471,814</u>	<u>\$ 62,947,504</u>	<u>\$ 1,187,358</u>
LIABILITIES				
Due to Other Funds				
Due Unemployment Compensation Trust	\$ 56,813			\$ 56,813
Due (from) to General Fund	58,520	\$ 560,602	\$ 1,655,041	(1,035,919)
Accrued Salaries and Wages	1	19,830,382	19,829,902	481
Summer Payment Plan Deposits	1,177,753	1,271,115	1,169,158	1,279,710
Flexible Spending Account Deposits	7,174	38,326	39,902	5,598
Payroll Deductions and Withholdings	<u>362,787</u>	<u>40,771,389</u>	<u>40,253,501</u>	<u>880,675</u>
	<u>\$ 1,663,048</u>	<u>\$ 62,471,814</u>	<u>\$ 62,947,504</u>	<u>\$ 1,187,358</u>

LONG-TERM DEBT

LAKESIDE BOARD OF EDUCATION
 LONG-TERM DEBT
 STATEMENT OF SERIAL BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2012</u>	<u>Retired</u>	<u>Balance, June 30, 2013</u>
New Roofing and Repairs	5/24/00	\$ 2,494,000	08/01/13	\$ 210,000				
			08/01/14	210,000	5.40%	\$ 839,000	\$ 210,000	\$ 629,000
			08/01/15	209,000				
						\$ 839,000	\$ 210,000	\$ 629,000

LAKEWOOD BOARD OF EDUCATION
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Date of Lease	Term of Lease (in Months)	Amount of Original Principal	Interest	Interest Rate Payable	Amount Outstanding July 1, 2012	Increases		Decreases		Balance, June 30, 2013
Copier Equipment (Savin 9040B) - Transportation	09/01/10	60	\$ 10,516	\$ 3,337	6.318%	\$ 7,039		\$ 2,073	\$ 4,966		\$ 4,966
Copier Equipment (Savin 0-21D) - Ella Clarke	12/01/10	60	5,189	920	6.620%	3,727		1,005	2,722		2,722
Copier Equipment (Savin 9021D) - Early Childhood	12/01/10	60	5,189	979	6.620%	3,967		1,070	2,897		2,897
Copier Equipment (Savin 9021D) - Early Learning Centre	12/01/10	60	5,524	979	6.620%	3,967		1,070	2,897		2,897
Copier Equipment (Savin 9025B) - Community School	12/01/10	60	8,836	1,567	6.620%	6,347	-	1,712	4,635		4,635
						\$ 25,047	\$ -	\$ 6,930	\$ 18,117		\$ 18,117

**LAKESWOOD BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,615,847		\$ 1,615,847	\$ 1,615,847	
State Sources					
Debt Service Aid - Type II	21,665	-	21,665	21,665	-
Total Revenues	<u>1,637,512</u>	<u>-</u>	<u>1,637,512</u>	<u>1,637,512</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Commissioner Approved Lease Purchase Principal	626,577		626,577		\$ 626,577
Commissioner Approved Lease Purchase Interest	117,600		117,600		117,600
Interest on Debt	39,636		39,636	39,636	
Redemption of Principal	853,742		853,742	853,740	2
Total Regular Debt Service	<u>1,637,555</u>	<u>-</u>	<u>1,637,555</u>	<u>893,376</u>	<u>744,179</u>
Total Expenditures	<u>1,637,555</u>	<u>-</u>	<u>1,637,555</u>	<u>893,376</u>	<u>744,179</u>
Excess of Revenues Over Expenditures	(43)	-	(43)	744,136	744,179
Fund Balance, Beginning of Year	<u>43</u>		<u>43</u>	<u>43</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 744,179</u>	<u>\$ 744,179</u>
Recapitulation of Fund Balance:					
Designated for Subsequent Year's Expenditures				\$ -	
Available for Debt Service Expenditures				<u>744,179</u>	
				<u>\$ 744,179</u>	

LAKELWOOD BOARD OF EDUCATION
 LONG-TERM DEBT
 STATEMENT OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2012</u>	<u>Issued</u>	<u>Balance, June 30, 2013</u>
Various Capital Improvements	6/28/2013	\$ 5,745,000	1/15/2014	\$ 745,000				
			1/15/2015	900,000				
			1/15/2016	1,100,000				
			1/15/2017	1,400,000	1.55%			
			1/15/2018	1,600,000			\$ 5,745,000	\$ 5,745,000
							\$ -	\$ -
							<u>\$ 5,745,000</u>	<u>\$ 5,745,000</u>

STATISTICAL SECTION

This part of the Lakewood Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

LAKEWOOD BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment in Capital Assets	\$ 3,721,196	\$ 4,548,790	\$ 5,246,987	\$ 6,481,769	\$ 6,972,812	\$ 8,455,577	\$ 10,326,554	\$ 11,536,711	\$ 12,110,017	\$ 12,022,392
Restricted	256,471				270,000		2	45	43	4,123,316
Unrestricted	(3,385,404)	(3,361,870)	(3,647,746)	(5,113,632)	(11,363,364)	(6,838,288)	(3,632,854)	(89,679)	(3,655,333)	(11,913,721)
Total Governmental Activities Net Position	\$ 592,263	\$ 1,186,920	\$ 1,599,241	\$ 1,368,137	\$ (4,120,552)	\$ 1,617,289	\$ 6,693,702	\$ 11,447,077	\$ 8,454,727	\$ 4,231,987
Business-Type Activities										
Net Investment in Capital Assets	\$ 187,290	\$ 206,586	\$ 257,105	\$ 421,145	\$ 386,822	\$ 386,586	\$ 369,726	\$ 368,458	\$ 427,816	\$ 397,052
Unrestricted	727,148	911,575	426,209	253,147	537,808	537,808	870,243	1,288,067	1,533,546	1,075,278
Total Business-Type Activities Net Position	\$ 914,438	\$ 1,118,161	\$ 683,314	\$ 421,145	\$ 639,969	\$ 924,394	\$ 1,239,969	\$ 1,656,525	\$ 1,961,362	\$ 1,472,330
District-Wide										
Net Investment in Capital Assets	\$ 3,908,486	\$ 4,755,376	\$ 5,504,092	\$ 6,902,914	\$ 7,359,634	\$ 8,842,163	\$ 10,696,280	\$ 11,905,169	\$ 12,537,833	\$ 12,419,444
Restricted	256,471		2	-	270,000	-	2	45	43	4,123,316
Unrestricted	(2,658,256)	(2,450,295)	(3,221,537)	(5,113,632)	(11,110,217)	(6,300,480)	(2,762,611)	1,198,388	(2,121,787)	(10,838,443)
Total District Net Position	\$ 1,506,701	\$ 2,305,081	\$ 2,282,557	\$ 1,789,282	\$ (3,480,583)	\$ 2,541,683	\$ 7,933,671	\$ 13,103,602	\$ 10,416,089	\$ 5,704,317

LAKEWOOD BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 34,006,942	\$ 23,801,336	\$ 25,107,311	\$ 21,773,844	\$ 25,541,840	\$ 25,719,177	\$ 26,958,899	\$ 26,163,927	\$ 31,814,644	\$ 34,508,655
Special Education	7,923,458	6,044,070	6,077,600	8,148,959	8,122,586	6,475,575	5,656,990	6,429,849	25,797,869	30,646,304
Other Special Instruction	737,911	591,003	941,664	1,097,091	1,332,596	2,946,097	2,429,689	3,744,551	4,847,231	6,064,313
School Sponsored Activities/Athletics	844,414	761,960	653,687	768,883	592,827	835,774	843,857	905,868	1,266,845	1,195,455
Community Service Programs/Operations		111,000	180,000	153,520	300,479	218,100	78,174	108,989		
Support Services:										
Tuition	5,871,772	7,806,215	8,995,160	10,853,855	10,663,217	15,271,616	15,497,723	15,798,337	44,988,464	46,725,353
Student & Instruction Related Services	19,277,016	22,917,856	26,868,950	29,281,871	34,554,016	32,638,706	40,175,072	39,011,375	2,144,616	2,169,366
General Administrative Services	3,558,970	2,672,601	2,523,829	3,292,331	2,553,326	2,462,247	2,291,859	1,986,601	4,033,453	3,766,792
School Administrative Services	3,289,911	3,080,393	3,060,163	3,752,711	3,825,951	3,688,697	3,707,747	3,443,956	1,639,754	1,765,810
Central Services	5,497,445	5,649,353	5,932,366	6,009,709	6,193,663	6,993,299	6,994,554	7,307,360	6,231,930	6,786,985
Plant Operations and Maintenance	8,615,512	9,855,586	11,631,701	13,061,860	14,849,926	15,356,692	16,560,794	16,022,884	18,284,409	20,316,662
Pupil Transportation		141,76,907	15,791,999	17,606,895	19,050,792	16,108,033	17,512,777	12,454,456		
Unallocated Benefits	160,287	153,929	124,946	153,918	60,616	126,884	152,783		61,347	54,973
Special Schools	499,375	452,458	404,205	353,613	396,227	316,752	238,609	147,822		
Interest on Long-Term Debt				1,223,384	165,654	253,469	615,066	576,769		
Adjustment to Budgetary Revenues and Expenditures				661,278	733,204	666,788			691,091	773,373
Unallocated Loss on Disposal of Capital Assets										
Unallocated Depreciation and Amortization	720,014	682,078	711,261							
Total Governmental Activities Expenses	91,003,027	98,756,745	109,604,842	118,153,762	128,936,920	130,077,906	139,714,593	134,102,754	141,781,653	154,774,041
Business-Type Activities:										
Food Service	2,240,843	2,224,175	2,542,022	2,363,932	2,548,069	2,633,301	2,750,516	3,029,670	3,362,501	3,250,287
Latchkey Program	134,763	145,622	165,943	171,575	203,774	186,019	158,480	2,087		205
Community School	424,158	433,160	256,480	347,334	377,244	524,533	277,611	209,086	263	
Total Business-Type Activities Expense	2,799,764	2,802,957	2,964,445	2,882,841	3,129,087	3,343,853	3,186,607	3,240,843	3,362,764	3,250,492
Total District Expenses	\$ 93,802,791	\$ 101,559,702	\$ 112,569,287	\$ 121,036,603	\$ 132,066,007	\$ 133,421,759	\$ 142,901,200	\$ 137,343,597	\$ 145,144,417	\$ 158,024,533
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 122,133	\$ 93,126	\$ 142,944	\$ 20,913	\$ 91,790	\$ 74,173	\$ 98,025	\$ 52,832	\$ 125,040	\$ 93,062
Operating Grants and Contributions	2,937,018	29,346,773	32,135,063	32,538,118	39,649,935	32,050,733	42,569,166	41,307,926	53,293,584	61,149,101
Capital Grants and Contributions		2,017	8,516	20,671	7,618	37,118	579,798	180,961		649,855
Total Governmental Activities Program Revenues	3,059,151	29,441,916	32,286,523	32,579,702	39,749,343	32,162,024	43,046,989	41,541,719	53,418,624	61,892,018
Business-Type Activities:										
Charges for Services										
Food Service	664,683	691,306	645,420	613,844	521,454	523,747	488,489	480,231	459,731	426,725
Latchkey Program	140,276	137,323	161,268	170,779	169,745	152,082	111,133	3		
Community School	276,272	236,411	208,895	293,264	328,528	339,879	120,967	81,372	4,574	
Operating Grants and Contributions	1,894,785	1,915,770	1,846,581	1,955,746	2,162,386	2,413,234	2,687,649	2,874,260	3,201,542	3,532,551
Capital Grants and Contributions								17,525		
Total Business-Type Activities Program Revenues	2,976,016	2,980,810	2,862,164	3,031,633	3,182,113	3,428,942	3,408,238	3,453,391	3,665,847	3,959,276
Total District Program Revenues	\$ 6,035,167	\$ 32,422,726	\$ 35,148,687	\$ 35,611,335	\$ 42,931,456	\$ 35,590,966	\$ 46,455,227	\$ 44,995,110	\$ 57,084,471	\$ 65,851,294
Net (Expense)/Revenue	\$ (87,943,876)	\$ (69,314,829)	\$ (77,318,319)	\$ (85,574,060)	\$ (89,187,577)	\$ (97,915,882)	\$ (96,667,604)	\$ (92,561,035)	\$ (88,363,029)	\$ (92,882,023)
Governmental Activities	176,252	177,853	(102,281)	148,792	53,026	85,089	221,631	212,548	303,083	708,784
Business-Type Activities										
Total District-Wide Net Expense	\$ (87,767,624)	\$ (69,136,976)	\$ (77,420,600)	\$ (85,425,268)	\$ (89,134,551)	\$ (97,830,793)	\$ (96,445,973)	\$ (92,348,487)	\$ (88,059,946)	\$ (92,173,239)

**LAKEWOOD BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**
(Unaudited)
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 47,558,094	\$ 51,818,055	\$ 56,551,582	\$ 62,254,745	\$ 64,722,523	\$ 69,597,133	\$ 71,593,625	\$ 71,593,625	\$ 70,238,004	\$ 70,630,210
Taxes Levied for Debt Service	1,353,770	1,337,686	1,303,977	1,277,357	1,258,914	1,250,715	1,242,075	1,952,552	867,074	1,615,847
Federal and State Aid - Unrestricted	39,561,076	16,250,837	18,706,226	18,947,699	17,683,372	27,722,354	28,487,610	25,058,275	14,783,483	14,970,375
Federal and State Aid - Restricted		76,979	76,575	77,779	79,232	82,635	86,065	75,849	74,461	18,225
Unrestricted Interest Earnings	142,843	164,020	226,251	279,383	178,260	104,271	12,805	22,400	5,030	26,862
Miscellaneous Income	483,532	261,908	401,471	389,932	1,378,476	395,258	321,837	332,304	529,517	197,576
Special Items:										
Gain from Sale of Capital Assets			464,560	1,676,620	6,076,001	950,000		(93,158)		1,200,000
Transfers										
Total Governmental Activities	89,099,315	69,909,485	77,730,642	84,903,515	91,376,778	100,102,366	101,744,017	98,941,827	86,497,569	88,659,095
Business-Type Activities:										
Unrestricted Interest Earnings	9,183	16,466	16,166	28,481	25,031	2,329	1,014	1,800	1,754	2,184
Miscellaneous Income		9,404	321,837		142,266	178,496	92,932	101,249		
Contributions			115,828		(1,502)					
Loss on Disposal of Capital Assets										
Transfers			(464,560)					93,158		(1,200,000)
Total Business-Type Activities	9,183	25,870	(10,729)	28,481	165,795	180,825	93,946	196,207	1,754	(1,197,816)
Total District-Wide	\$ 89,108,498	\$ 69,935,355	\$ 77,719,913	\$ 84,931,996	\$ 91,542,573	\$ 100,283,191	\$ 101,837,963	\$ 99,138,034	\$ 86,499,323	\$ 87,461,279
Change in Net Position	\$ 1,155,439	\$ 594,656	\$ 412,323	\$ (670,545)	\$ 2,189,201	\$ 2,186,484	\$ 5,076,413	\$ 6,380,792	\$ (1,865,460)	\$ (4,222,928)
Governmental Activities	185,435	203,723	(113,010)	177,273	218,821	265,914	315,577	408,755	304,837	(489,032)
Business-Type Activities										
Total District	\$ 1,340,874	\$ 798,379	\$ 299,313	\$ (492,272)	\$ 2,408,022	\$ 2,452,398	\$ 5,391,990	\$ 6,789,547	\$ (1,560,623)	\$ (4,711,960)

LAKEWOOD BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Unaudited)
 (modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Restricted					\$ 12,655				\$ 954,752	\$ 698,252
Assigned	575,236	\$ 81,754				\$ 151,227	\$ 2,972,622	\$ 3,108,209	2,982,437	\$ 326,488
Unassigned	663,265	421,485	\$ (351,665)	\$ (1,741,544)			273,342	176,875	(3,089,293)	(4,165,721)
Total General Fund	<u>\$ 1,238,501</u>	<u>\$ 503,239</u>	<u>\$ (351,665)</u>	<u>\$ (1,741,544)</u>	<u>\$ 12,655</u>	<u>\$ 151,227</u>	<u>\$ 3,245,964</u>	<u>\$ 3,285,084</u>	<u>\$ 847,896</u>	<u>\$ (3,140,981)</u>
All Other Governmental Funds										
Nonspendable					\$ 16,253					
Restricted										
Assigned										
Unassigned										
Total All Other Governmental Funds	<u>\$ (318,766)</u>	<u>\$ (318,764)</u>	<u>\$ (308,728)</u>	<u>\$ (318,728)</u>	<u>\$ (433,022)</u>	<u>\$ (247,130)</u>	<u>\$ (268,566)</u>	<u>\$ 1,126,703</u>	<u>\$ 43</u>	<u>\$ 4,123,316</u>
Total All Other Governmental Funds	<u>\$ (318,765)</u>	<u>\$ (318,763)</u>	<u>\$ (308,728)</u>	<u>\$ (318,728)</u>	<u>\$ (433,022)</u>	<u>\$ (247,129)</u>	<u>\$ (268,564)</u>	<u>\$ 1,126,748</u>	<u>\$ 43</u>	<u>\$ 3,895,106</u>

LAKWOOD BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)

(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax Levy	\$ 48,911,864	\$ 53,155,741	\$ 57,855,559	\$ 63,532,102	\$ 65,981,437	\$ 70,847,848	\$ 72,835,700	\$ 73,546,157	\$ 71,105,078	\$ 72,246,057
Tuition Charges	122,133	93,126	142,944	20,913	91,790	74,173	98,025	52,832	125,040	93,062
Textbooks Sales and Rentals				1,676,620					5,030	-
Unrestricted Miscellaneous Revenues	626,375	424,724	662,537	664,292	8,074,737	1,449,529	330,346	352,047	549,109	224,458
Federal Sources	10,016,073	11,242,282	13,247,643	10,873,410	11,561,269	12,158,436	24,085,496	18,695,167	18,891,155	22,151,571
State Sources	32,482,021	34,433,529	37,643,922	40,710,856	45,842,092	47,658,605	46,862,942	47,808,034	49,240,781	54,635,985
Local Sources				16,795	75,800					
Total revenue	92,158,466	99,349,402	109,552,605	117,478,193	131,568,120	132,264,391	144,212,509	140,454,237	139,916,193	149,351,113
Expenditures										
Instruction										
Regular Instruction	25,389,697	24,048,270	25,009,598	21,714,431	25,556,448	25,096,788	26,921,964	27,019,482	31,757,162	34,181,671
Special Education Instruction	5,714,526	6,159,794	6,659,838	8,149,000	8,122,586	6,310,871	5,674,237	6,731,756	25,792,359	30,337,677
Other Special Instruction	511,636	591,003	941,664	1,097,091	1,332,596	2,871,388	2,437,229	3,899,099	4,843,836	5,993,143
Other Instruction	714,337	761,960	653,687	768,883	592,827	819,944	845,877	939,903	1,266,166	1,182,770
Community Services Programs/Operations	120,860	111,000	180,000	153,520	300,479	212,548	78,412	114,053		
Support Services and Undistributed Costs:										
Tuition	5,471,076	7,806,215	8,995,160	10,824,614	10,663,217	15,271,616	15,497,723	15,798,337		
Student & Inst. Related Services	19,231,505	22,917,856	26,868,950	29,281,871	34,554,016	32,415,576	40,196,303	39,368,059	44,961,670	46,597,487
Other Administrative Services	3,124,761	2,397,285	2,676,524	3,238,245	2,550,367	2,181,602	2,267,554	1,989,085	3,730,420	3,876,377
School Administrative Services	2,753,547	3,318,300	3,510,978	3,649,353	3,913,858	3,643,345	3,698,403	3,542,117	3,964,770	3,638,398
Plant Operations and Maintenance	5,453,946	5,803,632	6,081,619	5,962,712	6,147,872	6,691,773	6,914,771	7,202,621	6,123,788	6,640,966
Pupil Transportation	8,615,512	9,855,586	11,631,701	13,061,860	14,849,926	15,350,587	16,561,671	16,035,448	18,284,218	20,312,121
Unallocated Benefits	12,774,510	14,176,907	15,792,000	17,606,895	19,050,792	15,911,604	17,512,777	12,454,456		
Capital Outlay	325,733	277,838	321,998	4,623,616	687,542	1,588,718	956,872	137,188		
Special Schools	160,287	153,929	124,946	153,918	60,616	123,778	153,233		643,081	3,142,878
Debt Service:										
Principal	980,000	980,000	990,000	1,010,000	1,040,000	1,085,000	1,135,000	1,859,513	873,043	226,676
Interest and Other Charges	506,889	470,891	423,371	373,904	323,166	269,009	209,532	179,168	112,871	59,763
Total Expenditures	91,848,822	99,830,466	110,862,034	121,669,913	129,746,308	129,844,147	141,061,538	137,270,285	142,353,384	156,389,927
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	309,644	(481,064)	(1,309,429)	(4,191,720)	1,821,812	2,420,244	3,150,951	3,183,952	(2,437,191)	(7,038,814)
Other Financing sources (uses)										
Capital Leases (Non-Budgeted)								35,589		
Proceeds from Capital Lease Agreement				3,600,000						5,745,000
Cancellation of Accounts Receivable		(256,196)		(29,241)		(552,543)	(81,944)	(67,194)		
Cancellation of Accounts Payable		2,000		5,022		4,296		2,657		
Adjustment to Budgetary Expenditures				(1,223,384)	(143,763)					
Adjustment to Budgetary Revenues				(21,891)						
Long-Term Debt Issued										
Repayment of ERF Liability				464,560				(93,158)		1,200,000
Operating Transfers				2,791,838	(165,654)	(552,543)	(77,648)	(122,106)		6,943,000
Total Other Financing Sources (Uses)	-	(254,196)	464,560	2,791,838	(165,654)	(552,543)	(77,648)	(122,106)	-	6,943,000
Net Change in Fund Balances	\$ 309,644	\$ (735,260)	\$ (844,869)	\$ (1,399,882)	\$ 1,656,158	\$ 1,867,701	\$ 3,073,303	\$ 3,061,846	\$ (2,437,191)	\$ (93,814)
Debt Service as a Percentage of Noncapital Expenditures	1.62%	1.46%	1.28%	1.18%	1.06%	1.06%	0.96%	1.49%	0.70%	0.19%

* Noncapital expenditures are total expenditures less capital outlay.

**LAKEWOOD BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Interest Earned	Tuition	Sale of Assets	Textbook Sales/Rentals	Insurance/ Other Refunds	Facility Rental	E-Rate	Miscellaneous	Total
2004	\$ 142,843				\$ 150,280	\$ 25,150		\$ 398,532	\$ 541,375
2005	164,020					33,438		84,478	423,928
2006	226,251				215,594	34,311	287,655	80,379	627,723
2007	279,383				209,094	36,755	23,801	111,203	664,292
2008	178,260		\$ 6,518,000	\$ 321,250	171,081	2,904	133,464	677,914	8,074,737
2009	104,271			950,000	84,937		185,857	35,416	1,449,529
2010	12,805				27,633	48,672	168,139	64,465	330,346
2011	22,400				69,811	56,292	225,124	28,218	352,047
2012	5,030	\$ 125,040	15,919		18,074	4,711	252,054	135,441	659,587
2013	26,862	\$ 93,062	-				37,640	137,151	317,500

LAKELAND BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2004	\$ 100,482,500	\$ 1,913,506,100	\$ 3,583,200	\$ 299,355,300	\$ 292,303,600	\$ 141,300,200	\$ 2,750,330,900	\$ 10,416,486	\$ 2,760,747,386	\$ 438,083,300	\$ 4,989,292,120	\$ 1.850
2005	142,288,700	1,978,954,000	3,177,700	299,146,300	299,362,700	144,374,200	2,867,283,600	8,833,216	2,876,116,816	453,470,300	6,400,459,609	1.929
2006	484,032,600	5,351,184,600	6,428,400	732,269,400	599,638,000	347,259,300	7,520,812,300	15,570,739	7,536,383,039	1,126,198,400	7,556,744,207	0.806
2007	516,913,990	5,488,354,800	5,711,600	729,287,500	602,049,000	377,306,100	7,719,622,990	15,994,464	7,735,617,454	1,159,337,500	7,951,462,176	0.837
2008	468,468,400	5,633,818,300	4,932,900	762,189,400	602,901,700	374,283,300	7,846,594,000	15,623,200	7,862,217,200	1,201,530,700	8,249,195,078	0.871
2009	443,346,300	5,697,250,600	4,933,100	753,075,100	602,732,400	356,218,000	7,857,555,500	16,378,436	7,873,933,936	1,263,965,900	8,189,413,073	0.925
2010	306,386,400	4,510,548,500	4,069,100	674,025,700	508,339,000	334,258,700	6,337,627,400	17,183,651	6,354,811,051	1,143,907,000	7,982,028,944	1.160
2011	306,386,400	4,510,548,500	4,069,100	674,025,700	508,339,000	334,258,700	6,337,627,400	12,896,952	6,350,524,352	1,138,277,100	7,600,686,664	1.120
2012	279,418,600	4,597,947,200	4,069,200	649,029,000	534,281,600	307,424,400	6,372,170,000	12,896,952	6,385,066,952	1,138,277,100	7,510,502,900	1.114
2013	235,722,600	4,648,485,100	4,128,400	611,549,700	477,750,200	276,114,903	6,253,750,903	11,813,766	6,265,564,669	1,229,126,200	7,482,887,100	1.190

Source: County Abstract of Rates

^a Tax rates are per \$100

LAKWOOD BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

Calendar Year	<u>Overlapping Rates</u>				Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate	Fire District	Municipality	County	
2004	\$ 1.750	\$ 0.096	\$ 0.800	\$ 0.560	\$ 3.206
2005	1.929	0.102	0.828	0.581	3.440
2006	0.806	0.041	0.411	0.252	1.510
2007	0.837	0.048	0.455	0.311	1.651
2008	0.871	0.048	0.504	0.316	1.739
2009	0.925	0.460	0.554	0.319	2.258
2010	1.160	0.057	0.686	0.339	2.242
2011	1.120	0.050	0.686	0.420	2.276
2012	1.114	0.050	0.686	0.349	2.199
2013	1.190	0.044	0.783	0.452	2.469

Source: County Abstract of Ratables

**LAKWOOD BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Harrogate, Inc.	\$ 29,000,000	0.46%		
New Hampshire Avenue Investments LLC	29,000,000	0.46%		
1900 Route 70 Associates LLC	25,000,000	0.40%		
Lakewood Plaza 9 Associated LP	24,385,000	0.39%		Information Not Available
Leisure Park Venture Limited Partnership	23,432,000	0.37%		
Lakewood Co-Generation LP	19,777,500	0.32%		
Woodlake Village LLC	18,800,000	0.30%		
Lighthouse Washington Square LLC	12,300,000	0.20%		
BCR Pinewood Realty LLC	12,125,000	0.19%		
Verizon - NJ	11,813,768	0.19%		
	\$ 98,248,268	1.57%		

Source: Municipal Tax Assessor

**LAKWOOD BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 48,911,864	\$ 48,911,864	100.00%	N/A
2005	53,155,741	53,155,741	100.00%	N/A
2006	57,855,559	57,855,559	100.00%	N/A
2007	63,532,102	63,532,102	100.00%	N/A
2008	65,981,437	65,981,437	100.00%	N/A
2009	70,847,848	70,847,848	100.00%	N/A
2010	72,835,700	72,835,700	100.00%	N/A
2011	73,546,157	73,546,157	100.00%	N/A
2012	71,105,078	71,105,078	100.00%	N/A
2013	72,246,057	72,246,057	100.00%	N/A

**LAKWOOD BOARD OF EDUCATION
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities		Business- Type Activities	Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases / Lease Purchase				
2004	\$ 9,032,000	\$ 388,932		\$ 9,420,932	66,443	\$ 141.79
2005	8,052,000	191,953		8,243,953	68,552	120.26
2006	7,062,000			7,062,000	69,427	101.72
2007	6,052,000	2,886,671		8,938,671	69,876	127.92
2008	5,012,000	2,206,747		7,218,747	70,960	101.73
2009	2,792,000	1,499,721		4,291,721	71,359	60.14
2010	2,792,000	764,513		3,556,513	93,004	38.24
2011	1,697,000			1,697,000	93,283	18.19
2012	839,000	25,047		864,047	92,740	9.32
2013	629,000	5,763,117		6,392,117	92,740 *	68.93

* - Estimated

Source: District records

LAKWOOD BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2004	\$ 9,032,000		\$ 9,032,000	0.33%	\$ 135.94
2005	8,052,000		8,052,000	0.28%	117.46
2006	7,062,000		7,062,000	0.09%	101.72
2007	6,052,000		6,052,000	0.08%	86.61
2008	5,012,000		5,012,000	0.06%	70.63
2009	3,927,000		3,927,000	0.05%	55.03
2010	2,792,000		2,792,000	0.04%	30.02
2011	1,697,000		1,697,000	0.03%	18.19
2012	839,000		839,000	0.01%	9.05
2013	629,000		629,000	0.01%	6.78

Source: District records

**LAKESWOOD BOARD OF EDUCATION
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF DECEMBER 31, 2012
 (Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Lakewood Township Public Schools	\$ 629,000	\$ 629,000	
Township of Lakewood	<u>58,445,946</u>	<u>1,020,000</u>	\$ 57,425,946
	<u>\$ 59,074,946</u>	<u>\$ 1,649,000</u>	<u>57,425,946</u>
Overlapping Debt Apportioned to the Municipality:			
County of Ocean (A)			<u>33,653,508</u>
			<u>33,653,508</u>
Total Direct and Overlapping Debt			<u>\$ 91,079,454</u>

Source:

(1) Township's 2012 Annual Debt Statement

(A) The debt for this entity was apportioned to Lakewood Township Public Schools by dividing the municipality's 2012 equalized value by the total 2012 equalized value for Ocean County. (Information not available).

LAKEWOOD BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$145,352,598	\$170,330,297	\$ 200,683,531	\$ 245,093,673	\$ 28,524,901	\$ 312,207,174	\$ 321,768,990	\$ 323,255,691	\$ 316,342,262	\$ 304,964,374
Total net debt applicable to limit	9,032,000	8,052,000	7,062,000	6,052,000	5,012,000	2,792,000	2,792,000	1,697,000	839,000	629,000
Legal debt margin	\$136,320,598	\$162,278,297	\$ 193,621,531	\$ 239,041,673	\$ 23,512,901	\$ 309,415,174	\$ 318,976,990	\$ 321,558,691	\$ 315,503,262	\$ 304,335,374
Total net debt applicable to the limit as a percentage of debt limit	6.21%	4.73%	3.52%	2.47%	17.57%	0.89%	0.87%	0.52%	0.27%	0.21%

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized valuation basis	2012	2011	2010
Average equalized valuation of taxable property	\$ 7,319,693,042	7,587,789,711	7,964,845,293
Debt limit (4% of average equalization value)	\$22,872,528,046		
Total Net Debt Applicable to Limit	\$ 7,624,109,349	304,964,374	629,000
Legal debt margin			\$ 304,335,374

Source: Annual Debt Statements

**LAKWOOD BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2004	66,443	\$ 33,567	6.2%
2005	68,552	34,497	4.4%
2006	69,427	36,773	4.9%
2007	69,876	39,214	4.6%
2008	70,960	40,975	5.9%
2009	71,359	39,331	8.9%
2010	93,004	40,291	9.1%
2011	93,283	40,724	7.5%
2012	92,740	not available	7.8%
2013	92,740 *	not available	not available

* - Estimate

Source: New Jersey State Department of Education

LAKESWOOD BOARD OF EDUCATION
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Employer	2013		2004	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

LAKWOOD BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction									
Regular	353	335	323	288	262	248	250	257	291
Special education	111	115	119	140	137	136	136	138	154
Other Special Instruction	10	11	17	19	18	18	20	22	40
Other instruction	14	14	12	13	13	12	12	12	12
Community Services Programs/Operations	2	2	3	3	3	3	2	2	2
Support Services:									
Student & instruction related services	215	231	237	248	240	230	214	217	189
Other Administrative Services	33	17	17	17	28	27	27	31	35
School administrative services	45	61	61	61	55	54	54	54	57
Plant operations and maintenance	1	1	1	1	1	1	1	1	3
Pupil Transportation	3	4	4	4	5	5	5	4	5
Special Schools	3	3	2	3	3	3	3	3	-
Total	790	794	796	797	765	737	724	741	788

Source: District Personnel Records

LAKWOOD BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2004	5,300	\$ 81,636,892	\$ 15,403	0.00%	445	18.1:1	11.1:1	13.1:1	5,322	4,991	0.42%	92.64%
2005	5,200	98,101,738	18,866	22.48%	470	18.1:1	11.1:1	13.1:1	4,902	4,532	-7.89%	93.78%
2006	5,203	109,126,664	20,974	11.17%	479	18.1:1	11.1:1	13.1:1	5,206	4,807	6.20%	92.45%
2007	5,231	115,662,392	22,111	5.42%	485	18.1:1	11.1:1	13.1:1	5,313	4,930	2.06%	92.34%
2008	5,541	127,695,601	23,046	4.23%	491	18.1:1	11.1:1	13.1:1	5,249	4,906	-1.20%	92.79%
2009	5,162	126,901,422	24,584	6.67%	517	18.1:1	11.1:1	13.1:1	5,298	4,965	0.93%	93.50%
2010	5,261	138,760,155	26,375	7.29%	456	18.1:1	11.1:1	13.1:1	5,076	4,715	-4.19%	93.71%
2011	5,140	135,094,415	26,283	-0.55%	467	12.4:1	9.7:1	9.8:1	5,025	4,697	-1.00%	93.53%
2012	5,290	140,724,389	26,602	1.21%	493	11.3:1	10.1:1	12.8:1	5,281	4,960	5.10%	93.52%
2013	0	152,960,610	0	0.00%	0	0:00	0:00	0:00	0	0	0.00%	

Sources: District records

Note: a Enrollment based on annual October district count.
 b Operating expenditures equal total expenditures less debt service and capital outlay.
 c Cost per pupil represents operating expenditures divided by enrollment.

LAKELWOOD BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>District Building</u>										
<u>Elementary</u>										
<u>Ella G. Clarke School (1946)</u>										
Square Feet	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	61,370
Capacity (students)	552	432	432	432	432	432	432	432	432	432
Enrollment	927	966	964	939	911	863	863	864	864	-
<u>Clifton Avenue School (1923)</u>										
Square Feet	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	79,039
Capacity (students)	357	782	782	782	782	782	782	782	782	782
Enrollment ^a	771	765	799	749	780	881	881	830	830	-
<u>Oak Street School (1982)</u>										
Square Feet	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	70,659
Capacity (students)	542	799	799	799	799	799	799	799	799	799
Enrollment	967	933	937	1,016	997	886	886	1,049	1,049	-
<u>Spruce Street School (1960)</u>										
Square Feet	54,672	54,672	54,672	54,672	54,672	54,672	54,672	54,672	54,672	49,724
Capacity (students)	260	443	443	443	443	443	443	443	443	443
Enrollment ^a	608	636	629	686	647	762	762	716	716	-
<u>Middle School</u>										
<u>Lakewood Middle School (1957)</u>										
Square Feet	83,272	83,272	83,272	83,272	83,272	91,272	91,272	91,272	91,272	102,080
Capacity (students)	625	528	537	537	537	537	537	537	537	537
Enrollment	775	737	753	762	895	776	776	624	624	-
<u>High School</u>										
<u>Lakewood High School (1971)</u>										
Square Feet	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	276,916
Capacity (students)	1,200	714	714	714	714	714	714	714	714	714
Enrollment	1,387	1,340	1,331	1,300	1,112	1,135	1,135	1,057	1,057	-
<u>Other</u>										
<u>Ella G. Clarke Annex (2001)</u>										
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	6,000
Capacity (students)	200	200	200	200	200	200	200	200	200	200
Enrollment										
<u>Administration Building</u>										
Square Feet										49,483
Capacity (students)										N/A
Enrollment										N/A

Number of Schools at June 30, 2013
Elementary = four
Middle School = one
High School = one

Source: District Records

LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
School Facilities										
Ella G. Clarke School	\$ 120,481	\$ 127,734	\$ 142,094	\$ 70,476	\$ 55,689	\$ 86,413	\$ 124,374	\$ 146,377	\$ 119,607	\$ 134,707
Clifton Avenue School	122,891	130,289	144,935	71,181	71,723	111,293	160,183	179,417	146,605	173,400
Oak Street School	185,542	196,711	218,824	105,714	64,119	99,493	143,199	163,747	133,801	155,048
Spruce Street School	89,156	94,523	105,149	49,333	45,121	70,015	100,772	124,599	101,813	109,103
Middle School	108,795	115,344	128,310	69,979	92,631	143,736	206,878	222,505	181,813	224,038
High School	486,748	516,047	574,058	288,304	251,282	397,488	577,579	549,448	448,964	607,534
Princeton Avenue	75,903	80,473	89,519	42,286	44,903	69,676	12,160	42,835	35,001	13,229
Ella G. Clarke Annex	14,458	15,328	17,051	7,847	5,445	8,448	5,067	36,290	29,653	5,549
White House	361	383	426	440	2,269	3,520				
Total School Facilities	<u>1,204,335</u>	<u>1,276,832</u>	<u>1,420,366</u>	<u>705,560</u>	<u>633,182</u>	<u>990,082</u>	<u>1,330,212</u>	<u>1,465,218</u>	<u>1,197,257</u>	<u>1,422,608</u>
Other Facilities	482	509	569	231	2,269	3,520	5,067	36,290	29,653	16,666
Grand Total	<u>\$ 1,204,817</u>	<u>\$ 1,277,341</u>	<u>\$ 1,420,935</u>	<u>\$ 705,791</u>	<u>\$ 635,451</u>	<u>\$ 993,602</u>	<u>\$ 1,335,279</u>	<u>\$ 1,501,508</u>	<u>\$ 1,226,910</u>	<u>\$ 1,439,274</u>

Source: District Records

LAKWOOD BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2013
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Property and Inland Marine		
Building and Business Personal Property	\$ 152,847,015	\$ 10,000
Blanket Business Income and Extra Expense	5,000,000	
Earthquake	5,000,000	
Electronic Data Processing	2,500,000	
Flood		
Zone C or X	5,000,000	
Zone A, D or V	1,000,000	
Zone B	2,000,000	
Crime		
Computer Fraud	50,000	1,000
Employee Theft including Faithful Performance	500,000	5,000
Forgery/Alteration	50,000	1,000
Theft of Money and Securities	50,000	1,000
General Liability		
Commercial General Liability	1,000,000	
Employee Benefit Liability	1,000,000	
Abusive Act Liability	1,000,000	
Automobile		
Uninsured Motorist	1,000,000	
Umbrella Liability	10,000,000	
Boiler and Machinery	152,847,015	5,000
Public Official Bond		
Thomas A. D'Ambola, Business Administrator/Board Secretary	2,000	
Kenneth Jannarone, School District Treasurer	500,000	

Source: District's records

SINGLE AUDIT SECTION



CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Lakewood Board of Education
Lakewood, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakewood Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Lakewood Board of Education's basic financial statements and have issued our report thereon dated December 5, 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-002, 2013-003 and 2013-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lakewood Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2013-001 through 2013-004.

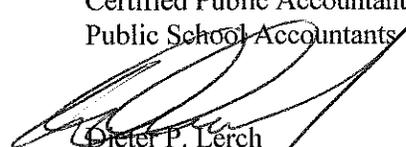
We also noted certain matters that we reported to management of the Lakewood Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 5, 2013.

Lakewood Board of Education's Responses to Findings

The Lakewood Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Lakewood Board of Education's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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


 LERCH, VINCI & HIGGINS, LLP
 Certified Public Accountants
 Public School Accountants

 Dieter P. Lerch
 Public School Accountant
 PSA Number CS00756

Fair Lawn, New Jersey
 December 5, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Trustees
Lakewood Board of Education
Lakewood, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Lakewood Board of Education’s compliance 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 OMB Circular 04-04 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Lakewood Board of Education’s major federal and state programs for the fiscal year ended June 30, 2013. The Lakewood 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.

The Lakewood Board of Education’s financial statements includes expenditures of federal awards under NCLB – Title I and expenditures of state financial assistance under Nonpublic Auxiliary Services (Chapter 192) and Nonpublic Handicapped Services (Chapter 193), as reflected on Exhibits K-3 and K-4. The audits of these programs were limited in scope to those records made available for audit. Certain records, including selected invoices, were removed from the District by Federal and State agencies. As such, these records were not available for audit.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Lakewood Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars 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. An audit includes examining, on a test basis, evidence about the Lakewood 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Lakewood Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Lakewood Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as items 2013-006 through 2013-014. Our opinion on each major federal and state program is not modified with respect to these matters.

The Lakewood Board of Education's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Lakewood Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Lakewood Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Lakewood Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. 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 the Lakewood 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

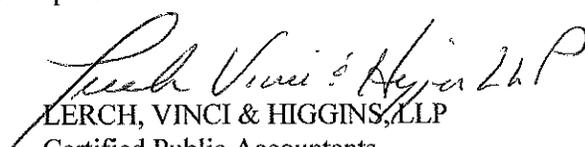
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-006 and 2012-008 through 2013-010 that we consider to be significant deficiencies.

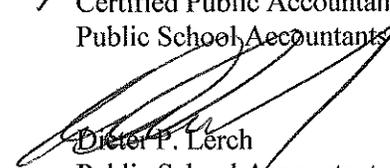
The Lakewood Board of Education's responses to the internal control over compliance findings identified in our audit is/are described in the accompanying schedule of findings and questioned costs. The Lakewood Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakewood Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 5, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


 LERCH, VINCI & HIGGINS, LLP
 Certified Public Accountants
 Public School Accountants


 Dieter P. Lerch
 Public School Accountant
 PSA Number CS00756

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal CFDA Program Title	Federal Grant or State Project Number	Grant Period	Award Amount	Balance JULY 1, 2012	Carryover Amount	Cash Received	Budgetary Expenditures	Accounts Receivable Carryover	Adjustment	Refund of Prior Year Balance	(Accounts Receivable)	Balance, June 30, 2013 Uncleared Revenue	Due to Grantor	GAAP Receivable	MEMO Cumulative Expenditures
U.S. Department of Education Passed-through State Department of Education. (Continued)															
Special Revenue Fund. (Continued)															
Title IV, Part A, Carryover Summer	NCLB252009	9/1/09-8/31/10	\$ 9,606	\$ 5,293						\$ 5,293					
Title IV, Part A, Carryover	NCLB252008	9/1/08-8/31/09	1,850	1,850						1,850					
Title V, Part A, Innovative Programs, Carryover Summer	NCLB252008	9/1/08-8/31/09	3,161	3,161						3,161					
IDEA Part B, Basic	DEA20013	9/1/12-8/31/13	5,917,106			\$ 2,416,290	\$ 5,602,960							\$ 5,602,960	\$ 5,602,960
IDEA Part B, Respite	DEA20012	9/1/12-8/31/12	4,960,908	(2,416,290)										62,753	62,753
IDEA Part B, Preschool	DEA20013	9/1/12-8/31/13	276,479											213,726	213,726
IDEA Part B, Preschool	DEA20013	9/1/11-8/31/12	265,725	(119,388)		119,388								62,753	62,753
Carl D. Perkins Vocational and Technical Education Act of 1998 - Secondary	PERK252012	7/1/12-6/30/13	374,109				266,062							266,062	266,062
Carl D. Perkins Vocational and Technical Education Act of 1998 - Secondary	PERK252011	7/1/11-6/30/12	242,583	(58,763)		57,648	76,176							77,291	76,176
Even Start Family Literacy Program, Summer	08-8825-L01	10/1/08-9/30/10	103,250	4,759						4,759					
Even Start Family Literacy Program, Summer	08-8825-G03	10/1/08-9/30/09	116,228	13,573						13,573					
21st Century Community Learning Centers Program	12-EK15-H05	9/1/12-8/31/13	535,000			238,049	535,000							296,951	535,000
21st Century Community Learning Centers Program	11-EK15-H05	9/1/11-8/31/12	535,000	(171,229)		55,980	44,377							159,626	44,377
21st Century Community Learning Centers Program	10-EK15-H05	9/1/10-8/31/11	535,000	302										15,517	
21st Century Community Learning Centers Program	08-EK15-H05	9/1/08-8/31/10	535,000	646						646					
21st Century Community Learning Centers Program	08-EK15-H05	7/1/11-6/30/13	564,724	(45,226)			270,461							313,687	270,461
Teaching American History	U215X080079	7/1/11-6/30/13	909,996	(19,778)										19,778	
Teaching American History	U215X080079	7/1/08-6/30/11	228,950	1,432						1,432					
Readiness and Emergency Management for Schools (REMS)	Q184E08020	7/1/08-3/1/10													
U.S. Department of Health and Human Services Passed Through State Department of Children and Families Social Services Block Grant	10AECF	7/1/09-6/30/10	200,000	1,371											
Total Special Revenue Fund				(8,817,668)		9,845,435	22,701,286		\$ 714,177	75,243	(25,783,942)	4,746,986	1,371	21,036,238	22,701,286
U.S. Department of Agriculture Passed-through State Department of Education															
School Breakfast Program	N/A	7/1/12-6/30/13	864,062			782,034	864,062							82,028	864,062
School Breakfast Program	N/A	7/1/11-6/30/12	612,569	(33,311)		33,311									
Food Distribution Program (Non-Cash Assistance)	N/A	7/1/12-6/30/13	182,592			184,503	180,696								180,696
Food Distribution Program (Non-Cash Assistance)	N/A	7/1/11-6/30/12	208,737	2,296			2,296								2,296
National School Lunch Program	N/A	7/1/12-6/30/13	2,187,244			1,992,254	2,187,244							194,990	2,187,244
National School Lunch Program	N/A	7/1/11-6/30/12	2,034,042	(104,390)											
National School Lunch Program	N/A	7/1/12-6/30/13	59,101			55,084	59,101							4,017	59,101
After School Snack Program	N/A	7/1/11-6/30/12	42,346	(1,313)											
After School Snack Program	N/A	7/1/12-6/30/13	59,979			173,856	195,887							22,041	195,887
Fresh Fruit and Vegetable Program	N/A	7/1/11-6/30/12	149,219	(2,802)		2,802									
Total Enterprise Fund				(139,820)		3,329,847	3,489,236					3,807		303,076	3,489,236
Total Federal Financial Awards				(9,498,344)		14,145,085	26,621,726		\$ 714,177	75,243	(26,088,215)	4,750,793	1,371	21,341,331	26,621,726

LAKELAND BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Deferred Revenue/ (ASSE Rec)	Due to Grantor	Curryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	(Accounts Receivable)	Balance June 30, 2013 Unencumbered Revenue	Due to Grantor	GAAP Resizable	Cumulative Total Expenditures
State Department of Education General Fund:															
Equalization Aid	495-034-5120-078	7/1/12-6/30/13	14,972,074	\$			\$ 13,307,526	\$ 14,972,074			\$ (1,464,548)				\$ 14,972,074
Equalization Aid	495-034-5120-078	7/1/11-6/30/12	14,799,895	(1,462,869)			1,462,849	2,904,408			(284,105)				2,904,408
Special Education Aid	495-034-5120-089	7/1/12-6/30/13	2,748,847	(271,813)			2,748,847	2,136,065			(208,947)				2,136,065
Special Education Aid	495-034-5120-084	7/1/11-6/30/12	2,186,065	(215,654)			1,927,118	2,136,065			(378,142)				3,865,747
Security Aid	495-034-5120-084	7/1/12-6/30/13	3,865,747	(300,904)			3,487,605	3,865,747			(2,972,875)				3,865,747
Security Aid	495-034-5120-014	7/1/11-6/30/12	3,043,050	(3,668,596)			300,904	2,772,875			(332,475)				2,772,875
Transportation Aid	495-034-5120-014	7/1/12-6/30/13	2,972,875	(371,630)			3,668,596	332,475			(725,940)				332,475
Transportation Aid	100-034-5120-473	7/1/12-6/30/13	332,475	(126,338)			371,630	2,115,181			(191,935)				2,115,181
Transportation Aid	495-034-5120-015	7/1/11-6/30/12	286,256	(126,338)			1,389,241	2,115,181			(104,803)				1,991,935
Transportation Aid	495-034-5120-084	7/1/12-6/30/13	2,115,181	(126,338)			1,26,338	1,991,935			(2,370,882)				1,991,935
Transportation Aid	495-034-5120-002	7/1/11-6/30/12	2,346,371				104,803	104,803							104,803
Transportation Aid	495-034-5120-002	7/1/12-6/30/13	104,803				2,370,882	2,370,882							2,370,882
Transportation Aid	495-034-5120-001	7/1/12-6/30/13	2,370,882	(6,417,984)			33,817,217	33,766,445			(6,367,022)				33,766,445
Total General Fund															
			2,317,374	282,847	\$ 518,847	(518,847)	2,088,637	2,832,694			(231,737)	\$ 3,527			2,832,694
			2,360,004				236,000								
Special Revenue Fund:															
Preschool Education Aid	495-034-5120-086	7/1/12-6/30/13	1,037,249	\$ 9,871			1,037,249	1,018,272							1,018,272
Preschool Education Aid	495-034-5120-086	7/1/11-6/30/12	888,538	3,682			382,802	975,368							975,368
Textbook Aid	100-034-5120-064	7/1/12-6/30/13	1,433,578	40,398			1,433,578	1,377,701							1,377,701
Textbook Aid	100-034-5120-064	7/1/11-6/30/12	1,261,510				40,398								
Technology Aid	100-034-5120-070	7/1/12-6/30/13	9,526,881				9,526,881	9,045,821							9,045,821
Technology Aid	100-034-5120-067	7/1/11-6/30/12	8,305,622	192,115			192,115								
Technology Aid	100-034-5120-067	7/1/09-6/30/10	6,834,962	1,394			1,394								
Technology Aid	100-034-5120-067	7/1/12-6/30/13	362,355	62,832			362,355	275,312							275,312
Technology Aid	100-034-5120-067	7/1/11-6/30/12	315,334				1,044,850	759,628							759,628
Technology Aid	100-034-5120-067	7/1/12-6/30/13	1,044,850				84,099	108,226			(108,226)				108,226
Technology Aid	100-034-5120-067	7/1/11-6/30/12	843,403	(84,099)			84,099								
Technology Aid	100-034-5120-067	7/1/12-6/30/13	182,226												
Technology Aid	100-034-5120-067	7/1/11-6/30/12	84,099												
Technology Aid	100-034-5120-066	7/1/12-6/30/13	1,240,586	151,440			1,240,586	1,052,976							1,052,976
Technology Aid	100-034-5120-066	7/1/11-6/30/12	1,098,875				1,567,203	1,705,633							1,705,633
Technology Aid	100-034-5120-066	7/1/12-6/30/13	1,895,339	51,981			2,382,660	1,933,484							1,933,484
Technology Aid	100-034-5120-066	7/1/11-6/30/12	1,780,038												
Technology Aid	100-034-5120-066	7/1/12-6/30/13	2,382,660	235,065											
Technology Aid	100-034-5120-066	7/1/11-6/30/12	2,237,944												
Technology Aid	100-034-5120-066	7/1/11-6/30/12	8,762	5,417											
Total Special Revenue Fund															
			204,165	780,567	\$ 21,883,900	(21,883,900)	20,383,135	20,383,135			(612,259)	8,944	1,808,285		20,383,135
Debt Service Fund															
Debt Service Aid - Type II	100-034-5120-075	7/1/12-6/30/13	21,665				21,665	21,665							21,665
Total Debt Service Fund															
			21,665				21,665	21,665							21,665
Enterprise Fund															
New Jersey Department of Agriculture State School Lunch Program	100-010-3350-023	7/1/12-6/30/13	43,355	(2,141)			39,440	43,355			(9,825)				43,355
New Jersey Department of Agriculture State School Lunch Program	100-010-3350-023	7/1/11-6/30/12	2,141				2,141								2,141
Total Enterprise Fund															
			43,355	(2,141)			39,440	43,355			(9,825)				43,355
Total State Financial Assistance															
			6,215,960	780,567	\$ 50,796,733	(50,796,733)	49,746,880	49,746,880			(6,983,156)	8,944	1,808,285		49,746,880
Total State Financial Assistance Subject to Calculation for Single Audit and Major Program Determination															
			6,215,960	780,567	\$ 50,796,733	(50,796,733)	49,746,880	49,746,880			(6,983,156)	8,944	1,808,285		49,746,880
Total State Financial Assistance															
			1,441,118		\$ 1,441,118	(1,441,118)	1,441,118	1,441,118							1,441,118
Total State Financial Assistance Subject to Calculation for Single Audit and Major Program Determination															
			1,441,118		\$ 1,441,118	(1,441,118)	1,441,118	1,441,118							1,441,118

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Lakewood Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal 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 are prepared and presented using 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 Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$611,199 for the general fund and a decrease of \$1,127,318 for the special revenue fund. See 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 as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 431,144	\$ 34,377,644	\$ 34,808,788
Special Revenue Fund	21,720,427	20,236,676	41,957,103
Debt Service Fund		21,665	21,665
Food Service Fund	<u>3,489,296</u>	<u>43,255</u>	<u>3,532,551</u>
Total Financial Assistance	<u>\$ 25,640,867</u>	<u>\$ 54,679,240</u>	<u>\$ 80,320,107</u>

**LAKESWOOD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$2,115,181 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$2,096,738 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,370,882 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Were significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

Noncompliance material to the basic financial statements noted? X yes no

Federal Awards Section

Internal Control over major programs:

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

2) Were significant Deficiencies identified that are not considered to be material weaknesses? X yes none reported

Type of auditor's report on compliance for major programs: Modified

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program
<u>84.010</u>	<u>Title I</u>
<u>84.027</u>	<u>IDEA Part B, Basic</u>
<u>84.173</u>	<u>IDEA Preschool</u>
<u>10.553</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.555</u>	<u>After School Snack Program</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to determine Type A programs: \$ 798,652

Auditee qualified as low-risk auditee? yes X no

**LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Section I – Summary of Auditor’s Results

State Awards Section

Auditee qualified as low-risk auditee? _____ yes no

Internal Control over major programs:

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

2) Were significant deficiencies identified that are not considered to be material weaknesses? yes _____ none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 04-04? yes _____ no

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-014</u>	<u>Transportation Aid</u>
<u>100-034-5120-473</u>	<u>Extraordinary Aid</u>
<u>495-034-5120-015</u>	<u>Reimbursed TPAF Social Security</u>
<u>495-034-5120-086</u>	<u>Preschool Education Aid</u>
<u>100-034-5120-067</u>	<u>Nonpublic Auxiliary Services (Ch. 192)</u>
<u>100-034-5120-066</u>	<u>Nonpublic Handicapped Services (Ch. 193)</u>

Dollar threshold used to determine between type A and type B programs: \$ 1,492,406

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2013-001:

Our audit revealed that payments for textbook leases were budgeted and charged to the Debt Service Fund rather than to the appropriate General Fund budget account. Additionally, a certified A-4F was not able to be provided for audit.

Criteria or Specific Requirement:

Uniform Minimum Chart of Accounts for New Jersey Public Schools; Budget Guidelines

Condition:

The District appropriated and charged the payment of textbook leases to the Debt Service Fund. A certified form A-4F was not able to be provided for audit.

Questioned Costs:

None.

Context:

The District appropriated \$643,740 for two (2) textbook lease repayments during 2012/13 in the Debt Service Fund. This amount was required to be budgeted and charged to the General Fund. The 2012/13 certified form A4F, certification of tax levy, was not able to be provided for audit.

Effect:

The District's financial statements include a tax levy and related expenditures in the Debt Service Fund, both of which should be reported in the General Fund. As the District's budget was approved with these amounts included in the Debt Service Fund, the auditor did not reclassify such charges.

Cause:

Unknown.

Recommendation:

Approval be obtained from the Executive County Superintendent allowing the lease payments to be charged to the Debt Service Account. Furthermore, a certified A-4F be made available for audit.

Management's Response:

Management has reviewed this finding and has indicated that this matter will be forwarded to the Executive County Superintendent.

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2013-002:

Our audit revealed certain year-end outstanding purchase orders were misclassified between Reserved for Encumbrances and Accounts Payable.

Criteria or specific requirement:

GAAP Technical Systems Manual

Condition:

Certain purchase orders for which goods were received or services rendered prior to June 30 were classified as reserved for encumbrances rather than accounts payable. Additionally, certain purchase orders for which goods were received or services were rendered subsequent to June 30 were classified as accounts payable rather than reserved for encumbrances.

Questioned Costs:

None.

Context:

Special Revenue Fund accounts payable in the amount of \$2,850,246 were misclassified as reserved for encumbrances. Special Revenue Fund reserved for encumbrances in the amount of \$708,806 were misclassified as accounts payable.

Effect:

Accounts Payable and Reserved for Encumbrances were not accurately reported in the District's year-end financial records. Audit adjustments were made to ensure accurate reporting in this CAFR.

Cause:

Unknown.

Recommendation:

Internal controls be reviewed and enhanced to ensure open purchase orders are reviewed for validity and properly classified as accounts payable or encumbrances at year end.

Management's Response:

Management has reviewed this finding and has indicated corrective action will be taken.

LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2013-003:

Our audit revealed that certain transportation services provided to the District were not encumbered in the District's records.

Criteria or specific requirement:

GAAP Technical Systems Manual.

Condition:

Invoices for transportation services were submitted to the District for which no prior purchase order was issued and encumbered.

Questioned Costs:

None.

Context:

Invoices in the amount of \$416,694 were submitted to the District after year end for transportation services. These amounts were not encumbered on the year end financial records of the District.

Effect:

District expenditures and year end liabilities were understated, resulting in an overstatement of fund balance. Audit adjustments were made to ensure accurate reporting in the CAFR.

Cause:

Unknown.

Recommendation:

Internal controls be enhanced to ensure all transportation contracts are properly encumbered at the time of award.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2013-004:

Our audit indicated that the District did not always provide notification to the Office of the State Comptroller of contracts awarded for amounts exceeding \$2 million in accordance with NJSA 52:15C-10.

Criteria or specific requirement:

NJSA 52:15C-10.

Condition:

Several contracts were noted in which the award amount exceeded \$2 million for which notification to the Office of the State Comptroller was not made.

Questioned Costs:

None.

Context:

Notification was not made to the Office of State Comptroller as required for contracts exceeding \$2 million awarded to Catapult Learning, LLC, ABCD Construction Corp, SCHI, Durham School, Tree of Knowledge, Jay's Busing, Student Transportation of America, and ARAMARK.

Effect:

The District was not in compliance with state statutes regarding the Office of the State Comptroller.

Cause:

Adequate procedures were not in place to notify the Office of State Comptroller of contracts awarded for amounts in excess of \$2 million.

Recommendation:

Notification be provided to the Office of the State Comptroller of contracts awarded by the District which exceed \$2 million in accordance with NJSA 52:15C-10.

Management's Response:

Management has reviewed this finding and has indicated procedures have been developed and will be implemented to ensure timely notification is made for required contract awards.

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2013-005:

Our audit revealed that the District's capital asset appraisal and depreciation report was not updated to reflect 2012-13 acquisitions, dispositions and depreciation.

Criteria or specific requirement:

Our audit revealed that the District's capital asset appraisal and depreciation report was not updated to reflect 2012-13 acquisitions, dispositions and depreciation.

Condition:

The District did not maintain an updated asset appraisal and report as of June 30, 2013.

Questioned Costs:

Unknown.

Context:

The District's total capital assets and accumulated depreciation, as reported in the CAFR, are \$42,813,585 and \$27,778,213, respectively. Current year additions, as reflected in the District's budgetary reporting system, were \$3,142,878.

Effect:

The District capital asset records may not agree with actual values of District owned assets.

Cause:

Unknown.

Recommendation:

The District's capital asset appraisal report be updated on an annual basis.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

Finding 2013-006:

Our audit revealed that reimbursement requests for District expenditures of federal funds were not filed in a timely manner.

Federal Program Information:

84.010	NCLB Title I
84.027/84.173	IDEA Basic/IDEA Preschool

Criteria or Specific Requirement:

OMB A-133, Grant Compliance Supplement - Cash Management and Reporting Requirements

Condition:

The District incurred expenditures during 2012/13 utilizing federal grant funding without requesting reimbursement of such expenditures.

Questioned Costs:

None.

Context:

The District expended \$21,036,258 of federal grant funds as of June 30, 2013 without requesting reimbursement of such funds.

Cause:

Unknown.

Effect:

The District's year end cash balance is in a deficit position, as other available cash was not sufficient to support these disbursements.

Recommendation:

The District request reimbursement of funds for Federal grant program expenditures in a timely manner.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

Finding 2013-007:

Our audit revealed that certain records, including invoices, to support selected NCLB Title I expenditures were removed from the District by Federal and State agencies. As such, they were not available for audit.

Federal Program Information:

NCLB – Title I 84.010

Criteria or Specific Requirement:

OMB Circular A-133 Compliance Supplement.

Condition:

Documentation to support certain Title I expenditures were removed from the District by federal and/or state agents and therefore were not able to be provided for audit.

Questioned Costs:

None.

Context:

Documentation to support seven (7) expenditures totaling \$2,899,625 was not available for audit:

Catapult – Four (4) expenditures totaling \$2,479,061.

Tree of Knowledge – Three (3) expenditures totaling \$420,564

Cause:

Documentation was removed from the District and was not available.

Effect:

The audit of these programs were limited in scope.

Recommendation:

No recommendation is warranted as the scope limitation was beyond the control of the District.

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2013-008:

Our audit revealed certain expenditures were reclassified from the General Fund to the Special Revenue Fund and charged to the Chapter 192/193 Non Public Grant Program without sufficient detail to support such reclassification.

State program Information:

100-034-5120-067

Chapter 192 – Auxiliary Services

Criteria or Specific Requirement:

State of New Jersey Grant Compliance Supplement – Reporting Requirement

Condition:

The District reclassified legal expenditures from the General Fund to the Special Revenue Fund, and charged such expenditures to the Compensatory Education portion of the Chapter 192 grant program. Detail to support such reclassifications were unable to be provided for audit.

Questioned Costs:

None.

Context:

The District reclassified \$223,157 of legal expenditures from the General Fund Budget to the Chapter 192 grant program. Detail to support such reclassifications were not provided for audit.

Cause:

Unknown.

Effect:

Grant expenditures were reported without sufficient supporting detail.

Recommendation:

Allocation of legal expenses charged to the Chapter 192/193 Non Public Grant Program be adequately supported with sufficient detail.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2013-009:

Our audit revealed that the monthly reports of the Treasurer of School Monies and Board Secretary, along with related certifications, were not approved in the minutes on a timely basis.

State program Information:

495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid

Criteria or Specific Requirement:

State of New Jersey Grant Compliance Supplement – State Aid Public

Condition:

The monthly reports of the Treasurer and Board Secretary were not approved on a timely basis throughout the year.

Questioned Costs:

None.

Context:

As of June 30, 2013, the monthly reports for January 2013 through June 2013 have not been submitted to the Board for approval.

Cause:

Unknown.

Effect:

The District is not in compliance with State Aid Grant program requirements.

Recommendation:

The monthly reports of the Treasurer of School Monies and Board Secretary, along with required certifications, be approved on a timely basis.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**LAKESWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2013-010:

Our audit revealed that certain budgetary line items were overexpended and budget appropriation transfers were not always approved in a timely manner. Additionally, the required monthly 10% transfer was not prepared and submitted to the Executive County Superintendent for approval.

State program Information:

495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid

Criteria or Specific Requirement:

State of New Jersey Grant Compliance Supplement – State Aid Public

Condition:

Appropriation transfers were not always approved in a timely manner, resulting in an overexpenditure. Additionally, the District's total budget was overexpended by approximately \$46,000 prior to further necessary audit adjustments. The monthly 10% transfer report was not prepared and submitted to the Executive County Superintendent.

Questioned Costs:

Unknown.

Context:

The District's budgetary line item for Tuition to Private Schools for the Disabled, within the State, was overexpended by \$603,549. The District's total budget, after necessary audit adjustments, was overexpended by \$457,672. The monthly 10% transfer reports for January 2013 through June 2013 were not prepared or submitted to the County for approval.

Cause:

Unkown.

Effect:

The District in not in compliance with State Aid Grant program requirements.

Recommendation:

Budget appropriation transfers be submitted to the Board for approval on a timely basis to prevent line item overexpenditures and the monthly 10% transfer report be prepared and submitted to the County for approval.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**LAKESWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2013-011:

Our audit revealed that claims for reimbursements from the State of New Jersey for TPAF FICA amounts were not always submitted in a timely manner.

State program Information:

495-034-5120-015 Reimbursed TPAF Social Security

Criteria or Specific Requirement:

State Grant Compliance Supplement

Condition:

Requests for reimbursements of TPAF FICA were not made in a timely manner.

Questioned Costs:

None.

Context:

TPAF FICA reimbursements for the payroll periods of April 5, 2013 through June 26, 2013 were not requested on a timely basis. As of June 30, 2013, \$725,940 remains uncollected.

Cause:

Unknown.

Effect:

The District is not receiving reimbursements of TPAF FICA amounts paid on a timely basis, resulting in the utilization of other available cash.

Recommendation:

Claims for State reimbursements of TPAF FICA be submitted on a timely basis.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**LAKESWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2013-012:

Our audit of the District's Application for State School Aid revealed that amounts reported were not always in agreement with supporting workpapers and documentation for the respective categories. Additionally, class registers to support student enrollment could not be provided for audit.

State program Information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or Specific Requirement:

State of New Jersey State Aid/Grant Compliance Supplement.

Condition:

Student counts claimed on the ASSA as On-Roll, Special Education, Private School for the Disabled and Low Income did not always agree with student counts reflected on supporting workpapers and applicable documentation. Additionally, class registers were not able to be provided to support student enrollment.

Questioned Costs:

Unknown.

Context:

The following variances were noted during our audit of the ASSA:

On-Roll

- The District reported 5,388 students on roll. The supporting workpapers show 5,367.
- Class registers were not provided. Auditor could not verify the selected sample of 2,562.

Private Schools for the Disabled

- The District reported 199 students as attending Private Schools for the Disabled. The supporting workpapers reflected 162.
- Individualized Education Programs (IEP's) for 20 of the 113 students selected were not provided for audit.

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2013-012 (Continued):

Context (Continued):

Low Income

- The District reported 5028 students as eligible for free lunch. The supporting workpapers reflect 5,008.
- The District reported 311 students as eligible for reduced lunch. The supporting workpapers reflect 322.

Special Education

- Of the 68 students selected for audit, 43 IEP's were not able to be provided for audit.

LEP

- The District reported 640 students as LEP, low income. The supporting workpapers reflects a total of 611.
- The District reported 24 students as LEP, not low income. The supporting workpapers reflect a total of 52.
- The supporting workpapers included only a total of LEP students rather than a detail list of students.

Cause:

Unknown.

Effect:

Student counts reported on the ASSA did not accurately reflect actual student counts as reflected in supporting workpapers and documentation.

Recommendation:

Internal controls be enhanced to ensure that documentation is retained, updated and in agreement with students reported on the Application for State School Aid.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2013-013:

Our audit revealed that B6T forms were not always able to be located for students reported in their respective schools.

State program Information:

Transportation Aid

495-034-5120-014

Criteria or Specific Requirement:

State of New Jersey State Aid/Grant Compliance Supplement.

Condition:

See Finding.

Questioned Costs:

None.

Context:

The District reported 12,191 students transported to non-public schools. The audit included a test sample of 263, of which 127 B6T forms were not able to be located in the students' respective school.

Cause:

Unknown.

Effect:

The number of students claimed for transportation to non-public schools could not be verified.

Recommendation:

In all instances, B6T forms be filed and categorized by school for students transported to non public schools as reported on the DRTRS.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2013-014:

Our audit revealed that certain records, including invoices, to support selected Chapter 192/193 expenditures were removed from the District by Federal and State agencies. As such, they were not available for audit.

Federal Program Information:

Nonpublic Auxiliary Services (Chapter 192)	100-034-5120-067
Nonpublic Handicapped Services (Chapter 193)	100-034-5120-066

Criteria or Specific Requirement:

State Aid Grant Compliance Supplement

Condition:

Documentation to support certain Chapter 192/193 expenditures were removed from the District by federal and/or state agents and therefore were not able to be provided for audit.

Questioned Costs:

None.

Context:

Documentation to support fifteen (15) expenditures totaling \$7,344,428 was not available for audit:

Catapult – Four (6) expenditures totaling \$6,708,193.
Tree of Knowledge – Three (6) expenditures totaling \$414,862
Psych-Ed Services – Three (3) expenditures totaling \$221,373

Cause:

Documentation was removed from the District and was not available.

Effect:

The audit of these programs were limited in scope.

Recommendation:

No recommendation is warranted as the scope limitation was beyond the control of the District.

**LAKWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Finding 2012-1

Our audit revealed certain year-end outstanding purchase orders were misclassified as Reserved for Encumbrances rather than as Accounts Payable. Additionally, certain purchase order balances were determined to be invalid.

Current Status

See Finding 2013-002.

Finding 2012-2

Our audit indicated that the District did not always provide notification to the Office of the State Comptroller of contracts awarded for amounts exceeding \$2 million in accordance with NJSA 52:15C-10.

Current Status

See Finding 2013-004.

Finding 2012-3

Our audit revealed that numerous transportation contracts were awarded to various vendors which, individually, were less than the transportation bid threshold, however when aggregated, significantly exceeded the bid threshold.

Current Status

Corrective action has been taken.

**LAKESWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Finding 2012-4

Our audit of the District's major Federal grant programs revealed the following:

- a) The invoices submitted by Catapult for Title I non-public services did not provide the number of students serviced nor were the hourly rates charged approved in the contract.
- b) The salaries for individuals charged for the various Federal grant programs were not approved by the Board as being grant funded charges.

Current Status

Corrective action has been taken.

Finding 2012-5

Our audit of the District's Child Nutrition Program revealed that certain applications for free and reduced priced meals were not able to be provided for audit.

Current Status

Corrective action has been taken.

Finding 2012-6

Our audit of the District's Nonpublic Auxiliary (Chapter 192) and Nonpublic Handicapped (Chapter 193) Services revealed the following:

- a) Chapter 193 – Examination and Classification: The invoice submitted by Catapult Learning, LLC did not provide the number of students serviced, thereby we were unable to determine if the charge for such service was proper.
- b) Chapter 192/193 – Compensatory Education, ESL, Corrective Speech, Supplementary Instruction:
 - i. The invoices submitted by Catapult Learning, LLC did not provide sufficient support as to the number of students serviced.
 - ii. In several instances, either the purchase order or the supporting invoice from Catapult was not made available for audit.
- c) Chapter 192 – Home Instruction: The "Application for Individual Pupil Services" form 407-1 was not provided for audit.

Current Status

Corrective action has been taken.

**LAKWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Finding 2012-7

Certain intensive services claimed in the Application for Extraordinary State Aid were not included in the respective student's approved Individual Education Program (IEP).

Current Status

Corrective action has been taken.

Finding 2012-8

Our audit of the District's Application for State School Aid revealed that amounts reported were not always in agreement with supporting workpapers.

Current Status

See Finding 2013-012.

Finding 2012-9

Our audit revealed that B6T forms were not always available for students transported to non-public schools.

Current Status

See Finding 2013-013.

Finding 2012-10

Our audit revealed numerous transportation contracts were awarded to various vendors which, individually were less than the transportation bid threshold, however, when aggregated, significantly exceeded the bid threshold.

Current Status

Corrective action has been taken.