

**SCHOOL DISTRICT OF  
MEDFORD LAKES BOROUGH**

MEDFORD LAKES BOARD OF EDUCATION  
Medford Lakes, New Jersey  
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED 2013**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

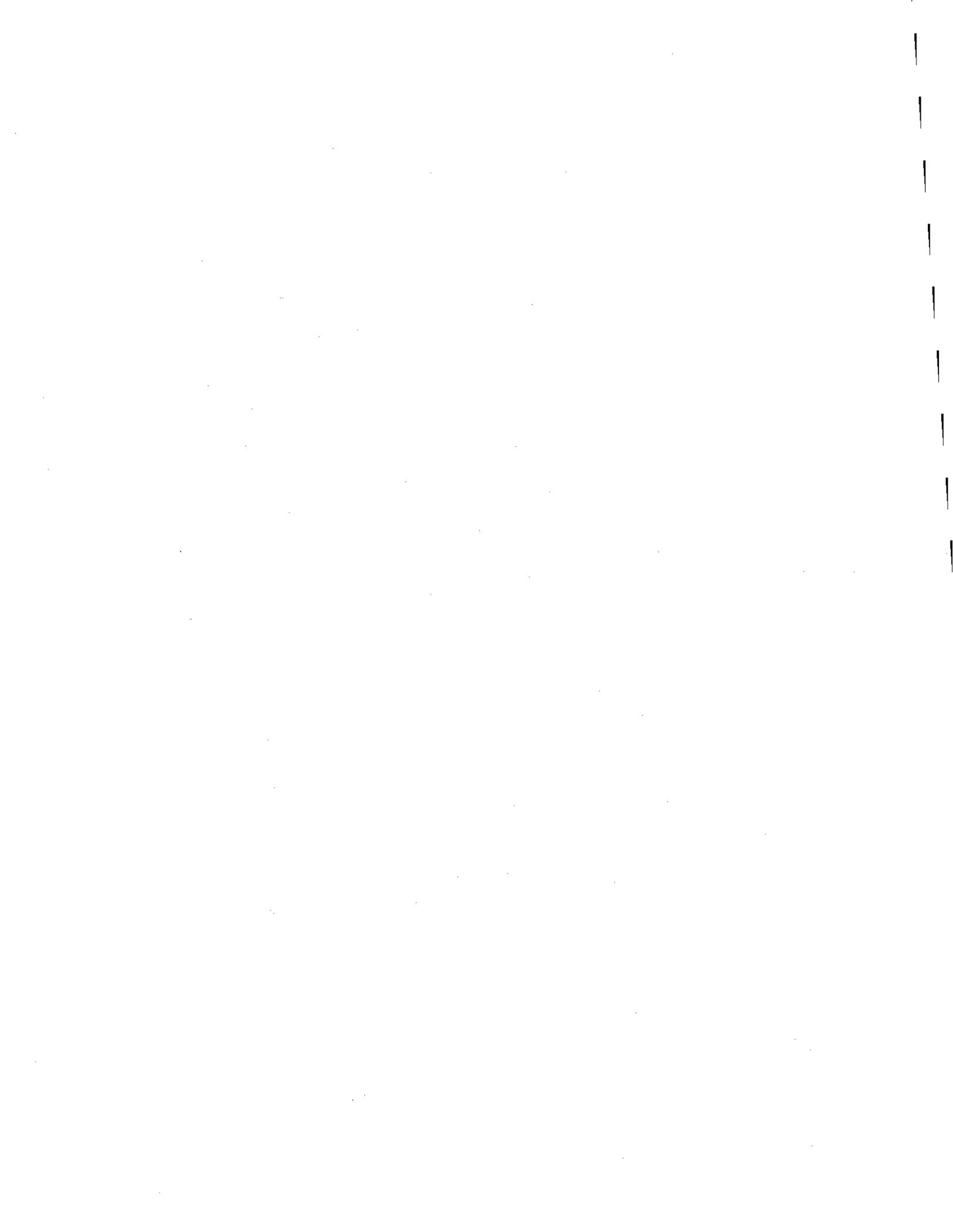
**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**

**MEDFORD LAKES, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Prepared by**

**Medford Lakes Borough Board of Education  
Finance Department**



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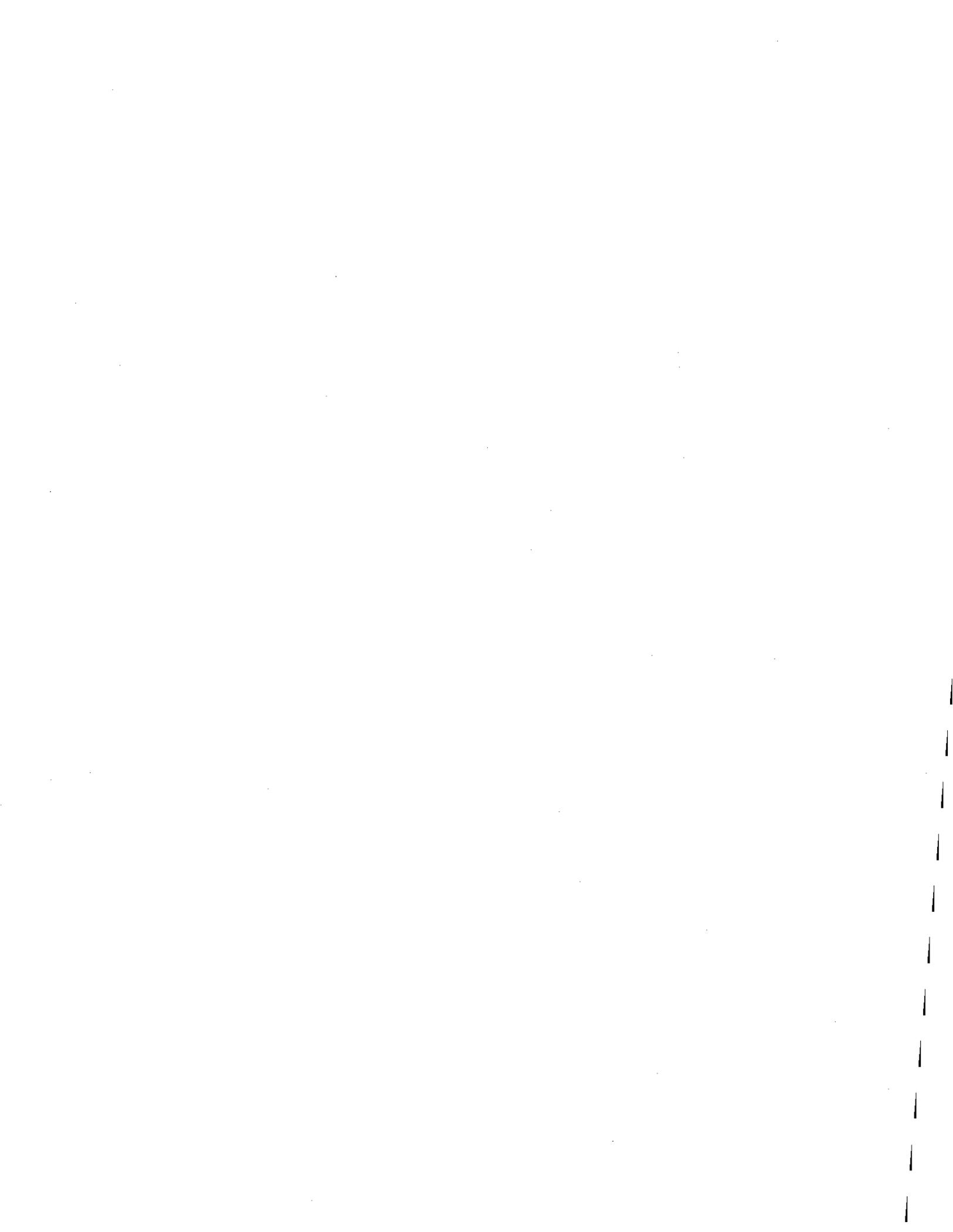
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**INTRODUCTORY SECTION**



**Medford Lakes Board of Education**  
**135 Mudjekeewis Trail**  
**Medford Lakes, NJ 08055**

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Mr. Anthony V. Dent, Superintendent  
Mr. Michael Colling, Business Administrator  
Mrs. Carole Ramage, Principal

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November 15, 2013

Honorable President and  
Members of the Board of Education  
Medford Lakes Borough School District  
County of Burlington  
Medford Lakes, NJ 08055

Dear Board Members:

The comprehensive annual financial report of the Medford Lakes Borough 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 representation, including all disclosures, rests with the management of the 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 operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes the transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes Management's Discussion and Analysis, basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Government and Non-Profit Organizations", and the state Treasury 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 compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133, are included in the single audit section of this report.

- 1) **Reporting Entity and Its Services:** Medford Lakes Borough School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Medford Lakes Borough Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as special education for handicapped youngsters. The District's average daily enrollment of 534 students is the same as the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years:

#### AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>
2007/2008	534
2008/2009	552
2009/2010	559
2010/2011	544
2011/2012	534
2012/2013	534

The District is a constituent member of the Lenape Regional High School District. The District's students in grades 9 through 12 attend Shawnee High School located in Medford, New Jersey.

### 2) Economic Condition And Outlook:

Medford Lakes is 1.2 square miles of rustic beauty in Burlington County, NJ. Part of the Pinelands Preservation area, there are 22 lakes within this small area and hundreds of lakefront and lake view properties. Of the 1500 homes in Medford Lakes, over 150 are log cabins, giving Medford Lakes the highest concentration of log cabins in the world.

The Borough of Medford Lakes is experiencing a period of minimal development and little expansion that is expected to continue. The borough is also experiencing a period of moderate housing sales. The state and national economy are reflected in the employment base of the area.

The Borough is 99% residential. Commercial ratables are few and residential taxpayers carry the burden of paying for services. The Borough's tax rate is \$2.743 per \$100 of assessed property value (figures and statistics from 2012). The School District spending ratio shows that 75% of the revenue comes from local sources while only 24% of the revenue comes from state sources. The District's total revenue from state sources increased by 13% over last year's level, and yet has not kept pace with increasing costs to operate the District. State policies concerning school-funding levels continue to exert upward pressure on property taxes in the District. Over 50% of all state funding goes to approximately thirty school districts leaving most suburban school districts at "flat" funding levels at best. Currently various pieces of legislation along with Commissioner regulations are impeding local control and creating various funding hurdles while the state continues to promise to come up with a better funding equation to assist school districts. To date this has not occurred.

### 3) Major Initiatives

**Educational:** The Medford Lakes School District provides a full range of educational services appropriate to grade levels PK through 8 and as outlined by the New Jersey Core Curriculum and Common Core State Standards. These include an integrated pre-school program for three and four year old handicapped children, a four-hour kindergarten program, computer assisted instruction the classroom as well as in the Library/Media Center, a Gifted and Talented program, special education programs for identified students, and a variety of extra-curricular clubs and sports activities. The goal of the Medford Lakes School District is to provide all children with a curriculum that includes a balance of enriching programs, skill development, intervention support systems, and exposure to 21<sup>st</sup>

Century Technologies. The goal of the instructional model is to create an environment for students to enjoy the process of learning while acquiring the skills necessary for a lifetime of continuous learning and readiness for college/career.

The Medford Lakes curriculum is aligned with the Common Core State Standards and New Jersey Core Curriculum Content Standards. At the Nokomis School, a pre through grade 2 facility, a strong emphasis is placed on literacy and mathematics. Students in grades K-2 are also provided instruction in art, Spanish, music, library, comprehensive physical education/health, and technology literacy. The Neeta School serves grades 3-8. Neeta students are exposed to a multifaceted well-balanced curriculum that prepares them for the requirements of NJASK (*New Jersey State Assessment of Skills and Knowledge*) and for the future PARCC (*Partnership for Assessment of Readiness for College and Career*). Students in grades 3-8 receive instruction in a variety of special subject areas, including art, Spanish, music, library, comprehensive physical education/health, and technology literacy. The district also provides for the “inclusion” of our special needs students in all our classrooms.

Students in grades K-5 are evaluated throughout the school year utilizing several benchmark assessments including the following: DRA2 (*Developmental Reading Assessment*), district writing prompts, various publisher developed mid-year and end-of-year assessments, and NJDOE model benchmark assessments. Students in grades K-5 are assessed twice a year using the DRA2 to determine their individual reading ability. Results of these individual assessments are used by classroom teachers to place students in guided reading groups that focus on identified skills to improve individual reading performance. Students in grades two through eight are administered an “on demand” writing prompt twice a year (fall and spring) using district developed writing prompts. A mid-year and end-of year math assessment is administered to all students in grades 3-8. Students in grades one and two are assessed at the end of the year using an end-of-year assessment in the content area of math. Students in grades 3-8 participate in state testing using the New Jersey Assessment of Skills and Knowledge. The results of these assessments are analyzed by classroom teachers and district personnel to determine the students’ strengths and weaknesses as well as patterns within grade levels/classrooms. The data is utilized to make adjustments to curriculum/pacing, to plan professional development, and to set district instructional goals and objectives. Based on analyzed data Medford Lakes continues to fall within the category of a high performing school district and is proud of its students and staff.

During the school 2012-2013 year, the District and No Child Left Behind (NCLB) goals addressed areas of the New Jersey Core Curriculum Content Standards and the school district obtained annual yearly progress (AYP). All State approved District Goals were met and included the following:

- Students in grades 1-5 receive reading instruction delivered via a guided reading model; this model allows teachers to individualize reading instruction
- Math teachers in grades 6-8 continue to focus instruction to meet the needs of our varied student populations – this includes interventions as well as providing high school credit Algebra for advanced students
- The District formally adopted the Olweus Bullying Prevention Program in 2010 and all staff are working with students to implement the responses to bullying and/or bully-like behavior through morning meeting sessions that help to develop a strong sense of community and support for peers.

**District Information:** The overall responsibility for the education of the PK-8 children lies with the District’s Board of Education. The Board is a Type II Board of Education, elected yearly. The New Jersey Department of Education classifies the Medford Lakes School District as District Factor I. The District Factor Group is based on socio-economic status from A-J, with A being the lowest. The Medford Lakes Board of Education voted, by resolution, to move the School Board Election to November 2012 and

thereby eliminated the need for a public vote on the school budget. The District's management team is comprised of a Superintendent, a Business Administrator/Board of Education Secretary, Principal, Director of Pupil Services and Supervisor of Buildings and Grounds. The District employs 55 professional staff members and 95 total employees who include secretaries, clerks, and full-time and part-time support staff personnel.

The District was successfully monitored during November 2012 by the State of New Jersey pursuant to N.J.S.A. 18A:7A-1 et seq., and N.J.A.C. 6A:30 et seq. This resulted in certification for a period of seven years. The District is certified until February 1, 2019. The monitoring process included a review of financial and curriculum data, interviews of staff members, inspection of facilities, and visits to the District's schools. As part of the NJ Quality Single Accountability Continuum (QSAC), the Medford Lakes School District is declared as a "high performing school district."

The District's Long-Range Facility Plan was submitted in July 2009 and is approved by the State of New Jersey Department of Education. This plan is a requirement of the Educational Facilities Construction and Financing Act, P.L. 2000, c.72, N.J.A.C. 6A:26-1.1 and the Facilities Efficiency Standards.

The District completed a major facility renovation program during the 2003-2004 school year. Renovations and upgrades were made to both District school buildings. The addition of a new multi-purpose room was also made to the Neeta School. The District has just completed the process of installing solar panels at Neeta School as part of a solar power purchase agreement. This project also included the installation of a new roof. In addition, new HVAC air conditioning systems were installed in two computer labs and replacement HVAC units were installed on the Neeta School APR in 2011.

The Medford Lakes School District receives additional financial support from community organizations. They include the Home and School Association, The Medford Lakes Education Foundation and the Athletic and Band Booster Clubs. These organizations provide the funds for many of our enriching programs and extracurricular activities.

#### 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 generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As 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.

- 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 approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital

improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2013.

- 6) **Accounting System And Reports:** The District's accounting records reflect generally accepted accounting principals, as promulgated by the Governmental Accounting Standards Board (GASB).

The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

- 7) **Financial Information At Fiscal Year End:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

- 8) **Debt Administration:** At June 30, 2013 the District's outstanding debt issues included \$3,240,000 of general obligation bonds.

- 9) **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 Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a 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.

- 10) **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. The District is a member of the Burlington County Insurance Pool Joint Insurance Fund. Twenty-four school districts from Burlington, Gloucester, Camden and Mercer counties participate in this insurance pool. In addition, the District is also a member of the South Jersey Health Insurance Fund providing medical benefits for the staff.

- 11) **Information:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirement of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04. The auditor's report on the basic financial

statements 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.

- 12) **Acknowledgements:** We would like to express our appreciation to the members of the Medford Lakes Borough Board of Education for their continued support and high standards in providing fiscal accountability to the citizens and taxpayers of the Medford Lakes School District. The Board is also recognized for its vision and dedication to provide the highest quality education for its students. We express our appreciation for their dedication to the development and maintenance of the District's educational and financial operations. It must be noted that the preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff. Their efforts are therefore acknowledged and greatly appreciated.

Respectively submitted,



Anthony V. Dent  
Superintendent

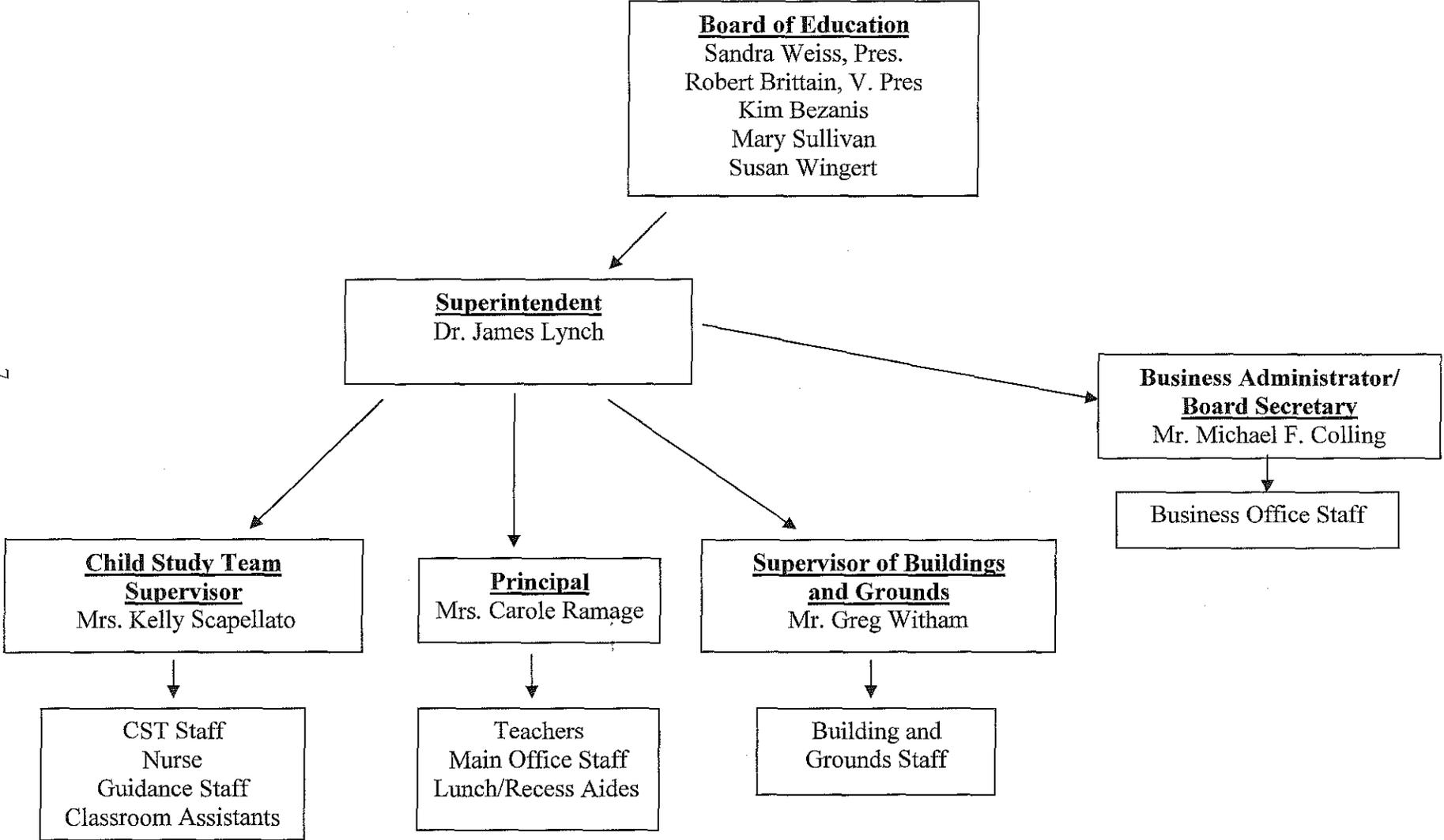


Michael Colling  
Business Administrator/Board Secretary

# MEDFORD LAKES SCHOOLS

## Organizational Chart

### 2012-2013





**MEDFORD LAKES BOARD OF EDUCATION  
135 MUDJEKEEWIS TRAIL  
MEDFORD LAKES, NEW JERSEY 08055**

**ROSTER OF OFFICIALS  
JUNE 30, 2013**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Sandra Weiss, President	2014
Robert Brittain, Vice President	2014
Susan Wingert	2013
Kim Bezanis	2015
Mary Sullivan	2015

**OTHER OFFICIALS**

Dr. James Lynch, Superintendent

Michael F. Colling, Business Administrator/Board Secretary

Carole Ramage, Principal

Mary E. Bakey, Treasurer

Frank P. Cavallo, Jr., Esq., Solicitor

**MEDFORD LAKES BOARD OF EDUCATION**

135 MUDJEKEEWIS TRAIL  
MEDFORD LAKES, NEW JERSEY 08055

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Holman Frenia Allison, P.C.  
Medford, New Jersey

**SOLICITOR**

Parker, McCay & Criscuolo  
Mr. Frank Cavallo  
Moorestown, New Jersey

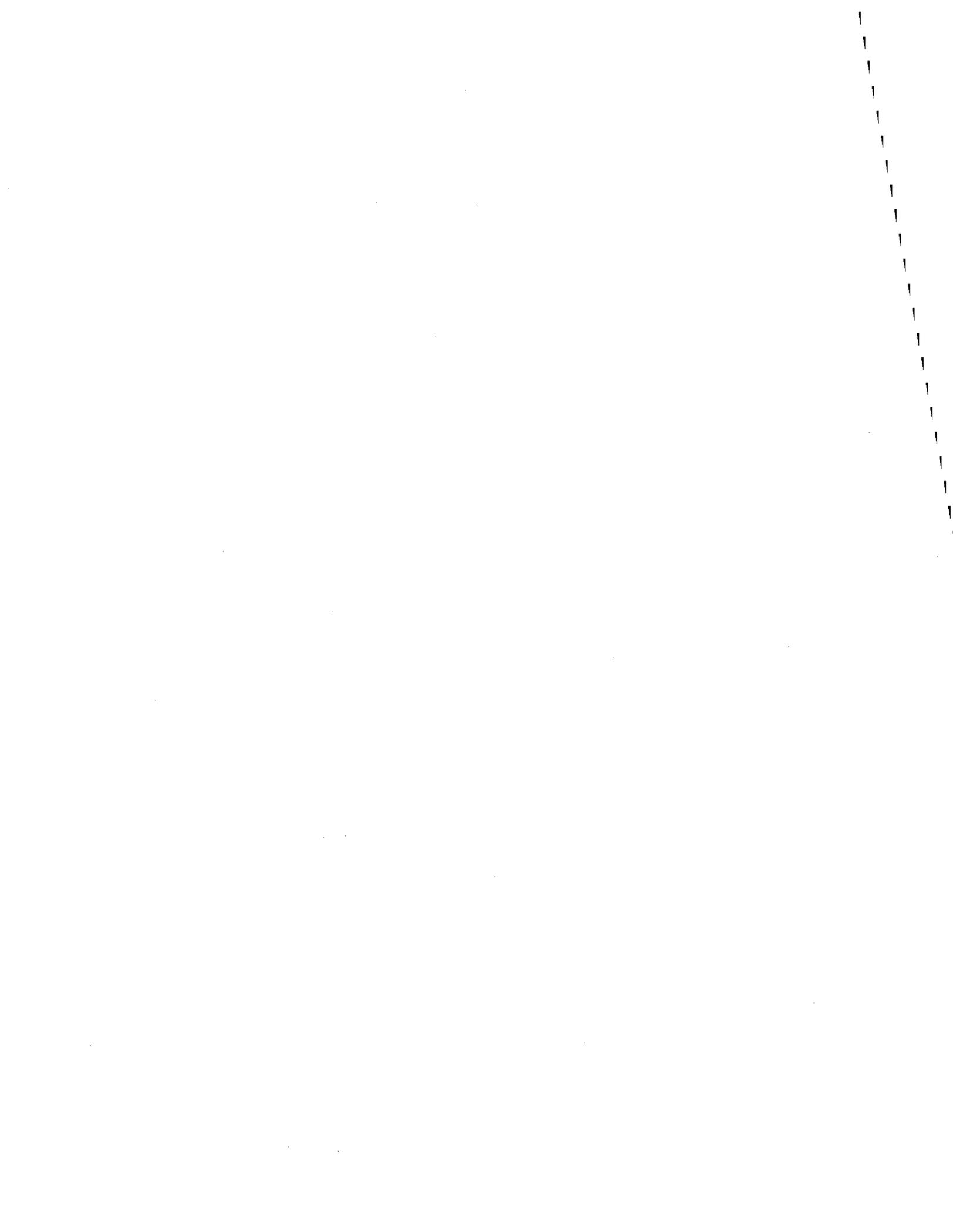
**CHIEF NEGOTIATOR**

Mr. Bruce Taylor  
Columbus, New Jersey

**OFFICIAL DEPOSITORY**

Beneficial Bank  
Medford, New Jersey

**FINANCIAL SECTION**





HOLMAN | FRENIA  
ALLISON, P.C.  
*Certified Public Accountants & Consultants*

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[www.hfacpas.com](http://www.hfacpas.com)

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Medford Lakes Borough School District  
County of Burlington  
Medford Lakes, New Jersey 08055

### 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 Board of Education of the Medford Lakes Borough School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### 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; and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

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

## **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 on pages 13 through 21 and 53 through 64 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 Medford Lakes Borough Board of Education's basic financial statements. The accompanying introductory section, comparative totals for June 30, 2012, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of State Grants and State Aid* respectively, and is also not a required part of the financial statements.

The combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of state financial assistance 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. 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 other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

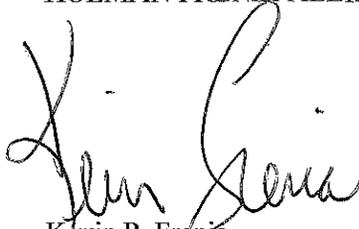
The introductory section, comparative totals for June 30, 2012, and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013 on our consideration of the Board of Education of the Medford Lakes Borough School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board of Education of the Medford Lakes Borough School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "Kevin P. Frenia", is written over the typed name.

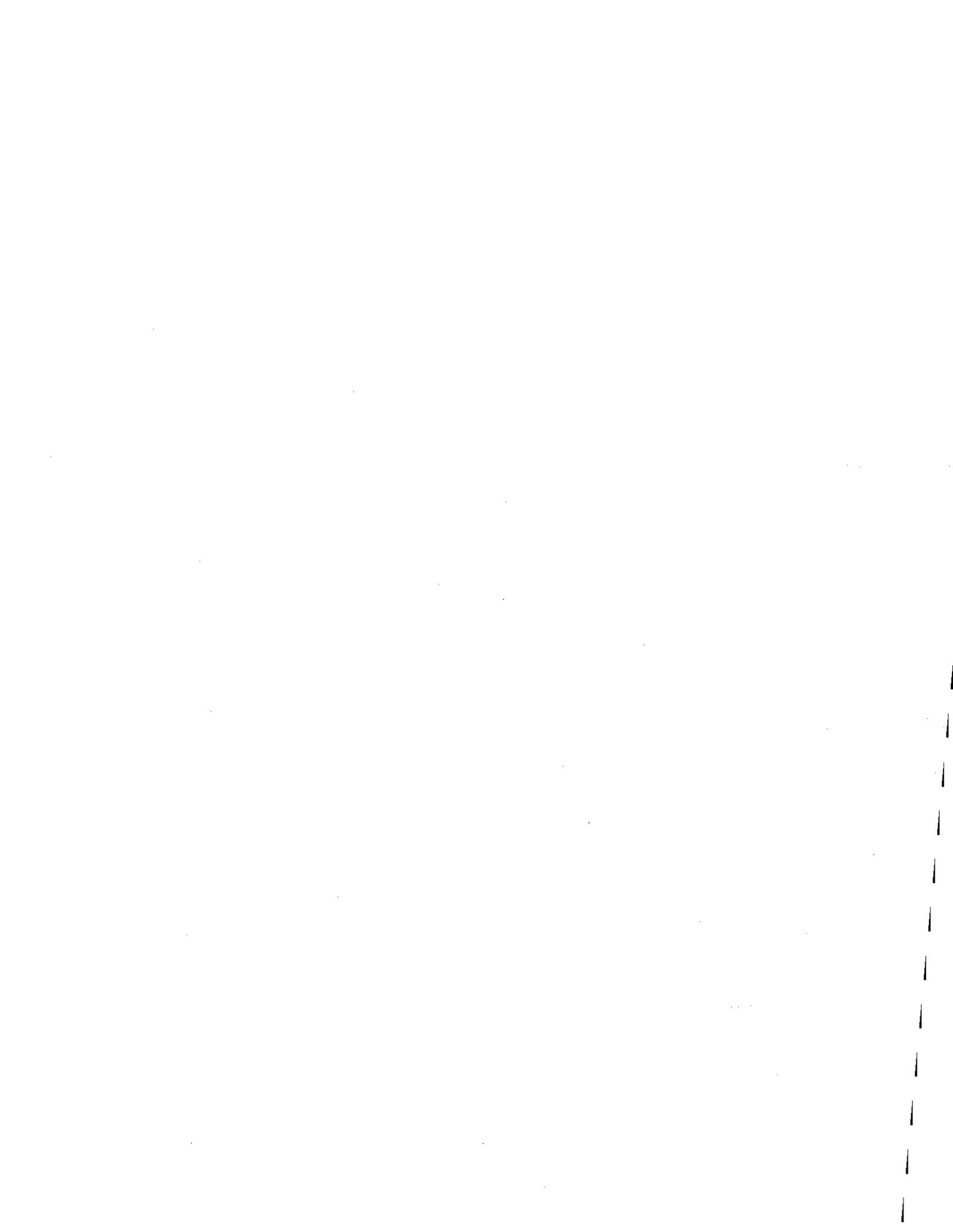
Kevin P. Frenia  
Public School Accountant  
Certified Public Accountant  
No. 1011

Medford, New Jersey  
November 15, 2013



**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

Management's Discussion and Analysis



**MEDFORD LAKES BOROUGH SCHOOL DISTRICT  
MEDFORD LAKES, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**UNAUDITED**

The discussion and analysis of the Medford Lakes School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34- *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2012/2013) and the prior year (2011/2012) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2012/2013 are as follows:

- Notification was received that the final two payments of state aid to school districts would be delayed until the next fiscal year. The amount of the delayed payment was \$108,922 in the General Fund revenues.
- Funds were set aside for the Maintenance Fund in the amount of \$20,000 and the Emergency Fund in the amount of \$20,000.
- In an effort to be proactive to increase revenue and reduce costs, the District has continued a shared services agreement with Woodland Township. Additionally, the District has entered into shared service agreement with the Shamong School District for the Director of Pupil Personnel Services at a savings to the district of 50% of the position.
- An afternoon Kindergarten Program was established to raise additional revenue for the district and to offer services to students.

**Using This Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Medford Lakes School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at the financial activities of each fund. In addition, this report also contains other supplementary and statistical information.

## **Reporting the School District as a Whole (Government-wide Financial Statements)**

### **Statement of Net Position and Statement of Activities**

*The Statement of Net Position and Statement of Activities* provides information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental activities and business-type activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's individual funds with all funds presented. In the case of the Medford Lakes School District, the General Fund is by far the most significant fund. The governmental activities are mainly supported by taxes and intergovernmental revenues, while the business-type activities are intended to recover all or a significant portion of their costs through user fees and charges.

While this document contains all of the funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities answers this question. The Statement of Net Position includes all assets and liabilities, while the Statement of Activities shows the cost of program services and the charges for those services and the grants offsetting those services. They use the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the timing of the related cash is received or paid.

These two statements report the School District's net position and changes to net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

**Governmental Activities** — These activities report on the School District's programs and services including instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities, grant programs, and capital outlay. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and the Debt Service Fund.

**Business Type Activities** — These activities provide for a charge for goods or services to recover the expenses of the goods and services provided. The Milk Service operation is reported here.

### **Reporting the School District's Most Significant Funds**

#### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District's activities that are segregated for specific activities or objectives. The School District uses many funds to account for a multitude of financial transactions. These funds are divided into three categories: Governmental, Proprietary and Fiduciary Funds.

## **Governmental Funds**

The School District maintains four individual governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements. The School District adopts an annual appropriated budget for its general, special revenue and debt service funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found in Exhibits B-1 through B-3 of this report.

## **Proprietary Funds**

The School District maintains one proprietary fund, which consists of one enterprise fund that reports on the milk service operation. This fund uses the same basis of accounting as business-type activities.

The basic proprietary fund financial statements can be found in Exhibits B-4 through B-6 of this report.

## **Fiduciary Funds**

The School District's fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's activities. The accounting method used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found in Exhibits B-7 through B-8 of this report.

## **Notes to the 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 financial statements can be found on pages 33 to 52 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents statistical and single audit information and schedules relative to the School District and/or its serving community.

## **The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of government's financial position.

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

depreciation of capital assets.

Table 1 provides a summary of the School District's net position for fiscal year 2013 compared to 2012 results.

**Table 1  
Net Position**

	Governmental Activities	Business- Type Activities	Total 2012	Governmental Activities	Business- Type Activities	Total 2013
<b>Assets</b>						
Current & Other Assets	\$1,259,516	\$27,553	\$1,287,069	\$1,001,568	\$37,133	\$1,038,701
Capital Assets, Net	5,991,188	20,574	6,011,762	5,835,129	18,517	5,853,646
<b>Total Assets</b>	<b>\$7,250,704</b>	<b>\$48,127</b>	<b>\$7,298,831</b>	<b>\$6,836,697</b>	<b>\$55,650</b>	<b>\$6,892,347</b>
<b>Liabilities</b>						
Long-Term Liabilities	\$3,349,477		3,349,477	\$3,044,017		\$3,044,017
Other liabilities	637,719		637,719	714,897		714,897
<b>Total Liabilities</b>	<b>\$3,987,196</b>		<b>\$3,987,196</b>	<b>\$3,758,914</b>		<b>\$3,758,914</b>
<b>Net Position</b>						
Invested in Capital Assets, Net of Debt	\$2,446,188	\$20,574	\$2,466,762	\$2,595,129	\$18,517	\$2,613,646
Restricted	424,832		424,832	501,203		501,203
Unrestricted	392,488	27,553	420,041	(18,549)	37,133	18,584
<b>Total Net Position</b>	<b>\$3,263,508</b>	<b>\$48,127</b>	<b>\$3,311,635</b>	<b>\$3,077,783</b>	<b>\$55,650</b>	<b>\$3,133,433</b>

As noted earlier, the District's net position may serve over time as a useful Indicator of a government's financial position. The largest portion of the District's net position (75 percent) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide the educational programs; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are 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.

An additional portion of the District's net position (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations.

Table 2 shows changes in net position for fiscal year 2013 as compared to fiscal year 2012.

**Table 2**  
**Changes in Net Position**

	2012			2013		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$	\$ 13,205	\$ 13,205	\$	\$ 11,881	\$ 11,881
Operating grants & contributions	159,272	6,355	165,627	180,255	5,292	185,547
<b>General revenues</b>						
Property taxes	5,572,593		5,572,593	5,598,801		5,598,801
Grants and entitlements	1,644,821		1,644,821	1,782,505		1,782,505
Other	200,245	146	200,391	173,714	133	173,847
Total revenues	7,576,931	19,706	7,596,637	7,735,275	17,306	7,752,581
<b>Program Expenses</b>						
Instruction	3,151,286		3,151,286	3,602,205		3,602,205
<b>Support services</b>						
Pupils and instructional staff	877,158		877,158	822,712		822,712
<b>General administration, school administration, business</b>						
	590,364		590,364	631,042		631,042
<b>Operations and maintenance of facilities</b>						
	505,545		505,545	535,064		535,064
Pupil transportation	128,679		128,679	142,710		142,710
Unallocated benefits	1,602,622		1,602,622	1,802,941		1,802,941
Interest on debt	193,095		193,095	168,488		168,488
Food service		35,474	35,474		9,783	9,783
Other	215,295		215,295	215,838		215,838
Total expenses	7,264,044	35,474	7,299,518	7,921,000	9,783	7,930,783
Increase in net position	\$ 312,887	\$ (15,768)	\$ 297,119	\$ (185,725)	\$ 7,523	\$ (178,202)

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

Pupils and instruction staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business operations include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

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

## Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District operations. Property taxes made up 72% of revenues for governmental activities for the Medford Lakes School District. Federal, state and local grants accounted for another 25% of revenues. The District's total governmental activities revenues were \$7,735,275 for the year ended June 30, 2013.

## Business-Type Activities

Revenues for the District's business-type activity (milk program) were comprised of charges for services and federal and state reimbursements.

Business-type revenues exceeded expenditures by \$7,523.

Charges for services are amounts paid by patrons for daily milk service operations.

Federal and state operating grant revenues are for the reimbursement for milk.

## The School District's Funds

Governmental funds (i.e. general fund, special revenue fund, capital projects fund, and debt service fund) presented in the fund-based statements, are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$7,725,276 and expenditures were \$8,065,941. The net change in overall fund balance for the year was (\$340,665).

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. Table 3 presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2013 and the amount and percentage of increases and decreases in relation to prior year revenues.

The increase in local revenue was due to a tax increase to fund the additional expenditures of the School District associated with an increase in higher operating costs and a minimal increase in state aid.

State revenues reflect an increase due to an increase in allocations of state aid

Federal revenues reflect a decrease due to Education Jobs Fund being received in the prior year.

**Table 3**  
**Revenues of the Governmental Funds**

Revenues	Amount	Percent of Total	Increase/ (Decrease) from 2012	Percent of Increase/ (Decrease)
Local Sources	\$5,762,516	74.59%	\$24,328	0.42%
State Sources	\$1,827,684	23.66%	\$218,552	13.58%
Federal Sources	\$135,076	1.75%	(\$59,885)	-30.72%
Total	\$7,725,276	100.00%	\$182,995	

Table 4 represents a summary of the combined general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2013, and the percentage of increases and decreases in relation to prior year amounts.

**Table 4  
Expenditures of the Governmental Funds**

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2012</u>	<u>Percent of Increase/ (Decrease)</u>
Current:				
Instruction	\$3,602,205	44.66%	\$450,919	14.31%
Undistributed	3,934,469	48.78%	\$252,212	6.85%
Capital outlay	73,410	0.91%	\$38,059	107.66%
Debt Service	455,857	5.65%	\$3,401	0.75%
 Total	 \$8,065,941	 100%	 \$744,591	

Changes in expenditures were the result of varying factors. The increase in Current – Instruction is attributed to the establishment of the Kindergarten Program. The increase in Current- Undistributed expenditures is attributed to out of district placement of students.

#### **GENERAL FUND BUDGETING HIGHLIGHTS**

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

Over the course of the year, the District revised its General Fund budget as needed. Revisions in the budget were made to accommodate program changes and to prevent over-expenditures in specific line item accounts. Several of these significant revisions include expenditures for Instruction, Special Education and the Operation and Maintenance of Plant Facilities. The details of individual program budget revisions are reflected In Exhibit C-1 of the CAFR.

While the District’s final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a difference of (\$304,502).

- Local revenues were higher due to an increase in State Aid.
- The current undistributed expense increased due to out of district tuition.

## FUND BALANCES

Table 5 shows a comparison of the fund balances in each of the District's Governmental and Business-type activity funds.

**Table 5**  
**Changes in Fund Balances**

	<u>Fund Balances, June 30</u>		
	2013	2012	Difference
<b>Governmental Funds</b>			
General Fund	\$713,615	\$1,026,219	(\$312,604)
Capital Projects Fund	\$6,614	\$6,614	\$0
Debt Service Fund	\$1	\$28,062	(\$28,061)
<b>Business-type Activities:</b>			
Milk Service Enterprise Fund	\$55,650	\$48,127	\$7,523

## CAPITAL ASSETS

At the end of the fiscal year 2013, the School District had \$5,853,646 invested in land, buildings, furniture, equipment, and vehicles. Table 6 shows fiscal year 2013 balances compared to 2012.

**Table 6**  
**Capital Assets (Net of Depreciation) at June 30**

	2013	2012	Difference
Buildings and improvements	\$12,797,983	\$12,742,744	\$55,239
Machinery and equipment	\$262,172	\$262,172	\$0
Subtotal	\$13,060,155	\$13,004,916	\$55,239
Accumulated Depreciation	(\$7,206,509)	(\$6,993,154)	(\$213,355)
<b>TOTAL</b>	<b>\$5,853,646</b>	<b>\$6,011,762</b>	<b>(\$158,116)</b>

Overall capital assets decreased by a net of \$(158,116) from fiscal year 2012. This decrease represents the reduction in value of assets due to depreciation charges. For more detailed information, refer to the Notes to the Financial Statements.

## DEBT ADMINISTRATION

In the governmental funds, at June 30, 2013, the School District had \$3,354,017 of outstanding debt. Of this amount \$114,017 is for compensated absences; and \$3,240,000 is from serial bonds outstanding from the 2010 bonds issued.

There was no debt outstanding in the business-type activities fund.

The District's credit rating as determined by Moody's continues to be AAA for general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue. The District's limit is 3 percent of its equalized valuation basis. The current debt limitation for the District is \$14,264,835, which is significantly in excess of the District's outstanding general obligation debt of \$3,240,000.

Additional information on the District's long-term debt can be found in note 7 in the Notes to the Financial Statements.

### **For the Future**

The Medford Lakes School District is in excellent financial condition presently. The School District is proud of its community support and involvement in the educational program. A major concern is the lack of state and federal revenues, which has resulted in increased property taxes.

The School District's budget has for many years experienced support from the community's voters. The Medford Lakes community has approved the District's seven of the last eight budgets.

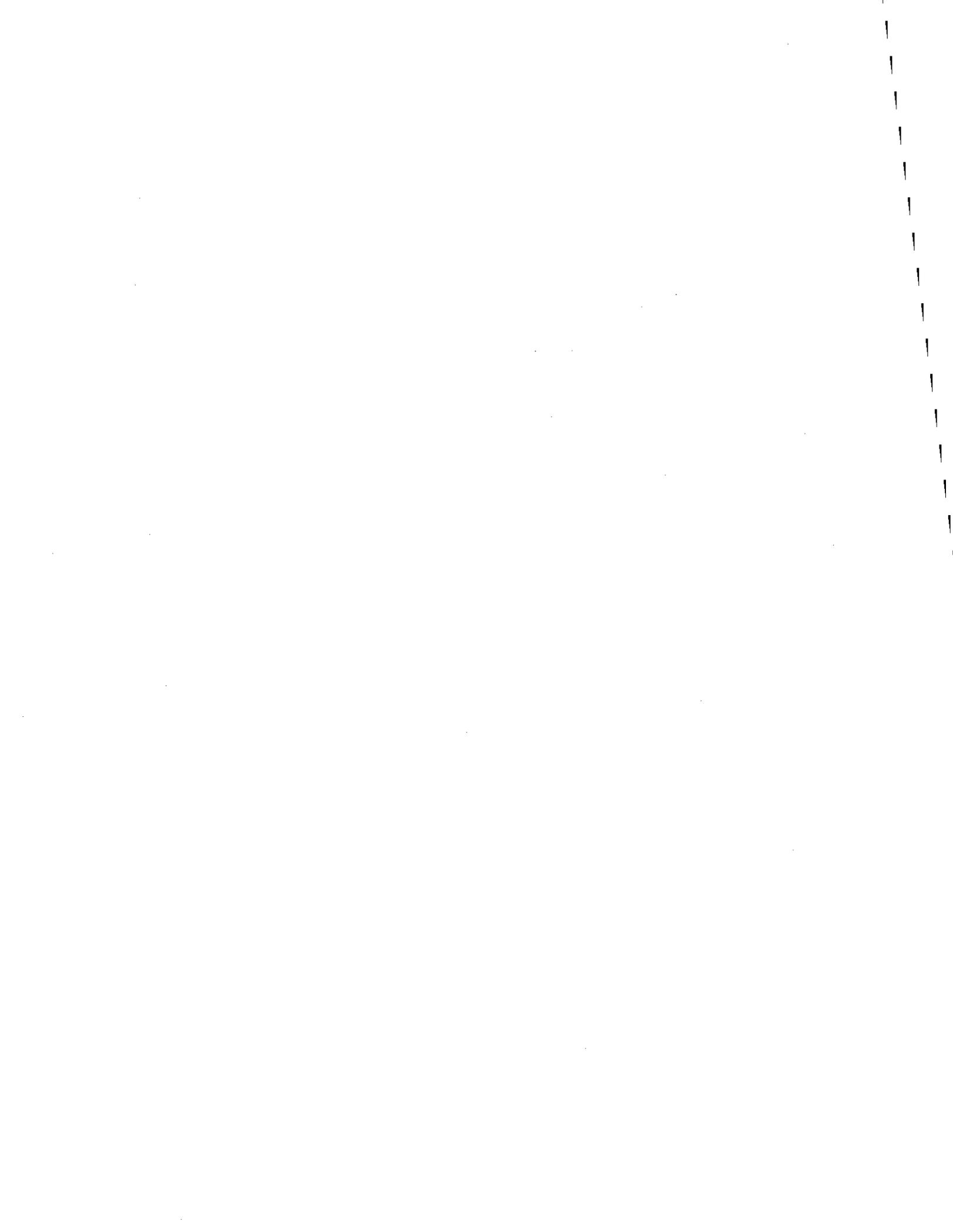
The Medford Lakes School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions regarding this report or if additional information is needed, contact Mr. Michael Colling, School Business Administrator/Board Secretary, at the Medford Lakes School District, 135 Mudjekeewis Trail, Medford Lakes New Jersey 08055.



**BASIC FINANCIAL STATEMENTS**



## A. District-Wide Financial Statements



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**  
**(With Comparative Totals for June 30, 2012)**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
			JUNE 30, 2013	(MEMORANDUM ONLY) JUNE 30, 2012
Cash & Cash Equivalents	\$ 464,780	\$ 31,469	\$ 496,249	\$ 801,807
Receivables, Net	165,740	5,664	171,404	134,660
Unamortized Loss on Refunding	125,791	-	125,791	140,032
Unamortized Cost of Issuance	52,630	-	52,630	58,589
Restricted Assets:				
Restricted Cash & Cash Equivalents	192,627	-	192,627	151,981
Capital Assets, Net (Note 6)	5,835,129	18,517	5,853,646	6,011,762
<b>Total Assets</b>	<b>6,836,697</b>	<b>55,650</b>	<b>6,892,347</b>	<b>7,298,831</b>
<b>LIABILITIES</b>				
Accounts Payable	102,917	-	102,917	-
Accrued Interest Payable	35,225	-	35,225	35,765
Original Issue Premium	266,755	-	266,755	296,954
Noncurrent Liabilities (Note 7):				
Due Within One Year	310,000	-	310,000	305,000
Due Beyond One Year	3,044,017	-	3,044,017	3,349,477
<b>Total Liabilities</b>	<b>3,758,914</b>	<b>-</b>	<b>3,758,914</b>	<b>3,987,196</b>
<b>NET POSITION</b>				
Invested in Capital Assets, Net of Related Debt	2,595,129	18,517	2,613,646	2,466,762
Restricted For:				
Debt Service	(35,224)	-	(35,224)	(7,703)
Other Purposes	536,427	-	536,427	432,535
Unrestricted	(18,549)	37,133	18,584	420,041
<b>Total Net Position</b>	<b>\$ 3,077,783</b>	<b>\$ 55,650</b>	<b>\$ 3,133,433</b>	<b>\$ 3,311,635</b>

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**(With Comparative Totals for June 30, 2012)**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
						JUNE 30, 2013	JUNE 30, 2012
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 2,610,192	\$ -	\$ 171,229	\$ (2,438,963)	\$ -	\$(2,438,963)	\$ (2,144,908)
Special Education	904,275	-	-	(904,275)	-	(904,275)	(794,094)
Other Special Instruction	62,145	-	-	(62,145)	-	(62,145)	(62,779)
Other Instruction	25,593	-	-	(25,593)	-	(25,593)	(20,808)
<b>Support Services &amp; Undistributed Costs:</b>							
Tuition	64,603	-	-	(64,603)	-	(64,603)	(118,623)
Health Services	191,526	-	-	(191,526)	-	(191,526)	(204,382)
Student & Instruction Related Services	499,905	-	9,026	(490,879)	-	(490,879)	(467,279)
Educational Media Services/School Library	65,708	-	-	(65,708)	-	(65,708)	(54,677)
Instructional Staff Training	970	-	-	(970)	-	(970)	(1,622)
School Administrative Services	151,809	-	-	(151,809)	-	(151,809)	(132,878)
General Administrative Services	280,362	-	-	(280,362)	-	(280,362)	(271,407)
Plant Operations & Maintenance	535,064	-	-	(535,064)	-	(535,064)	(505,545)
Pupil Transportation	142,710	-	-	(142,710)	-	(142,710)	(128,679)
Business & Other Support Services	198,871	-	-	(198,871)	-	(198,871)	(183,895)
Administration Information Technology	-	-	-	-	-	-	(2,184)
Unallocated Benefits	1,802,941	-	-	(1,802,941)	-	(1,802,941)	(1,602,622)
Interest on Long-Term Debt	168,488	-	-	(168,488)	-	(168,488)	(193,095)
Increase in Compensated Absences	4,540	-	-	(4,540)	-	(4,540)	(5,838)
Unallocated Depreciation	211,298	-	-	(211,298)	-	(211,298)	(209,457)

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013  
(With Comparative Totals for June 30, 2012)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
						JUNE 30, 2013	JUNE 30, 2012
Total Governmental Activities	7,921,000	-	180,255	(7,740,745)	-	(7,740,745)	(7,104,772)
Business-Type Activities:							
Food Service	9,783	11,881	5,292	-	7,390	7,390	9,406
Total Business-Type Activities	9,783	11,881	5,292	-	7,390	7,390	9,406
Total Primary Government	<u>\$ 7,930,783</u>	<u>\$ 11,881</u>	<u>\$ 185,547</u>	<u>(7,740,745)</u>	<u>7,390</u>	<u>(7,733,355)</u>	<u>(7,095,366)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				5,171,005	-	5,171,005	5,120,136
Taxes Levied for Debt Service				427,796	-	427,796	452,457
Federal & State Aid Not Restricted				1,782,505	-	1,782,505	1,644,821
Miscellaneous Revenue				163,715	133	163,848	165,741
Amortization of Bond Premiums (Net of Costs & Losses)				9,999	-	9,999	10,000
Cancellation of Grants				-	-	-	(670)
Total General Revenues, Special Items, Extraordinary Items & Transfers				<u>7,555,020</u>	<u>133</u>	<u>7,555,153</u>	<u>7,392,485</u>
Change In Net Position				(185,725)	7,523	(178,202)	297,119
Net Position - Beginning				<u>3,263,508</u>	<u>48,127</u>	<u>3,311,635</u>	<u>3,014,516</u>
Net Position - Ending				<u>\$ 3,077,783</u>	<u>\$ 55,650</u>	<u>\$ 3,133,433</u>	<u>\$ 3,311,635</u>

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



## B. Fund Financial Statements



## Governmental Funds



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2013**

(With Comparative Totals for June 30, 2012)

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS	
					JUNE 30, 2013	(MEMORANDUM ONLY) JUNE 30, 2012
Cash & Cash Equivalents	\$ 625,596	\$ -	\$ -	\$ 1	\$ 625,597	\$ 861,002
Due From Other Funds	32,890	1,571	30,000	-	64,461	62,049
Receivables From Other Governments	29,880	135,860	-	-	165,740	103,809
Restricted Cash & Cash Equivalents	192,627	-	-	-	192,627	151,981
<b>Total Assets</b>	<b>\$ 880,993</b>	<b>\$ 137,431</b>	<b>\$ 30,000</b>	<b>\$ 1</b>	<b>\$ 1,048,425</b>	<b>\$ 1,178,841</b>
<b>LIABILITIES &amp; FUND BALANCES</b>						
<b>Liabilities:</b>						
Cash Overdraft	\$ -	\$ 137,431	\$ 23,386	\$ -	\$ 160,817	\$ 65,720
Accounts Payable	131,168	-	-	-	131,168	-
Interfund Payable	36,210	-	-	-	36,210	52,226
Deferred Revenue	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>167,378</b>	<b>137,431</b>	<b>23,386</b>	<b>-</b>	<b>328,195</b>	<b>117,946</b>
<b>Fund Balances:</b>						
<b>Restricted for:</b>						
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	143,291	-	-	-	143,291	137,263
Excess Surplus - Current Year	200,509	-	-	-	200,509	143,291
Capital Reserve Account	1	-	-	-	1	1
Emergency Reserve Account	96,308	-	-	-	96,308	75,999
Maintenance Reserve Account	96,318	-	-	-	96,318	75,981
<b>Assigned to:</b>						
Designated by the BOE for Subsequent Year's Expenditures	32,282	-	-	-	32,282	319,614
Other Purposes	-	-	-	-	-	92,608
Capital Projects	-	-	6,614	-	6,614	6,614
Debt Service	-	-	-	1	1	28,062
<b>Unassigned:</b>						
General Fund	144,906	-	-	-	144,906	181,462
<b>Total Fund Balances</b>	<b>713,615</b>	<b>-</b>	<b>6,614</b>	<b>1</b>	<b>720,230</b>	<b>1,060,895</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 880,993</b>	<b>\$ 137,431</b>	<b>\$ 30,000</b>	<b>\$ 1</b>		

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 \$13,039,581, and the accumulated depreciation is \$7,204,452. (See Note 6)	\$ 5,835,129	\$ 5,991,188
Accrued interest payable is not recorded in the fund financial due to the fact that payable is not due in the current period.	(35,225)	(35,765)
Unamortized bond issuance costs/loss on refunding net of Bond Premium is not recorded in the fund financials But is recorded on the district wide financials	(88,334)	(98,333)
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 (see Illustrative Note 7)	(3,354,017)	(3,654,477)
<b>Net position of Governmental Activities</b>	<b>\$ 3,077,783</b>	<b>\$ 3,263,508</b>

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013  
(With Comparative Totals for June 30, 2012)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS	
					JUNE 30, 2013	(MEMORANDUM ONLY) JUNE 30, 2012
<b>Revenues:</b>						
Local Tax Levy	\$ 5,171,005	\$ -	\$ -	\$ 427,796	\$ 5,598,801	\$ 5,572,593
Miscellaneous	118,536	45,179	-	-	163,715	165,595
State Sources	1,827,684	-	-	-	1,827,684	1,609,132
Federal Sources	-	135,076	-	-	135,076	194,961
<b>Total Revenues</b>	<b>7,117,225</b>	<b>180,255</b>	<b>-</b>	<b>427,796</b>	<b>7,725,276</b>	<b>7,542,281</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Regular Instruction	2,438,963	171,229	-	-	2,610,192	2,273,605
Special Education Instruction	904,275	-	-	-	904,275	794,094
Other Special Instruction	62,145	-	-	-	62,145	62,779
Other Instruction	25,593	-	-	-	25,593	20,808
<b>Support Services &amp; Undistributed Costs:</b>						
Tuition	64,603	-	-	-	64,603	118,623
Health Services\Attendance Student & Instruction Related Services	191,526	-	-	-	191,526	204,382
Educational Media Services/ School Library	490,879	9,026	-	-	499,905	475,743
Instructional Staff Training	65,708	-	-	-	65,708	54,677
General Administrative Services	970	-	-	-	970	1,622
School Administrative Services	280,362	-	-	-	280,362	271,407
Plant Operations & Maintenance	151,809	-	-	-	151,809	132,878
Pupil Transportation	535,064	-	-	-	535,064	505,545
Business & Other Support Services	142,710	-	-	-	142,710	128,679
Administration Information Technology	198,871	-	-	-	198,871	183,895
Unallocated Benefits	-	-	-	-	-	2,184
Debt Service:	1,802,941	-	-	-	1,802,941	1,602,622
Principal	-	-	-	305,000	305,000	290,000
Interest	-	-	-	150,857	150,857	162,456
Capital Outlay	73,410	-	-	-	73,410	35,351
<b>Total Expenditures</b>	<b>7,429,829</b>	<b>180,255</b>	<b>-</b>	<b>455,857</b>	<b>8,065,941</b>	<b>7,321,350</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(312,604)</b>	<b>-</b>	<b>-</b>	<b>(28,061)</b>	<b>(340,665)</b>	<b>220,931</b>
<b>Other Financing Sources/(Uses):</b>						
Cancellation of SDA Grant	-	-	-	-	-	(670)
Transfers In	-	-	-	-	-	25,320
<b>Total Other Financing Sources &amp; Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,650</b>
<b>Net Change in Fund Balances</b>	<b>(312,604)</b>	<b>-</b>	<b>-</b>	<b>(28,061)</b>	<b>(340,665)</b>	<b>245,581</b>
<b>Fund Balance - July 1</b>	<b>1,026,219</b>	<b>-</b>	<b>6,614</b>	<b>28,062</b>	<b>1,060,895</b>	<b>815,314</b>
<b>Fund Balance - June 30</b>	<b>\$ 713,615</b>	<b>\$ -</b>	<b>\$ 6,614</b>	<b>\$ 1</b>	<b>\$ 720,230</b>	<b>\$ 1,060,895</b>

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

**MEDFORD LAKES BOROUGH 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 YEAR ENDED JUNE 30, 2013**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (340,665)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period:

Depreciation Expense	\$	(211,298)	
Capital Outlays		55,239	(156,059)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 305,000

Loss on the early extinguishments of debt, cost of issuance on refunding, and original issue premiums are recorded when incurred in the governmental funds but are deferred and recognized in the statement of activities over the life of the refunding:

Prior Year		98,333	
Current Year		(88,334)	9,999

Net difference in accrued interest on bonds and capital leases is not recorded in the fund financial statements. 540

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

Prior Year Compensated Absences		109,477	
Current Year Compensated Absences		(114,017)	(4,540)

Change in Net Position of Governmental Activities \$ (185,725)

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



## Proprietary Funds



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2013  
 (With Comparative Totals for June 30, 2012)**

ASSETS	BUSINESS-TYPE ACTIVITIES -		TOTALS	
	ENTERPRISE FUNDS		(MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2013	JUNE 30, 2012	
Current Assets:				
Cash & Cash Equivalents	\$ 31,469	\$ 31,469	\$ 6,525	
Accounts Receivable:				
Interfunds	4,639	4,639	20,657	
Federal	1,025	1,025	371	
Total Current Assets	37,133	37,133	27,553	
Noncurrent Assets:				
Furniture, Machinery & Equipment	20,574	20,574	20,574	
Accumulated Depreciation	(2,057)	(2,057)	-	
Total Noncurrent Assets	18,517	18,517	20,574	
Total Assets	55,650	55,650	48,127	
NET POSITION				
Investments in Capital Assets -				
Net of Related Debt	18,517	18,517	20,574	
Unrestricted	37,133	37,133	27,553	
Total Net Position	\$ 55,650	\$ 55,650	\$ 48,127	

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**(With Comparative Totals for June 30, 2012)**

	BUSINESS-TYPE ACTIVITIES -		TOTALS	
	ENTERPRISE FUNDS	(MEMORANDUM ONLY)		
	FOOD SERVICE	JUNE 30, 2013	JUNE 30, 2012	
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs:				
Special Milk Program	\$ 11,881	\$ 11,881	\$ 13,205	
Total Operating Revenues	11,881	11,881	13,205	
Operating Expenses:				
Cost of Sales	7,726	7,726	10,154	
Depreciation	2,057	2,057	-	
Total Operating Expenses	9,783	9,783	10,154	
Operating Income/(Loss)	2,098	2,098	3,051	
Nonoperating Revenues/(Expenses):				
Federal Sources:				
Special Milk Program	5,292	5,292	6,355	
Interest & Investment Revenue	133	133	146	
Transfers	-	-	(25,320)	
Total Nonoperating Revenues/(Expenses)	5,425	5,425	(18,819)	
Income/(Loss) Before Contributions & Transfers	7,523	7,523	(15,768)	
Change in Net Position	7,523	7,523	(15,768)	
Total Net Position - Beginning	48,127	48,127	63,895	
Total Net Position - Ending	\$ 55,650	\$ 55,650	\$ 48,127	

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2013  
 (With Comparative Totals for June 30, 2012)**

	BUSINESS-TYPE ACTIVITIES -		TOTALS	
	ENTERPRISE FUNDS FOOD SERVICE	JUNE 30, 2013	JUNE 30, 2012	(MEMORANDUM ONLY)
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 27,899	\$ 27,899	\$ 13,205	
Payments to Suppliers	(7,726)	(7,726)	(10,154)	
Net Cash Provided/(Used) by Operating Activities	20,173	20,173	3,051	
Cash Flows From Noncapital Financing Activities:				
Federal Sources	4,638	4,638	6,455	
Interfunds Receivable	-	-	(6,455)	
Net Cash Provided/(Used) by Noncapital Financing Activities	4,638	4,638	-	
Cash Flows From Capital & Related Financing Activities:				
Purchase of Capital Assets	-	-	(20,574)	
Net Cash Provided/(Used) by Capital & Related Financing Activities	-	-	(20,574)	
Cash Flows From Investing Activities:				
Interest & Dividends	133	133	146	
Net Cash Provided/(Used) by Investing Activities	133	133	146	
Net Increase/(Decrease) in Cash & Cash Equivalents	24,944	24,944	(17,377)	
Balances - Beginning of Year	6,525	6,525	23,902	
Balances - End of Year	\$ 31,469	\$ 31,469	\$ 6,525	

**Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:**

Operating Income/(Loss)	\$ 2,098	\$ 2,098	\$ 3,051
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	2,057	2,057	-
(Increase)/Decrease in Interfund Receivable	16,018	16,018	-
Total Adjustments	18,075	18,075	-
Net Cash Provided/(Used) by Operating Activities	\$ 20,173	\$ 20,173	\$ 3,051

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



Fiduciary Fund



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013  
(With Comparative Totals for June 30, 2012)**

	PRIVATE PURPOSE						TOTALS	
	FLEXIBLE SPENDING SCHOLARSHIP		NEW JERSEY UNEMPLOYMENT TRUST		AGENCY STUDENT PAYROLL ACTIVITY		(MEMORANDUM ONLY)	
ASSETS							JUNE 30, 2013	JUNE 30, 2012
Cash & Cash Equivalents	\$ 9,116	\$ 5,991	\$ 29,329	\$ 1,855	\$ 59,715	\$ 7,421	\$ 113,427	\$ 97,901
Interfund Receivable	-	-	1,200	-	-	-	1,200	13,719
<b>Total Assets</b>	<b>9,116</b>	<b>5,991</b>	<b>30,529</b>	<b>1,855</b>	<b>59,715</b>	<b>7,421</b>	<b>114,627</b>	<b>111,620</b>
<b>LIABILITIES</b>								
Accrued Salaries & Wages	-	-	-	-	36,315	-	36,315	25,885
Interfund Payable	-	3,269	-	-	23,400	7,421	34,090	44,199
Due to Student Groups	-	-	-	1,855	-	-	1,855	1,648
<b>Total Liabilities</b>	<b>-</b>	<b>3,269</b>	<b>-</b>	<b>1,855</b>	<b>59,715</b>	<b>7,421</b>	<b>72,260</b>	<b>71,732</b>
<b>NET POSITION</b>								
Reserved for Scholarships Undesignated	9,116	-	-	-	-	-	9,116	9,299
	-	2,722	30,529	-	-	-	33,251	30,589
<b>Total Net Position</b>	<b>\$ 9,116</b>	<b>\$ 2,722</b>	<b>\$ 30,529</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42,367</b>	<b>\$ 39,888</b>

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

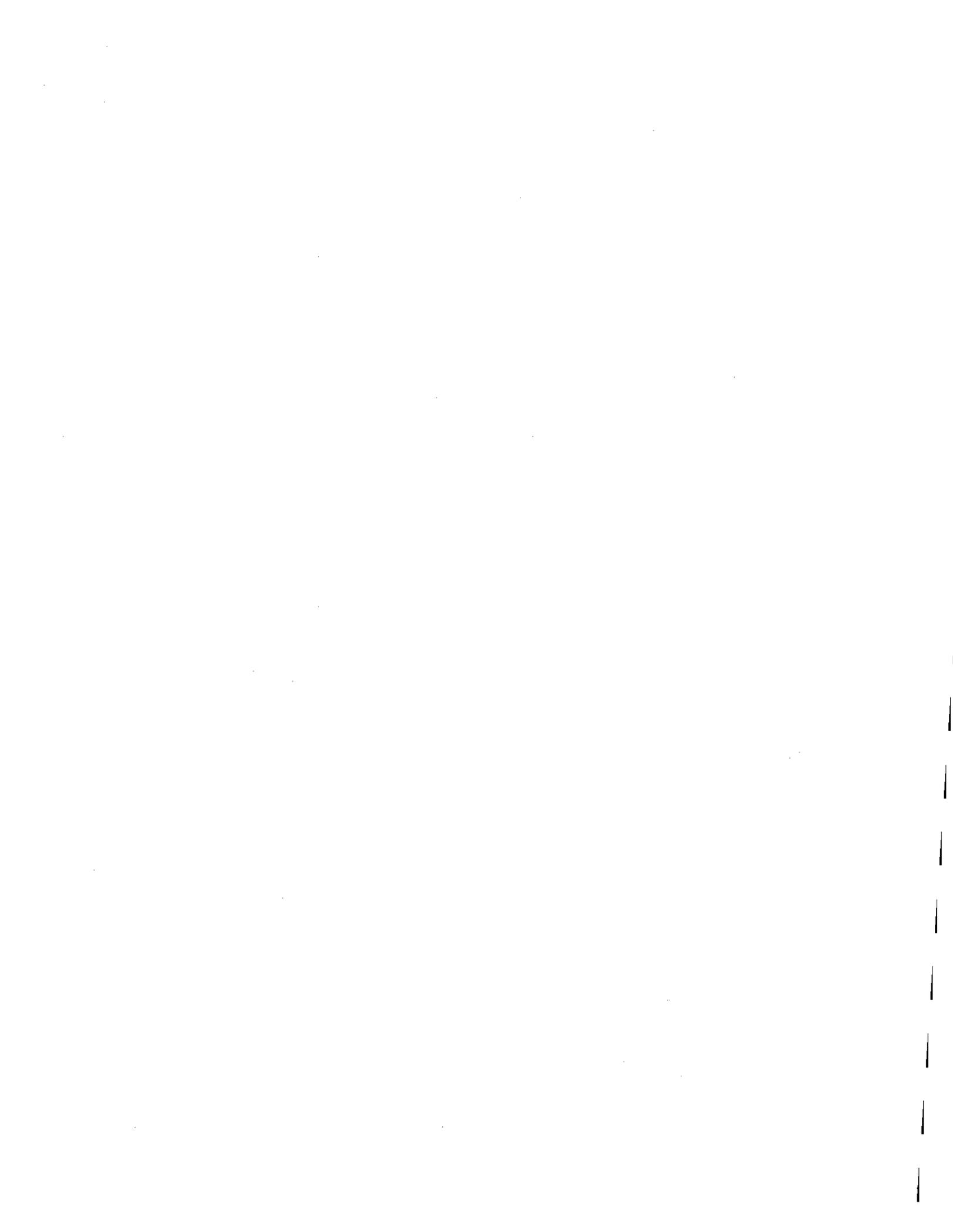
**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013  
(With Comparative Totals for June 30, 2012)**

	PRIVATE PURPOSE			TOTALS	
	SCHOLARSHIP	FLEXIBLE SPENDING TRUST	UNEMPLOYMENT COMPENSATION TRUST FUND	JUNE 30, 2013	(MEMORANDUM ONLY) JUNE 30, 2012
<b>ADDITIONS:</b>					
Local Sources:					
Interest on Investments	\$ 17	\$ 28	\$ 145	\$ 190	\$ 280
Contributions	-	9,025	-	9,025	8,016
Total Operating Revenue	17	9,053	145	9,215	8,296
Total Additions	17	9,053	145	9,215	8,296
<b>DEDUCTIONS:</b>					
Scholarship Payments	200	-	-	200	300
Miscellaneous Expenditures	-	6,536	-	6,536	8,735
Total Deductions	200	6,536	-	6,736	9,035
Change in Net Position	(183)	2,517	145	2,479	(739)
Net Position - Beginning of the Year	9,299	205	30,384	39,888	40,627
Net Position - End of the Year	\$ 9,116	\$ 2,722	\$ 30,529	\$ 42,367	\$ 39,888

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

**MEDFORD LAKES BOROUGH  
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 1. Summary of Significant Accounting Policies**

The accompanying financial statements of the Medford Lakes Board of Education have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. It also required new information and restructured much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District implemented these standards for the fiscal year-ending June 30, 2003, with the implementation of GASB Statement 34; the District has prepared required supplementary information titled *Management’s Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. The District has implemented the following GASB Statements in the current fiscal year: Statement 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 reclassifies, 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. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this Statement but it is expected to have a material impact on the financial statements for the year ended June 30, 2014.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2013 and for the year then ended with comparative totals as of and for the year ended June 30, 2012 (Memorandum Only).

**A. Reporting Entity**

The Medford Lakes Borough Board of Education is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of 5 members elected to three-year terms. These terms are staggered so that a maximum of 2 members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, vocational, as well as special education for handicapped youngsters. The operations of the District include two elementary schools located in Medford Lakes Borough. The Medford Lakes Borough Board of Education has an approximate enrollment at June 30, 2013 of 534 students.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 1. Summary of Significant Accounting Policies (continued):**

**A. Reporting Entity (continued):**

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name)
- ◆ the District holds the corporate powers of the organization
- ◆ the District appoints a voting majority of the organization's board
- ◆ the District is able to impose its will on the organization
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**B. District-Wide and Fund Financial Statements**

The district-wide financial statements (the statement of net position and the statement of activities) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 1. Summary of Significant Accounting Policies (continued):**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**District-Wide Financial Statements** – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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** – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**D. Fund Accounting**

The accounts of the Medford Lakes Borough Board of Education are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

**Governmental Funds**

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

As required by the New Jersey Department of Education Medford Lakes Borough Board of Education includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 1. Summary of Significant Accounting Policies (continued):**

**D. Fund Accounting (continued):**

used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

**Proprietary Fund**

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

**Enterprise** - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into contributed capital and unreserved retained

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Proprietary Fund (continued):**

earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line-method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	15 Years
Light Trucks & Vehicle	8 Years
Heavy Trucks & Vehicle	8 Years

**Fiduciary Fund**

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency funds

Private Purpose Trust Funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains an Unemployment Trust Fund, Flexible Spending Trust Fund and a Scholarship Fund as private purpose trusts.

Agency Funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity's own operating programs. The District currently maintains Payroll funds and Student Activity Funds as Agency Funds

**Agency Funds** - Agency funds are used to account for the assets that the Medford Lakes Borough Board of Education holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**E. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 1. Summary of Significant Accounting Policies (continued):**

**E. Basis of Accounting (continued):**

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, private purpose trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the Medford Lakes Borough Board of Education follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Medford Lakes Borough Board of Education's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and private purpose trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**F. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Effective January 17, 2012, P.L.2011 c.202 eliminated the annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund.

Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6:20-2A(m)1*. All budget amendments must be approved by School Board resolution.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 1. Summary of Significant Accounting Policies (continued):**

**F. Budgets/Budgetary Control (continued):**

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

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

The budget, as detailed on Exhibit C-1, includes all amendments to the adopted budget, if any.

**G. Encumbrances**

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

Open encumbrances in the special revenue fund for which the Medford Lakes Borough Board of Education has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

**H. Cash and Cash Equivalents**

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that 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.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 1. Summary of Significant Accounting Policies (continued):**

**H. Cash and Cash Equivalents (continued):**

*N.J.S.A.17:9-41* et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**I. Tuition Receivable/Payable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2013, which have not been recorded, are not determinable.

The tuition rate adjustments for the year 2010-2011 have been established. According to the School District's records, these amounts of adjustments are immaterial to the financial statements.

**J. Inventories & Prepaid Expenses**

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

**K. Short-Term Interfund Receivables/Payables**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Medford Lakes Borough Board of Education and that are due within one year.

**L. Capital Assets**

General fixed assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Fixed assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed were valued by an independent appraisal

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 1. Summary of Significant Accounting Policies (continued):**

**L. Capital Assets (continued):**

company. General fixed assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Machinery & Equipment	3 – 20 Years
Building & Other Improvements	7 – 60 Years
Infrastructure	30 Years

**M. Accrued Salaries and Wages**

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2013 for such salaries.

**N. Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

**O. Unearned Revenue**

Unearned revenue in the general and special revenue funds represents cash, which has been received but not yet earned.

**P. Long-Term Obligations**

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

**Q. Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Medford Lakes Board of Education classifies governmental fund balances as follows:

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2013**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Q. Fund Balance (continued):**

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Medford Lakes Board of Education uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation. Additionally, the Medford Lakes Board of Education would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**R. Subsequent Events:**

Medford Lakes Borough Board of Education has evaluated subsequent events occurring after June 30, 2013 through the date of November 15, 2013, which is the date the financial statements were available to be issued.

**Note 2. Cash and Cash Equivalents**

The District is governed by the deposit limitations of New Jersey state law. The Deposits held at June 30, 2013, and reported at fair value are as follows:

<b>Deposits</b>	
Demand Deposits	\$ 802,303
Total Deposits	\$ 802,303
 <b>The District's Cash and Cash Equivalents are Reported as Follows:</b>	
Government Activities	\$ 657,407
Business-Type Activities	31,469
Fiduciary Funds	113,427
Total Cash and Cash Equivalents	\$ 802,303

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 2. Cash and Cash Equivalents (continued):**

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2013, the District’s bank balance of \$969,902 was insured or collateralized as shown below:

Insured Under FDIC	\$250,000
Collateralized by securities held by	
Pledging financial institution	129,676
Uninsured & Uncollateralized	<u>590,226</u>
 Total	 <u>\$969,902</u>

**Note 3. Reserve Accounts**

**A. Capital Reserve Account**

The Medford Lakes Borough Board of Education established a capital reserve account by inclusion of \$1 on September 25, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The balance at June 30, 2013 in the Capital Reserve Account was \$1.

**B. Maintenance Reserve Account**

The Medford Lakes Borough Board of Education established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget. There is a balance of \$96,318 at June 30, 2013.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 3. Reserve Accounts (continued):**

**B. Maintenance Reserve Account (continued):**

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance 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.

The activity of the maintenance reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$75,981
Board Approved Transfer	20,000
Interest Earned	<u>337</u>
Ending Balance, June 30, 2013	<u>\$96,318</u>

**C. Emergency Reserve Account**

Medford Lakes Borough Board of Education established an Emergency Reserve Account for the accumulation of funds for use to finance unanticipated general fund expenditures required for a thorough and efficient education. The Maintenance Reserve Account is maintained in the general fund and has a balance of \$96,308 at June 30, 2013.

A district may increase the balance in the emergency reserve by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The maximum balance permitted at any time in the emergency reserve is the greater of \$250,000 or 1 percent of the general fund budget, not too exceed \$1 million.

The activity of the maintenance reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$75,999
Board Approved Transfer	20,000
Interest Earned	<u>309</u>
Ending Balance, June 30, 2013	<u>\$96,308</u>

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2013 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 4. Accounts Receivable (continued):**

	General Fund	Special Revenue Fund	Food Service Fund	Total
Intergovernmental	\$ 29,880	\$ 135,860	\$ 1,025	\$ 166,765
Total	<u>\$ 29,880</u>	<u>\$ 135,860</u>	<u>\$ 1,025</u>	<u>\$ 166,765</u>

**Note 5. Transfers to Capital Outlay**

During the year ending June 30, 2013, the District transferred \$1,800 to the capital outlay accounts.

**Note 6. Fixed Assets**

The following schedule is a summarization of the general fixed assets for the fiscal year ended June 30, 2013:

	June 30, 2012	Additions	Adjustments	June 30, 2013
Building & Improvements	\$12,742,744	\$ 55,239	\$ -	\$12,797,983
Machinery & Equipment	241,598	-	-	241,598
Subtotal	12,984,342	55,239	-	13,039,581
Accumulated Depreciation	<u>(6,993,154)</u>	<u>(211,298)</u>	<u>-</u>	<u>(7,204,452)</u>
Total	<u>\$ 5,991,188</u>	<u>\$(156,059)</u>	<u>\$ -</u>	<u>\$ 5,835,129</u>

The following is a summary of proprietary fund type fixed assets at June 30, 2013:

	June 30, 2012	Additions	Deletions	June 30 2013
Machinery & Equipment	\$20,574	\$ -	\$ -	\$20,574
Less: Accumulated Depreciation	<u>( - )</u>	<u>(2,057)</u>	<u>-</u>	<u>(2,057)</u>
Net Fixed Assets	<u>\$20,574</u>	<u>\$(2,057)</u>	<u>\$ -</u>	<u>\$18,517</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 7. Long-Term Obligations**

During the fiscal year ended June 30, 2013 the following changes occurred in liabilities reported in the General Long-Term Debt Account Group:

	Balance 6/30/12	Issued	Retired/ Adjustments	Balance 6/30/13	Due Within One Year
Compensated Absences	\$ 109,477	\$ -	\$ 4,540	\$ 114,017	\$ -
Bonds Payable	<u>3,545,000</u>	-	(305,000)	<u>3,240,000</u>	<u>310,000</u>
Total	<u>\$3,654,477</u>	\$ -	<u>\$(300,460)</u>	<u>\$3,354,017</u>	<u>\$310,000</u>

**A. Bonds Payable:**

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

**2010 Bonds**

**Description**

The Board of Education issued Revenue Refunding Bonds, Series 2010, dated May 1, 2010 in the amount of \$3,845,000. The proceeds of this bond issue were used to advance refund certain callable maturities of the Board of Education's outstanding Series 2002 Bonds dated May 1, 2002. The Series

2002 Bonds were redeemed on May 1, 2010 at a redemption price of 100% of the principal amount thereof. The bonds included premiums of \$362,384 and expenses of \$71,498 resulting in a long term loss on the refunding \$170,886. The results of the refunding created an economic gain on the transaction with a net present value savings on interest expense of \$184,770.

Principal and interest due on the total bonds outstanding is as follows:

Year-ending June 30,	Principal	Interest	Total
2014	\$ 310,000	\$ 144,375	\$ 454,375
2015	320,000	135,075	455,075
2016	330,000	123,075	453,075
2017	335,000	114,000	449,000
2018	355,000	97,250	452,250
2019-2022	<u>1,590,000</u>	<u>203,750</u>	<u>1,793,750</u>
Total	<u>\$3,240,000</u>	<u>\$ 817,525</u>	<u>\$4,057,525</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 8. Pension Plans**

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

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

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

**Vesting and Benefit Provisions** - The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B* and *N.J.S.A.18A:6C* for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Significant Legislation below.

**Significant Legislation** -- During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 8. Pension Plans (continued):**

unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee’s rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District’s normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a “target funded ratio”.

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

**Contribution Requirements** – The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation TPAF and PERS provide for employee contributions of 6.5%, effective October 1, 2011, of employees’ annual compensation, as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

**Three-Year Trend Information for PERS**

Year Funding	Annual Pension Cost (APC)	Excess Pension Asset Credit	Percentage of APC Contributed	Net Pension Obligation
6/30/13	\$55,847	\$ -	100%	\$ - 0 -
6/30/12	63,551	-	100%	- 0 -
6/30/11	67,315	-	100%	- 0 -

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 8. Pension Plans (continued):**

**Three-Year Trend Information for TPAF Pension & Post-Retirement Medical Contributions  
(Paid on behalf of the District)**

Year Funding	Annual Pension/Medical Cost	Percentage of Cost Contributed	Net Pension/Medical Obligation
6/30/13	\$464,807	100%	\$ -0-
6/30/12	327,707	100%	-0-
6/30/11	224,919	100%	-0-

During the year ended June 30, 2013 the State of New Jersey contributed \$464,807 to the TPAF for normal post-retirement benefits on behalf of the District. Also in accordance with *N.J.S.A. 18A:66-66* the State of New Jersey reimbursed the District \$234,482 for 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 has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

**Note 9. Post-Retirement Benefits**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

The Board of Education has an agreement with the former Superintendent of the School, which provides that he shall receive retirement, medical coverage for himself and his dependents, so long as he shall live. Benefits are currently being provided for the former Superintendent and his dependents under the Board provided Prescription Plan. The annual cost to the Board during the 2012-2013 school year was \$6,276. The Board funds these payments on an annual basis.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 10. Risk Management**

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

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

**New Jersey Unemployment Compensation Insurance** – The District has elected to fund their 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 School District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s expendable trust fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2012-2013	\$145	\$ -	\$ -	\$30,529
2011-2012	207	-	-	30,384
2010-2011	204	18,882	23,559	30,177

**Note 11. Fund Balance**

**General Fund (Exhibit B-1)** – Of the \$713,615 General Fund fund balance at June 30, 2013, \$1 has been restricted for future capital activity; \$96,318 has been restricted for maintenance reserve; \$96,308 has been restricted for emergency reserve; \$143,291 has been restricted as excess surplus and designated for subsequent year’s expenditures; \$32,282 has been assigned as designated for subsequent year’s expenditures; 200,509 is restricted for excess surplus; and \$144,906 is unassigned.

**Capital Projects Fund (Exhibit B-1)** – The Capital Projects Fund has an assigned fund balance at June 30, 2013 of \$6,614.

**Debt Service Fund (Exhibit B-1)** – The Debt Service Fund fund has an assigned fund balance at June 30, 2013 of \$1.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 12. Interfund Receivables and Payables**

The following interfund balances remained on the balance sheet at June 30, 2013:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$32,890	\$36,210
Special Revenue Fund	1,571	
Capital Projects Fund	30,000	
Proprietary Fund	4,639	
Trust & Agency Fund	<u>1,200</u>	<u>34,090</u>
 Total	 <u>\$70,300</u>	 <u>\$70,300</u>

The Purpose of these interfunds were short-term borrowings.

**Note 13. Deferred Compensation**

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment	Equivest	MetLife Company
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**Note 14. Compensated Absences**

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2013 is \$114,017

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2013 no liability existed for compensated absences in the proprietary fund types.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Note 15. Economic Dependency**

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

**Note 16. Joint Insurance Fund**

The District participates in the Burlington County Insurance Pool Joint Insurance Fund (BCIPJIF), public entity risk pool. Coverage under this joint plan offers workers' compensation, boiler and machinery, automobile liability, general liability, property, crime and school board legal liability coverage. The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies.

No contingency provision has been made in these financial statements as no deficiencies occurred as of June 30, 2013 for the joint insurance pool.

**Note 17. Calculation of Excess Surplus**

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$200,509.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**



### C. Budgetary Comparison Schedules



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

ACCOUNT NUMBER	JUNE 30, 2013				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
<b>Revenues:</b>											
<b>Local Sources:</b>											
Local Tax Levy	10-1210	\$ 5,171,005	\$ -	\$ 5,171,005	\$ 5,171,005	\$ -	\$ 5,120,136	\$ -	\$ 5,120,136	\$ 5,120,136	\$ -
Miscellaneous	10-1XXX	85,892	-	85,892	118,536	32,644	182,878	-	182,878	143,004	(39,874)
<b>Total Local Sources</b>		<b>5,256,897</b>	<b>-</b>	<b>5,256,897</b>	<b>5,289,541</b>	<b>32,644</b>	<b>5,303,014</b>	<b>-</b>	<b>5,303,014</b>	<b>5,263,140</b>	<b>(39,874)</b>
<b>State Sources:</b>											
Special Education Categorical Aid	10-3132	307,515	-	307,515	307,515	-	292,306	-	292,306	292,306	-
Equalization Aid	10-3176	796,453	-	796,453	796,453	-	671,464	-	671,464	737,640	66,176
Security Aid	10-3177	7,187	-	7,187	7,187	-	-	-	-	-	-
Transportation Aid	10-3121	7,541	-	7,541	7,541	-	-	-	-	-	-
Extraordinary Aid	10-3131	28,000	-	28,000	13,973	(14,027)	-	-	-	30,368	30,368
Nonpublic Transportation Aid		-	-	-	3,828	3,828	-	-	-	1,914	1,914
Other State Aid	10-3XXX	-	-	-	-	-	-	-	-	2,513	2,513
<b>Nonbudgeted:</b>											
On-Behalf TPAF Pension Contributions		-	-	-	218,143	218,143	-	-	-	108,863	108,863
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	246,664	246,664	-	-	-	218,844	218,844
Reimbursed TPAF Social Security Contributions		-	-	-	234,482	234,482	-	-	-	230,869	230,869
<b>Total State Sources</b>		<b>1,146,696</b>	<b>-</b>	<b>1,146,696</b>	<b>1,835,786</b>	<b>689,090</b>	<b>963,770</b>	<b>-</b>	<b>963,770</b>	<b>1,623,317</b>	<b>659,547</b>
<b>Federal Sources:</b>											
Education Jobs Fund	18-4522	-	-	-	-	-	40,700	1,275	41,975	41,975	-
<b>Total Federal Sources</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,700</b>	<b>1,275</b>	<b>41,975</b>	<b>41,975</b>	<b>-</b>
<b>Total Revenues</b>		<b>6,403,593</b>	<b>-</b>	<b>6,403,593</b>	<b>7,125,327</b>	<b>721,734</b>	<b>6,307,484</b>	<b>1,275</b>	<b>6,308,759</b>	<b>6,928,432</b>	<b>619,673</b>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	ACCOUNT NUMBER	JUNE 30, 2013				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Expenditures:											
Current Expense:											
Instruction - Regular Programs:											
Salaries of Teachers:											
Preschool/Kindergarten	11-110-100-101	156,839	6,782	163,621	161,335	2,286	127,304	26,678	153,982	153,347	635
Grades 1 - 5	11-120-100-101	1,188,827	170,331	1,359,158	1,359,151	7	1,273,652	(25,691)	1,247,961	1,236,762	11,199
Grades 6 - 8	11-130-100-101	730,031	(17,485)	712,546	712,543	3	639,478	(17,638)	621,840	599,088	22,752
Home Instruction:											
Salaries of Teachers	11-150-100-101	-	2,443	2,443	1,215	1,228	12,500	(8,000)	4,500	2,053	2,447
Purchased Professional - Educational Services	11-150-100-320	12,500	(8,721)	3,779	2,977	802	-	8,630	8,630	3,864	4,766
Regular Programs - Undistributed Instruction:											
Purchased Professional - Educational Services	11-190-100-320	1,000	450	1,450	1,450	-	-	525	525	500	25
Purchased Technical Services	11-190-100-340	28,050	1,087	29,137	29,137	-	27,500	760	28,260	28,260	-
Other Purchased Services	11-190-100-500	64,824	(9,557)	55,267	53,139	2,128	60,269	327	60,596	53,445	7,151
General Supplies	11-190-100-610	127,136	(43,318)	83,818	83,738	80	79,643	(10,107)	69,536	61,655	7,881
Textbooks	11-190-100-640	7,930	26,349	34,279	34,278	1	3,150	(300)	2,850	2,717	133
Other Objects	11-190-100-890	11,225	(5,258)	5,967	-	5,967	7,200	6,991	14,191	3,217	10,974
<b>Total Regular Programs - Instruction</b>		<b>2,328,362</b>	<b>123,103</b>	<b>2,451,465</b>	<b>2,438,963</b>	<b>12,502</b>	<b>2,230,696</b>	<b>(17,825)</b>	<b>2,212,871</b>	<b>2,144,908</b>	<b>67,963</b>
Special Education Instruction											
Multiple Disabilities:											
Salaries of Teachers	11-212-100-101	55,696	367	56,063	54,823	1,240	-	-	-	-	-
Other Salaries for Instruction	11-212-100-106	58,847	(18,955)	39,892	39,181	711	-	-	-	-	-
Purchased Prof.-Ed. Services	11-212-100-320	25,740	(18,918)	6,822	5,264	1,558	-	-	-	-	-
Other Purch. Serv.	11-212-100-500	5,000	(1,088)	3,912	3,200	712	-	-	-	-	-
General Supplies	11-212-100-610	14,500	(1,581)	12,919	11,474	1,445	-	-	-	-	-
Other Objects	11-212-100-800	1,500	38	1,538	1,471	67	-	-	-	-	-
<b>Total Multiple Disabilities</b>		<b>161,283</b>	<b>(40,137)</b>	<b>121,146</b>	<b>115,413</b>	<b>5,733</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Resource Room/Resource Center:											
Salaries of Teachers	11-213-100-101	569,219	(51,497)	517,722	513,332	4,390	513,482	39,591	553,073	552,990	83
Other Salaries for Instruction	11-213-100-106	157,625	(12,467)	145,158	142,360	2,798	123,380	(392)	122,988	116,421	6,567
Purchased Prof. Ed. Services	11-213-100-320	3,940	(3,140)	800	800	-	-	-	-	-	-
General Supplies	11-213-100-610	2,291	12,421	14,712	12,716	1,996	1,142	(194)	948	424	524
Textbooks	11-213-100-640	564	278	842	839	3	-	-	-	-	-
Other Objects	11-213-100-800	-	294	294	287	7	-	-	-	-	-
<b>Total Resource Room/Resource Center</b>		<b>733,639</b>	<b>(54,111)</b>	<b>679,528</b>	<b>670,334</b>	<b>9,194</b>	<b>638,004</b>	<b>39,005</b>	<b>677,009</b>	<b>669,835</b>	<b>7,174</b>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	ACCOUNT NUMBER	JUNE 30, 2013				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
<b>Preschool Disabilities - Part Time:</b>											
Salaries of Teachers	11-215-100-101	88,558	(1,542)	87,016	85,253	1,763	90,267	(5,167)	85,100	84,422	678
Other Salaries for Instruction	11-215-100-106	49,219	(12,566)	36,653	27,148	9,505	33,347	5,817	39,164	39,164	-
Purchased Prof. Ed. Services	11-215-100-320	20,280	(14,274)	6,006	5,273	733	-	-	-	-	-
General Supplies	11-215-100-610	1,102	41	1,143	854	289	1,300	-	1,300	673	627
<b>Total Preschool Disabilities - Part Time</b>		<b>159,159</b>	<b>(28,341)</b>	<b>130,818</b>	<b>118,528</b>	<b>12,290</b>	<b>124,914</b>	<b>650</b>	<b>125,564</b>	<b>124,259</b>	<b>1,305</b>
<b>Total Special Education</b>		<b>1,054,081</b>	<b>(122,589)</b>	<b>931,492</b>	<b>904,275</b>	<b>27,217</b>	<b>762,918</b>	<b>39,655</b>	<b>802,573</b>	<b>794,094</b>	<b>8,479</b>
<b>Basic Skills/Remedial:</b>											
Salaries of Teachers	11-230-100-101	67,457	(5,312)	62,145	62,145	-	62,461	-	62,461	56,729	5,732
General Supplies	11-230-100-610	500	-	500	-	500	351	-	351	-	351
Other Objects	11-230-100-800	-	-	-	-	-	6,050	-	6,050	6,050	-
<b>Total Basic Skills/Remedial</b>		<b>67,957</b>	<b>(5,312)</b>	<b>62,645</b>	<b>62,145</b>	<b>500</b>	<b>68,862</b>	<b>-</b>	<b>68,862</b>	<b>62,779</b>	<b>6,083</b>
<b>School Sponsored Cocurricular Activities - Instruction:</b>											
Salaries	11-401-100-100	28,481	3,814	32,295	25,593	6,702	25,551	-	25,551	20,808	4,743
Supplies and Materials	11-401-100-600	1,500	(1,500)	-	-	-	1,500	-	1,500	-	1,500
Other Objects	11-401-100-800	100	(100)	-	-	-	100	-	100	-	100
<b>Total School Sponsored Cocurricular Activities</b>		<b>30,081</b>	<b>2,214</b>	<b>32,295</b>	<b>25,593</b>	<b>6,702</b>	<b>27,151</b>	<b>-</b>	<b>27,151</b>	<b>20,808</b>	<b>6,343</b>
<b>Total Instruction</b>		<b>3,480,481</b>	<b>(2,584)</b>	<b>3,477,897</b>	<b>3,430,976</b>	<b>46,921</b>	<b>3,089,627</b>	<b>21,830</b>	<b>3,111,457</b>	<b>3,022,589</b>	<b>88,868</b>

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	ACCOUNT NUMBER	JUNE 30, 2013				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
<b>Undistributed Expenditures:</b>											
<b>Instruction:</b>											
Tuition to Other LEA's Regular - Within State	11-000-100-561	-	4,846	4,846	-	4,846	-	4,846	4,846	-	4,846
Tuition to Other LEA's Special - Within State	11-000-100-562	37,130	(7,586)	29,544	24,216	5,328	-	36,048	36,048	35,822	226
Tuition to Private School for Disabled - Within State	11-000-100-566	41,034	1	41,035	40,387	648	116,798	(33,997)	82,801	82,801	-
<b>Total Undistributed Expenditures - Instruction</b>		<b>78,164</b>	<b>(2,739)</b>	<b>75,425</b>	<b>64,603</b>	<b>10,822</b>	<b>116,798</b>	<b>6,897</b>	<b>123,695</b>	<b>118,623</b>	<b>5,072</b>
<b>Attendance &amp; Social Work:</b>											
Salaries	11-000-211-100	18,802	(11,689)	7,113	7,113	-	18,850	281	19,131	19,107	24
Purchased Professional - Technical Services	11-000-211-300	13,000	(363)	12,637	12,025	612	12,000	25	12,025	12,025	-
Supplies and Materials	11-000-211-600	500	-	500	-	500	100	(69)	31	20	11
<b>Total Attendance &amp; Social Work</b>		<b>32,302</b>	<b>(12,052)</b>	<b>20,250</b>	<b>19,138</b>	<b>1,112</b>	<b>30,950</b>	<b>237</b>	<b>31,187</b>	<b>31,152</b>	<b>35</b>
<b>Health Services:</b>											
Salaries	11-000-213-100	112,327	6,913	119,240	117,739	1,501	115,295	(1,455)	113,840	110,463	3,377
Purchased Professional & Technical Services	11-000-213-300	75,900	(22,567)	53,333	53,096	237	70,350	(3,949)	66,401	61,315	5,086
Other Purchased Services	11-000-213-500	500	(230)	270	30	240	500	-	500	124	376
Supplies and Materials	11-000-213-600	1,534	-	1,534	1,523	11	1,386	-	1,386	1,328	58
<b>Total Health Services</b>		<b>190,261</b>	<b>(15,884)</b>	<b>174,377</b>	<b>172,388</b>	<b>1,989</b>	<b>187,531</b>	<b>(5,404)</b>	<b>182,127</b>	<b>173,230</b>	<b>8,897</b>
<b>Other Support Services - Students - Related Services:</b>											
Salaries	11-000-216-100	60,311	1,887	62,198	62,197	1	54,482	(9,617)	44,865	42,799	2,066
Purchased Professional - Educational Services	11-000-216-320	24,700	32,239	56,939	56,406	533	3,865	35,169	39,034	38,733	301
Supplies and Materials	11-000-216-600	500	307	807	807	-	500	(437)	63	63	-
Other Objects	11-000-216-800	-	1,540	1,540	1,539	1	-	-	-	-	-

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

ACCOUNT NUMBER	JUNE 30, 2013				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Other Support Services - Students - Related Services	85,511	35,973	121,484	120,949	535	58,847	25,115	83,962	81,595	2,367	
Other Support Services - Students - Regular:											
Salaries of Other Professional Staff	11-000-218-104	76,704	(10,290)	66,414	66,414	-	43,749	(7,777)	35,972	35,972	-
Supplies and Materials	11-000-218-600	56	-	56	43	13	61	-	61	7	54
Total Other Support Services - Students - Regular		76,760	(10,290)	66,470	66,457	13	43,810	(7,777)	36,033	35,979	54
Other Support Services - Students - Special Services:											
Salaries of Other Professional Staff	11-000-219-104	142,898	(11,482)	131,416	131,415	1	180,169	(38,077)	142,092	140,769	1,323
Salaries of Secretarial & Clerical Assistants	11-000-219-105	38,979	8	38,987	38,985	2	38,264	160	38,424	38,232	192
Purchased Professional & Educational Services	11-000-219-320	34,950	(75)	34,875	34,875	-	96,922	(9,565)	87,357	81,111	6,246
Other Purchased Professional & Technical Services	11-000-219-390	-	-	-	-	-	1,000	-	1,000	-	1,000
Miscellaneous Purchased Services	11-000-219-592	3,925	(193)	3,732	3,732	-	3,300	-	3,300	2,548	752
Supplies and Materials	11-000-219-600	1,014	526	1,540	895	645	232	797	1,029	1,029	-
Other Objects	11-000-219-800	900	1,416	2,316	2,315	1	2,500	(338)	2,162	1,203	959
Total Other Support Services - Students - Special Services		222,666	(9,800)	212,866	212,217	649	322,387	(47,023)	275,364	264,892	10,472
Improvement of Instruction Services/Other Support Services - Instructional Staff:											
Salaries-Supervisors of Instruction	11-000-221-102	67,840	(24,591)	43,249	41,412	1,837	41,412	17,067	58,479	58,479	-
Other Salaries	11-000-221-110	13,520	(420)	13,100	12,263	837	3,500	(3,500)	-	-	-
Purchased Prof. Ed. Services	11-000-221-320	-	35,286	35,286	35,286	-	-	-	-	-	-
Other Purchased Services	11-000-221-500	1,000	1,296	2,296	2,295	1	2,000	(1,885)	115	115	-
Supplies and Materials	11-000-221-600	1,000	(1,000)	-	-	-	-	658	658	658	-
Other Objects	11-000-221-800	-	-	-	-	-	-	3,450	3,450	3,450	-

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

ACCOUNT NUMBER	JUNE 30, 2013				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Improvement of Instruction Services/Other Support Services - Instructional Staff	83,360	10,571	93,931	91,256	2,675	46,912	15,790	62,702	62,702	-
Educational Media Services/School Library:										
Salaries 11-000-222-100	54,366	7,300	61,666	59,976	1,690	54,004	-	54,004	52,556	1,448
Purchased Professional & Technical Services 11-000-222-300	1,000	(39)	961	533	428	3,900	-	3,900	525	3,375
Other Purchased Services 11-000-222-500	1,114	(868)	246	246	-	1,000	-	1,000	-	1,000
Supplies and Materials 11-000-222-600	5,652	(452)	5,200	4,953	247	6,550	-	6,550	1,596	4,954
Total Educational Media Services/School Library	62,132	5,941	68,073	65,708	2,365	65,454	-	65,454	54,677	10,777
Instructional Staff Training Services:										
Other Salaries 11-000-223-110	-	-	-	-	-	-	379	379	379	-
Purchased Professional Educational Services 11-000-223-320	1,000	(100)	900	900	-	2,000	1,439	3,439	1,108	2,331
Purchased Professional & Technical Services 11-000-223-390	-	-	-	-	-	2,500	(2,500)	-	-	-
Other Purchased Services 11-000-223-500	1,075	(1,005)	70	70	-	500	1,959	2,459	135	2,324
Supplies and Materials 11-000-223-600	1,000	(1,000)	-	-	-	-	-	-	-	-
Total Instructional Staff Training Services	3,075	(2,105)	970	970	-	5,000	1,277	6,277	1,622	4,655
Support Services General Administration:										
Salaries 11-000-230-100	181,186	(9,553)	171,633	171,505	128	178,154	231	178,385	178,337	48
Legal Services 11-000-230-331	19,500	202	19,702	19,700	2	24,000	(1,133)	22,867	18,918	3,949
Audit Fees 11-000-230-332	13,000	(768)	12,232	10,400	1,832	12,750	2,500	15,250	15,250	-
Architectural/Engineering Services 11-000-230-334	1,000	(1,000)	-	-	-	5,000	1,158	6,158	2,773	3,385
Other Purchased Professional Services 11-000-230-339	12,550	1,395	13,945	13,944	1	12,000	4,175	16,175	11,235	4,940
Purchased Technical Services 11-000-230-340	300	(25)	275	275	-	1,000	-	1,000	275	725

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

ACCOUNT NUMBER	JUNE 30, 2013				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Support Services General Administration (continued):											
Communications/Telephone	11-000-230-530	24,900	11,662	36,562	36,561	1	30,000	(2,769)	27,231	17,681	9,550
BOE Other Purchased Services	11-000-230-585	-	-	-	-	-	1,000	-	1,000	314	686
Other Purchased Services	11-000-230-590	19,807	(10,567)	9,240	9,239	1	15,000	(1,237)	13,763	10,282	3,481
Supplies and Materials	11-000-230-610	1,541	(556)	985	985	-	4,500	(1,026)	3,474	1,971	1,503
BOE In-house Training & Meeting Supplies	11-000-230-630	200	(200)	-	-	-	200	-	200	21	179
Judgements Against the District	11-000-230-820	-	-	-	-	-	835	835	835	414	421
BOE Membership Dues	11-000-230-895	5,000	(689)	4,311	4,311	-	6,000	(1,235)	4,765	4,102	663
Miscellaneous Expenditures	11-000-230-890	13,700	(257)	13,443	13,442	1	6,000	3,834	9,834	9,834	-
<b>Total Support Services General Administration</b>		<b>292,684</b>	<b>(10,356)</b>	<b>282,328</b>	<b>280,362</b>	<b>1,966</b>	<b>295,604</b>	<b>5,333</b>	<b>300,937</b>	<b>271,407</b>	<b>29,530</b>
Support Services School Administration:											
Salaries of Principals & Assistant Principals	11-000-240-103	74,071	515	74,586	74,586	-	79,119	(660)	78,459	74,785	3,674
Salaries of Secretarial & Clerical Assistants	11-000-240-105	49,373	14,493	63,866	63,865	1	48,408	660	49,068	49,052	16
Other Purchased Services	11-000-240-500	1,100	(88)	1,012	1,011	1	1,000	50	1,050	176	874
Supplies and Materials	11-000-240-600	10,225	(354)	9,871	9,870	1	8,400	(530)	7,870	5,464	2,406
Other Objects	11-000-240-800	2,500	(22)	2,478	2,477	1	3,000	480	3,480	3,401	79
<b>Total Support Services School Administration</b>		<b>137,269</b>	<b>14,544</b>	<b>151,813</b>	<b>151,809</b>	<b>4</b>	<b>139,927</b>	<b>-</b>	<b>139,927</b>	<b>132,878</b>	<b>7,049</b>
Regular Maintenance School Facilities:											
Cleaning, Repair & Maintenance Services	11-000-261-420	46,500	(21,650)	24,850	24,849	1	45,190	-	45,190	23,124	22,066
General Supplies	11-000-261-610	9,000	(367)	8,633	8,312	321	13,000	3,912	16,912	9,685	7,227
<b>Total Regular Maintenance School Facilities</b>		<b>55,500</b>	<b>(22,017)</b>	<b>33,483</b>	<b>33,161</b>	<b>322</b>	<b>58,190</b>	<b>3,912</b>	<b>62,102</b>	<b>32,809</b>	<b>29,293</b>
Custodial Services:											
Salaries	11-000-262-100	215,693	14,096	229,789	227,361	2,428	224,427	622	225,049	222,161	2,888
Salaries of Non-Instructional Aides	11-000-262-107	34,306	(10,320)	23,986	23,347	639	30,411	895	31,306	26,321	4,985
Purchased Professional & Technical Services	11-000-262-300	2,700	(165)	2,535	2,216	319	4,000	-	4,000	1,933	2,067

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

ACCOUNT NUMBER	JUNE 30, 2013				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
<b>Custodial Services (continued):</b>											
Cleaning, Repair & Maintenance Services	11-000-262-420	3,800	-	3,800	3,800	-	15,000	(1,517)	13,483	3,694	9,789
Insurance	11-000-262-520	22,364	2	22,366	22,365	1	16,684	4,236	20,920	20,920	-
Travel	11-000-262-580	-	500	500	15	485	-	-	-	-	-
Miscellaneous Purchased Services	11-000-262-590	1,100	(500)	600	515	85	600	-	600	50	550
General Supplies	11-000-262-610	34,000	1,175	35,175	33,667	1,508	39,850	(9,759)	30,091	22,711	7,380
Energy (Natural Gas)	11-000-262-621	42,000	9,084	51,084	50,876	208	63,000	-	63,000	32,733	30,267
Energy (Electricity)	11-000-262-622	133,000	(13,859)	119,141	106,565	12,576	135,000	-	135,000	129,471	5,529
Energy (Gasoline)	11-000-262-626	500	-	500	418	82	150	345	495	495	-
Other Objects	11-000-262-800	1,600	(10)	1,590	837	753	1,300	-	1,300	1,107	193
<b>Total Custodial Services</b>		<b>491,063</b>	<b>3</b>	<b>491,066</b>	<b>471,982</b>	<b>19,084</b>	<b>530,422</b>	<b>(5,178)</b>	<b>525,244</b>	<b>461,596</b>	<b>63,648</b>
<b>Care &amp; Upkeep of Grounds:</b>											
Cleaning, Repair & Maintenance Services	11-000-263-420	3,500	10	3,510	3,509	1	2,925	-	2,925	50	2,875
General Supplies	11-000-263-610	2,200	-	2,200	1,290	910	2,100	-	2,100	1,433	667
<b>Total Care &amp; Upkeep of Grounds</b>		<b>5,700</b>	<b>10</b>	<b>5,710</b>	<b>4,799</b>	<b>911</b>	<b>5,025</b>	<b>-</b>	<b>5,025</b>	<b>1,483</b>	<b>3,542</b>
<b>Security:</b>											
Cleaning, Repair & Maintenance Services	11-000-266-420	11,200	12,078	23,278	23,278	-	4,500	4,694	9,194	8,694	500
General Supplies	11-000-266-610	1,900	-	1,900	1,844	56	6,590	(4,694)	1,896	963	933
<b>Total Security</b>		<b>13,100</b>	<b>12,078</b>	<b>25,178</b>	<b>25,122</b>	<b>56</b>	<b>11,090</b>	<b>-</b>	<b>11,090</b>	<b>9,657</b>	<b>1,433</b>
<b>Student Transportation Services:</b>											
Contracted Services (Other Than Between Home & School)	11-000-270-512	-	16,157	16,157	16,157	-	-	7,959	7,959	2,157	5,802

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

ACCOUNT NUMBER	JUNE 30, 2013				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
<b>Student Transportation Services (continued):</b>											
Contracted Services (Between Home & School)	11-000-270-513	14,678	(14,678)	-	-	-	-	14,250	14,250	14,250	-
Contracted Services - Joint Agreements	11-000-270-515	13,000	(3,488)	9,512	9,512	-	1,000	-	1,000	-	1,000
Management Fee-ESC & CTS Transportation Program	11-000-270-350	750	374	1,124	1,122	2	1,000	-	1,000	456	544
Contracted Services - ESC & CTS:											
Regular Students	11-000-270-517	39,293	16,495	55,788	55,788	-	75,100	(13,439)	61,661	40,048	21,613
Special Education Students	11-000-270-518	50,458	849	51,307	51,306	1	73,760	(8,770)	64,990	63,370	1,620
Contracted Services - Aid in Lieu of Payments	11-000-270-503	14,144	(5,318)	8,826	8,825	1	9,140	-	9,140	8,398	742
<b>Total Student Transportation Services</b>		<b>132,323</b>	<b>10,391</b>	<b>142,714</b>	<b>142,710</b>	<b>4</b>	<b>160,000</b>	<b>-</b>	<b>160,000</b>	<b>128,679</b>	<b>31,321</b>
<b>Business &amp; Other Support Services:</b>											
Salaries	11-000-251-100	156,123	1,407	157,530	153,239	4,291	166,137	(3,295)	162,842	151,988	10,854
Purchased Professional Services	11-000-251-330	10,000	(2,730)	7,270	7,210	60	2,000	182	2,182	2,181	1
Purchased Technical Services	11-000-251-340	24,000	2,709	26,709	26,709	-	18,000	1,934	19,934	19,867	67
Miscellaneous Purchased Services	11-000-251-592	5,015	(155)	4,860	4,853	7	5,100	(130)	4,970	4,399	571
Supplies and Materials	11-000-251-600	2,310	3,375	5,685	5,208	477	1,822	1,997	3,819	3,819	-
Miscellaneous Expenditures	11-000-251-890	1,600	52	1,652	1,652	-	2,500	(343)	2,157	1,641	516
<b>Total Business &amp; Other Support Services</b>		<b>199,048</b>	<b>4,658</b>	<b>203,706</b>	<b>198,871</b>	<b>4,835</b>	<b>195,559</b>	<b>345</b>	<b>195,904</b>	<b>183,895</b>	<b>12,009</b>
<b>Administration Information Technology:</b>											
Salaries	11-000-252-100	-	-	-	-	-	2,261	-	2,261	2,184	77
<b>Total Administration Information Technology</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,261</b>	<b>-</b>	<b>2,261</b>	<b>2,184</b>	<b>77</b>
<b>Unallocated Benefits Employee Benefits:</b>											
Social Security Contributions - Other	11-000-291-220	76,501	21,200	97,701	96,932	769	85,954	1,534	87,488	84,663	2,825
PERS Contributions	11-000-291-241	66,591	(10,744)	55,847	55,847	-	76,100	-	76,100	63,551	12,549
Other Retirement Contributions	11-000-291-249	7,050	7,865	14,915	11,371	3,544	-	-	-	-	-
Unemployment Compensation	11-000-291-250	5,000	7,294	12,294	-	12,294	40,000	-	40,000	964	39,036
Other Employee Benefits	11-000-291-290	14,500	(5,196)	9,304	3,216	6,088	20,000	-	20,000	3,347	16,653

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

ACCOUNT NUMBER	JUNE 30, 2013				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Unallocated Benefits Employee Benefits (continued):											
Workmen's Compensation	11-000-291-260	30,108	3	30,111	30,111	-	28,165	-	28,165	28,164	1
Health Benefits	11-000-291-270	930,000	73,961	1,003,961	899,093	104,868	951,900	57,051	1,008,951	855,389	153,562
Tuition Reimbursements	11-000-291-280	17,000	(9,917)	7,083	7,082	1	17,000	-	17,000	7,968	9,032
<b>Total Unallocated Benefits - Employee Benefits</b>		<b>1,146,750</b>	<b>84,466</b>	<b>1,231,216</b>	<b>1,103,652</b>	<b>127,564</b>	<b>1,219,119</b>	<b>58,585</b>	<b>1,277,704</b>	<b>1,044,046</b>	<b>233,658</b>
Nonbudgeted:											
On-Behalf TPAF Pension Contributions		-	-	-	218,143	(218,143)	-	-	-	108,863	(108,863)
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	246,664	(246,664)	-	-	-	218,844	(218,844)
Reimbursed TPAF Social Security Contributions		-	-	-	234,482	(234,482)	-	-	-	230,869	(230,869)
<b>Total Undistributed Expenditures</b>		<b>3,307,668</b>	<b>93,392</b>	<b>3,401,060</b>	<b>3,925,443</b>	<b>(524,383)</b>	<b>3,494,886</b>	<b>52,109</b>	<b>3,546,995</b>	<b>3,651,682</b>	<b>(104,687)</b>
<b>Total Expenditures - Current Expense</b>		<b>6,788,149</b>	<b>90,808</b>	<b>6,878,957</b>	<b>7,356,419</b>	<b>(477,462)</b>	<b>6,584,513</b>	<b>73,939</b>	<b>6,658,452</b>	<b>6,674,271</b>	<b>(15,819)</b>
Capital Outlay:											
Transfer to Maintenance Reserve	10-606	350	-	350	-	350	350	-	350	-	350
Transfer to Emergency Reserve	10-607	350	-	350	-	350	350	-	350	-	350
Undistributed Expenditures:											
Instruction	12-000-100-730	-	-	-	-	-	2,750	-	2,750	-	2,750
<b>Total Equipment</b>		<b>700</b>	<b>-</b>	<b>700</b>	<b>-</b>	<b>700</b>	<b>3,450</b>	<b>-</b>	<b>3,450</b>	<b>-</b>	<b>3,450</b>
Facilities Acquisition & Construction Services:											
Legal	12-000-400-331	1,000	(1,000)	-	-	-	-	-	-	-	-
Architectural/Engineering Services	12-000-400-334	1,000	(1,000)	-	-	-	-	-	-	-	-
Other Purchased Professional & Construction Services	12-000-400-450	-	15,474	15,474	15,473	1	10,000	-	10,000	5,806	4,194
Land and Improvements	12-000-400-710	5,450	34,317	39,767	39,766	1	-	-	-	-	-
Infrastructure	12-000-400-780	46,000	(46,000)	-	-	-	-	-	-	-	-
Other Objects	12-000-400-800	-	-	-	-	-	13,240	-	13,240	13,240	-
Assessment for Debt Service on SDA Funding	12-000-400-931	18,171	9	18,180	18,171	9	-	-	-	-	-
<b>Total Facilities Acquisition &amp; Construction Services</b>		<b>71,621</b>	<b>1,800</b>	<b>73,421</b>	<b>73,410</b>	<b>11</b>	<b>23,240</b>	<b>-</b>	<b>23,240</b>	<b>19,046</b>	<b>4,194</b>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

ACCOUNT NUMBER	JUNE 30, 2013				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Capital Outlay	72,321	1,800	74,121	73,410	711	26,690	-	26,690	19,046	7,644
Total Expenditures	6,860,470	92,608	6,953,078	7,429,829	(476,751)	6,611,203	73,939	6,685,142	6,693,317	(8,175)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(456,877)	(92,608)	(549,485)	(304,502)	244,983	(303,719)	(72,664)	(376,383)	235,115	611,498
Other Financing Sources/(Uses): Transfer from Other Funds	-	-	-	-	-	25,320	-	25,320	25,320	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	25,320	-	25,320	25,320	-
Excess/(Deficiency) of Revenues & Other Financing Sources/(Uses) Over/(Under) Expenditures & Other Financing Uses	(456,877)	(92,608)	(549,485)	(304,502)	244,983	(278,399)	(72,664)	(351,063)	260,435	611,498
Fund Balances, July 1	1,127,039	-	1,127,039	1,127,039	-	866,604	-	866,604	866,604	-
Fund Balances, June 30	670,162	(92,608)	577,554	822,537	244,983	588,205	(72,664)	515,541	1,127,039	611,498

**RECAPITULATION OF BUDGET TRANSFERS**

Prior Year Encumbrances	\$ 92,608
Total	\$ 92,608

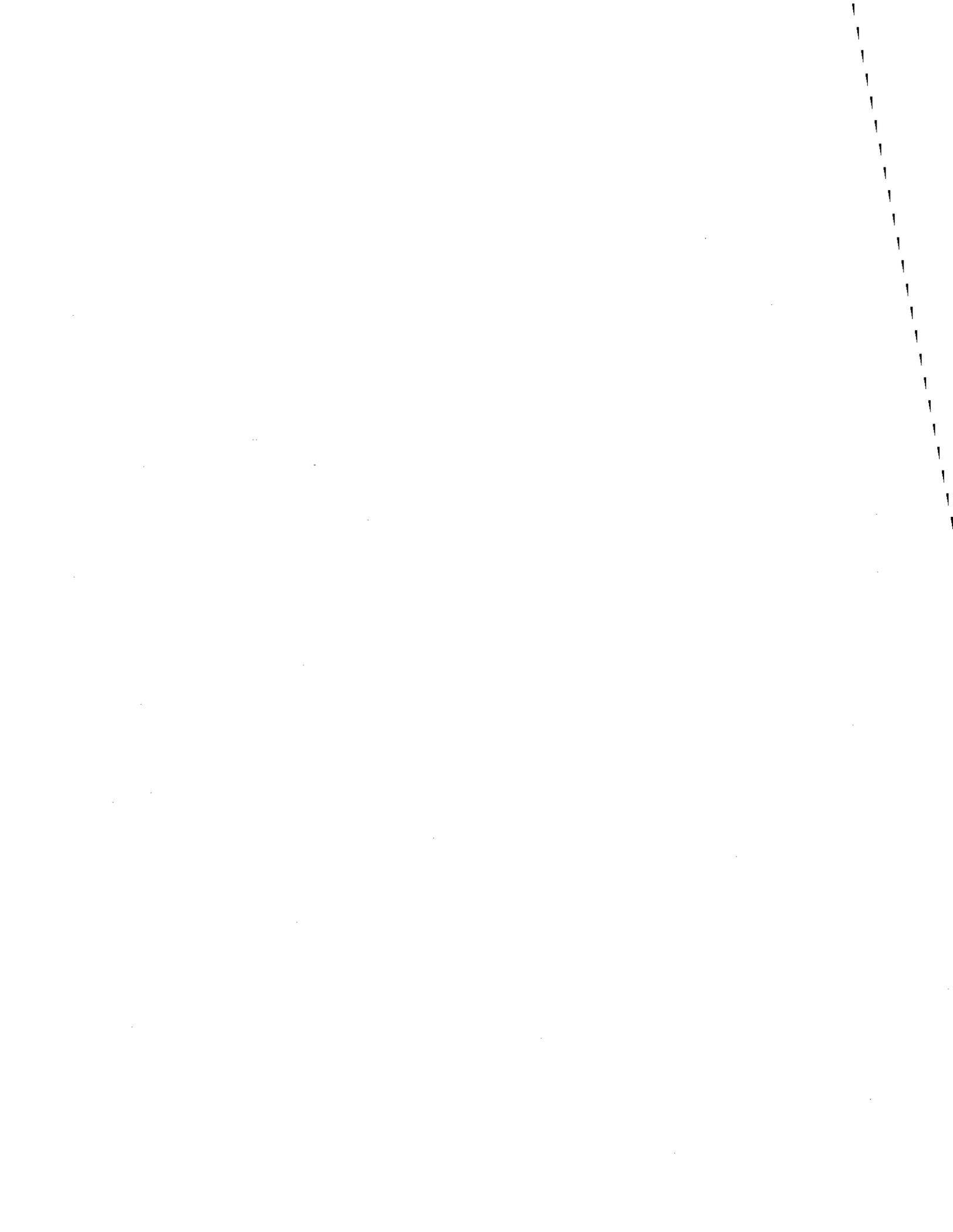
**RECAPITULATION OF FUND BALANCE:**

<b>Restricted Fund Balance:</b>	
Excess Surplus	\$ 200,509
Capital Reserve	1
Maintenance Reserve	96,318
Emergency Reserve	96,308
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	143,291
<b>Assigned Fund Balance:</b>	
Designated for Subsequent Year's Expenditures	32,282
<b>Unassigned Fund Balance</b>	<u>253,828</u>
Subtotal	822,537
Reconciliation to Governmental Fund Schedules (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(108,922)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 713,615</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	JUNE 30, 2013				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2012				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
<b>REVENUES:</b>										
Federal Sources	\$ 111,386	\$ 32,481	\$ 143,867	\$ 135,076	\$ (8,791)	\$ 127,503	\$ 25,374	\$ 152,877	\$ 146,540	\$ (6,337)
Local Sources	-	45,860	45,860	45,179	(681)	-	23,629	23,629	22,591	(1,038)
<b>Total Revenues</b>	<b>111,386</b>	<b>78,341</b>	<b>189,727</b>	<b>180,255</b>	<b>(9,472)</b>	<b>127,503</b>	<b>49,003</b>	<b>176,506</b>	<b>169,131</b>	<b>(7,375)</b>
<b>EXPENDITURES:</b>										
Instruction:										
Tuition	110,476	(2,000)	108,476	108,476	-	105,434	5,394	110,828	110,828	-
General Supplies	910	70,234	71,144	62,753	8,391	7,600	4,136	11,736	11,423	313
<b>Total Instruction</b>	<b>111,386</b>	<b>68,234</b>	<b>179,620</b>	<b>171,229</b>	<b>8,391</b>	<b>113,034</b>	<b>9,530</b>	<b>122,564</b>	<b>122,251</b>	<b>313</b>
Support Services:										
Salaries	-	1,616	1,616	1,616	-	-	1,300	1,300	-	1,300
Purchased Professional-Educational Services	-	8,089	8,089	7,008	1,081	14,469	14,575	29,044	24,723	4,321
Supplies & Materials	-	402	402	402	-	-	6,254	6,254	5,852	402
<b>Total Support Services</b>	<b>-</b>	<b>10,107</b>	<b>10,107</b>	<b>9,026</b>	<b>1,081</b>	<b>14,469</b>	<b>22,129</b>	<b>36,598</b>	<b>30,575</b>	<b>6,023</b>
Facilities Acquisition & Construction Services:										
Instructional Equipment	-	-	-	-	-	-	17,344	17,344	16,305	1,039
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,344</b>	<b>17,344</b>	<b>16,305</b>	<b>1,039</b>
<b>Total Expenditures</b>	<b>111,386</b>	<b>78,341</b>	<b>189,727</b>	<b>180,255</b>	<b>9,472</b>	<b>127,503</b>	<b>49,003</b>	<b>176,506</b>	<b>169,131</b>	<b>7,375</b>
<b>Total Outflows</b>	<b>111,386</b>	<b>78,341</b>	<b>189,727</b>	<b>180,255</b>	<b>9,472</b>	<b>127,503</b>	<b>49,003</b>	<b>176,506</b>	<b>169,131</b>	<b>7,375</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures &amp; Other Financing Sources/(Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

	GENERAL FUND N-1	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 7,125,327	\$ 180,255
Difference - Budget to GAAP:		
State aid revenue adjustment due to last state aid payment not being recognized in accordance with GASB No. 33		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	100,820	-
Current Year	(108,922)	-
<hr/>		
Total Revenues as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 7,117,225</u>	<u>\$ 180,255</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 7,429,829	\$ 180,255
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
<hr/>		
Total Expenditures as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 7,429,829</u>	<u>\$ 180,255</u>

N-1 The general fund budget uses GAAP basis therefore no reconciliation is necessary.



**OTHER SUPPLEMENTARY INFORMATION**



**D. School Based Budget Schedules**

Not Applicable



E. Special Revenue Fund

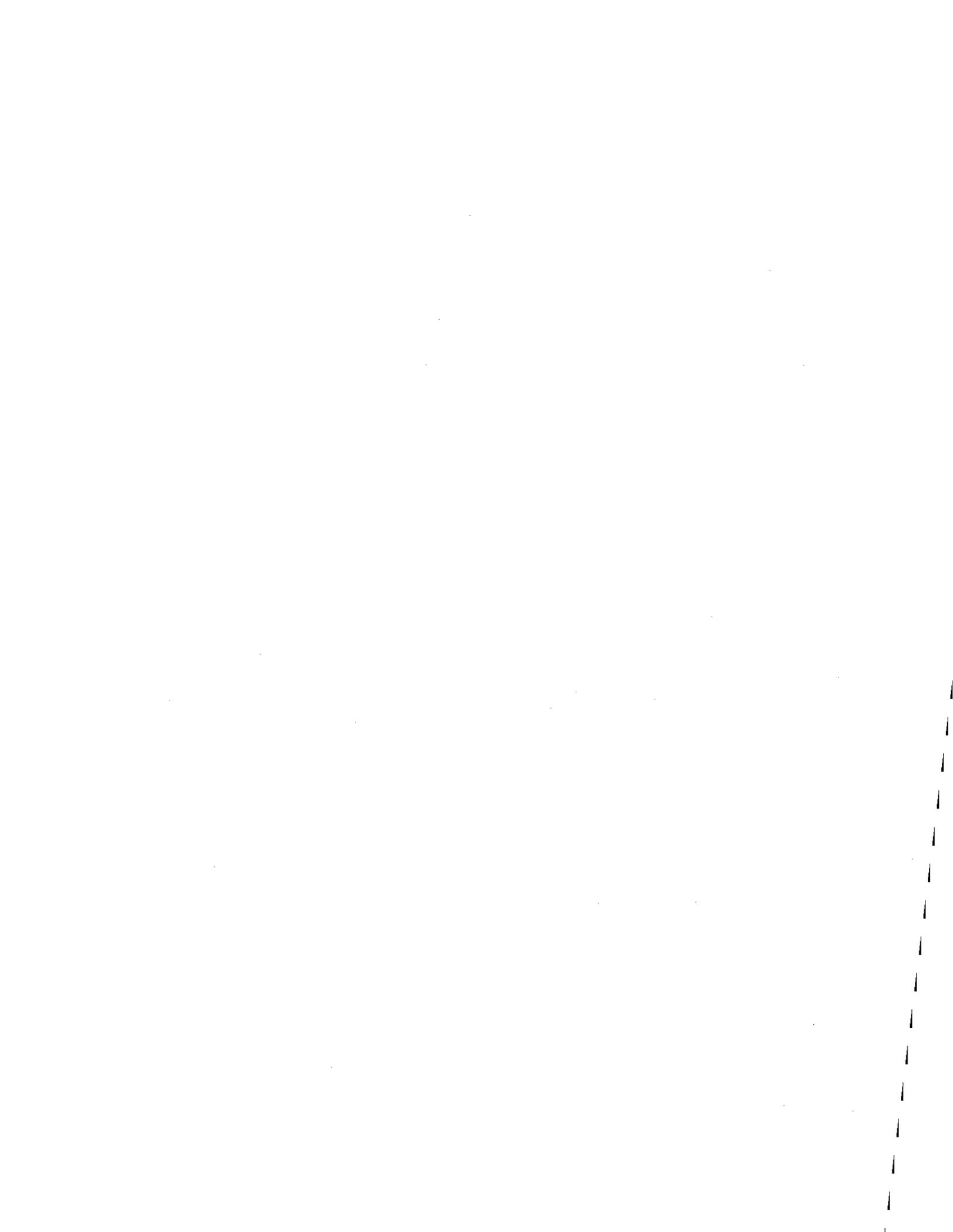


**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES  
AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(With Comparative Totals for June 30, 2012)**

	<u>NO CHILD LEFT BEHIND TITLE IIA</u>	<u>MEDFORD LAKES EDUCATION FOUNDATION</u>	<u>I.D.E.A. PART B BASIC</u>	<u>I.D.E.A. PART B PRESCHOOL INCENTIVE</u>	2013	2012
<b>Revenues:</b>						
State Sources						
Federal Sources	\$ 19,016	\$ -	\$ 110,476	\$ 5,584	\$ 135,076	\$ 146,540
Local Sources	-	45,179	-	-	45,179	22,591
<b>Total Revenues</b>	<b>\$ 19,016</b>	<b>\$ 45,179</b>	<b>\$ 110,476</b>	<b>\$ 5,584</b>	<b>\$ 180,255</b>	<b>\$ 169,131</b>
<b>Expenditures:</b>						
<b>Instruction:</b>						
Tuition	-	-	108,476	-	108,476	110,828
General Supplies	14,074	45,179	2,000	1,500	62,753	11,423
<b>Total Instruction</b>	<b>14,074</b>	<b>45,179</b>	<b>110,476</b>	<b>1,500</b>	<b>171,229</b>	<b>122,251</b>
<b>Support Services:</b>						
Salaries of Secretarial Clerical	1,616	-	-	-	1,616	-
Purchased Professional Services	2,924	-	-	4,084	7,008	24,723
Supplies & Materials	402	-	-	-	402	5,852
<b>Total Support Services</b>	<b>4,942</b>	<b>-</b>	<b>-</b>	<b>4,084</b>	<b>9,026</b>	<b>30,575</b>
<b>Facilities Acquisition &amp; Construction Services:</b>						
Instructional Equipment	-	-	-	-	-	16,305
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,305</b>
<b>Total Expenditures</b>	<b>\$ 19,016</b>	<b>\$ 45,179</b>	<b>\$ 110,476</b>	<b>\$ 5,584</b>	<b>\$ 180,255</b>	<b>\$ 169,131</b>



**F. Capital Projects Fund**



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

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		SDA GRANT AWARD	TRANSFER FROM GENERAL FUND	UNEXPENDED BALANCE JUNE 30, 2013
			PRIOR YEARS	CURRENT YEAR			
Nokomis Elementary HVAC Replacements	2/3/2011	\$18,750	\$ 17,648	\$ -	\$ 7,500	\$ 11,250	\$ 1,102
Neeta Elementary HVAC Repair and Replacement	2/3/2011	31,250	25,738	-	12,500	18,750	5,512
	Total		\$ 43,386	\$ -	\$ 20,000	\$ 30,000	\$ 6,614

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

Fund Balance - Beginning	<u>\$ 6,614</u>
Fund Balance - Ending	<u><u>\$ 6,614</u></u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
NOKOMIS ELEMENTARY SCHOOL HVAC REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
<b>Revenues &amp; Other Financing Sources:</b>				
State Sources - SCC Grant	\$ 7,500	\$ -	\$ 7,500	\$ 7,500
Transfers In	11,250	-	11,250	11,250
<b>Total Revenues</b>	<b>18,750</b>	<b>-</b>	<b>18,750</b>	<b>18,750</b>
<b>Expenditures &amp; Other Financing Uses:</b>				
Purchased Professional & Technical Services	2,566	-	2,566	2,566
Construction Services	14,412	-	14,412	14,412
Cancellation of SDA Grant	670	-	670	670
<b>Total Expenditures</b>	<b>16,978</b>	<b>-</b>	<b>17,648</b>	<b>17,648</b>
<b>Excess/(Deficiency) of Revenues Over/ (Under) Expenditures</b>	<b>\$ 1,772</b>	<b>\$ -</b>	<b>\$ 1,102</b>	<b>\$ 1,102</b>

**ADDITIONAL PROJECT INFORMATION**

Project Number	3070-050-10-1002
Grant Date	2/3/2011
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 18,750
Additional Authorized Cost	
Revised Authorized Cost	\$ 18,750
Percentage Increase Over Original Authorized Cost	
Percentage Completion	94%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	N/A

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
NEETA ELEMENTARY SCHOOL HVAC REPAIR AND REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
<b>Revenues &amp; Other Financing Sources:</b>				
State Sources - SCC Grant	\$ 12,500	\$ -	\$ 12,500	\$ 12,500
Transfers In	18,750	-	18,750	18,750
<b>Total Revenues</b>	<b>31,250</b>	<b>-</b>	<b>31,250</b>	<b>31,250</b>
<b>Expenditures &amp; Other Financing Uses:</b>				
Purchased Professional & Technical Services	3,638	-	3,638	3,638
Construction Services	22,100	-	22,100	22,100
<b>Total Expenditures</b>	<b>25,738</b>	<b>-</b>	<b>25,738</b>	<b>25,738</b>
<b>Excess/(Deficiency) of Revenues Over/ (Under) Expenditures</b>	<b>\$ 5,512</b>	<b>\$ -</b>	<b>\$ 5,512</b>	<b>\$ 5,512</b>

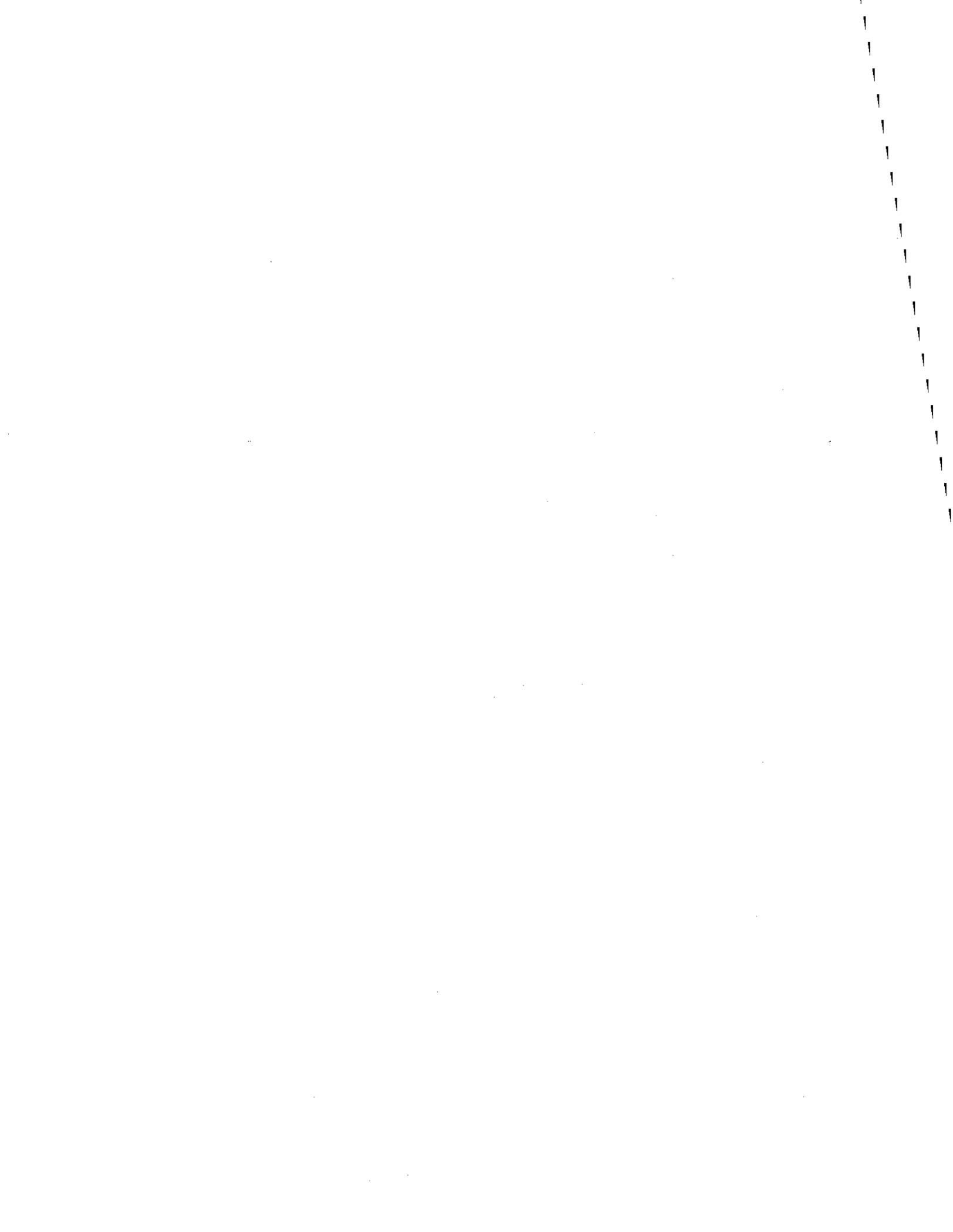
**ADDITIONAL PROJECT INFORMATION**

Project Number	3070-040-10-2001
Grant Date	2/3/2011
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 31,250
Additional Authorized Cost	
Revised Authorized Cost	\$ 31,250
Percentage Increase Over Original Authorized Cost	
Percentage Completion	82%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	N/A

## G. Proprietary Funds



## Enterprise Funds



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2013  
(With Comparative Totals for June 30, 2012)**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	2013	2012
Current Assets:			
Cash & Cash Equivalents	\$ 31,469	\$ 31,469	\$ 6,525
Accounts Receivable:			
Interfunds	4,639	4,639	20,657
Federal	1,025	1,025	371
Total Current Assets	<u>37,133</u>	<u>37,133</u>	<u>27,553</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	20,574	20,574	20,574
Accumulated Depreciation	(2,057)	(2,057)	-
Total Noncurrent Assets	<u>18,517</u>	<u>18,517</u>	<u>20,574</u>
Total Assets	<u>55,650</u>	<u>55,650</u>	<u>48,127</u>
NET POSITION			
Investments in Capital Assets -			
Net of Related Debt	18,517	18,517	20,574
Unrestricted	<u>37,133</u>	<u>37,133</u>	<u>27,553</u>
Total Net Position	<u>\$ 55,650</u>	<u>\$ 55,650</u>	<u>\$ 48,127</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
AS OF JUNE 30, 2013  
(With Comparative Totals for June 30, 2012)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD		
	SERVICE	2013	2012
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
Special Milk Program	\$ 11,881	\$ 11,881	\$ 13,205
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	11,881	11,881	13,205
	<hr/>	<hr/>	<hr/>
Operating Expenses:			
Cost of Sales	7,726	7,726	10,154
Depreciation	2,057	2,057	-
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	9,783	9,783	10,154
	<hr/>	<hr/>	<hr/>
Operating Income/(Loss)	2,098	2,098	3,051
	<hr/>	<hr/>	<hr/>
Nonoperating Revenues/(Expenses):			
Federal Sources:			
Special Milk Program	5,292	5,292	6,355
Interest & Investment Revenue	133	133	146
Transfers	-	-	(25,320)
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues/(Expenses)	5,425	5,425	(18,819)
	<hr/>	<hr/>	<hr/>
Change in Net Position	7,523	7,523	(15,768)
Total Net Position - Beginning	48,127	48,127	63,895
	<hr/>	<hr/>	<hr/>
Total Net Position - Ending	\$ 55,650	\$ 55,650	\$ 48,127
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**FOOD SERVICE ENTERPRISE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**AS OF JUNE 30, 2013**  
**(With Comparative Totals for June 30, 2012)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD		
	SERVICE	2013	2012
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 27,899	\$ 27,899	\$ 13,205
Payments to Suppliers	(7,726)	(7,726)	(10,154)
Net Cash Provided/(Used) by Operating Activities	<u>20,173</u>	<u>20,173</u>	<u>3,051</u>
Cash Flows From Noncapital Financing Activities:			
Federal Sources	4,638	4,638	6,455
Interfunds Receivable	-	-	(6,455)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>4,638</u>	<u>4,638</u>	<u>-</u>
Cash Flows From Capital & Related Financing Activities:			
Purchase of Capital Assets	-	-	(20,574)
Net Cash Provided/(Used) by Capital & Related Financing Activities	<u>-</u>	<u>-</u>	<u>(20,574)</u>
Cash Flows From Investing Activities:			
Interest & Dividends	133	133	146
Net Cash Provided/(Used) by Investing Activities	<u>133</u>	<u>133</u>	<u>146</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	24,944	24,944	(17,377)
Balances - Beginning of Year	<u>6,525</u>	<u>6,525</u>	<u>23,902</u>
Balances - End of Year	<u>\$ 31,469</u>	<u>\$ 31,469</u>	<u>\$ 6,525</u>

**Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:**

Operating Income/(Loss)	\$ 2,098	\$ 2,098	\$ 3,051
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	2,057	2,057	-
(Increase)/Decrease in Interfund Receivable	<u>16,018</u>	<u>16,018</u>	<u>-</u>
Total Adjustments	<u>18,075</u>	<u>18,075</u>	<u>-</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 20,173</u>	<u>\$ 20,173</u>	<u>\$ 3,051</u>



Internal Service Fund

Not Applicable



## H. Fiduciary Fund



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBING STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2013  
(With Comparative Totals for June 30, 2012)**

ASSETS	PRIVATE PURPOSE			AGENCY FUNDS			2013	2012
	SCHOLARSHIP	FLEXIBLE SPENDING TRUST	NEW JERSEY UNEMPLOYMENT TRUST	STUDENT ACTIVITY	PAYROLL AGENCY	NET PAYROLL		
Cash & Cash Equivalents	\$ 9,116	\$ 5,991	\$ 29,329	\$ 1,855	\$ 59,715	\$ 7,421	\$ 113,427	\$ 97,901
Interfund Receivable	-	-	1,200	-	-	-	1,200	13,719
<b>Total Assets</b>	<b>9,116</b>	<b>5,991</b>	<b>30,529</b>	<b>1,855</b>	<b>59,715</b>	<b>7,421</b>	<b>114,627</b>	<b>111,620</b>
<b>LIABILITIES</b>								
Payroll Deductions & Withholdings	-	-	-	-	36,315	-	36,315	25,885
Interfund Payable Due to Student Groups	-	3,269	-	-	23,400	7,421	34,090	44,199
	-	-	-	1,855	-	-	1,855	1,648
<b>Total Liabilities</b>	<b>-</b>	<b>3,269</b>	<b>-</b>	<b>1,855</b>	<b>59,715</b>	<b>7,421</b>	<b>72,260</b>	<b>71,732</b>
<b>NET POSITION</b>								
Reserved for Scholarships	9,116	-	-	-	-	-	9,116	9,299
Unreserved	-	2,722	30,529	-	-	-	33,251	30,589
<b>Total Net Position</b>	<b>\$ 9,116</b>	<b>\$ 2,722</b>	<b>\$ 30,529</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42,367</b>	<b>\$ 39,888</b>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(With Comparative Totals for June 30, 2012)**

	PRIVATE PURPOSE			2013	2012
	SCHOLARSHIP	FLEXIBLE SPENDING TRUST	UNEMPLOYMENT COMPENSATION TRUST FUND		
<b>Additions:</b>					
<b>Local Sources:</b>					
Interest on Investments	\$ 17	\$ 28	\$ 145	\$ 190	\$ 280
Contributions	-	9,025	-	9,025	8,016
<b>Total Additions</b>	<b>17</b>	<b>9,053</b>	<b>145</b>	<b>9,215</b>	<b>8,296</b>
<b>Deductions:</b>					
Scholarship Payments	200	-	-	200	300
Miscellaneous Expenditures	-	6,536	-	6,536	8,735
<b>Total Deductions</b>	<b>200</b>	<b>6,536</b>	<b>-</b>	<b>6,736</b>	<b>9,035</b>
<b>Change in Net Position</b>	<b>(183)</b>	<b>2,517</b>	<b>145</b>	<b>2,479</b>	<b>(739)</b>
<b>Net Position, July 1</b>	<b>9,299</b>	<b>205</b>	<b>30,384</b>	<b>39,888</b>	<b>40,627</b>
<b>Net Position, June 30</b>	<b>\$ 9,116</b>	<b>\$ 2,722</b>	<b>\$ 30,529</b>	<b>\$ 42,367</b>	<b>\$ 39,888</b>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
STUDENT ACTIVITY FUND  
SCHEDULE OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	BALANCE JUNE 30, 2012	CASH RECEIPTS	DISBURSEMENTS	BALANCE JUNE 30, 2013
Elementary School	\$ 1,648	\$ 7,781	\$ 7,574	\$ 1,855
Total	<u>\$ 1,648</u>	<u>\$ 7,781</u>	<u>\$ 7,574</u>	<u>\$ 1,855</u>

EXHIBIT H-4(1)

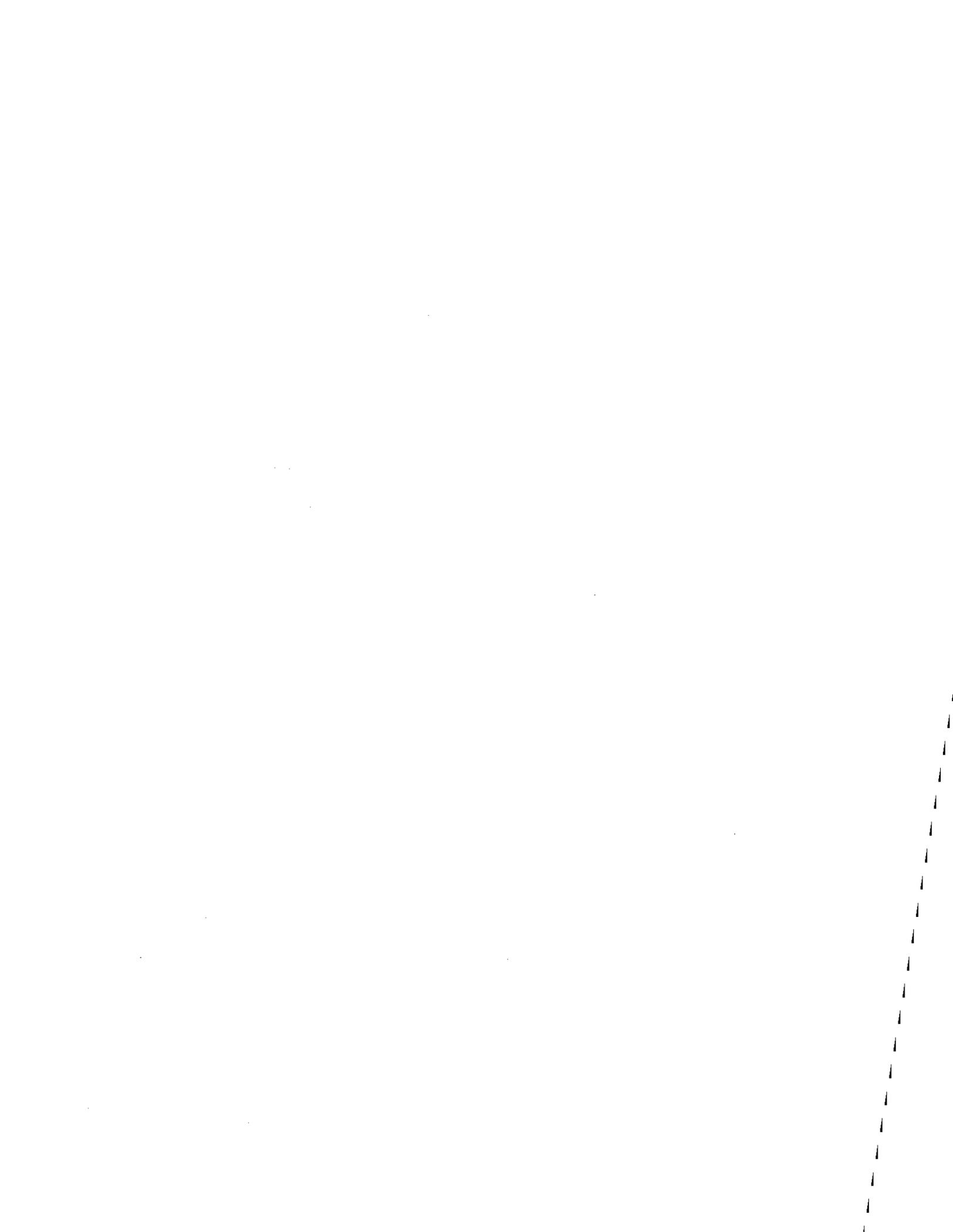
**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

ASSETS	BALANCE JUNE 30, 2012	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2013
Cash & Cash Equivalents	\$ 61,804	\$ 2,100,387	\$ 2,102,476	\$ 59,715
Total Assets	<u>\$ 61,804</u>	<u>\$ 2,100,387</u>	<u>\$ 2,102,476</u>	<u>\$ 59,715</u>
<b>LIABILITIES:</b>				
Payroll Deductions & Withholdings	\$ 25,885	\$ 2,098,727	\$ 2,088,297	\$ 36,315
Interfund Payable - Unemployment	13,719	1,660	14,179	1,200
Interfund Payable - General Fund	22,200	-	-	22,200
Total Liabilities	<u>\$ 61,804</u>	<u>\$ 2,100,387</u>	<u>\$ 2,102,476</u>	<u>\$ 59,715</u>

EXHIBIT H-4(2)

**NET PAYROLL FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

ASSETS	BALANCE JUNE 30, 2012	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2013
Cash & Cash Equivalents	\$ 5,011	\$ 2,861,454	\$ 2,859,044	\$ 7,421
Total Assets	<u>\$ 5,011</u>	<u>\$ 2,861,454</u>	<u>\$ 2,859,044</u>	<u>\$ 7,421</u>
<b>LIABILITIES</b>				
Interfund Payable Net Payroll	\$ 5,011	\$ 2,410	\$ -	\$ 7,421
	-	2,859,044	2,859,044	-
Total Liabilities	<u>\$ 5,011</u>	<u>\$ 2,861,454</u>	<u>\$ 2,859,044</u>	<u>\$ 7,421</u>



## I. Long-Term Debt



**MEDFORD LAKES BOROUGH SCHOOL DISTRICT  
LONG-TERM DEBT ACCOUNT GROUP  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE			BALANCE	
			DATE	AMOUNT		JUNE 30, 2012	ISSUED	REFUNDED		RETIRE
2010 School Refunding Bonds	5/3/2010	\$3,845,000	5/15/14	\$ 310,000	3.00%	\$ 3,545,000	\$ -	\$ -	\$ 305,000	\$ 3,240,000
			5/15/15	320,000	3.75%					
			5/15/16	330,000	2.75%					
			5/15/17	335,000	5.00%					
			5/15/18	355,000	5.00%					
			5/15/19	370,000	5.00%					
			5/15/20	385,000	5.00%					
			5/15/21	405,000	5.00%					
5/15/22	430,000	5.00%								
Total						\$ 3,545,000	\$ -	\$ -	\$ 305,000	\$ 3,240,000

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	JUNE 30, 2013				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2012				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:										
Local Sources:										
Local Tax Levy	\$ 427,796	\$ -	\$ 427,796	\$ 427,796	\$ -	\$ 452,457	\$ -	\$ 452,457	\$ 452,457	\$ -
Total Revenues	427,796	-	427,796	427,796	-	452,457	-	452,457	452,457	-
Expenditures:										
Regular Debt Service:										
Interest	150,857	-	150,857	150,857	-	162,457	-	162,457	162,456	1
Redemption of Principal	305,000	-	305,000	305,000	-	290,000	-	290,000	290,000	-
Total Expenditures	455,857	-	455,857	455,857	-	452,457	-	452,457	452,456	1
Excess/(Deficiency) of Revenues & Other Financing Sources Over/ (Under) Expenditures	(28,061)	-	(28,061)	(28,061)	-	-	-	-	1	1
Fund Balance, July 1	28,062	-	28,062	28,062	-	28,061	-	28,061	28,061	-
Fund Balance, June 30	\$ 1	\$ -	\$ 1	\$ 1	\$ -	\$ 28,061	\$ -	\$ 28,061	\$ 28,062	\$ 1

**STATISTICAL SECTION (Unaudited)**



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	FISCAL YEAR ENDING JUNE 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 2,595,129	\$ 2,446,188	\$ 2,365,645	\$ 2,121,969	\$ 1,907,011	\$ 1,826,095	\$ 1,778,758	\$ 1,557,059	\$ 1,378,596	\$ 985,066
Restricted	501,203	424,832	205,358	152,989	303,204	254,474	679,597	1,083,397	1,126,724	860,495
Unrestricted	(18,549)	392,488	379,618	164,818	104,460	280,582	118,664	(20,702)	72,636	518,202
<b>Total Governmental Activities Net Position</b>	<b>\$ 3,077,783</b>	<b>\$ 3,263,508</b>	<b>\$ 2,950,621</b>	<b>\$ 2,439,776</b>	<b>\$ 2,314,675</b>	<b>\$ 2,361,151</b>	<b>\$ 2,577,019</b>	<b>\$ 2,619,754</b>	<b>\$ 2,577,956</b>	<b>\$ 2,363,763</b>
<b>Business-Type Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 18,517	\$ 20,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	37,133	27,553	63,895	54,557	46,785	34,990	26,928	19,768	11,964	8,760
<b>Total Business-Type Activities Net Position</b>	<b>\$ 55,650</b>	<b>\$ 48,127</b>	<b>\$ 63,895</b>	<b>\$ 54,557</b>	<b>\$ 46,785</b>	<b>\$ 34,990</b>	<b>\$ 26,928</b>	<b>\$ 19,768</b>	<b>\$ 11,964</b>	<b>\$ 8,760</b>
<b>District-Wide:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 2,613,646	\$ 2,466,762	\$ 2,365,645	\$ 2,121,969	\$ 1,907,011	\$ 1,826,095	\$ 1,778,758	\$ 1,557,059	\$ 1,378,596	\$ 985,066
Restricted	501,203	424,832	205,358	152,989	303,204	254,474	679,597	1,083,397	1,126,724	860,495
Unrestricted	18,584	420,041	443,513	219,375	151,245	315,572	145,592	(934)	84,600	526,962
<b>Total District Net Position</b>	<b>\$ 3,133,433</b>	<b>\$ 3,311,635</b>	<b>\$ 3,014,516</b>	<b>\$ 2,494,333</b>	<b>\$ 2,361,460</b>	<b>\$ 2,396,141</b>	<b>\$ 2,603,947</b>	<b>\$ 2,639,522</b>	<b>\$ 2,589,920</b>	<b>\$ 2,372,523</b>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:										
Instruction:										
Regular	\$ 2,610,192	\$ 2,273,605	\$ 2,353,857	\$ 2,350,951	\$ 2,262,824	\$ 2,224,695	\$ 2,123,702	\$ 2,001,990	\$ 2,049,378	\$ 1,924,865
Special Education	904,275	794,094	708,664	797,433	713,836	887,080	919,501	861,566	771,433	825,125
Other Special Instruction	62,145	62,779	39,669	38,298	35,676	31,617	36,714	34,685	34,421	33,424
Other Instruction	25,593	20,808	30,883	84,443	72,739	78,221	60,737	55,172	56,035	55,086
Support Services & Undistributed Costs:										
Tuition	64,603	118,623	85,908	73,359	206,721	80,025	27,116	47,471	34,060	18,757
Health Services	191,526	204,382	171,790	152,271	143,930	113,930	104,489	105,661	95,112	95,693
Student & Instruction Related Services	499,905	497,854	479,334	536,484	434,037	410,376	434,078	466,268	319,601	259,191
Educational Media Services/School										
Library	65,708	54,677	61,713	76,173	116,546	106,136	105,662	104,041	98,636	90,641
Instructional Staff Training	970	1,622	5,246	5,989	7,214	6,188	16,637	4,720	6,928	6,873
School Administrative Services	151,809	132,878	137,301	124,163	153,274	142,429	155,545	130,652	137,553	131,163
General Administrative Services	280,362	271,407	269,289	299,899	256,071	255,528	253,701	283,898	246,951	234,555
Plant Operations & Maintenance	535,064	505,545	467,828	575,798	563,337	552,838	626,517	555,617	514,687	401,080
Pupil Transportation	142,710	128,679	133,478	133,992	232,972	124,023	79,141	70,193	67,223	74,540
Business & Other Support Services	198,871	183,895	199,505	195,859	183,650	174,506	177,739	181,568	166,526	150,684
Administration Information Technology	-	2,184	2,184	4,368	4,200	4,800	1,720	-	1,097	-
Unallocated Benefits	1,802,941	1,602,622	1,492,439	1,441,070	1,295,937	1,586,964	1,534,096	1,292,082	1,106,696	1,035,919
Interest on Long-Term Debt	168,488	193,095	179,390	208,590	219,538	245,136	250,682	268,620	294,013	314,282
Change in Compensated Absences	4,540	5,838	9,444	(20,360)	21,124	(976)	6,057	(30,837)	1,925	2,944
Adjustment to Fixed Assets	-	-	(111,391)	-	-	-	-	-	-	-
Unallocated Depreciation	211,298	209,457	209,457	243,195	238,101	231,189	198,204	215,645	271,689	265,452
<b>Total Governmental Activities Expenses</b>	<b>7,921,000</b>	<b>7,264,044</b>	<b>6,925,988</b>	<b>7,321,975</b>	<b>7,161,727</b>	<b>7,254,705</b>	<b>7,112,038</b>	<b>6,649,012</b>	<b>6,273,964</b>	<b>5,920,274</b>
Business-Type Activities:										
Food Service	9,783	10,154	9,324	10,144	8,875	8,576	5,801	6,489	15,090	27,506
<b>Total Business-Type Activities Expense</b>	<b>9,783</b>	<b>10,154</b>	<b>9,324</b>	<b>10,144</b>	<b>8,875</b>	<b>8,576</b>	<b>5,801</b>	<b>6,489</b>	<b>15,090</b>	<b>27,506</b>
<b>Total District Expenses</b>	<b>\$ 7,930,783</b>	<b>\$ 7,274,198</b>	<b>\$ 6,935,312</b>	<b>\$ 7,332,119</b>	<b>\$ 7,170,602</b>	<b>\$ 7,263,281</b>	<b>\$ 7,117,839</b>	<b>\$ 6,655,501</b>	<b>\$ 6,289,054</b>	<b>\$ 5,947,780</b>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Operating Grants & Contributions	\$ 180,255	\$ 159,272	\$ 223,503	\$ 167,709	\$ 124,056	\$ 126,327	\$ 171,474	\$ 216,010	\$ 218,251	\$ 182,252
Total Governmental Activities Program Revenues	180,255	159,272	223,503	167,709	124,056	126,327	171,474	216,010	218,251	182,252
Business-Type Activities:										
Charges for Services:										
Food Service	11,881	13,205	11,208	11,240	12,248	9,652	7,709	8,565	8,690	8,162
Operating Grants & Contributions	5,292	6,355	7,155	6,400	8,304	6,553	4,628	5,308	9,496	4,252
Total Business Type Activities Program Revenues	17,173	19,560	18,363	17,640	20,552	16,205	12,337	13,873	18,186	12,414
Total District Program Revenues	\$ 197,428	\$ 178,832	\$ 241,866	\$ 185,349	\$ 144,608	\$ 142,532	\$ 183,811	\$ 229,883	\$ 236,437	\$ 194,666
Net (Expense)/Revenue:										
Governmental Activities	\$ (7,740,745)	\$ (7,104,772)	\$ (6,702,485)	\$ (7,154,266)	\$ (7,037,671)	\$ (7,128,378)	\$ (6,940,564)	\$ (6,433,002)	\$ (6,055,713)	\$ (5,738,022)
Business-Type Activities	7,390	9,406	9,039	7,496	11,677	7,629	6,536	7,384	3,096	(15,092)
Total District-Wide Net Expense	\$ (7,733,355)	\$ (7,095,366)	\$ (6,693,446)	\$ (7,146,770)	\$ (7,025,994)	\$ (7,120,749)	\$ (6,934,028)	\$ (6,425,618)	\$ (6,052,617)	\$ (5,753,114)

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes, Net	\$ 5,171,005	\$ 5,120,136	\$ 5,070,796	\$ 4,949,681	\$ 4,759,309	\$ 4,602,225	\$ 4,445,864	\$ 4,263,167	\$ 4,018,424	\$ 3,872,693
Taxes Levied for Debt Service	427,796	452,457	472,430	462,880	470,973	300,474	485,688	455,214	593,701	586,133
Federal & State Aid Not Restricted	1,782,505	1,644,821	1,428,593	1,609,848	1,561,499	1,794,462	1,733,879	1,457,983	1,399,753	1,362,753
Miscellaneous Revenue	163,715	165,595	231,511	255,291	199,414	199,073	222,798	244,432	187,341	142,054
Tuition Received	-	-	-	-	-	16,275	9,601	53,994	70,697	90,877
Cancellation of Grants	-	(670)	-	-	-	-	-	-	-	-
Amortization of Bond Premiums (Net of Costs and Losses)	9,999	10,000	10,000	1,667	-	-	-	-	-	-
Total Governmental Activities	<u>7,555,020</u>	<u>7,392,339</u>	<u>7,213,330</u>	<u>7,279,367</u>	<u>6,991,195</u>	<u>6,912,509</u>	<u>6,897,830</u>	<u>6,474,790</u>	<u>6,269,916</u>	<u>6,054,510</u>
Business-Type Activities:										
Investment Earnings	133	146	299	276	118	433	624	420	108	-
Total Business-Type Activities	<u>133</u>	<u>146</u>	<u>299</u>	<u>276</u>	<u>118</u>	<u>433</u>	<u>624</u>	<u>420</u>	<u>108</u>	<u>-</u>
Total District-Wide	<u>\$ 7,555,153</u>	<u>\$ 7,392,485</u>	<u>\$ 7,213,629</u>	<u>\$ 7,279,643</u>	<u>\$ 6,991,313</u>	<u>\$ 6,912,942</u>	<u>\$ 6,898,454</u>	<u>\$ 6,475,210</u>	<u>\$ 6,270,024</u>	<u>\$ 6,054,510</u>
Change in Net Position:										
Governmental Activities	\$ (185,725)	\$ 287,567	\$ 510,845	\$ 125,101	\$ (46,476)	\$ (215,869)	\$ (42,734)	\$ 41,788	\$ 214,203	\$ 316,488
Business-Type Activities	7,523	9,552	9,338	7,772	11,795	8,062	7,160	7,804	3,204	(15,092)
Total District	<u>\$ (178,202)</u>	<u>\$ 297,119</u>	<u>\$ 520,183</u>	<u>\$ 132,873</u>	<u>\$ (34,681)</u>	<u>\$ (207,807)</u>	<u>\$ (35,574)</u>	<u>\$ 49,592</u>	<u>\$ 217,407</u>	<u>\$ 301,396</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund:										
Restricted	\$ 536,427	\$ 432,535	\$ 306,392	\$ 196,477	\$ 352,728	\$ 275,501	\$ 522,553	\$ 859,565	\$ 780,791	\$ 767,120
Assigned	32,282	412,222	292,664	227,402	-	-	-	-	-	-
Unassigned	144,906	181,462	180,913	131,673	188,998	374,013	213,071	67,648	191,823	97,645
<b>Total General Fund</b>	<b>\$ 713,615</b>	<b>\$ 1,026,219</b>	<b>\$ 779,969</b>	<b>\$ 555,552</b>	<b>\$ 541,726</b>	<b>\$ 649,514</b>	<b>\$ 735,624</b>	<b>\$ 927,213</b>	<b>\$ 972,614</b>	<b>\$ 864,765</b>
All Other Governmental Funds:										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,825
Assigned, Reported in:										
Capital Projects Fund	6,614	6,614	7,284	-	-	-	171,543	240,837	368,817	381,720
Debt Service Fund	1	28,062	28,061	85	6,678	6,595	2	2	1	36
<b>Total All Other Governmental Funds</b>	<b>\$ 6,615</b>	<b>\$ 34,676</b>	<b>\$ 35,345</b>	<b>\$ 85</b>	<b>\$ 6,678</b>	<b>\$ 6,595</b>	<b>\$ 171,545</b>	<b>\$ 240,839</b>	<b>\$ 368,818</b>	<b>\$ 538,581</b>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>										
Tax Levy	\$ 5,598,801	\$ 5,572,593	\$ 5,543,226	\$ 5,412,561	\$ 5,230,282	\$ 4,902,699	\$ 4,931,552	\$ 4,718,381	\$ 4,612,125	\$ 4,458,826
Tuition Charges	-	-	-	-	-	16,275	9,601	53,994	70,697	90,877
Miscellaneous	163,715	165,595	231,511	255,291	199,414	199,073	222,798	244,432	187,341	142,054
State Sources	1,827,684	1,609,132	1,432,020	1,469,194	1,577,014	1,794,462	1,784,492	1,533,400	1,455,921	1,424,604
Federal Sources	135,076	194,961	220,076	308,363	108,541	126,327	120,861	140,593	162,083	120,401
<b>Total Revenue</b>	<b>7,725,276</b>	<b>7,542,281</b>	<b>7,426,833</b>	<b>7,445,409</b>	<b>7,115,251</b>	<b>7,038,836</b>	<b>7,069,304</b>	<b>6,690,800</b>	<b>6,488,167</b>	<b>6,236,762</b>
<b>Expenditures</b>										
Current Expense:										
Instruction	3,602,205	3,151,286	3,133,073	3,271,125	3,085,075	3,221,613	3,140,654	2,953,413	2,911,267	2,838,500
Undistributed Expenditures	3,934,469	3,682,257	3,502,074	3,606,030	3,597,889	3,557,743	3,519,418	3,253,612	2,805,803	2,512,329
Capital Outlay	73,410	35,351	83,450	91,548	69,017	38,525	68,926	32,667	187,223	5,004,008
Debt Service	455,857	452,456	448,559	469,473	470,975	472,015	601,188	624,488	645,788	640,963
<b>Total Expenditures</b>	<b>8,065,941</b>	<b>7,321,350</b>	<b>7,167,156</b>	<b>7,438,176</b>	<b>7,222,956</b>	<b>7,289,896</b>	<b>7,330,186</b>	<b>6,864,180</b>	<b>6,550,081</b>	<b>10,995,800</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(340,665)	220,931	259,677	7,233	(107,705)	(251,060)	(260,882)	(173,380)	(61,914)	(4,759,038)
Other Financing Sources/(Uses):										
Cancellation of SDA Grant	-	(670)	-	-	-	-	-	-	-	-
Transfers in	-	25,320	30,000	-	-	171,542	69,294	120,000	-	14,905
Transfers Out	-	-	(30,000)	-	-	(171,542)	(69,294)	(120,000)	-	(14,905)
<b>Total Other Financing Sources/(Uses)</b>	<b>-</b>	<b>24,650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (340,665)</b>	<b>\$ 245,581</b>	<b>\$ 259,677</b>	<b>\$ 7,233</b>	<b>\$ (107,705)</b>	<b>\$ (251,060)</b>	<b>\$ (260,882)</b>	<b>\$ (173,380)</b>	<b>\$ (61,914)</b>	<b>\$ (4,759,038)</b>
Debt Service as a Percentage of Noncapital Expenditures	5.70%	6.21%	6.33%	6.39%	6.58%	6.51%	8.28%	9.14%	10.15%	10.70%

Source: District records

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

FISCAL YEAR ENDED JUNE 30,	CLASSROOM RENTAL	INTEREST ON INVESTMENTS	TUITION	MISCELLANEOUS	TOTAL
2013	\$ -	\$ -	\$ 47,175	\$ 71,361	\$ 118,536
2012	-	14,591	71,889	56,524	143,004
2011	142,885	12,508	-	58,330	213,723
2010	142,885	12,508	-	62,187	217,580
2009	138,398	10,759	-	31,548	180,705
2008	125,817	35,230	-	7,709	168,756
2007	119,830	59,088	-	40,029	218,947
2006	114,120	66,823	-	41,989	222,932
2005	108,675	36,298	-	42,368	187,341
2004	-	7,782	-	119,367	127,149

Source: District records

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
 LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	COMMERCIAL	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2012	\$ 1,159,500	\$ 442,688,300	\$ 8,473,400	\$ 452,321,200	\$ 389,070	\$ 452,710,270	1.830	\$ 477,484,641
2011	1,159,500	443,517,100	8,574,200	453,250,800	415,050	453,665,850	1.789	480,451,451
2010	1,028,500	446,100,800	8,574,200	455,703,500	577,611	456,281,111	1.757	491,581,256
2009	476,000	228,453,100	4,363,400	233,292,500	277,038	233,569,538	3.302	493,962,463
2008	521,000	227,566,900	4,390,300	232,478,200	220,690	232,698,890	3.276	483,086,999
2007	745,500	226,717,600	4,390,300	231,853,400	222,020	232,075,420	3.196	449,349,454
2006	745,500	227,007,700	4,330,300	232,083,500	159,914	232,243,414	3.123	413,853,293
2005	1,051,500	227,264,500	3,415,300	231,731,300	201,524	231,932,824	2.997	365,682,306
2004	973,300	226,968,700	3,507,300	231,449,300	246,355	231,695,655	2.853	319,372,234
2003	951,000	226,135,800	3,507,300	230,594,100	293,234	230,887,334	2.746	291,716,266

Source: Burlington County Abstract of Ratables

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
*(Rate per \$100 of Assessed Value)*

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		
	LOCAL	REGIONAL	TOTAL	BOROUGH OF MEDFORD LAKES	BURLINGTON COUNTY	TOTAL DIRECT AND OVERLAPPING TAX RATE
	SCHOOL	SCHOOL	DIRECT			
2012	1.237	0.593	1.830	0.587	0.326	2.743
2011	1.228	0.561	1.789	0.587	0.327	2.703
2010	1.215	0.542	1.757	0.590	0.334	2.681
2009	2.317	0.985	3.302	1.153	0.656	5.111
2008	2.247	1.029	3.276	1.141	0.808	5.225
2007	2.113	1.083	3.196	1.099	0.815	5.110
2006	2.124	0.999	3.123	1.030	0.788	4.941
2005	2.035	0.962	2.997	0.969	0.720	4.686
2004	1.990	0.863	2.853	0.875	0.648	4.376
2003	1.931	0.815	2.746	0.851	0.643	4.240

Source: Burlington County Abstract of Ratables

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2013		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Medford Lakes Country Club	\$3,008,000	1	0.67%
Taxpayer #1	1,722,800	2	0.38%
Taxpayer #2	756,900	3	0.17%
Taxpayer #3	700,000	4	0.15%
Taxpayer #4	689,700	5	0.15%
Taxpayer #5	682,500	6	0.15%
Taxpayer #6	670,000	7	0.15%
Taxpayer #7	664,600	8	0.15%
Taxpayer #8	653,800	9	0.14%
Taxpayer #9	650,000	10	0.14%
<b>Total</b>	<b>\$10,198,300</b>		<b>2.25%</b>

TAXPAYER	2004		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Medford Lakes Country Club	N/A	1	N/A
Fleet Bank	N/A	2	N/A
Taxpayer #1	N/A	3	N/A
Taxpayer #2	N/A	4	N/A
Taxpayer #3	N/A	5	N/A
Taxpayer #4	N/A	6	N/A
Taxpayer #5	N/A	7	N/A
Taxpayer #6	N/A	8	N/A
Taxpayer #7	N/A	9	N/A
Taxpayer #8	N/A	10	N/A
<b>Total</b>	<b>N/A</b>		<b>N/A</b>

Source: Municipal Tax Assessor

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2013	\$ 5,598,801	\$ 5,598,801	100.00%
2012	5,572,593	5,572,593	100.00%
2011	5,543,226	5,543,226	100.00%
2010	5,412,561	5,412,561	100.00%
2009	5,230,282	5,230,282	100.00%
2008	4,902,699	4,902,699	100.00%
2007	4,931,552	4,931,552	100.00%
2006	4,718,381	4,718,381	100.00%
2005	4,612,125	4,612,125	100.00%
2004	4,458,826	4,458,826	100.00%

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

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	<u>GOVERNMENTAL ACTIVITIES</u>			TOTAL DISTRICT	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2013	\$ 3,240,000	\$ -	\$	3,240,000	N/A
2012	3,545,000	-		3,545,000	N/A
2011	3,835,000	-		3,835,000	924.10
2010	4,120,000	-		4,120,000	1,002.43
2009	4,500,000	-		4,500,000	1,092.50
2008	4,750,000	-		4,750,000	1,156.00
2007	4,990,000	-		4,990,000	1,204.73
2006	5,338,000	2,977		5,340,977	1,284.20
2005	5,688,000	14,418		5,702,418	1,362.91
2004	6,038,000	25,151		6,063,151	1,447.40

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

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				
2013	\$ 3,240,000	\$ -		\$ 3,240,000	0.72%	N/A
2012	3,545,000	-		3,545,000	0.78%	N/A
2011	3,835,000	-		3,835,000	0.84%	924.10
2010	4,120,000	-		4,120,000	1.76%	1,094.89
2009	4,500,000	-		4,500,000	1.93%	1,094.89
2008	4,750,000	-		4,750,000	2.17%	1,157.41
2007	4,990,000	-		4,990,000	2.30%	1,219.15
2006	5,338,000	-		5,338,000	2.32%	1,294.47
2005	5,688,000	-		5,688,000	2.48%	1,375.73
2004	6,038,000	-		6,038,000	2.63%	1,454.69

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2013**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Medford Lakes	\$2,287,299	100.000%	\$2,287,299
Lenape Regional School District	80,345,000	2.464%	1,979,701
Burlington County	336,576,327	0.987%	3,322,008
Subtotal, Overlapping Debt			7,589,008
Medford Lakes Borough Board of Education			3,240,000
Total Direct & Overlapping Debt			<u>\$10,829,008</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt Limit	\$ 14,264,835	\$ 14,727,640	\$ 14,633,447	\$ 14,223,672	\$ 13,435,095	\$ 12,270,181	\$ 10,954,333	\$ 9,730,192	\$ 8,813,784	\$ 8,282,837
Total Net Debt Applicable to Limit	3,240,000	3,835,000	4,120,000	4,500,000	4,750,000	4,990,000	5,338,000	5,688,000	6,038,000	6,363,000
Legal Debt Margin	<u>\$ 11,024,835</u>	<u>\$ 10,892,640</u>	<u>\$ 10,513,447</u>	<u>\$ 9,723,672</u>	<u>\$ 8,685,095</u>	<u>\$ 7,280,181</u>	<u>\$ 5,616,333</u>	<u>\$ 4,042,192</u>	<u>\$ 2,775,784</u>	<u>\$ 1,919,837</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22.71%	26.04%	28.15%	31.64%	35.36%	40.67%	48.73%	58.46%	68.51%	76.82%

**Legal Debt Margin Calculation for Fiscal Year 2012**

	Equalized Valuation Basis
	2012     \$ 465,638,460
	2011         478,465,956
	2010         482,379,062
	<u>\$ 1,426,483,478</u>
Average Equalized Valuation of Taxable Property	<u>\$ 475,494,493</u>
Debt Limit (3 % of Average Equalization Value)	\$ 14,264,835
Net Bonded School Debt	<u>3,240,000</u>
Legal Debt Margin	<u>\$ 11,024,835</u>

**Source:** Equalized valuation bases were obtained from the Annual Report of the State of Exhibit Jersey, Department of Treasury, Division of Taxation

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS**

YEAR	POPULATION	BURLINGTON COUNTY PER CAPITA INCOME	UNEMPLOYMENT RATE
2011	4,153	N/A	4.2%
2010	4,150	47,391	4.4%
2009	4,110	46,496	4.1%
2008	4,119	47,673	2.3%
2007	4,109	45,420	2.2%
2006	4,142	43,365	3.9%
2005	4,159	40,686	1.7%
2004	4,184	39,516	3.5%
2003	4,189	37,958	3.8%
2002	4,183	36,867	3.8%

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO**

	<u>2013</u>	<u>2004</u>
	EMPLOYEES	EMPLOYEES
Medford Lakes Board of Education	<u>100</u>	<u>111</u>
Total	<u><u>100</u></u>	<u><u>111</u></u>

The Borough has no other employers with more than 25 Full Time Employees

**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS**

INFORMATION NOT CURRENTLY AVAILABLE

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2013	534	\$6,977,204	13,066	13.73%	43	13/1	532.8	506.4	-0.30%	94.83%
2012	534	6,134,741	11,488	4.50%	43	13/1	534.4	511.8	-1.73%	95.84%
2011	544	5,980,616	10,994	-1.54%	44	13/1	543.8	518.7	-2.94%	95.35%
2010	564	6,297,450	11,166	-0.08%	43	13/1	558.3	534.4	0.19%	94.75%
2009	552	6,168,396	11,175	3.42%	43	13/1	559.1	533.4	4.61%	96.63%
2008	544	5,878,118	10,805	-11.74%	45	12/1	534.2	509.9	0.20%	93.73%
2007	544	6,660,072	12,243	8.29%	45	12/1	532.2	508.9	-3.65%	93.55%
2006	549	6,207,025	11,306	7.19%	49	11/1	549.7	528.2	1.58%	96.21%
2005	542	5,717,070	10,548	8.03%	49	11/1	541.8	520.0	-0.78%	95.94%
2004	548	5,350,829	9,764	1.50%	52	11/1	548.2	524.1	-2.15%	95.64%

**Sources:** District records

**Note:** Enrollment based on annual October district count.

- a. Operating expenditures equal total expenditures less debt service and capital outlay.
- b. Teaching staff includes only full-time equivalents of certificated staff.
- c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Elementary Schools:										
Neeta School:										
Square Feet	65,573	65,573	65,573	65,573	65,573	65,573	65,573	65,573	65,573	65,573
Capacity (Students)	489	489	489	489	489	489	489	489	489	489
Enrollment	355	344	358	356	351	348	356	356	356	359
Nokomis School:										
Square Feet	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030
Capacity (Students)	160	160	160	160	160	160	160	160	160	160
Enrollment	179	190	186	208	201	190	188	179	179	192

Number of Schools at June 30, 2013:

    Elementary = 1

    Middle School = 1

**Source:** District Facilities Office

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS**

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

	*	NEETA SCHOOL	NOKOMIS SCHOOL	TOTAL
2013	\$	18,921	\$ 14,240	\$ 33,161
2012		23,124	9,685	32,809
2011		21,780	11,925	33,705
2010		27,532	17,210	44,742
2009		24,316	12,777	37,093
2008		42,972	14,315	57,287
2007		44,004	22,160	66,164
2006		37,207	24,479	61,686
2005		26,342	19,879	46,221
2004		20,928	12,717	33,645

\* School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

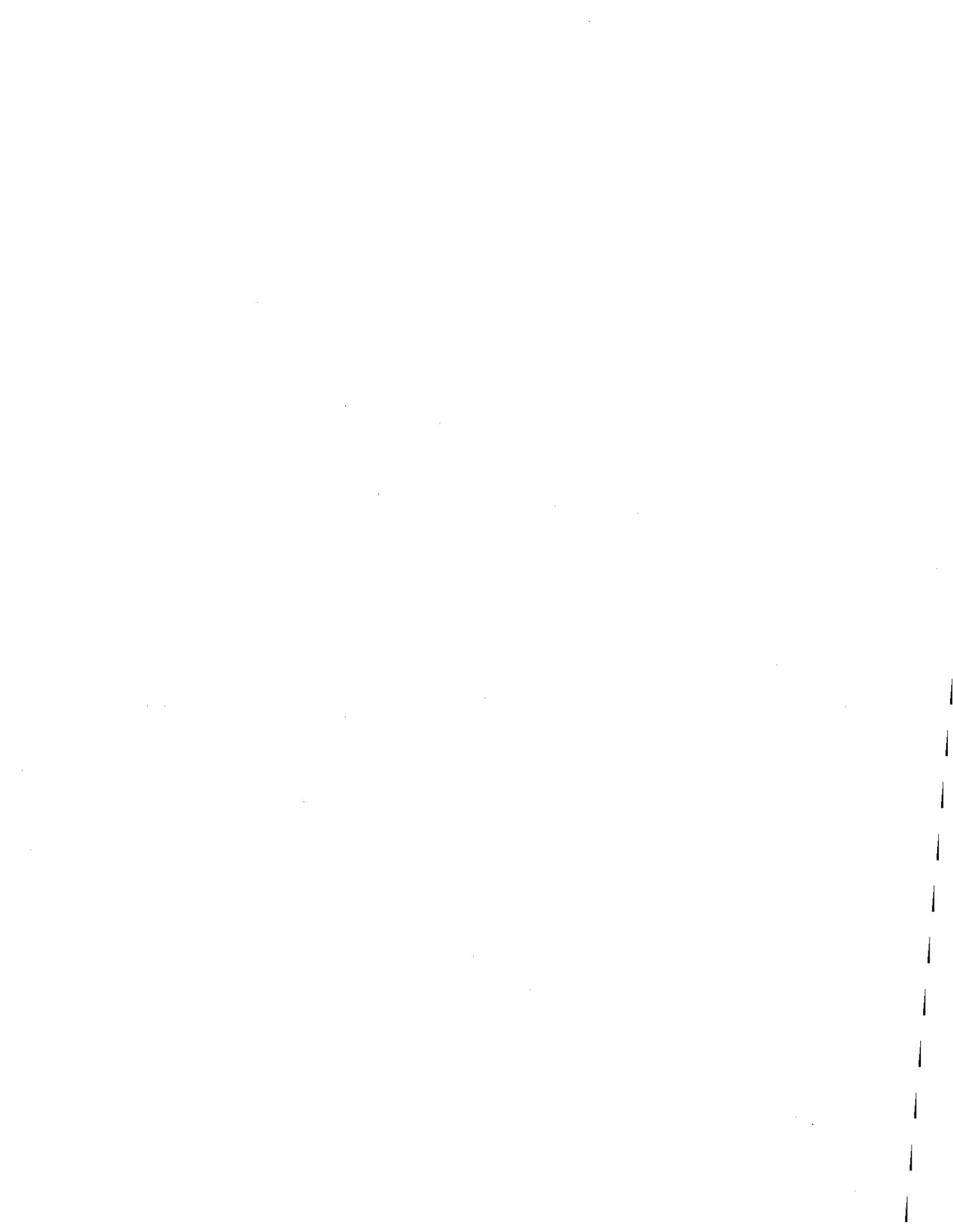
**INSURANCE SCHEDULE  
JUNE 30, 2013**

	COVERAGE	DEDUCTIBLE
<b>School Package Policy - Burlington County Insurance Pool - Joint Insurance Fund - BCIPJIF:</b>		
<b>Specialty National Insurance Co.:</b>		
Property - Blanket Building and Contents	\$150,000,000	500
Crime	500,000	500
General & Automobile Liability	10,000,000	
Worker's Compensation	Statutory	
Educator's Legal Liability	10,000,000	
<b>Hartford Steam Boiler &amp; Inspection Company:</b>		
Boiler & Machinery	100,000,000	1,000
<b>AIG Insurance Company:</b>		
Pollution Legal Liability	3,000,000	10,000

Source: District records.



**SINGLE AUDIT SECTION**





HOLMAN | FRENIA  
ALLISON, P.C.  
*Certified Public Accountants & Consultants*

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EXHIBIT K-1

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

Honorable President and Members  
of the Board of Education  
Medford Lakes Borough  
County of Burlington  
Medford Lakes, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Medford Lakes Board of Education, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Medford Lakes Board of Education's basic financial statements, and have issued our report thereon dated November 15, 2013 .

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Medford Lakes 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 Medford Lakes Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Medford Lakes Board of Education's internal control.

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Medford Lakes 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to management of the Medford Lakes Borough Board of Education, in a separate letter dated November 15, 2013.

## Medford Lakes Borough Board of Education's Response to Findings

Medford Lakes Borough Board of Education's response to the finding identified in our audit is described in the accompanying Schedule of Findings & Questioned Costs. Medford Lakes Borough Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

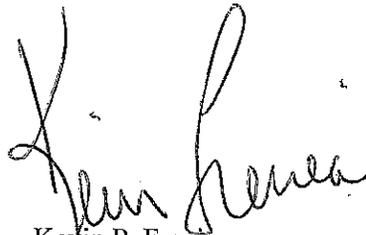
## Purpose of this Report

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the management of the Board of Education of Medford Lakes Borough School District, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.



Kevin P. Frenia  
Public School Accountant  
Certified Public Accountant  
No. 1011

Medford, New Jersey  
November 15, 2013



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EXHIBIT K-2

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04.**

Honorable President and Members  
of the Board of Education  
Medford Lakes Borough  
County of Burlington  
Medford Lakes, New Jersey

**Report on Compliance for Each Major State Program**

We have audited Medford Lakes Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2013. Medford Lakes Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Medford Lakes Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*; the *New Jersey State Aid/Grant Compliance Supplement*; the *audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Medford Lakes 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 state program. However, our audit does not provide a legal determination of Medford Lakes Board of Education's compliance with those requirements.

## **Opinion on Each Major State Program**

In our opinion, Medford Lakes 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 state programs for the year ended June 30, 2013.

## **Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 or New Jersey OMB's Circular 04-04.

## **Report on Internal Control Over Compliance**

Management of Medford Lakes 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 Medford Lakes Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 or New Jersey OMB's 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 Medford Lakes 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

This report is intended for the information of the management of the Board of Education of the Medford Lakes Borough School District, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "Kevin P. Frenia". The signature is written in a cursive style with a large initial "K" and "F".

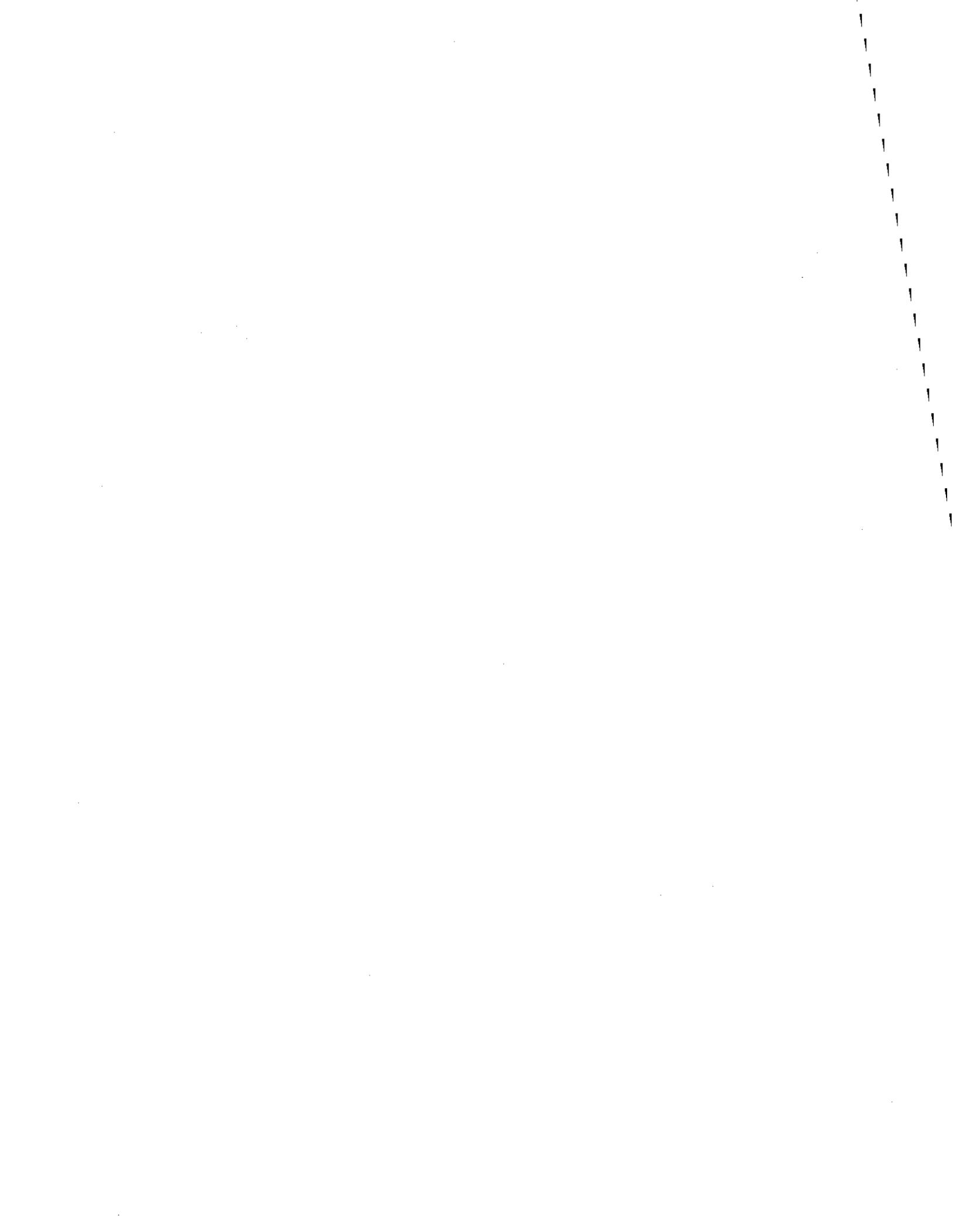
Kevin P. Frenia  
Public School Accountant  
Certified Public Accountant  
No. 1011

Medford, New Jersey  
November 15, 2013



MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2012	CASH RECEIVED	BUDGETARY EXPENDITURES	JUNE 30, 2013 (ACCOUNTS RECEIVABLE)	MEMO	
								BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<b>STATE DEPARTMENT OF EDUCATION:</b>									
<b>General Fund:</b>									
State Aid:									
Equalization Aid	13-495-034-5120-078	\$ 796,453	7/1/12-6/30/13	\$ -	\$ 796,453	\$ (796,453)	\$ -	\$ 77,547	\$ 796,453
Special Education Categorical Aid	13-495-034-5120-089	307,515	7/1/12-6/30/13	-	307,515	(307,515)	-	29,941	307,515
Security Aid	13-495-034-5120-084	7,187	7/1/12-6/30/13	-	7,187	(7,187)	-	700	7,187
Transportation Aid	13-495-034-5120-014	7,541	7/1/12-6/30/13	-	7,541	(7,541)	-	734	7,541
Nonpublic Transportation Aid	12-100-034-5120-068	1,914	7/1/11-6/30/12	(1,914)	1,914	-	-	-	-
Nonpublic Transportation Aid	13-100-034-5120-068	3,828	7/1/12-6/30/13	-	-	(3,828)	(3,828)	-	3,828
Extraordinary Aid	13-495-034-5120-044	13,973	7/1/12-6/30/13	-	-	(13,973)	(13,973)	-	13,973
Extraordinary Aid	12-495-034-5120-044	30,368	7/1/11-6/30/12	(30,368)	30,368	-	-	-	-
TPAF On-Behalf Payments	13-495-034-5095-001	464,807	7/1/12-6/30/13	-	464,807	(464,807)	-	-	464,807
Reimbursed TPAF Social Security Contribution	12-495-034-5095-002	230,869	7/1/11-6/30/12	(11,022)	11,022	-	-	-	-
Reimbursed TPAF Social Security Contribution	13-495-034-5095-002	234,482	7/1/12-6/30/13	-	222,403	(234,482)	(12,079)	-	234,482
Total General Fund				(43,304)	1,849,210	(1,835,786)	(29,880)	108,922	1,835,786
Total State Financial Assistance				\$ (43,304)	\$ 1,849,210	\$ (1,835,786)	\$ (29,880)	\$ 108,922	\$ 1,835,786
Less: Grants Not Subject to New Jersey OMB Circular 04-04:									
On Behalf TPAF Pension Contributions (Non-Budgeted)	100-034-5095-001	218,143	7/1/12-6/30/13			\$ 218,143			
On Behalf TPAF Post-Retirement Medical (Non-Budgeted)	100-034-5095-001	246,664	7/1/12-6/30/13			246,664			
Total State Financial Assistance subject to New Jersey OMB Circular 04-04						\$ (1,370,979)			



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2013**

**Note 1. General**

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

**Note 2. Basis of Accounting**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's 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 the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(8,102) for the general fund and \$0 for the Special Revenue Fund. See Note 1 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:

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2013**

**Note 3. Relationship to Basic Financial Statements (continued):**

	<b>State</b>
General Fund	<u>\$1,827,684</u>
Total Financial Assistance	<u>\$1,827,684</u>

**Note 4. Relationship to State Financial Reports**

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

**Note 5. Other**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2013. TPAF social security contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

**Note 6. State Loans Outstanding**

The Medford Lakes Borough Board of Education has no loan balances outstanding at June 30, 2013.

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2013**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	None Reported

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	No

**Identification of major programs:**

<b>GMIS Number(s)</b>	<b>Name of State Program</b>
13-495-034-5120-078	Equalization Aid
13-495-034-5120-089	Special Education Categorical Aid
13-495-034-5095-002	On-Behalf TPAF Social Security

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2013**

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

No Current Year Findings

**Section III – State Financial Assistance Findings and Questioned Costs**

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
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.

No Prior Year Findings