

**BOROUGH OF LAWNSIDE  
SCHOOL DISTRICT  
LAWNSIDE, NEW JERSEY**



*The Pride and Respect School*

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2015**

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
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## **INTRODUCTORY SECTION**

LAWNSIDE SCHOOL DISTRICT  
BOARD OF EDUCATION  
426 CHARLESTON AVENUE  
LAWNSIDE, NEW JERSEY 08045

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*The Pride and Respect School*

December 8, 2015

Honorable President and  
Members of the Board of Education  
Lawnside School District  
County of Camden, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Lawnside School District (School District) for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 of the School District. All disclosures necessary to enable the reader to gain an understanding of the School District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this letter, the School District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The School District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments and Nonprofit Organizations", and the State of New Jersey Circular 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1. REPORT ENTITY AND ITS SERVICES:** Lawnside School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board Statement (GASB) as established by National Council of Government Accounting (NCGA) Statement No. 3. All funds of the School District are included in this report. The Lawnside Board of Education and its school constitute the School District's reporting entity.

The School District provides a full range of educational services appropriate to grade levels Pre-K through eight. These include regular as well as special education for handicapped students. In addition to the classroom teachers, other professional and support staff is employed to meet the needs of the pupils we serve. The School District completed the 2014-2015 fiscal year with an enrollment of 286 students, which is a slight increase over the previous year's enrollment. The following details the changes in student enrollment over the past ten years.

AVERAGE DAILY ENROLLMENT

| <u>FISCAL YEAR</u> | <u>STUDENT ENROLLMENT</u> | <u>PERCENT CHANGE</u> |
|--------------------|---------------------------|-----------------------|
| 2014-2015          | 286                       | 0.35                  |
| 2013-2014          | 285                       | 1.42                  |
| 2012-2013          | 281                       | 1.44                  |
| 2011-2012          | 277                       | 4.53                  |
| 2010-2011          | 265                       | 5.16                  |
| 2009-2010          | 252                       | (15.43)               |
| 2008-2009          | 298                       | (1.65)                |
| 2007-2008          | 303                       | (2.31)                |
| 2006-2007          | 310                       | (6.06)                |
| 2005-2006          | 330                       | 20.50                 |

**2. ECONOMIC CONDITION AND OUTLOOK:** The Borough of Lawnside encompasses an area of approximate 1.5 square miles. The Borough is primarily a residential community with limited ratables, therefore the financial support for the School District is primarily the responsibility of homeowners.

At the April, 2010 election, voters approved a referendum to build two classrooms and renovate both educational and non-educational areas in the Lawnside Public School. Bonds in the principal amount of \$2,900,000 were issued October, 2010.

The School District will continue to face difficult economic challenges as mandated expenditures continue to increase, property tax revenue is limited due to the 2% cap and state aid decreases or remains flat. The School District's administration will closely monitor the cost of operations and to look for new funding sources in order to maintain the educational services that the School District has been providing and that the students deserve.

**3. MAJOR INITIATIVES:** During the 2014-2015 school year, the School District concentrated on the following areas:

Professional Development Student Achievement Technology Parent Involvement

A variety of professional development opportunities were made available to the staff throughout the 2014-2015 school year. Those opportunities, included but were not limited to, a series of workshops conducted by an outside consultant, Global Institute for Maximizing Potential, Inc. The workshops focused on an analysis of data to drive the decision-making process for improving instruction throughout the Mathematics and Language Arts curriculums. Additionally, staff members and administrators were encouraged to attend workshops conducted on the county and state levels. Teachers and administrators utilized a collaborative approach in identifying best practices aimed at implementing successful instructional methodologies in preparation for the state-mandated assessments. Common planning periods for staff members allowed for collaboration among the various grade levels. An annual review of the K-8 "Pacing Charts" was conducted to ensure proper alignment in the areas of Mathematics and Language Arts and transition to the newly adopted Common Core Content Standards. Professional Development opportunities utilizing the Global Compliance Network ([www.qcntraining.com](http://www.qcntraining.com)) were also conducted during the 2014-2015 school year. Additional educational collaboration occurred between the Lawnside, Haddon Heights, and Barrington School Districts.

Due to the collaborative efforts of the teachers and Global Institute, the School District made incremental progress in student achievement. The School District has rewritten the Science and Social Studies curriculums to further align them to the New Jersey Core Curriculum Content Standards. All teachers were encouraged to offer a differentiated instructional approach to address each student's individual academic needs.

All staff members are required to utilize technology in their classrooms to enhance daily instruction. Teachers were required to submit their lesson plans via e-mail during the 2014-2015 school year. Additionally, the Response To Intervention (RTI) program READ 180 was implemented within the School District in grades 3-8 to address the reading needs of students. The School District utilized the Study Island and Write To Learn on-line assessment programs in the areas of Mathematics and Language Arts during the school year. Furthermore, staff received data to drive instruction within the classroom using the Measures of Academic progress (MAP) assessments during the 2014-2015 school year.

Parental involvement continued to be a key factor in the quest to improve student achievement. Several parent oriented activities occurred in collaboration with the local and state PTA including but not limited to McDonald's, Wendy's, and Arby's nights, Family Arts Night, Wellness Day and the Annual June Jamboree. Activities such as; Open House, Back To School Night, Awards assemblies, Mock Test Night, Public Speaking Contests, and Parents' Night Out were conducted throughout the school year to improve parental involvement and community relations. The School District's Parent-Teacher Association was instrumental in strengthening the relationship between the school and the community at-large. The staff worked collaboratively with the PTA by actively offering presentations/workshops during the monthly Parent-Teacher Association meetings. Additionally, the PTA conducted three Scholastic Book Fairs during the school year to increase the amount of literature for students in their homes. Furthermore, the School District participated in the state-wide Positive Behavior Supports In Schools (PBSIS) grant to provide support in addressing the need to decrease discipline referrals and encourage a highly effective academic environment. This initiative improved school climate and increased parental involvement.

**3. MAJOR INITIATIVES (CONT'D):** During the 2014-2015 school year, the School District offered the following extra-curricular activities; Junior Honor Society, Yearbook, Safety Patrol, Art Club, and various eighth grade activities. The School District is in receipt of the 21<sup>st</sup> Century Community Learning Centers Grant for the 2014-2015 school year which focused on Science, Technology, Engineering, and Mathematics (STEM) along with the School District-funded "Shining Stars" program for students in grades K-3. Additional collaboration has been implemented between the School District and several local faith-based organizations to focus on academic and social development. Participants in the program were selected on the basis of academic, social, and emotional needs. All supplemental educational programs focused on improving student achievement on the state-mandated assessments. Other volunteer oriented programs will be sought for the 2015-2016 school year.

**4. INTERNAL ACCOUNTING CONTROLS:** Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School District are protected from loss, theft or misuse and to ensure 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 School 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 School District Management.

As part of the School 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 School District has complied with applicable laws and regulations.

**5. BUDGETARY CONTROLS:** In addition to internal accounting controls, the School 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 capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2015.

**6. ACCOUNTING SYSTEM AND REPORTS:** The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the School District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.

**7. CASH MANAGEMENT:** The investment policy of the School District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The School District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from 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.

**8. RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds. The Board participates in the New Jersey School Boards Association Insurance Group for workers compensation insurance.

**9. OTHER INFORMATION:** State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and State of New Jersey Circular 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

**10. ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Lawnside Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



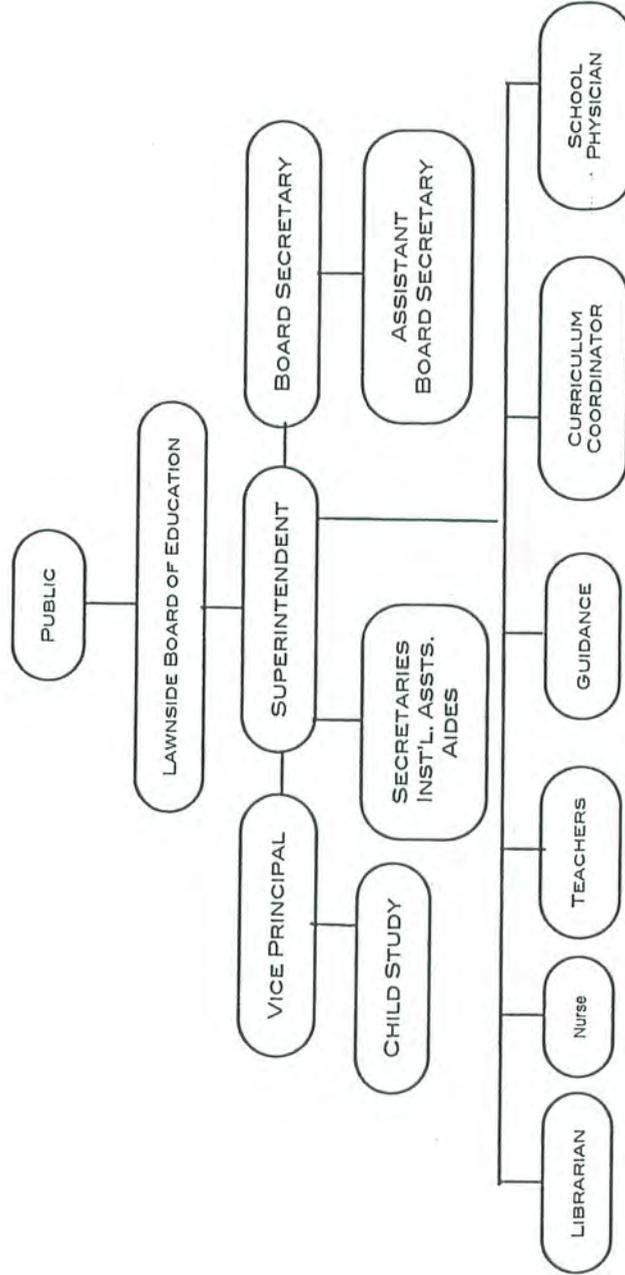
Dr. Ronn H. Johnson  
Superintendent



Dawn Leary  
Business Administrator/Board Secretary

# Lawnside School District

## Organizational Chart



**BOROUGH OF LAWNSIDE  
BOARD OF EDUCATION  
LAWNSIDE, NEW JERSEY**

**ROSTER OF OFFICIALS  
June 30, 2015**

**Members of the Board of Education**

**Term Expires**

|                            |      |
|----------------------------|------|
| Sabrina Forest, President  | 2015 |
| Amy Pierce, Vice President | 2017 |
| Ronald DeAbreu             | 2017 |
| Canute Gardiner            | 2015 |
| Amy Kearney                | 2016 |
| Carlton Perry              | 2015 |
| Donica Venable             | 2016 |
| Rhonda Wardlow-Hurley      | 2017 |
| Donza Worlds               | 2016 |

**Other Officials**

Dr. Ronn H. Johnson, Superintendent  
Mrs. Theresa Tutt, Board Secretary/Business Administrator  
Elva B. Mitchell, Treasurer  
Tracey L. Schneider, Esq. Solicitor

**BOROUGH OF LAWNSIDE  
BOARD OF EDUCATION**

**Consultants and Advisors**

**Audit Firm**

**Bowman & Company LLP  
601 White Horse Road  
Voorhees, NJ 08043**

**Attorney**

**Tracey L. Schneider, Esquire  
Parker McCay  
1009 Lennox Drive  
Building Four East, Suite 102A  
Lawrenceville, NJ 080648**

**Broker of Record**

**Public Risk Group  
528 Meadowyck Lane  
Southampton, NJ 08088**

**Official Depository**

**Susquehanna Patriot Bank, N.A.  
305 White Horse Pike  
Lawnside, NJ 08045**

**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Borough of Lawnside School District  
Lawnside, New Jersey

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Lawnside School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and 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 School District'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 School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 Borough of Lawnside School District in the County of Camden, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter***Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2015, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

*Prior Period Restatement*

Because of the implementation of GASB Statements No. 68 and No. 71, net position as of June 30, 2014 on the statement of activities has been restated, as discussed in note 19 to the financial statements. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Lawnside School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

**Other Matters (Cont'd)**

*Other Information (Cont'd)*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015 on our consideration of the Borough of Lawnside School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Lawnside School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Kirk N. Applegate  
Certified Public Accountant  
Public School Accountant No. 20CS00223300

Voorhees, New Jersey  
December 8, 2015

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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Borough of Lawnside School District  
Lawnside, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Lawnside School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 8, 2015. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the adoption of new accounting principles.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District'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 the Borough of Lawnside School District'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 Division of Administration and Finance, Department of Education, State of New Jersey.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Kirk N. Applegate  
Certified Public Accountant  
Public School Accountant No. 20C00223300

Voorhees, New Jersey  
December 8, 2015

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)

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The management's discussion and analysis of Borough of Lawnside School District (School District) financial performance provides an overall review of the School District's financial activities for the fiscal years ended June 30, 2015 and 2014. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

## **FINANCIAL HIGHLIGHTS**

Financial Highlights for fiscal year 2015:

- During the fiscal year ended June 30, 2015 the School District was required to implement Governmental Accounting Standard Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68., see discussion that follows. In addition, the notes to the financial statements provide a more thorough discussion of the implementation of GASB 68 and the effects to the financial statements.
- Net Position at June 30, 2015 for governmental and business-type activities amounted to \$4,010,433 and \$83,089 respectively.
- The School District's General Fund balance decreased to \$974,683 as of June 30, 2015 from \$1,065,693 as of June 30, 2014, a decrease of \$91,010.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations *in more detail* than the government-wide statements.
- *Governmental funds* statements tell how basic services like regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short* and *long-term* financial information about the activities the School District operates *like businesses*, such as food services, the after school program, and the tuition program.
- *Fiduciary funds* statements provide information about the financial relationships in which the School District acts solely as a *trustee or agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited) (Cont'd)

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)**

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

The two government-wide statements report the School District's net position and how they have changed. Net position – the difference between the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – are one way to measure the School District's financial health or position.

- Increase or decrease in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health or position of the School District, you need to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

- *Governmental activities* – The basic services, such as instruction for regular and special education, maintenance and operations, transportation and administration are included as government activities. Property taxes, state aid and fund balance appropriated finance most of these activities.
- *Business-type activities* – The School District charges fees to cover the costs of certain services such as food service.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the School District's funds, focusing on the significant funds – not the School District as a whole. Funds are used by the School District to keep track of specific sources of funding and spending on particular programs:

- May distinguish state or federal grants.
- Funds for capital projects and long-term debt.

The School District has three kinds of funds:

- *Governmental funds* – The School District's basic services are included in governmental funds, which detail cash and other financial assets and also identify balances that remain at year-end. Governmental funds statements provide a short-term view to determine whether more or less financial resources can be spent in subsequent years.
- *Proprietary funds* – These funds represent charges or fees for such activities as food service.
- *Fiduciary funds* – The School District is the trustee for assets that belong to others. The student activities funds which include clubs, classes, athletic and scholarship funds are maintained in this fund. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. These funds are not included in the government-wide financial statements since the School District is not permitted to use these assets in the School District operation.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited) (Cont'd)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

The following table presents a summary of the School District's net position for the fiscal years ended June 30, 2015 and June 30, 2014:

|  | Governmental<br>Activities |                     | Business-Type<br>Activities |                  | Total               |                     |
|--|----------------------------|---------------------|-----------------------------|------------------|---------------------|---------------------|
|  | 2015                       | 2014                | 2015                        | 2014             | 2015                | 2014                |
| Current and Other Assets   | \$ 1,716,562               | \$ 1,802,721        | \$ 44,184                   | \$ 70,148        | \$ 1,760,746        | \$ 1,872,869        |
| Capital Assets   | 6,655,987                  | 6,802,930           | 39,103                      | 13,321           | 6,695,090           | 6,816,251           |
| <b>Total Assets</b>  | <b>8,372,549</b>           | <b>8,605,651</b>    | <b>83,287</b>               | <b>83,469</b>    | <b>8,455,836</b>    | <b>8,689,120</b>    |
| Deferred Outflow of Resources -<br>Related to Pensions   | 372,266                    | -                   | -                           | -                | 372,266             | -                   |
| Long-term Liabilities Outstanding  | 3,711,175                  | 2,695,097           |                             |                  | 3,711,175           | 2,695,097           |
| Other Liabilities  | 953,926                    | 969,651             | 199                         | 50               | 954,125             | 969,701             |
| <b>Total Liabilities</b>   | <b>4,665,101</b>           | <b>3,664,748</b>    | <b>199</b>                  | <b>50</b>        | <b>4,665,300</b>    | <b>3,664,798</b>    |
| Deferred Inflow of Resources -<br>Related to Pensions  | 69,281                     | -                   | -                           | -                | 69,281              | -                   |
| Net Investment in<br>Capital Assets  | 4,030,987                  | 4,052,930           | 39,103                      | 13,321           | 4,070,090           | 4,066,251           |
| Restricted   | 655,956                    | 1,038,041           |                             |                  | 655,956             | 1,038,041           |
| Unrestricted (Deficit)   | (676,510)                  | (150,068)           | 43,986                      | 70,098           | (632,524)           | (79,970)            |
|  | 4,010,433                  | 4,940,903           | 83,089                      | 83,419           | 4,093,521           | 5,024,322           |
| Restatement to Record the School District's Net<br>Pension Liability and Pension Related Deferred<br>Outflows of Resources per GASB 68 | -                          | (856,068)           | -                           | -                | -                   | (856,068)           |
| <b>Total Net Position</b>  | <b>\$ 4,010,433</b>        | <b>\$ 4,084,835</b> | <b>\$ 83,089</b>            | <b>\$ 83,419</b> | <b>\$ 4,093,521</b> | <b>\$ 4,168,254</b> |

This table provides an illustration of the impact of the School District's Net Position for the implementation of GASB 68.

|  | 2015                | 2014                | \$ Change         | % Change     |
|--|---------------------|---------------------|-------------------|--------------|
| Deferred Outflows Related to Pensions      | \$ 372,266          | \$ -                | \$ 372,266        | 100.00%      |
| Less: Net Pension Liability                | (1,162,538)         | (856,068)           | (306,470)         | 35.80%       |
| Less: Deferred Inflows Related to Pensions | (69,281)            | -                   | (69,281)          | 100.00%      |
|  | <b>\$ (859,553)</b> | <b>\$ (856,068)</b> | <b>\$ (3,485)</b> | <b>0.41%</b> |

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited) (Cont'd)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT'D)**

The School District's Net Position for governmental and business-type activities decreased by \$78,769 from July 1, 2014 to June 30, 2015. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014.

|  | <u>2015</u>         | <u>2014</u>         | <u>\$ Change</u>   | <u>% Change</u> |
|--|---------------------|---------------------|--------------------|-----------------|
| Revenues:  |                     |                     |                    |                 |
| Program Revenues:  |                     |                     |                    |                 |
| Charges for Services   | \$ 35,933           | \$ 49,561           | \$ (13,629)        | -27.50%         |
| Operating Grants and Contributions   | 1,610,987           | 1,124,138           | 486,850            | 43.31%          |
| General Revenues:  |                     |                     |                    |                 |
| Property Taxes   | 4,278,087           | 4,168,891           | 109,196            | 2.62%           |
| Federal and State Aid<br>not Restricted  | 3,727,754           | 2,507,432           | 1,220,322          | 48.67%          |
| Miscellaneous Income   | 23,545              | 51,766              | (28,222)           | -54.52%         |
| Total Revenues   | <u>9,676,306</u>    | <u>7,901,789</u>    | <u>1,774,518</u>   | <u>22.46%</u>   |
| Expenses:  |                     |                     |                    |                 |
| Instruction:   |                     |                     |                    |                 |
| Regular  | 2,999,836           | 2,417,812           | 582,024            | 24.07%          |
| Special Education  | 475,758             | 458,116             | 17,642             | 3.85%           |
| Other Instruction  | 141,566             | 110,120             | 31,446             | 28.56%          |
| Support Services:  |                     |                     |                    |                 |
| Tuition  | 2,754,187           | 2,301,852           | 452,334            | 19.65%          |
| Student and Instruction Related Services   | 1,036,070           | 857,512             | 178,558            | 20.82%          |
| School Administrative Services   | 508,580             | 480,556             | 28,024             | 5.83%           |
| Other Administrative Services  | 148,025             | 179,428             | (31,403)           | -17.50%         |
| Plant Operations and Maintenance   | 620,841             | 608,866             | 11,975             | 1.97%           |
| Pupil Transportation   | 305,509             | 248,506             | 57,003             | 22.94%          |
| Unallocated Benefits   | 55,292              | 445,680             | (390,388)          | -87.59%         |
| Interest on Long-Term Debt   | 88,847              | 98,172              | (9,325)            | -9.50%          |
| Assessment for Debt Service on SDA Funding   | 34,985              | 34,985              | 0                  | 0.00%           |
| Items Less Than \$2,000 Charged to Capital Outlay  |                     | 199,584             | (199,584)          | -100.00%        |
| Transfer to Charter Schools  | 192,806             | 239,658             | (46,852)           | -19.55%         |
| Unallocated Depreciation   | 218,233             | 215,891             | 2,342              | 1.08%           |
| Food Service   | 170,504             | 169,232             | 1,272              | 0.75%           |
| Total Expenses   | <u>9,751,038</u>    | <u>9,065,970</u>    | <u>685,068</u>     | <u>7.56%</u>    |
| Increase (Decrease) in Net Position  | (74,732)            | (1,164,181)         | 1,089,449          | -93.58%         |
| Net Position, July 1   | <u>4,168,253</u>    | <u>6,188,503</u>    | <u>(2,020,249)</u> | <u>-32.65%</u>  |
| Net Position, June 30,   | 4,093,521           | 5,024,321           | (930,800)          | -18.53%         |
| Restatement to Record the School District's Net<br>Pension Liability and Pension Related Deferred<br>Outflows of Resources per GASB 68 | <u>-</u>            | <u>(856,068)</u>    | <u>856,068</u>     | <u>-100.00%</u> |
| Net Position, June 30, Restated  | <u>\$ 4,093,521</u> | <u>\$ 4,168,253</u> | <u>\$ (74,732)</u> | <u>-1.79%</u>   |

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited) (Cont'd)

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**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT'D)**

**Governmental Activities**

In 2014-2015, Governmental Activities Revenues were \$9,506,132 or 98.24% of total revenues.

In 2013-2014, Governmental Activities Revenues were \$7,711,959 or 97.60% of total revenues.

In 2014-2015, General Revenues - Property Taxes of \$4,278,087 made up 45.02%, and General Revenues - Federal & State Grants of \$3,727,754 made up 39.23% of Governmental Activities Revenues.

In 2013-2014, General Revenues - Property Taxes of \$4,168,891 made up 54.06%, and General Revenues - Federal & State Grants of \$2,507,432 made up 32.51% of Governmental Activities Revenues.

In 2014-2015, the School District's Governmental Activities expenditures increased by \$683,796 or 7.69%. \$500,319 or 73.17% of this increase was attributable to the implementation of GASB 68 in fiscal year 2014-2015.

**Business-Type Activities**

In 2014-2015 Business-Type Activities Revenues were \$170,174 or 1.76% of total revenues. In 2013-14 Business-Type Activities Revenues were \$189,829 or 2.40% of total revenues.

Charges for Services for Business-Type Activities were \$35,933 in 2014-2015 compared to \$49,561 in 2013-2014, a (27.50%) decrease. This decrease was attributable to a decrease in a-la carte sales.

Operating Grants and Contributions for Business-Type Activities were \$134,222 in 2014-2015 compared to \$140,246 in 2013-2014, a (4.30%) decrease.

Expenses for Business-Type Activities were \$170,504 in 2014-2015 compared to \$169,232 in 2013-2014, a 0.75% increase.

**General Fund Budgeting Highlights**

During the fiscal 2015 school year, the Board of Education amended its general fund budget as needed. The net change in the total budget modification primarily resulted from the rollover of the prior year's encumbrances and anticipation of miscellaneous revenues.

The final budgetary basis revenue estimate was \$7,789,567, which was equal to the original budget.

The 2014-2015 General Fund Tax Levy was \$4,063,082, an increase of \$79,669 or 2.00% from the 2013-2014 General Fund Tax Levy of \$3,983,413.

During fiscal year 2015, the School District budgeted \$4,063,082 and \$3,721,485 for property taxes (local tax levy) and state aid revenues, respectively.

The School District also received \$179,481, \$117,767, and \$186,955 in reimbursed T.P.A.F. Social Security Aid, T.P.A.F. Pension Contributions, and T.P.A.F. Post-Retirement Medical Contributions, respectively.

The final budgetary basis expenditure appropriation estimate was \$8,326,351, which was equal to the original budget.

The School District's expenditures also include reimbursed T.P.A.F. Social Security Aid, T.P.A.F. Pension Contributions, and T.P.A.F. Post-Retirement Medical Contributions of \$179,481, \$117,767, and \$186,955 respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

**BOROUGH OF LAWSIDE SCHOOL DISTRICT**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2015  
 (Unaudited) (Cont'd)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT'D)**

**Financial Analysis of the Government's Funds**

**Governmental Funds** - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$974,683, a decrease of (\$91,010) in comparison with the prior year.

Of the combined ending fund balances of \$974,683, \$276,172 constitutes unassigned fund balance. The remainder of fund balance of \$698,511 is restricted or assigned for various purposes.

**Proprietary Funds** - As of the end of the current fiscal year, the School District's proprietary funds had ending net position of \$83,089, a decrease of (\$330) in comparison with the prior year

Of the ending net position of \$83,089, \$43,986 constitutes unassigned net position. The remainder of net position of \$39,103 is net investment in capital assets.

**CAPITAL ASSETS**

At the end of fiscal year 2015 and 2014, the School District had \$12,484,060 and \$6,816,251 in capital assets net of accumulated depreciation. Net Investment in Capital Assets was \$4,070,090 at June 30, 2015 and \$4,066,251 at June 30, 2014. The following table reflects the capital assets net of accumulated depreciation as of June 30, 2015 and June 30, 2014.

|                       | Governmental<br>Activities |                     | Business-Type<br>Activities |                  | Total                |                     |
|-----------------------|----------------------------|---------------------|-----------------------------|------------------|----------------------|---------------------|
|                       | <u>2015</u>                | <u>2014</u>         | <u>2015</u>                 | <u>2014</u>      | <u>2015</u>          | <u>2014</u>         |
| Land                  | \$ 11,903                  | \$ 11,903           |                             |                  | \$ 11,903            | \$ 11,903           |
| Building Improvements | 12,031,424                 | 6,497,317           |                             |                  | 12,031,424           | 6,497,317           |
| Equipment             | 401,630                    | 293,710             | \$ 39,103                   | \$ 13,321        | 440,733              | 307,031             |
| <b>Total</b>          | <b>\$ 12,444,957</b>       | <b>\$ 6,802,930</b> | <b>\$ 39,103</b>            | <b>\$ 13,321</b> | <b>\$ 12,484,060</b> | <b>\$ 6,816,251</b> |

Depreciation expense was \$252,961 for fiscal year ended 2015 and \$247,001 for fiscal year ended 2014.

**DEBT ADMINISTRATION**

**Long-term Debt** - At the end of the current fiscal year, the School District had total bonded debt outstanding of \$2,625,000. The entire School District's bonded debt is governmental as opposed to business-type. The 2016 adopted budget has an appropriation of \$125,000 representing the payment of the annual principal. These bonds matured on September 1, 2015.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited) (Cont'd)

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**FACTORS ON THE SCHOOL DISTRICT'S FUTURE**

One of the most important factors affecting the School District's budget is state aid. The 2015-16 budget was adopted with an \$114,444 increase in the tax levy based in part on the state aid the School District anticipates receiving, which has a decrease of (2.47%) from prior year budget. In addition, the 2015-2016 budget was supplemented by excess surplus in the amount of \$329,272 and assigned fund balance of 29,986.

Any reduction of state aid and/or an increase in expenditures will put an additional burden on the taxpayers of this School District. The School District has dedicated itself to strong financial controls. The School District spends a lot of time monitoring its budget and scrutinizing spending requests. The School District commits itself to constantly reviewing the ways in which it conducts business and making improvements whenever possible, in order to meet future challenges and maximize instructional spending.

In conclusion, the Board of Education and Administration have committed themselves to financial excellence for many years. Additionally, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District will continue with sound fiscal management to meet the challenge of the future.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials and investors and creditors with a general overview of the School District's finances and to show its accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Lawnside School District Business Administrator/Board Secretary, at 426 Charleston Avenue, Lawnside, New Jersey or by telephone (856) 547-2585.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2015

|  | Governmental<br>Activities | Business-Type<br>Activities | Total           |
|--|----------------------------|-----------------------------|-----------------|
| <b>ASSETS:</b>                         |                            |                             |                 |
| Cash and Cash Equivalents              | \$ 801,335.03              | \$ 26,713.42                | \$ 828,048.45   |
| Intergovernmental Receivables          | 915,227.09                 | 9,399.76                    | 924,626.85      |
| Inventory                              |                            | 8,070.94                    | 8,070.94        |
| Capital Assets, net                    | 6,655,986.75               | 39,103.09                   | 6,695,089.84    |
| Total Assets                           | 8,372,548.87               | 83,287.21                   | 8,455,836.08    |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b> |                            |                             |                 |
| Related to Pensions                    | 372,266.00                 | -                           | 372,266.00      |
| <b>LIABILITIES:</b>                    |                            |                             |                 |
| Accounts Payable                       | 261,600.26                 | 198.55                      | 261,798.81      |
| Accrued Interest Payable               | 30,635.42                  |                             | 30,635.42       |
| Intergovernmental Payable              | 14,616.62                  |                             | 14,616.62       |
| Unearned Revenue                       | 22,073.77                  |                             | 22,073.77       |
| Noncurrent Liabilities:                |                            |                             |                 |
| Due within One Year                    | 625,000.00                 |                             | 625,000.00      |
| Due beyond One Year                    | 3,711,175.11               |                             | 3,711,175.11    |
| Total Liabilities                      | 4,665,101.18               | 198.55                      | 4,665,299.73    |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>  |                            |                             |                 |
| Related to Pensions                    | 69,281.00                  | -                           | 69,281.00       |
| <b>NET POSITION:</b>                   |                            |                             |                 |
| Net Investment in Capital Assets       | 4,030,986.75               | 39,103.09                   | 4,070,089.84    |
| Restricted:                            |                            |                             |                 |
| Other Purposes                         | 655,955.53                 |                             | 655,955.53      |
| Unrestricted (Deficit)                 | (676,509.59)               | 43,985.57                   | (632,524.02)    |
| Total Net Position                     | \$ 4,010,432.69            | \$ 83,088.66                | \$ 4,093,521.35 |

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

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2015

| Functions / Programs  | Expenses               | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                        |
|---|------------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|------------------------|
|   |                        | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business-Type Activities | Total                  |
| <b>Governmental Activities:</b>   |                        |                      |                                    |                                  |   |                          |                        |
| Instruction:  |                        |                      |                                    |                                  |   |                          |                        |
| Regular   | \$ 2,999,836.10        |                      | \$ 868,502.58                      |                                  | \$ (2,131,333.53)                                 |                          | \$ (2,131,333.53)      |
| Special Education   | 475,757.67             |                      | 88,219.98                          |                                  | (387,537.70)                                      |                          | (387,537.70)           |
| Other Instruction   | 141,565.97             |                      |                                    |                                  | (141,565.97)                                      |                          | (141,565.97)           |
| Support Services:   |                        |                      |                                    |                                  |   |                          |                        |
| Tuition   | 2,754,186.52           |                      | 244,238.61                         |                                  | (2,509,947.90)                                    |                          | (2,509,947.90)         |
| Student and Instruction Related Services  | 1,036,069.73           |                      | 61,897.72                          |                                  | (974,172.00)                                      |                          | (974,172.00)           |
| School Administrative Services  | 508,579.91             |                      | 168,614.30                         |                                  | (339,965.61)                                      |                          | (339,965.61)           |
| Other Administrative Services   | 148,025.15             |                      |                                    |                                  | (148,025.15)                                      |                          | (148,025.15)           |
| Plant Operations and Maintenance  | 620,840.90             |                      |                                    |                                  | (620,840.90)                                      |                          | (620,840.90)           |
| Pupil Transportation  | 305,508.79             |                      |                                    |                                  | (305,508.79)                                      |                          | (305,508.79)           |
| Unallocated Benefits  | 55,292.14              |                      | 45,292.14                          |                                  | (10,000.00)                                       |                          | (10,000.00)            |
| Interest on Long-Term Debt  | 88,847.03              |                      |                                    |                                  | (88,847.03)                                       |                          | (88,847.03)            |
| Assessment for Debt Service on SDA Funding                                      | 34,985.00              |                      |                                    |                                  | (34,985.00)                                       |                          | (34,985.00)            |
| Transfer to Charter Schools   | 192,806.00             |                      |                                    |                                  | (192,806.00)                                      |                          | (192,806.00)           |
| Unallocated Depreciation  | 218,233.24             |                      |                                    |                                  | (218,233.24)                                      |                          | (218,233.24)           |
| <b>Total Governmental Activities</b>  | <b>9,580,534.15</b>    | <b>\$ -</b>          | <b>1,476,765.33</b>                | <b>\$ -</b>                      | <b>(8,103,768.82)</b>                             | <b>\$ -</b>              | <b>(8,103,768.82)</b>  |
| <b>Business-Type Activities:</b>  |                        |                      |                                    |                                  |   |                          |                        |
| Food Service  | 170,504.07             | 35,932.77            | 134,221.86                         |                                  |   | (349.44)                 | (349.44)               |
| <b>Total Business-Type Activities</b>   | <b>170,504.07</b>      | <b>35,932.77</b>     | <b>134,221.86</b>                  | <b>-</b>                         | <b>-</b>  | <b>(349.44)</b>          | <b>(349.44)</b>        |
| <b>Total Primary Government</b>   | <b>\$ 9,751,038.22</b> | <b>\$ 35,932.77</b>  | <b>\$ 1,610,987.19</b>             | <b>\$ -</b>                      | <b>(8,103,768.82)</b>                             | <b>(349.44)</b>          | <b>(8,104,118.26)</b>  |
| <b>General Revenues:</b>  |                        |                      |                                    |                                  |   |                          |                        |
| Taxes:  |                        |                      |                                    |                                  |   |                          |                        |
| Property Taxes, Levied for General Purposes, net                                |                        |                      |                                    |                                  | 4,063,082.00                                      |                          | 4,063,082.00           |
| Taxes Levied for Debt Service   |                        |                      |                                    |                                  | 215,005.00  |                          | 215,005.00             |
| Federal and State Aid not Restricted  |                        |                      |                                    |                                  | 3,727,754.40                                      |                          | 3,727,754.40           |
| Miscellaneous Income  |                        |                      |                                    |                                  | 23,525.67   | 19.05                    | 23,544.72              |
| <b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b> |                        |                      |                                    |                                  | <b>8,029,367.07</b>                               | <b>19.05</b>             | <b>8,029,386.12</b>    |
| <b>Change in Net Position</b>   |                        |                      |                                    |                                  | <b>(74,401.75)</b>                                | <b>(330.39)</b>          | <b>(74,732.14)</b>     |
| <b>Net Position -- July 1 (Restated)</b>  |                        |                      |                                    |                                  | <b>4,084,834.44</b>                               | <b>83,419.05</b>         | <b>4,168,253.49</b>    |
| <b>Net Position -- June 30</b>  |                        |                      |                                    |                                  | <b>\$ 4,010,432.69</b>                            | <b>\$ 83,088.66</b>      | <b>\$ 4,093,521.35</b> |

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

**FUND FINANCIAL STATEMENTS**

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Balance Sheet  
Governmental Funds  
June 30, 2015

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| <b>ASSETS:</b>   |                         |                                     |                                      |                                  |   |
| Cash and Cash Equivalents  | \$ 744,942.11           | \$ 96,625.40                        |                                      |                                  | \$ 841,567.51                           |
| Receivables from Other Governments                               | 233,552.11              | 132,303.65                          | \$ 545,109.03                        |                                  | 910,964.79                              |
| Interfund  | 136,905.33              | 225.05                              |                                      |                                  | 137,130.38                              |
| <b>Total Assets</b>  | <b>\$ 1,115,399.55</b>  | <b>\$ 229,154.10</b>                | <b>\$ 545,109.03</b>                 | <b>\$ -</b>                      | <b>\$ 1,889,662.68</b>                  |
| <b>LIABILITIES AND FUND BALANCES:</b>                            |                         |                                     |                                      |                                  |   |
| <b>Liabilities:</b>  |                         |                                     |                                      |                                  |   |
| Cash Deficit   |                         |                                     | \$ 40,232.48                         |                                  | \$ 40,232.48                            |
| Accounts Payable   | \$ 140,716.08           | \$ 64,472.18                        |                                      |                                  | 205,188.26                              |
| Payable to Federal Government                                    |                         | 14,616.62                           |                                      |                                  | 14,616.62                               |
| Loan Payable   |                         |                                     | 500,000.00                           |                                  | 500,000.00                              |
| Interfund  |                         | 127,991.53                          | 4,876.55                             |                                  | 132,868.08                              |
| Unearned Revenue   |                         | 22,073.77                           |                                      |                                  | 22,073.77                               |
| <b>Total Liabilities</b>   | <b>140,716.08</b>       | <b>229,154.10</b>                   | <b>545,109.03</b>                    | <b>\$ -</b>                      | <b>914,979.21</b>                       |
| <b>Fund Balances:</b>  |                         |                                     |                                      |                                  |   |
| <b>Restricted:</b>   |                         |                                     |                                      |                                  |   |
| Excess Surplus - Designated for<br>Subsequent Years Expenditures | 329,272.42              |                                     |                                      |                                  | 329,272.42                              |
| Excess Surplus   | 76,683.11               |                                     |                                      |                                  | 76,683.11                               |
| Maintenance Reserve  | 50,000.00               |                                     |                                      |                                  | 50,000.00                               |
| Tuition Reserve  | 200,000.00              |                                     |                                      |                                  | 200,000.00                              |
| <b>Assigned:</b>   |                         |                                     |                                      |                                  |   |
| Encumbrances   | 12,570.36               |                                     |                                      |                                  | 12,570.36                               |
| Subsequent Year's Expenditures                                   | 29,985.58               |                                     |                                      |                                  | 29,985.58                               |
| <b>Unassigned</b>  |                         |                                     |                                      |                                  |   |
| General Fund   | 276,172.00              |                                     |                                      |                                  | 276,172.00                              |
| <b>Total Fund Balances</b>                                       | <b>974,683.47</b>       | <b>-</b>                            | <b>-</b>                             | <b>-</b>                         | <b>974,683.47</b>                       |
| <b>Total Liabilities and Fund Balances</b>                       | <b>\$ 1,115,399.55</b>  | <b>\$ 229,154.10</b>                | <b>\$ 545,109.03</b>                 | <b>\$ -</b>                      | <b>1,889,662.68</b>                     |

(Continued)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Balance Sheet  
 Governmental Funds  
 June 30, 2015

|  | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---|
| <hr/>  |   |
| Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:  |   |
| Total Fund Balances (Brought Forward from Previous Page)   | \$ 1,889,662.68                         |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$8,685,029.43, and the accumulated depreciation is \$2,029,042.68 | 6,655,986.75                            |
| Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds.                                   | (2,673,637.11)                          |
| Accrued interest on bonds payable, is not due and payable in the current period and therefore are not reported as liabilities in the funds.  | (30,635.42)                             |
| Net Pension Liability  | (1,162,538.00)                          |
| Accounts payable related to the April 1, 2016 required PERS pension contribution that is not liquidated with current financial resources   | (56,412.00)                             |
| Deferred Outflows of Resources -<br>Related to Pensions  | 372,266.00                              |
| Deferred Inflows of Resources - Related<br>to Pensions   | <u>(69,281.00)</u>                      |
| Net position of governmental activities  | <u>\$ 4,010,432.69</u>                  |

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

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

|   | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| REVENUES:                                     |                         |                                     |                                      |                                  |   |
| Local Tax Levy                                | \$ 4,063,082.00         |                                     |                                      | \$ 215,005.00                    | \$ 4,278,087.00                         |
| Miscellaneous                                 | 23,525.67               | \$ 12,926.23                        |                                      |                                  | 36,451.90                               |
| State Sources                                 | 4,211,957.29            | 38,754.00                           |                                      |                                  | 4,250,711.29                            |
| Federal Sources                               |                         | 500,460.21                          |                                      |                                  | 500,460.21                              |
| <b>Total Revenues</b>                         | <b>8,298,564.96</b>     | <b>552,140.44</b>                   | <b>\$ -</b>                          | <b>215,005.00</b>                | <b>9,065,710.40</b>                     |
| EXPENDITURES:                                 |                         |                                     |                                      |                                  |   |
| Current:                                      |                         |                                     |                                      |                                  |   |
| Regular Instruction                           | 2,368,277.66            | 338,234.00                          |                                      |                                  | 2,706,511.66                            |
| Special Education Instruction                 | 422,954.64              |                                     |                                      |                                  | 422,954.64                              |
| Other Instruction                             | 141,565.97              |                                     |                                      |                                  | 141,565.97                              |
| Support Services & Undistributed Costs:       |                         |                                     |                                      |                                  |   |
| Tuition                                       | 2,616,286.25            |                                     |                                      |                                  | 2,616,286.25                            |
| Student & Instruction Related Services        | 1,000,597.53            |                                     |                                      |                                  | 1,000,597.53                            |
| School Administrative Services                | 335,200.81              | 168,614.30                          |                                      |                                  | 503,815.11                              |
| Other Administrative Services                 | 234,533.52              |                                     |                                      |                                  | 234,533.52                              |
| Plant Operations and Maintenance              | 620,840.90              |                                     |                                      |                                  | 620,840.90                              |
| Pupil Transportation                          | 305,508.79              |                                     |                                      |                                  | 305,508.79                              |
| Unallocated Benefits                          | 10,000.00               | 45,292.14                           |                                      |                                  | 55,292.14                               |
| Debt Service:                                 |                         |                                     |                                      |                                  |   |
| Principal                                     |                         |                                     |                                      | 125,000.00                       | 125,000.00                              |
| Interest and Other Charges                    |                         |                                     |                                      | 90,097.03                        | 90,097.03                               |
| Assessment for Debt Service on<br>SDA Funding | 34,985.00               |                                     |                                      |                                  | 34,985.00                               |
| Transfer to Charter Schools                   | 192,806.00              |                                     |                                      |                                  | 192,806.00                              |
| Capital Outlay                                | 106,017.80              |                                     |                                      |                                  | 106,017.80                              |
| <b>Total Expenditures</b>                     | <b>8,389,574.87</b>     | <b>552,140.44</b>                   |                                      | <b>215,097.03</b>                | <b>9,156,812.34</b>                     |
| <b>Net Change in Fund Balances</b>            | <b>(91,009.91)</b>      | <b>-</b>                            | <b>-</b>                             | <b>(92.03)</b>                   | <b>(91,101.94)</b>                      |
| Fund Balance -- July 1                        | 1,065,693.38            | -                                   | -                                    | 92.03                            | 1,065,785.41                            |
| <b>Fund Balance -- June 30</b>                | <b>\$ 974,683.47</b>    | <b>\$ -</b>                         | <b>\$ -</b>                          | <b>\$ -</b>                      | <b>\$ 974,683.47</b>                    |

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

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2015

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Total Net Change in Fund Balances - Governmental Funds \$ (91,101.94)

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 actual capital outlays exceeded depreciation in the period.

|                         |                   |              |
|-------------------------|-------------------|--------------|
| Depreciation Expense    | \$ (252,960.63)   |              |
| Capital Asset Additions | <u>106,017.80</u> |              |
|                         |                   | (146,942.83) |

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 125,000.00

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+) 1,250.00

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 funds, 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 reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation. 97,290.02

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (59,897.00)

Change in Net Position of Governmental Activities \$ (74,401.75)

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

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

|                                  | Business-Type Activities -<br>Enterprise Funds |
|----------------------------------|--|
|                                  | <u>Food<br/>Service</u>                        |
| <b>ASSETS:</b>                   |  |
| Current Assets:                  |  |
| Cash and Cash Equivalents        | \$ 26,713.42                                   |
| Accounts Receivable:             |  |
| State                            | 222.86   |
| Federal                          | 9,176.90                                       |
| Inventories                      | 8,070.94                                       |
| Total Current Assets             | 44,184.12                                      |
| Noncurrent Assets:               |  |
| Capital Assets                   | 124,210.20                                     |
| Less: Accumulated Depreciation   | (85,107.11)                                    |
| Total Noncurrent Assets          | 39,103.09                                      |
| Total Assets                     | 83,287.21                                      |
| <b>LIABILITIES:</b>              |  |
| Current Liabilities:             |  |
| Accounts Payable                 | 198.55   |
| <b>NET POSITION:</b>             |  |
| Net Investment in Capital Assets | 39,103.09                                      |
| Unrestricted                     | 43,985.57                                      |
| Total Net Assets                 | \$ 83,088.66                                   |

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

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2015

|   | Business-Type Activities -<br>Enterprise Fund |
|---|---|
|   | <u>Food<br/>Service</u>                       |
| OPERATING REVENUES:                     |   |
| Charges for Services:                   |   |
| Daily Sales - Reimbursable Programs     | \$ 22,767.85                                  |
| Daily Sales - Non-Reimbursable Programs | 13,164.92                                     |
|   | 35,932.77                                     |
| OPERATING EXPENSES:                     |   |
| Salaries and Fringe Benefits            | 69,178.23                                     |
| Repairs and Maintenance                 | 7,536.06                                      |
| Food Service Management Fee             | 12,499.62                                     |
| Direct Expense                          | 2,301.39                                      |
| General Supplies                        | 5,907.90                                      |
| Miscellaneous                           | 2,347.04                                      |
| Depreciation                            | 2,551.19                                      |
| Cost of Sales                           | 68,182.64                                     |
|   | 170,504.07                                    |
| Total Operating Expenses                | 170,504.07                                    |
| Operating Loss                          | (134,571.30)                                  |
| NONOPERATING REVENUES (EXPENSES):       |   |
| State Sources:                          |   |
| State School Lunch Program              | 2,199.49                                      |
| Federal Sources:                        |   |
| National School Lunch Program           | 102,741.62                                    |
| National Breakfast Program              | 20,049.23                                     |
| Food Distribution Program               | 9,231.52                                      |
| Interest Earned                         | 19.05   |
|   | 134,240.91                                    |
| Total Nonoperating Revenues (Expenses)  | 134,240.91                                    |
| Change in Net Position                  | (330.39)                                      |
| Total Net Position -- July 1            | 83,419.05                                     |
| Total Net Position -- June 30           | \$ 83,088.66                                  |

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

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2015

|   | Business-Type Activities -<br>Enterprise Funds |
|---|--|
|   | Food<br>Service                                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |  |
| Receipts from Customers   | \$ 35,932.77                                   |
| Payments to Employees   | (69,178.23)                                    |
| Payments to Vendors   | (99,182.27)                                    |
|   | (132,427.73)                                   |
| Net Cash Used for Operating Activities  | (132,427.73)                                   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                      |  |
| Capital Acquisitions  | (28,333.20)                                    |
|   | (28,333.20)                                    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                               |  |
| State Sources   | 2,254.51                                       |
| Federal Sources   | 131,672.22                                     |
|   | 133,926.73                                     |
| Net Cash Provided by Non-Capital Financing Activities                                 | 133,926.73                                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |  |
| Interest Revenue  | 19.05  |
|   | 19.05  |
| Net Decrease in Cash and Cash Equivalents   | (26,815.15)                                    |
| Balances -- July 1  | 53,528.57                                      |
| Balances -- June 30   | \$ 26,713.42                                   |
| <b>Reconciliation of Operating Loss to Net Cash Used<br/>by Operating Activities:</b> |  |
| Operating Loss  | \$ (134,571.30)                                |
| Adjustments to Reconcile Operating Loss to<br>Cash Used by Operating Activities:      |  |
| Depreciation  | 2,551.19                                       |
| Change in Assets and Liabilities:   |  |
| (Increase) Decrease in Inventories  | (556.63)                                       |
| Increase (Decrease) in Accounts Payable   | 149.01   |
|   | 2,143.57                                       |
| Total Adjustments   | 2,143.57                                       |
| Net Cash Used for Operating Activities  | \$ (132,427.73)                                |

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

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2015

|   | Trust Funds                        |                     | Agency Funds |                 |
|---|------------------------------------|---------------------|--------------|-----------------|
|   | Unemployment<br>Compensation Trust | Student<br>Activity | Payroll      |                 |
| <b>ASSETS:</b>  |                                    |                     |              |                 |
| Cash and Cash Equivalents                                   | \$ 92,590.25                       | \$ 17,716.69        | \$           | 6,792.89        |
| Due From Payroll  | 2,755.64                           |                     |              |                 |
| <b>Total Assets</b>   | <b>\$ 95,345.89</b>                | <b>\$ 17,716.69</b> | <b>\$</b>    | <b>6,792.89</b> |
| <b>LIABILITIES:</b>   |                                    |                     |              |                 |
| Payable to District (General Fund)                          |                                    | \$ 225.05           | \$           | 4,037.25        |
| Accounts Payable  | \$ 433.13                          |                     |              |                 |
| Due to Unemployment   |                                    |                     |              | 2,755.64        |
| Payable to Student Groups                                   |                                    | 17,491.64           |              |                 |
| <b>Total Liabilities</b>                                    | <b>433.13</b>                      | <b>\$ 17,716.69</b> | <b>\$</b>    | <b>6,792.89</b> |
| <b>NET POSITION:</b>  |                                    |                     |              |                 |
| Held in Trust for Unemployment<br>Claims and Other Purposes | <b>\$ 94,912.76</b>                |                     |              |                 |

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

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2015

---

|                         | <u>Unemployment<br/>Compensation Trust</u> |
|-------------------------|--|
| ADDITIONS:              |  |
| Contributions:          |  |
| Plan Members            | \$ 6,159.16                                |
| Board                   | 10,000.00                                  |
| Investment earnings:    |  |
| Interest                | <u>79.60</u>                               |
| Total Additions         | 16,238.76                                  |
| DEDUCTIONS:             |  |
| Unemployment Claims     | <u>28,568.32</u>                           |
| Change in Net Position  | (12,329.56)                                |
| Net Position -- July 1  | <u>107,242.32</u>                          |
| Net Position -- June 30 | <u><u>\$ 94,912.76</u></u>                 |

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

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2015

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Borough of Lawnside School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

**Description of the Financial Reporting Entity**

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades K through 8 at its school. The School District has an approximate enrollment at June 30, 2015 of 286.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Component Units**

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Component Units (Cont'd)**

Based upon the application of these criteria, the School District has no component units, and is not a component unit of another governmental agency.

**Government-wide and Fund Financial Statements**

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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. Property taxes are recognized as revenues in the year for which they are levied. The Camden County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

**General Fund** - The general fund is the primary operating fund of the School District. It 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 non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, as they pertain to governmental entities, state that general fund resources may be 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, 7ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

**Special Revenue Fund** - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

**Debt Service Fund** - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary funds:

***Food Service Fund*** - This fund accounts for the financial transactions related to the food service operations of the School District.

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

***Agency Funds*** - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

***Private-Purpose Trust Funds*** - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust funds:

***New Jersey Unemployment Compensation Insurance Trust Fund*** - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. 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. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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 one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 budgetary basis. The budgetary basis differs from GAAP in that the 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, exhibit C-2 and exhibit I-3 includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Encumbrances (Cont'd)**

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.

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents, for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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 Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

**Inventories**

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

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

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

**Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at fair market value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

| <u>Description</u>         | <u>Estimated Lives</u>         |                                 |
|----------------------------|--------------------------------|---------------------------------|
|                            | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
| Land                       | 10-20 Years                    | N/A                             |
| Land Improvements          | 10-20 Years                    | N/A                             |
| Buildings and Improvements | 10-50 Years                    | N/A                             |
| Equipment                  | 5-20 Years                     | 4-12 Years                      |

The School District does not possess any infrastructure assets.

**Deferred Outflows and Deferred Inflows of Resources**

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

**Defined Benefit Pension Plans** - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2015 and 2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

**Accrued Salaries and Wages**

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2015, there were no employees who participated in this program.

**Compensated Absences**

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

**Pensions**

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

***Net Investment in Capital Assets*** - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

***Restricted*** - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

***Unrestricted*** - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Fund Balance**

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

***Nonspendable*** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

***Restricted*** - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

***Committed*** - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

***Assigned*** - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Fund Balance (Cont'd)**

**Unassigned** - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements**

For the fiscal year ended June 30, 2015, the School District adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the School District was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. The cumulative effect of adopting GASB Statements No. 68 and No. 71 totaled \$856,068.00, and was recognized as a restatement of the School District's June 30, 2014 net position on the statement of activities (see note 19).

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Statement will become effective for the School District in fiscal year 2016. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the School District in fiscal year 2018. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement will become effective for the School District in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the notes to the financial statements.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uncollateralized.

As of June 30, 2015, the School District's bank balances of \$1,098,380.15 were insured by FDIC or GUDPA.

**Note 3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015 consisted of intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

| <u>Description</u> | <u>Governmental Funds</u> |                             |                              | <u>Proprietary Fund</u>              |                          | <u>Total</u>           |
|--------------------|---------------------------|-----------------------------|------------------------------|--------------------------------------|--------------------------|------------------------|
|                    | <u>General Fund</u>       | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Total Governmental Activities</u> | <u>Food Service Fund</u> |                        |
| Federal Awards     |                           | \$ 128,428.25               |                              | \$ 128,428.25                        | \$ 9,176.90              | \$ 137,605.15          |
| State Awards       | \$ 33,916.11              | 3,875.40                    | \$ 545,109.03                | 582,900.54                           | 222.86                   | 583,123.40             |
| Tax Levy           | 199,636.00                |                             |                              | 199,636.00                           |                          | 199,636.00             |
| Interfunds         | 136,905.33                | 225.05                      |                              | 137,130.38                           |                          | 137,130.38             |
|                    | <u>\$ 370,457.44</u>      | <u>\$ 132,528.70</u>        | <u>\$ 545,109.03</u>         | <u>\$ 1,048,095.17</u>               | <u>\$ 9,399.76</u>       | <u>\$ 1,057,494.93</u> |

**Note 4: INVENTORY**

Inventory recorded at June 30, 2015 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

|          |                    |
|----------|--------------------|
| Food     | \$ 4,352.95        |
| Supplies | <u>3,717.99</u>    |
|          | <u>\$ 8,070.94</u> |

**Note 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

|  | <u>Balance<br/>July 1, 2014</u> | <u>Additions</u>       | <u>Retirements<br/>and Transfers</u> | <u>Balance<br/>June 30, 2015</u> |
|--|---------------------------------|------------------------|--------------------------------------|----------------------------------|
| <b>Governmental Activities:</b>              |                                 |                        |                                      |                                  |
| Capital Assets, not being Depreciated:       |                                 |                        |                                      |                                  |
| Land   | \$ 11,903.00                    |                        |                                      | \$ 11,903.00                     |
| Total Capital Assets, not being Depreciated  | 11,903.00                       | \$ -                   | \$ -                                 | 11,903.00                        |
| Capital Assets, being Depreciated:           |                                 |                        |                                      |                                  |
| Land Improvements                            | 140,300.00                      |                        |                                      | 140,300.00                       |
| Buildings and Improvements                   | 7,984,934.22                    |                        |                                      | 7,984,934.22                     |
| Equipment                                    | 441,874.41                      | 106,017.80             |                                      | 547,892.21                       |
| Total Capital Assets, being Depreciated      | 8,567,108.63                    | 106,017.80             | -                                    | 8,673,126.43                     |
| Total Capital Assets, Cost                   | 8,579,011.63                    | 106,017.80             | -                                    | 8,685,029.43                     |
| Less Accumulated Depreciation for:           |                                 |                        |                                      |                                  |
| Land Improvements                            | (140,300.00)                    |                        |                                      | (140,300.00)                     |
| Buildings and Improvements                   | (1,487,617.38)                  | (188,310.78)           |                                      | (1,675,928.16)                   |
| Equipment                                    | (148,164.67)                    | (64,649.85)            |                                      | (212,814.52)                     |
| Total Accumulated Depreciation               | (1,776,082.05)                  | (252,960.63)           | -                                    | (2,029,042.68)                   |
| Total Capital Assets, being Depreciated, Net | 6,791,026.58                    | (146,942.83)           | -                                    | 6,644,083.75                     |
| Governmental Activities Capital Assets, Net  | <u>\$ 6,802,929.58</u>          | <u>\$ (146,942.83)</u> | <u>\$ -</u>                          | <u>\$ 6,655,986.75</u>           |
| <b>Business-Type Activities:</b>             |                                 |                        |                                      |                                  |
| Capital Assets, being Depreciated:           |                                 |                        |                                      |                                  |
| Equipment                                    | \$ 95,877.00                    | \$ 28,333.20           |                                      | \$ 124,210.20                    |
| Less Accumulated Depreciation for:           |                                 |                        |                                      |                                  |
| Equipment                                    | (82,555.92)                     | (2,551.19)             |                                      | (85,107.11)                      |
| Business-Type Activities Capital Assets, Net | <u>\$ 13,321.08</u>             | <u>\$ 25,782.01</u>    | <u>\$ -</u>                          | <u>\$ 39,103.09</u>              |

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

|  |                      |
|--|----------------------|
| <b>Governmental Activities:</b>                      |                      |
| Instruction  | \$ 29,962.59         |
| General and Business Administrative Services         | 4,764.80             |
| Unallocated  | 218,233.24           |
| Total Depreciation Expense - Governmental Activities | <u>\$ 252,960.63</u> |

**Note 6: SHORT-TERM OBLIGATIONS**

**Loans Payable** – As of June 30, 2015, the School District had short-term loans outstanding totaling \$500,000.00 recorded in the Capital Projects Fund. These loans were acquired to provide cash flow for the School District's capital improvements which are partially funded through an SDA grant. Grant funds are drawn down on a reimbursement method after the School District has expended the funds. The School District anticipates paying off the remaining \$500,000.00 by June 2016.

| <u>Description</u> | <u>Balance<br/>July 1, 2014</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Balance<br/>June 30, 2015</u> |
|--------------------|---------------------------------|---------------|-----------------|----------------------------------|
| Loans Payable      | \$ 500,000.00                   | \$ 500,000.00 | \$ (500,000.00) | \$ 500,000.00                    |

**Note 7: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations for governmental activities:

|  | <u>(Restated)<br/>Balance<br/>July 1, 2014</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance<br/>June 30, 2015</u> | <u>Due within<br/>One Year</u> |
|--|--|------------------|-------------------|----------------------------------|--------------------------------|
| <b>Governmental Activities:</b>                |  |                  |                   |                                  |                                |
| Bonds Payable:                                 |  |                  |                   |                                  |                                |
| General Obligation Bonds                       | \$ 2,750,000.00                                | \$ -             | \$ (125,000.00)   | \$ 2,625,000.00                  | \$ 125,000.00                  |
| Other Liabilities:                             |  |                  |                   |                                  |                                |
| Compensated Absences                           | 145,927.13                                     | 5,433.80         | (102,723.82)      | 48,637.11                        |                                |
| Net Pension Liability                          | 856,068.00                                     | 306,470.00       |                   | 1,162,538.00                     |                                |
| Total Other Liabilities                        | 1,001,995.13                                   | 311,903.80       | (102,723.82)      | 1,211,175.11                     | -                              |
| Governmental Activity<br>Long-Term Liabilities | \$ 3,751,995.13                                | \$ 311,903.80    | \$ (227,723.82)   | \$ 3,836,175.11                  | \$ 125,000.00                  |

Bonds payable are generally liquidated by the debt service fund, while the compensated absences are liquidated by the general fund.

**Bonds Payable** - Bonds and loans are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are general obligation bonds.

On November 3, 2010, the School District issued \$2,900,000.00 general obligation bonds at interest rates varying from 3.00% to 4.00% for various construction and renovation projects. The final maturity of these bonds is September 1, 2027. The bonds will be paid from property taxes.

**Note 7: LONG-TERM LIABILITIES (CONT'D)**

**Bonds Payable (Cont'd)** - Principal and interest due on bonds outstanding is as follows:

| <u>Fiscal Year<br/>Ending June 30,</u> | <u>Principal</u>       | <u>Interest</u>      | <u>Total</u>           |
|--|------------------------|----------------------|------------------------|
| 2016                                   | \$ 125,000.00          | \$ 90,031.25         | \$ 215,031.25          |
| 2017                                   | 125,000.00             | 86,281.25            | 211,281.25             |
| 2018                                   | 150,000.00             | 82,156.25            | 232,156.25             |
| 2019                                   | 175,000.00             | 77,281.25            | 252,281.25             |
| 2020                                   | 200,000.00             | 71,656.25            | 271,656.25             |
| 2021-2025                              | 1,125,000.00           | 250,609.38           | 1,375,609.38           |
| 2026-2028                              | 725,000.00             | 44,500.00            | 769,500.00             |
|  | <u>\$ 2,625,000.00</u> | <u>\$ 702,515.63</u> | <u>\$ 3,327,515.63</u> |

**Bonds Authorized but not Issued** - As of June 30, 2015, the School District had no authorizations to issue additional bonded debt.

**Compensated Absences** - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 14 for a description of the School District's policy.

**Net Pension Liability** - For details on the net pension liability, refer to note 9. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis.

**Note 8: OPERATING LEASES**

At June 30, 2015, the School District had operating lease agreements in effect for copy machines and postage machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

| <u>Fiscal Year<br/>Ending June 30,</u> | <u>Amount</u>       |
|--|---------------------|
| 2016                                   | \$ 14,928.00        |
| 2017                                   | 14,928.00           |
| 2018                                   | 14,928.00           |
| 2019                                   | 14,928.00           |
| 2020                                   | 7,170.00            |
|  | <u>\$ 66,882.00</u> |

Rental payments under operating leases for the fiscal year ended June 30, 2015 were \$12,777.74.

**Note 9: PENSION PLANS**

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, School District employees may participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
 Division of Pensions and Benefits  
 P.O. Box 295  
 Trenton, New Jersey 08625-0295  
<http://www.state.nj.us/treasury/pensions>

**General Information About the Pension Plans****Plan Descriptions**

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for a certain enrollment tier but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for certain enrollment tiers, but who earn salary of at least \$5,000.00 annually.

**Note 9: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for TPAF:

**Tier Definition**

- 1 Members enrolled before July 1, 2007
- 2 Members eligible for enrollment on or after July 1, 2007 and before November 2, 2008
- 3 Members eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010
- 4 Members eligible for enrollment after May 21, 2010 and before June 28, 2011
- 5 Members eligible for enrollment on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Note 9: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2015 was 4.55% of the School District's covered-employee payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2015 because of the 100.00% special funding situation with the State of New Jersey.

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2015 was 12.53% of the School District's covered-employee payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$56,412.00 for the fiscal year ended June 30, 2015. Employee contributions were \$31,493.89 for the fiscal year ended June 30, 2015.

**Note 9: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period, 3% of the employees' base salary, are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2015, there were no employees participating in the Defined Contribution Retirement Program.

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

**Teachers' Pension and Annuity Fund** - At June 30, 2015, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District. The State's proportionate share of net pension liability, attributable to the School District is as follows:

|  |                         |
|--|-------------------------|
| School District's Proportionate Share of Net Pension Liability   | \$ -                    |
| State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District | <u>10,373,450.00</u>    |
|  | <u>\$ 10,373,450.00</u> |

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation of the State of New Jersey. For the fiscal year ended June 30, 2015, the School District recognized \$558,189.00 in revenue and expense, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions.

**Public Employees' Retirement System** - At June 30, 2015, the School District reported a liability of \$1,162,538.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the School District's proportion was .0062092304%, which was an increase of .0017300114% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the School District recognized \$112,438.00, in the government-wide financial statements, for pension expense for PERS.

**Note 9: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

|  | <b><u>Deferred<br/>Outflow<br/>of Resources</u></b> | <b><u>Deferred<br/>Inflow<br/>of Resources</u></b> |
|--|---|--|
| Differences Between Expected<br>and Actual Experience  | \$ -  | \$ -   |
| Changes of Assumptions   | 36,556.00   | -  |
| Net Difference Between Projected<br>and Actual Earnings on Pension<br>Plan Investments                                     | -   | 69,281.00  |
| Changes in Proportion and Differences<br>Between School District Contributions and<br>Proportionate Share of Contributions | 279,298.00  | -  |
| School District Contributions Subsequent to<br>the Measurement Date  | <u>56,412.00</u>                                    | <u>-</u>   |
|  | <u>\$ 372,266.00</u>                                | <u>\$ 69,281.00</u>                                |

The deferred outflows of resources related to pensions totaling \$56,412.00 will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b><u>Fiscal Year<br/>Ending June 30,</u></b> | <b><u>PERS</u></b>   |
|---|----------------------|
| 2015  | \$ 79,871.44         |
| 2016  | 79,871.44            |
| 2017  | 79,871.44            |
| 2018  | 79,871.44            |
| 2019  | (50,633.52)          |
| Thereafter                                    | <u>(22,278.75)</u>   |
|   | <u>\$ 246,573.49</u> |

**Note 9: PENSION PLANS (CONT'D)****Actuarial Assumptions**

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

|   | <u>TPAF</u>                  | <u>PERS</u>                  |
|---|------------------------------|------------------------------|
| Inflation   | 2.50%                        | 3.01%                        |
| Salary Increases:                                 |                              |                              |
| 2012-2021   | Varies Based on Experience   | 2.15% - 4.40% Based on Age   |
| Thereafter  | Varies Based on Experience   | 3.15% - 5.40% Based on Age   |
| Investment Rate of Return                         | 7.90%                        | 7.90%                        |
| Mortality Rate Table                              | RP-2000                      | RP-2000                      |
| Period of Actuarial Experience                    |                              |                              |
| Study upon which Actuarial Assumptions were Based | July 1, 2009 - June 30, 2012 | July 1, 2008 - June 30, 2011 |

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

**Note 9: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

| <u>Asset Class</u>            | <u>TPAF</u>              |   | <u>PERS</u>              |   |
|-------------------------------|--------------------------|---|--------------------------|---|
|                               | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Cash                          | 6.00%                    | 0.50%   | 6.00%                    | 0.80%   |
| Core Fixed Income             | -                        | 2.19%   | -                        | -   |
| Core Bonds                    | 1.00%                    | 1.38%   | 1.00%                    | 2.49%   |
| Short-Term Bonds              | -                        | 1.00%   | -                        | -   |
| Intermediate-Term Bonds       | 11.20%                   | 2.60%   | 11.20%                   | 2.26%   |
| Long-Term Bonds               | -                        | 3.23%   | -                        | -   |
| Mortgages                     | 2.50%                    | 2.84%   | 2.50%                    | 2.17%   |
| High Yield Bonds              | 5.50%                    | 4.15%   | 5.50%                    | 4.82%   |
| Non-US Fixed Income           | -                        | 1.41%   | -                        | -   |
| Inflation-Indexed Bonds       | 2.50%                    | 1.30%   | 2.50%                    | 3.51%   |
| Broad US Equities             | 25.90%                   | 5.88%   | 25.90%                   | 8.22%   |
| Large Cap US Equities         | -                        | 5.62%   | -                        | -   |
| Mid Cap US Equities           | -                        | 6.39%   | -                        | -   |
| Small Cap US Equities         | -                        | 7.39%   | -                        | -   |
| Developed Foreign Equities    | 12.70%                   | 6.05%   | 12.70%                   | 8.12%   |
| Emerging Market Equities      | 6.50%                    | 8.90%   | 6.50%                    | 9.91%   |
| Private Equity                | 8.25%                    | 9.15%   | 8.25%                    | 13.02%  |
| Hedge Funds / Absolute Return | 12.25%                   | 3.85%   | 12.25%                   | 4.92%   |
| Real Estate (Property)        | 3.20%                    | 4.43%   | 3.20%                    | 5.80%   |
| Real Estate (REITS)           | -                        | 5.58%   | -                        | -   |
| Commodities                   | 2.50%                    | 3.60%   | 2.50%                    | 5.35%   |
| Long Credit Bonds             | -                        | 3.74%   | -                        | -   |
|                               | <u>100.00%</u>           |   | <u>100.00%</u>           |   |

**Note 9: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

**Discount Rate** - The discount rate used to measure the total pension liability was 4.68% and 4.95% for TPAF as of June 30, 2014 and 2013, respectively, and 5.39% and 5.55% for PERS as of June 30, 2014 and 2013, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Teachers' Pension and Annuity Fund (TPAF)** - As indicated above, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the net pension liability as of June 30, 2014 attributable to the School District is \$0 and the State's net pension liability attributable to the School District using a discount rate of 4.68%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

|   | <b>TPAF</b>                               |   |   |
|---|---|---|---|
|   | <b>1%<br/>Decrease<br/>(<u>3.68%</u>)</b> | <b>Current<br/>Discount Rate<br/>(<u>4.68%</u>)</b> | <b>1%<br/>Increase<br/>(<u>5.68%</u>)</b> |
| School District's Proportionate Share<br>of the Net Pension Liability         | \$ -                                      | \$ -  | \$ -                                      |
| State's Proportionate Share of the<br>School District's Net Pension Liability | <u>12,476,535.43</u>                      | <u>10,373,450.00</u>                                | <u>8,624,233.07</u>                       |
|   | <u>\$ 12,476,535.43</u>                   | <u>\$ 10,373,450.00</u>                             | <u>\$ 8,624,233.07</u>                    |

**Note 9: PENSION PLANS (CONT'D)****Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

**Public Employees' Retirement System (PERS)** - The following presents the School District's proportionate share of the net pension liability at June 30, 2014 calculated using a discount rate of 5.39% for PERS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

|   | <b>PERS</b>                        |  |                                    |
|---|------------------------------------|--|------------------------------------|
|   | <b>1%<br/>Decrease<br/>(4.39%)</b> | <b>Current<br/>Discount Rate<br/>(5.39%)</b> | <b>1%<br/>Increase<br/>(6.39%)</b> |
| School District's Proportionate Share<br>of the Net Pension Liability | <u>\$ 1,462,512.08</u>             | <u>\$ 1,162,537.75</u>                       | <u>\$ 910,641.87</u>               |

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

**Note 10: STATE POST-RETIREMENT MEDICAL BENEFITS**

P.L. 1987, c.384 of P.L. 1990, c.6 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving postemployment medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

**Note 11: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2015, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs and post-retirement medical costs were \$117,767.00 and \$186,955.00, respectively.

**Note 12: RISK MANAGEMENT**

The School 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 School 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 School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

| <u>Fiscal Year<br/>Ended June 30,</u> | <u>School<br/>District<br/>Contributions</u> | <u>Employee<br/>Contributions</u> | <u>Interest<br/>Income</u> | <u>Claims<br/>Incurred</u> | <u>Ending<br/>Balance</u> |
|---------------------------------------|--|-----------------------------------|----------------------------|----------------------------|---------------------------|
| 2015                                  | \$ 10,000.00                                 | \$ 6,159.16                       | \$ 79.60                   | \$ 28,568.32               | \$ 94,912.76              |
| 2014                                  | 10,000.00                                    | 10,218.99                         | 50.60                      | 9,145.62                   | 107,242.32                |
| 2013                                  | 15,000.00                                    | 9,859.73                          | 308.69                     | 9,962.39                   | 96,118.35                 |

**Joint Insurance Pool** - The School District is a member of the New Jersey School Boards Association Insurance Group. The Fund provides its members with the following coverage:

School Leaders Errors & Omissions  
 Property - Blanket Building and Grounds  
 Workers' Compensation and Employer's Liability  
 Liability other than Motor Vehicles  
 Property Damage other than Motor Vehicles  
 Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Group publishes its own financial report for the fiscal year ended June 30, 2015, which can be obtained from:

New Jersey School Boards Association Insurance Group  
 450 Veterans Drive  
 Burlington, New Jersey 08016

**Note 13: DEFERRED COMPENSATION**

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

Lincoln Financial  
Midland

**Note 14: COMPENSATED ABSENCES**

The School 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.

School District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policy. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the School District for unused sick leave in accordance with the School District's agreements with various employee unions.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2015, the liability for compensated absences reported on the government-wide statement of net position was \$48,637.11.

**Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2015 is as follows:

| <u>Fund</u>      | <u>Interfunds<br/>Receivable</u> | <u>Interfunds<br/>Payable</u> |
|------------------|----------------------------------|-------------------------------|
| General          | \$ 136,905.33                    |                               |
| Special Revenue  | 225.05                           | \$ 127,991.53                 |
| Capital Projects |                                  | 4,876.55                      |
| Trust & Agency   |                                  | 4,262.30                      |
|                  | <u>\$ 137,130.38</u>             | <u>\$ 137,130.38</u>          |

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2016, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 16: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

**Litigation** - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**Note 17: CONCENTRATIONS**

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**Note 18: FUND BALANCES****RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

**General Fund**

**For Tuition** - In accordance with N.J.A.C. 6A:23A-3.1(f)(8), the School District has restricted fund balance in the amount of \$200,000.00 in a legal reserve for tuition adjustments. This reserve represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated tuition cost of the respective contract year. As of June 30, 2015, \$200,000.00 has been reserved for the contract year 2015-2016.

**For Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund 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, 2015 is \$76,683.11. Additionally, \$329,272.42 of excess fund balance generated during 2013-2014 has been restricted and designated for utilization in the 2015-2016 budget.

**For Maintenance Reserve Account** - As of June 30, 2015, the balance in the maintenance reserve account is \$50,000.00. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**ASSIGNED**

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

**General Fund**

**For Subsequent Year's Expenditures** - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2016; \$29,985.58 of general fund balance at June 30, 2015.

**Other Purposes** - As of June 30, 2015, the School District had \$12,570.36 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**Note 18: FUND BALANCES (CONT'D)****UNASSIGNED**

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

**General Fund** - As of June 30, 2015, \$276,172.00 of general fund balance was unassigned.

**Note 19: RESTATEMENT OF NET POSITION**

As indicated in note 1 to the financial statements, the School District adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, for the fiscal year ended June 30, 2015. As a result of implementing these two Statements, a restatement of unrestricted net position on the government-wide statement of activities was required to record the School District's proportionate share of its net pension liability. The cumulative effect on the financial statements as reported for June 30, 2014 is as follows:

|                                 | <b>Net Position<br/>As Previously<br/>Reported<br/>June 30, 2014</b> | <b>GASB 68 Implementation</b>        |                                  |                                 | <b>Net Position<br/>As Restated<br/>June 30, 2014</b> |
|---------------------------------|--|--------------------------------------|----------------------------------|---------------------------------|---|
|                                 |  | <b>Net Pension<br/>Liability (1)</b> | <b>Deferred<br/>Outflows (2)</b> | <b>Accounts<br/>Payable (3)</b> |   |
| <b>Governmental Activities:</b> |  |                                      |                                  |                                 |   |
| Net Investment in               |  |                                      |                                  |                                 |   |
| Capital Assets                  | \$ 4,052,929.58  |                                      |                                  |                                 | \$ 4,052,929.58                                       |
| Restricted for:                 |  |                                      |                                  |                                 |   |
| Debt Service                    | 92.03  |                                      |                                  |                                 | 92.03   |
| Other Purposes                  | 1,037,949.04   |                                      |                                  |                                 | 1,037,949.04  |
| Unrestricted (Deficit)          | <u>(150,068.21)</u>  | <u>\$(856,068.00)</u>                | <u>\$ 51,188.00</u>              | <u>\$(51,188.00)</u>            | <u>(1,006,136.21)</u>                                 |
| Total Net Position              | <u>\$ 4,940,902.44</u>   | <u>\$(856,068.00)</u>                | <u>\$ 51,188.00</u>              | <u>\$(51,188.00)</u>            | <u>\$ 4,084,834.44</u>                                |

(1) Represents the School District's proportionate share of the Public Employees' Retirement System June 30, 2013 Net Pension Liability.

(2) Represents the School District's beginning deferred outflow of resources for contributions subsequent to the measurement date, fiscal year 2013-2014 pension contribution paid.

(3) Represents the School District's accounts payable for contributions subsequent to the measurement date, paid on April 1, 2015. The State of New Jersey Division of Pension and Benefits has an accounts receivable recorded in the PERS Plan Audit.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES**

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2015

|  | Original<br>Budget  | Budget<br>Modifications | Final<br>Budget     | Actual              | Variance<br>Positive (Negative)<br>Final to Actual |
|--|---------------------|-------------------------|---------------------|---------------------|--|
| <b>REVENUES:</b>   |                     |                         |                     |                     |  |
| Local Sources:   |                     |                         |                     |                     |  |
| Local Tax Levy   | \$ 4,063,082.00     |                         | \$ 4,063,082.00     | \$ 4,063,082.00     |  |
| Miscellaneous  | 5,000.00            |                         | 5,000.00            | 23,525.67           | \$ 18,525.67                                       |
| <b>Total - Local Sources</b>   | <b>4,068,082.00</b> | <b>\$ -</b>             | <b>4,068,082.00</b> | <b>4,086,607.67</b> | <b>18,525.67</b>                                   |
| State Sources:   |                     |                         |                     |                     |  |
| Equalization Aid   | 3,312,813.00        |                         | 3,312,813.00        | 3,312,813.00        |  |
| Special Education Categorical Aid                                    | 256,857.00          |                         | 256,857.00          | 256,857.00          |  |
| Categorical Security Aid   | 75,958.00           |                         | 75,958.00           | 75,958.00           |  |
| Categorical Transportation Aid                                       | 26,571.00           |                         | 26,571.00           | 26,571.00           |  |
| School Choice Aid  | 41,406.00           |                         | 41,406.00           | 27,604.00           | (13,802.00)  |
| PARCC Readiness  | 3,940.00            |                         | 3,940.00            | 3,940.00            |  |
| Per Pupil Growth Aid   | 3,940.00            |                         | 3,940.00            | 3,940.00            |  |
| Extraordinary Special Education Costs Aid                            |                     |                         |                     | 22,344.00           | 22,344.00  |
| Nonpublic Transportation Aid   |                     |                         |                     | 3,828.00            | 3,828.00   |
| On-behalf TPAF Pension Contributions -<br>Normal Cost (non-budgeted) |                     |                         |                     | 117,767.00          | 117,767.00   |
| Post Retirement Costs (non-budgeted)                                 |                     |                         |                     | 186,955.00          | 186,955.00   |
| Reimbursed T.P.A.F. Social Security<br>Contributions (non-budgeted)  |                     |                         |                     | 179,480.89          | 179,480.89   |
| <b>Total - State Sources</b>   | <b>3,721,485.00</b> | <b>-</b>                | <b>3,721,485.00</b> | <b>4,218,057.89</b> | <b>496,572.89</b>                                  |
| <b>Total Revenues</b>  | <b>7,789,567.00</b> | <b>-</b>                | <b>7,789,567.00</b> | <b>8,304,665.56</b> | <b>515,098.56</b>                                  |

(Continued)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2015

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Positive (Negative)<br/>Final to Actual</u> |
|---|----------------------------|---------------------------------|-------------------------|---------------|---|
| EXPENDITURES:                                 |                            |                                 |                         |               |   |
| Current Expense:                              |                            |                                 |                         |               |   |
| Regular Programs - Instruction:               |                            |                                 |                         |               |   |
| Salaries of Teachers:                         |                            |                                 |                         |               |   |
| Preschool                                     | \$ 89,216.00               | \$ (2,500.00)                   | \$ 86,716.00            | \$ 86,483.50  | \$ 232.50   |
| Kindergarten                                  | 157,179.00                 | 35,362.00                       | 192,541.00              | 192,089.66    | 451.34  |
| Grades 1-5                                    | 756,428.00                 | 28,843.00                       | 785,271.00              | 783,057.27    | 2,213.73  |
| Grades 6-8                                    | 418,422.00                 | (74,548.00)                     | 343,874.00              | 342,424.54    | 1,449.46  |
| Regular Programs - Home Instruction:          |                            |                                 |                         |               |   |
| Salaries of Teachers                          | 2,499.00                   |                                 | 2,499.00                | 735.00        | 1,764.00  |
| Regular Programs - Undistributed Instruction: |                            |                                 |                         |               |   |
| Other Salaries for Instruction                | 38,256.00                  | (2,000.00)                      | 36,256.00               | 35,556.00     | 700.00  |
| Social Security Contributions                 | 9,425.00                   | 14,235.00                       | 23,660.00               | 23,660.00     |   |
| Other Retirement Contributions- PERS          | 10,403.00                  | (960.00)                        | 9,443.00                | 9,443.00      |   |
| Workman's Compensation                        | 5,450.00                   | 480.00                          | 5,930.00                | 5,930.00      |   |
| Health Benefits                               | 445,073.00                 | (54,253.00)                     | 390,820.00              | 390,819.20    | 0.80  |
| Tuition Reimbursement                         | 16,764.00                  | 5,288.00                        | 22,052.00               | 19,773.87     | 2,278.13  |
| Purchased Professional - Education Services   | 20,000.00                  | (5,881.00)                      | 14,119.00               | 14,048.99     | 70.01   |
| Other Purchase Services for Instruction       | 30,500.00                  | (19,000.00)                     | 11,500.00               | 4,667.81      | 6,832.19  |
| General Supplies                              | 135,078.54                 | 22,292.00                       | 157,370.54              | 152,477.35    | 4,893.19  |
| Textbooks                                     | 59,985.70                  | (30,000.00)                     | 29,985.70               | 27,637.09     | 2,348.61  |
| Other Objects                                 | 1,726.02                   | 500.00                          | 2,226.02                | 1,786.01      | 440.01  |
| Total Regular Programs - Instruction          | 2,196,405.26               | (82,142.00)                     | 2,114,263.26            | 2,090,589.29  | 23,673.97   |
| Special Education - Instruction:              |                            |                                 |                         |               |   |
| Multiple Disabilities:                        |                            |                                 |                         |               |   |
| Purchased Professional - Education Services   | 17,644.00                  | (8,444.00)                      | 9,200.00                | 1,752.70      | 7,447.30  |

(Continued)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2015

|   | Original<br>Budget | Budget<br>Modifications | Final<br>Budget | Actual        | Variance<br>Positive (Negative)<br>Final to Actual |
|---|--------------------|-------------------------|-----------------|---------------|--|
| EXPENDITURES (CONT'D):                                  |                    |                         |                 |               |  |
| Current Expense (Cont'd):                               |                    |                         |                 |               |  |
| Special Education - Instruction (Cont'd):               |                    |                         |                 |               |  |
| Resource Room / Resource Center:                        |                    |                         |                 |               |  |
| Salaries of Teachers                                    | \$ 252,094.00      | \$ (67,696.00)          | \$ 184,398.00   | \$ 166,108.70 | \$ 18,289.30                                       |
| Other Salaries for Instruction                          | 112,231.00         |                         | 112,231.00      | 110,590.67    | 1,640.33   |
| Other Retirement Contributions- Regular                 | 10,403.00          | (960.00)                | 9,443.00        | 9,443.00      |  |
| Workman's Compensation                                  | 5,450.00           | 480.00                  | 5,930.00        | 5,930.00      |  |
| Health Benefits   | 79,478.00          | (29,581.00)             | 49,897.00       | 49,896.01     | 0.99   |
| Purchased Professional - Education Services             |                    | 2,500.00                | 2,500.00        | 2,500.00      |  |
| General Supplies  | 3,681.00           | 18,750.00               | 22,431.00       | 18,619.94     | 3,811.06   |
| Textbooks   | 1,532.95           | 3,750.00                | 5,282.95        | 5,282.95      |  |
| Total Resource Room / Resource Center                   | 464,869.95         | (72,757.00)             | 392,112.95      | 368,371.27    | 23,741.68  |
| Home Instruction:                                       |                    |                         |                 |               |  |
| Salaries of Teachers                                    | 5,145.00           | 4,600.00                | 9,745.00        | 6,632.08      | 3,112.92   |
| Total Special Education - Instruction                   | 487,658.95         | (76,601.00)             | 411,057.95      | 376,756.05    | 34,301.90  |
| School Sponsored Cocurricular Activities - Instruction: |                    |                         |                 |               |  |
| Salaries  | 6,573.00           | 1,878.00                | 8,451.00        | 6,573.00      | 1,878.00   |
| Before/After School Program:                            |                    |                         |                 |               |  |
| Instruction:  |                    |                         |                 |               |  |
| Salaries  | 76,918.00          |                         | 76,918.00       | 67,426.65     | 9,491.35   |
| Other Salaries for Instruction                          | 21,638.00          | 456.00                  | 22,094.00       | 17,367.00     | 4,727.00   |
| Social Security Contributions                           | 8,897.00           | (1,802.00)              | 7,095.00        | 7,095.00      |  |
| Purchased Professional - Technical Services             | 5,000.00           |                         | 5,000.00        |               | 5,000.00   |
| Support Services:                                       |                    |                         |                 |               |  |
| Salaries  | 17,751.00          | (10,101.00)             | 7,650.00        |               | 7,650.00   |
| Purchased Professional - Technical Services             |                    | 17,751.00               | 17,751.00       | 11,648.00     | 6,103.00   |
| Purchased Services                                      |                    | 25.00                   | 25.00           | 24.25         | 0.75   |
| Total Before/After School Program                       | 130,204.00         | 6,329.00                | 136,533.00      | 103,560.90    | 32,972.10  |

(Continued)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2015

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Positive (Negative)<br/>Final to Actual</u> |
|--|----------------------------|---------------------------------|-------------------------|---------------------|---|
| <b>EXPENDITURES (CONT'D):</b>                              |                            |                                 |                         |                     |   |
| Current Expense (Cont'd):                                  |                            |                                 |                         |                     |   |
| Summer School:   |                            |                                 |                         |                     |   |
| Instruction:   |                            |                                 |                         |                     |   |
| Salaries   | \$ 20,856.00               | \$ 1,387.00                     | \$ 22,243.00            | \$ 22,242.96        | \$ 0.04   |
| Other Salaries for Instruction                             | 5,593.00                   | (599.00)                        | 4,994.00                | 4,993.51            | 0.49  |
| Social Security Contributions                              | 2,282.00                   | (198.00)                        | 2,084.00                | 2,083.60            | 0.40  |
| Support Services:  |                            |                                 |                         |                     |   |
| Salaries   | 3,381.00                   | (3,381.00)                      |                         |                     |   |
| Purchased Professional - Technical Services                |                            | 2,112.00                        | 2,112.00                | 2,112.00            |   |
| <b>Total Summer School</b>                                 | <b>32,112.00</b>           | <b>(679.00)</b>                 | <b>31,433.00</b>        | <b>31,432.07</b>    | <b>0.93</b>   |
| <b>Total Instruction</b>                                   | <b>2,852,953.21</b>        | <b>(151,215.00)</b>             | <b>2,701,738.21</b>     | <b>2,608,911.31</b> | <b>92,826.90</b>  |
| Undistributed Expenditures - Instruction:                  |                            |                                 |                         |                     |   |
| Tuition to Other LEA's Within State - Regular              | 1,653,321.00               | 36,660.00                       | 1,689,981.00            | 1,689,979.80        | 1.20  |
| Tuition to Other LEAs Within the State-Special             | 210,590.00                 | 3,920.00                        | 214,510.00              | 211,887.00          | 2,623.00  |
| Tuition to County Vocational - Regular                     | 9,048.00                   |                                 | 9,048.00                | 9,048.00            |   |
| Tuition to County Vocational - Special                     | 6,032.00                   |                                 | 6,032.00                | 6,032.00            |   |
| Tuition to CSSD and Regular Day Schools                    | 358,900.00                 | (128,290.00)                    | 230,610.00              | 210,095.68          | 20,514.32   |
| Tuition to Private Schools for the Disabled - Within State | 286,324.00                 | 21,084.00                       | 307,408.00              | 250,216.13          | 57,191.87   |
| Tuition - State Facilities                                 | 4,500.00                   |                                 | 4,500.00                | 4,500.00            |   |
| Tuition - Other  |                            | 106,626.00                      | 106,626.00              | 106,626.00          |   |
| <b>Total Undistributed Expenditures - Instruction</b>      | <b>2,528,715.00</b>        | <b>40,000.00</b>                | <b>2,568,715.00</b>     | <b>2,488,384.61</b> | <b>80,330.39</b>  |
| Undistributed Expenditures - Attendance and Social Work:   |                            |                                 |                         |                     |   |
| Salaries   | 3,000.00                   | -                               | 3,000.00                | 300.00              | 2,700.00  |

(Continued)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2015

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive (Negative)<br/>Final to Actual</u> |
|---|----------------------------|---------------------------------|-------------------------|-------------------|---|
| EXPENDITURES (CONT'D):                                      |                            |                                 |                         |                   |   |
| Current Expense (Cont'd):                                   |                            |                                 |                         |                   |   |
| Undistributed Expenditures - Health Services:               |                            |                                 |                         |                   |   |
| Salaries  | \$ 70,689.00               |                                 | \$ 70,689.00            | \$ 70,689.00      |   |
| Social Security Contributions                               | 4,950.00                   |                                 | 4,950.00                | 4,950.00          |   |
| Workman's Compensation                                      | 5,450.00                   | \$ 480.00                       | 5,930.00                | 5,930.00          |   |
| Health Benefits   | 23,843.00                  |                                 | 23,843.00               | 23,843.00         |   |
| Purchased Professional - Technical Services                 | 20,000.00                  |                                 | 20,000.00               | 5,613.75          | \$ 14,386.25  |
| Supplies and Materials                                      | 4,798.15                   |                                 | 4,798.15                | 4,746.65          | 51.50   |
| Other Objects   | 500.00                     |                                 | 500.00                  | 268.68            | 231.32  |
| <b>Total Undistributed Expenditures - Health Services</b>   | <b>130,230.15</b>          | <b>480.00</b>                   | <b>130,710.15</b>       | <b>116,041.08</b> | <b>14,669.07</b>  |
| Undistributed Expenditures - Other Support Services -       |                            |                                 |                         |                   |   |
| Students - Speech, OT, PT & Related Services:               |                            |                                 |                         |                   |   |
| Purchased Professional - Educational Services               | 87,000.00                  | -                               | 87,000.00               | 47,970.09         | 39,029.91   |
| Undistributed Expenditures - Child Study Teams              |                            |                                 |                         |                   |   |
| Salaries of Other Professional Staff                        | 200,263.00                 | 8,896.00                        | 209,159.00              | 206,059.00        | 3,100.00  |
| Salaries of Secretarial and Clerical Assistants             | 25,633.00                  |                                 | 25,633.00               | 25,633.00         |   |
| Social Security Contributions                               | 8,170.00                   |                                 | 8,170.00                | 8,170.00          |   |
| Other Retirement Contributions - PERS                       | 10,403.00                  | (960.00)                        | 9,443.00                | 9,443.00          |   |
| Workman's Compensation                                      | 5,450.00                   | 480.00                          | 5,930.00                | 5,930.00          |   |
| Health Benefits   | 39,739.00                  | (1,758.00)                      | 37,981.00               | 37,980.91         | 0.09  |
| Purchased Professional- Educational Services                | 91,300.00                  |                                 | 91,300.00               | 70,303.49         | 20,996.51   |
| Purchased Professional - Technical Services                 | 675.00                     |                                 | 675.00                  | 95.00             | 580.00  |
| Travel  | 500.00                     |                                 | 500.00                  |                   | 500.00  |
| Supplies and Materials                                      | 4,000.00                   |                                 | 4,000.00                | 3,184.74          | 815.26  |
| <b>Total Undistributed Expenditures - Child Study Teams</b> | <b>386,133.00</b>          | <b>6,658.00</b>                 | <b>392,791.00</b>       | <b>366,799.14</b> | <b>25,991.86</b>  |

(Continued)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2015

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive (Negative)<br/>Final to Actual</u> |
|---|----------------------------|---------------------------------|-------------------------|-------------------|---|
| EXPENDITURES (CONT'D):  |                            |                                 |                         |                   |   |
| Current Expense (Cont'd):   |                            |                                 |                         |                   |   |
| Undistributed Expenditures - Improvement of Instruction Services:                     |                            |                                 |                         |                   |   |
| Salaries of Supervisors of Instruction  | \$ 41,209.00               |                                 | \$ 41,209.00            | \$ 41,208.50      | \$ 0.50   |
| Salaries of Other Professional Staff  | 78,553.00                  | \$ 10,000.00                    | 88,553.00               | 81,199.00         | 7,354.00  |
| Other Salaries  | 41,209.00                  |                                 | 41,209.00               | 41,208.50         | 0.50  |
| Social Security Contributions   | 8,170.00                   |                                 | 8,170.00                | 8,170.00          |   |
| Other Retirement Contributions - PERS   | 10,403.00                  | (960.00)                        | 9,443.00                | 9,443.00          |   |
| Workman's Compensation  | 5,450.00                   | 480.00                          | 5,930.00                | 5,930.00          |   |
| Health Benefits   | 63,582.00                  | (3,424.00)                      | 60,158.00               | 60,158.00         |   |
| Purchased Professional- Educational Services  | 5,000.00                   |                                 | 5,000.00                | 4,525.99          | 474.01  |
| Supplies and Materials  | 3,000.00                   |                                 | 3,000.00                | 1,437.76          | 1,562.24  |
| <b>Total Undistributed Expenditures - Improvement of Instruction Services</b>         | <b>256,576.00</b>          | <b>6,096.00</b>                 | <b>262,672.00</b>       | <b>253,280.75</b> | <b>9,391.25</b>   |
| Undistributed Expenditures - Educational Media Services / School Library:             |                            |                                 |                         |                   |   |
| Salaries  | 56,552.00                  | 7,503.00                        | 64,055.00               | 64,055.00         |   |
| Salaries of Technology Coordinators   | 70,411.00                  |                                 | 70,411.00               | 70,411.00         |   |
| Purchased Professional and Technical Services   | 23,000.00                  |                                 | 23,000.00               | 7,905.70          | 15,094.30   |
| Supplies and Materials  | 1,000.00                   |                                 | 1,000.00                |                   | 1,000.00  |
| <b>Total Undistributed Expenditures - Educational Media Services / School Library</b> | <b>150,963.00</b>          | <b>7,503.00</b>                 | <b>158,466.00</b>       | <b>142,371.70</b> | <b>16,094.30</b>  |
| Undistributed Expenditures - Instructional Staff Training Services:                   |                            |                                 |                         |                   |   |
| Salaries of Secretarial and Clerical Assistants                                       | 31,098.00                  |                                 | 31,098.00               | 31,098.00         |   |
| Purchased Professional- Educational Services  | 5,000.00                   |                                 | 5,000.00                | 2,139.10          | 2,860.90  |
| Supplies and Materials  | 15,000.00                  | (2,500.00)                      | 12,500.00               | 8,183.38          | 4,316.62  |
| <b>Total Undistributed Expenditures - Instructional Staff Training Services</b>       | <b>51,098.00</b>           | <b>(2,500.00)</b>               | <b>48,598.00</b>        | <b>41,420.48</b>  | <b>7,177.52</b>   |

(Continued)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2015

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive (Negative)<br/>Final to Actual</u> |
|---|----------------------------|---------------------------------|-------------------------|-------------------|---|
| EXPENDITURES (CONT'D):  |                            |                                 |                         |                   |   |
| Current Expense (Cont'd):   |                            |                                 |                         |                   |   |
| Undistributed Expenditures - Support Services - General Administration:     |                            |                                 |                         |                   |   |
| Salaries  | \$ 82,718.00               |                                 | \$ 82,718.00            | \$ 82,541.63      | \$ 176.37   |
| Other Retirement Contributions - PERS                                       | 5,782.00                   | \$ (535.00)                     | 5,247.00                | 5,246.03          | 0.97  |
| Workman's Compensation  | 4,290.00                   | 480.00                          | 4,770.00                | 4,770.00          |   |
| Health Benefits   | 31,791.00                  |                                 | 31,791.00               | 31,791.00         |   |
| Legal Services  | 17,500.00                  |                                 | 17,500.00               | 6,562.69          | 10,937.31   |
| Audit Fees  | 25,425.00                  |                                 | 25,425.00               | 25,000.00         | 425.00  |
| Other Purchased Professional Services                                       | 7,250.00                   | 7,000.00                        | 14,250.00               | 12,610.00         | 1,640.00  |
| Purchase Professional - Technical Services                                  | 11,500.00                  | 1,000.00                        | 12,500.00               | 11,966.64         | 533.36  |
| Communications/Telephone  | 20,000.00                  | 1,098.00                        | 21,098.00               | 20,530.74         | 567.26  |
| BOE Other Purchased Services  | 598.00                     | 402.00                          | 1,000.00                |                   | 1,000.00  |
| Other Purchased Services  | 16,000.00                  |                                 | 16,000.00               | 15,623.04         | 376.96  |
| General Supplies  | 5,000.00                   | 1,000.00                        | 6,000.00                | 5,662.74          | 337.26  |
| BOE In-House Training and Meeting Supplies                                  | 250.00                     |                                 | 250.00                  | 226.60            | 23.40   |
| Miscellaneous Expenditures  | 13,750.00                  | 1,100.00                        | 14,850.00               | 14,662.97         | 187.03  |
| BOE Membership Dues and Fees  | 6,300.00                   |                                 | 6,300.00                | 5,374.69          | 925.31  |
| <b>Total Undistributed Expenditures - Support Services - General Admin.</b> | <b>248,154.00</b>          | <b>11,545.00</b>                | <b>259,699.00</b>       | <b>242,568.77</b> | <b>17,130.23</b>  |
| Undistributed Expenditures - Support Services - School Administration:      |                            |                                 |                         |                   |   |
| Salaries of Principals/Assistant Principals                                 | 60,600.00                  |                                 | 60,600.00               | 60,600.00         |   |
| Salaries of Secretarial and Clerical Assistants                             | 19,638.00                  | 1,344.00                        | 20,982.00               | 20,981.37         | 0.63  |
| Purchase Professional - Technical Services                                  | 17,200.00                  | 500.00                          | 17,700.00               | 8,250.00          | 9,450.00  |
| Other Purchased Services  | 8,000.00                   | (2,500.00)                      | 5,500.00                | 1,556.91          | 3,943.09  |
| Travel  |                            | 2,000.00                        | 2,000.00                | 1,243.76          | 756.24  |
| <b>Total Undistributed Expenditures - Support Services - School Admin.</b>  | <b>105,438.00</b>          | <b>1,344.00</b>                 | <b>106,782.00</b>       | <b>92,632.04</b>  | <b>14,149.96</b>  |

(Continued)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2015

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive (Negative)<br/>Final to Actual</u> |
|---|----------------------------|---------------------------------|-------------------------|-------------------|---|
| <b>EXPENDITURES (CONT'D):</b>   |                            |                                 |                         |                   |   |
| Current Expense (Cont'd):   |                            |                                 |                         |                   |   |
| Undistributed Expenditures- Support Services- Central Services:             |                            |                                 |                         |                   |   |
| Salaries  | \$ 77,266.00               | \$ 1.00                         | \$ 77,267.00            | \$ 77,267.00      |   |
| Workman's Compensation  | 4,290.00                   | 480.00                          | 4,770.00                | 4,770.00          |   |
| Health Benefits   | 31,791.00                  |                                 | 31,791.00               | 31,791.00         |   |
| Other Employee Benefits   |                            | 78,906.00                       | 78,906.00               | 78,906.00         |   |
| Purchase Professional Services  | 6,000.00                   | 2,500.00                        | 8,500.00                | 6,976.33          | \$ 1,523.67   |
| Miscellaneous Purchased Services  | 500.00                     |                                 | 500.00                  |                   | 500.00  |
| Supplies and Materials  | 6,919.88                   | 1,500.00                        | 8,419.88                | 8,249.34          | 170.54  |
| Interest on Current Loans   | 35,000.00                  |                                 | 35,000.00               | 13,656.85         | 21,343.15   |
| Miscellaneous Expenditures  | 2,000.00                   |                                 | 2,000.00                | 972.00            | 1,028.00  |
| <b>Total Undistributed Expenditures- Support Services- Central Services</b> | <b>163,766.88</b>          | <b>83,387.00</b>                | <b>247,153.88</b>       | <b>222,588.52</b> | <b>24,565.36</b>  |
| Undistributed Expenditures - Required Maintenance for School Facilities     |                            |                                 |                         |                   |   |
| Cleaning, Repair and Maintenance Services                                   | 73,100.00                  | 7,000.00                        | 80,100.00               | 77,000.09         | 3,099.91  |
| Undistributed Expenditures - Custodial Services:                            |                            |                                 |                         |                   |   |
| Salaries  | 113,243.00                 | 8,000.00                        | 121,243.00              | 117,010.97        | 4,232.03  |
| Social Security Contributions   | 10,760.00                  |                                 | 10,760.00               | 10,760.00         |   |
| Other Retirement Contributions - PERS                                       | 10,403.00                  | (960.00)                        | 9,443.00                | 9,443.00          |   |
| Workman's Compensation  | 4,945.00                   | 113.00                          | 5,058.00                | 5,057.22          | 0.78  |
| Health Benefits   | 79,478.00                  |                                 | 79,478.00               | 79,478.00         |   |
| Purchase Professional - Technical Services                                  |                            | 4,826.00                        | 4,826.00                | 4,826.00          |   |
| Cleaning, Repair, and Maintenance Service                                   | 82,000.00                  | (6,000.00)                      | 76,000.00               | 71,361.37         | 4,638.63  |
| Other Purchased Property Services   | 13,000.00                  |                                 | 13,000.00               | 12,555.64         | 444.36  |
| Insurance   | 28,000.00                  | (1,356.00)                      | 26,644.00               | 25,967.25         | 676.75  |
| Miscellaneous Purchased Services  | 250.00                     |                                 | 250.00                  |                   | 250.00  |
| General Supplies  | 30,883.00                  | 1,000.00                        | 31,883.00               | 31,677.43         | 205.57  |
| Energy (Electricity)  | 130,500.00                 | 4,000.00                        | 134,500.00              | 133,696.17        | 803.83  |
| Other Objects   | 1,095.00                   |                                 | 1,095.00                | 939.56            | 155.44  |
| <b>Total Undistributed Expenditures - Custodial Services</b>                | <b>504,557.00</b>          | <b>9,623.00</b>                 | <b>514,180.00</b>       | <b>502,772.61</b> | <b>11,407.39</b>  |

(Continued)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2015

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive (Negative)<br/>Final to Actual</u> |
|--|----------------------------|---------------------------------|-------------------------|-------------------|---|
| <b>EXPENDITURES (CONT'D):</b>  |                            |                                 |                         |                   |   |
| Current Expense (Cont'd):  |                            |                                 |                         |                   |   |
| Undistributed Expenditures - Care and Upkeep of Grounds                        |                            |                                 |                         |                   |   |
| Cleaning, Repair, and Maintenance Service                                      |                            | \$ 5,000.00                     | \$ 5,000.00             | \$ 3,975.00       | \$ 1,025.00   |
| General Supplies   |                            | 500.00                          | 500.00                  | 493.00            | 7.00  |
| Other Objects  | \$ 2,000.00                |                                 | 2,000.00                | 2,000.00          |   |
| <b>Total Undistributed Expenditures - Care and Upkeep of Grounds</b>           | <b>2,000.00</b>            | <b>5,500.00</b>                 | <b>7,500.00</b>         | <b>6,468.00</b>   | <b>1,032.00</b>   |
| Undistributed Expenditures - Security  |                            |                                 |                         |                   |   |
| Salaries   | 38,292.00                  | (3,500.00)                      | 34,792.00               | 34,600.20         | 191.80  |
| Other Objects  | 500.00                     |                                 | 500.00                  |                   | 500.00  |
| <b>Total Undistributed Expenditures - Security</b>                             | <b>38,792.00</b>           | <b>(3,500.00)</b>               | <b>35,292.00</b>        | <b>34,600.20</b>  | <b>691.80</b>   |
| <b>Total Undistributed Expenditures - Oper. &amp; Maint. of Plant Services</b> | <b>618,449.00</b>          | <b>18,623.00</b>                | <b>637,072.00</b>       | <b>620,840.90</b> | <b>16,231.10</b>  |
| Undistributed Expenditures - Student Transportation Services:                  |                            |                                 |                         |                   |   |
| Management Fee - ESC & CTSA Transportation Program                             | 12,000.00                  |                                 | 12,000.00               | 11,550.78         | 449.22  |
| Contracted Services - Aid In Lieu of Payments - Nonpublic Students             | 21,216.00                  | 1,496.00                        | 22,712.00               | 20,499.79         | 2,212.21  |
| Contracted Services - Aid In Lieu of Payments - Charter Students               | 10,608.00                  | (170.00)                        | 10,438.00               | 8,840.00          | 1,598.00  |
| Contracted Services - Aid In Lieu of Payments - Choice Students                | 13,260.00                  | (3,611.00)                      | 9,649.00                | 8,840.00          | 809.00  |
| Contracted Services (Between Home and School) - Vendors                        | 59,672.00                  |                                 | 59,672.00               | 59,670.00         | 2.00  |
| Contracted Services (Other than Between Home & School) - Vendors               |                            | 150.00                          | 150.00                  | 126.00            | 24.00   |
| Contracted Services - (Reg. Students) -ESC& CTSA's                             | 5,800.00                   |                                 | 5,800.00                | 4,807.87          | 992.13  |
| Contracted Services - (Special Education Students) -ESC& CTSA's                | 250,000.00                 | (25,430.00)                     | 224,570.00              | 191,174.35        | 33,395.65   |
| <b>Total Undistributed Expenditures - Student Transportation Services</b>      | <b>372,556.00</b>          | <b>(27,565.00)</b>              | <b>344,991.00</b>       | <b>305,508.79</b> | <b>39,482.21</b>  |
| Undistributed Expenditures - Unallocated Benefits - Employee Benefits:         |                            |                                 |                         |                   |   |
| Unemployment Compensation  | 10,000.00                  | -                               | 10,000.00               | 10,000.00         | -   |

(Continued)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2015

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Positive (Negative)<br/>Final to Actual</u> |
|---|----------------------------|---------------------------------|-------------------------|---------------|---|
| <b>EXPENDITURES (CONT'D):</b>                                   |                            |                                 |                         |               |   |
| Current Expense (Cont'd):                                       |                            |                                 |                         |               |   |
| On-behalf TPAF Pension Contributions (non-budgeted):            |                            |                                 |                         |               |   |
| Normal  |                            |                                 |                         | \$ 117,767.00 | \$ (117,767.00)   |
| Post Retirement Costs   |                            |                                 |                         | 186,955.00    | (186,955.00)  |
| Reimbursed TPAF Social Security<br>Contributions (non-budgeted) |                            |                                 |                         | 179,480.89    | (179,480.89)  |
| Total On-behalf Contributions                                   | \$ -                       | \$ -                            | \$ -                    | 484,202.89    | (484,202.89)  |
| Total Undistributed Expenditures                                | 5,112,079.03               | 145,571.00                      | 5,257,650.03            | 5,434,909.76  | (177,259.73)  |
| Total Current Expense   | 7,965,032.24               | (5,644.00)                      | 7,959,388.24            | 8,043,821.07  | (84,432.83)   |
| Capital Outlay:   |                            |                                 |                         |               |   |
| Equipment   |                            |                                 |                         |               |   |
| Undistributed Expenditures - Instructional                      | 100,927.00                 | 6,000.00                        | 106,927.00              | 106,017.80    | 909.20  |
| Undistributed Expenditures - Non-Instructional Services         | 47,250.00                  | (18,000.00)                     | 29,250.00               | 11,945.00     | 17,305.00   |
| Total Equipment   | 148,177.00                 | (12,000.00)                     | 136,177.00              | 117,962.80    | 18,214.20   |
| Assessment for Debt Service on SDA Funding                      | 34,985.00                  | -                               | 34,985.00               | 34,985.00     | -   |
| Total Capital Outlay  | 183,162.00                 | (12,000.00)                     | 171,162.00              | 152,947.80    | 18,214.20   |
| Transfer of Funds to Charter Schools                            | 178,157.00                 | 17,644.00                       | 195,801.00              | 192,806.00    | 2,995.00  |
| Total Expenditures  | 8,326,351.24               | -                               | 8,326,351.24            | 8,389,574.87  | (63,223.63)   |
| Excess (Deficiency) of Revenues Over (Under) Expenditures       | (536,784.24)               | -                               | (536,784.24)            | (84,909.31)   | (451,874.93)  |

(Continued)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2015

|   | Original<br><u>Budget</u> | Budget<br><u>Modifications</u> | Final<br><u>Budget</u> | <u>Actual</u>          | Variance<br>Positive (Negative)<br><u>Final to Actual</u> |
|---|---------------------------|--------------------------------|------------------------|------------------------|---|
| Excess (Deficiency) of Revenues and Other Financing Sources<br>Over (Under) Expenditures and Other Financing Uses | \$ (536,784.24)           | \$ -                           | \$ (536,784.24)        | \$ (84,909.31)         | \$ (451,874.93)   |
| Fund Balances, July 1   | 1,396,042.38              | -                              | 1,396,042.38           | 1,396,042.38           | -   |
| Fund Balances, June 30  | <u>\$ 859,258.14</u>      | <u>\$ -</u>                    | <u>\$ 859,258.14</u>   | <u>\$ 1,311,133.07</u> | <u>\$ (451,874.93)</u>                                    |
| RECAPITULATION:   |                           |                                |                        |                        |   |
| Restricted Fund Balance:  |                           |                                |                        |                        |   |
| Maintenance Reserve   |                           |                                |                        | \$ 50,000.00           |   |
| Tuition Reserve   |                           |                                |                        | 200,000.00             |   |
| Excess Surplus--Current Year  |                           |                                |                        | 413,132.71             |   |
| Excess Surplus--Prior Year--Designated for Subsequent Year's Expenditures   |                           |                                |                        | 329,272.42             |   |
| Assigned Fund Balance:  |                           |                                |                        |                        |   |
| Year-End Encumbrances   |                           |                                |                        | 12,570.36              |   |
| Designated for Subsequent Year's Expenditures   |                           |                                |                        | 29,985.58              |   |
| Unassigned Fund Balance   |                           |                                |                        | <u>276,172.00</u>      |   |
|   |                           |                                |                        | 1,311,133.07           |   |
| Reconciliation to Governmental Funds Statements (GAAP):   |                           |                                |                        |                        |   |
| Last State Aid Payment not recognized on GAAP Basis   |                           |                                |                        | <u>(336,449.60)</u>    |   |
| Fund Balance per Governmental Funds (GAAP)  |                           |                                |                        | <u>\$ 974,683.47</u>   |   |

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2015

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | Variance<br>Positive (Negative)<br><u>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|---------------|---|
| <b>REVENUES:</b>   |                            |                             |                         |               |   |
| Local Sources:   |                            |                             |                         |               |   |
| Revenue from Local Sources                                   | \$ -                       | \$ 22,500.00                | \$ 22,500.00            | \$ 12,926.23  | \$ (9,573.77)   |
| State Sources:   |                            |                             |                         |               |   |
| Preschool Education Aid                                      | 38,754.00                  | -                           | 38,754.00               | 38,754.00     | -   |
| Federal Sources:   |                            |                             |                         |               |   |
| No Child Left Behind   |                            |                             |                         |               |   |
| Title I  | 158,844.00                 | 23,112.00                   | 181,956.00              | 160,890.00    | (21,066.00)   |
| Title IIA  | 16,753.00                  | 13,333.00                   | 30,086.00               | 19,253.00     | (10,833.00)   |
| I.D.E.A., Part B, Basic                                      | 88,123.00                  | 24,329.00                   | 112,452.00              | 86,638.00     | (25,814.00)   |
| I.D.E.A., Part B, Preschool Incentive                        | 2,623.00                   |                             | 2,623.00                | 2,623.00      |   |
| 21st Century Community Learning Center Grant                 | 300,000.00                 |                             | 300,000.00              | 266,925.00    | (33,075.00)   |
| 21st Century Community Learning<br>Center Grant-Supplemental |                            | 20,000.00                   | 20,000.00               | 8,345.00      | (11,655.00)   |
| Total - Federal Sources                                      | 566,343.00                 | 80,774.00                   | 647,117.00              | 544,674.00    | (102,443.00)  |
| Total Revenues   | 605,097.00                 | 103,274.00                  | 708,371.00              | 596,354.23    | (112,016.77)  |

(Continued)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**

Required Supplementary Information

Budgetary Comparison Schedule

Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | Variance<br>Positive (Negative)<br><u>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|-------------------|---|
| <b>EXPENDITURES:</b>   |                            |                             |                         |                   |   |
| Instruction:   |                            |                             |                         |                   |   |
| Salaries of Teachers   | \$ 257,622.00              | \$ 12,941.00                | \$ 270,563.00           | \$ 247,287.53     | \$ 23,275.47  |
| Salaries - Other Instruction                                 | 70,671.00                  | (13,691.00)                 | 56,980.00               | 56,980.00         |   |
| Purchased Professional - Technical Services                  | 18,600.00                  | (7,500.00)                  | 11,100.00               | 7,720.00          | 3,380.00  |
| Other Purchased Services (400-500 series)                    | 3,073.00                   | (450.00)                    | 2,623.00                | 2,623.00          |   |
| General Supplies   | 23,131.00                  | 44,617.00                   | 67,748.00               | 47,469.86         | 20,278.14   |
| Other Objects  | 9,000.00                   | (4,000.00)                  | 5,000.00                | 4,280.50          | 719.50  |
| <b>Total Instruction</b>                                     | <b>382,097.00</b>          | <b>31,917.00</b>            | <b>414,014.00</b>       | <b>366,360.89</b> | <b>47,653.11</b>  |
| Support Services:  |                            |                             |                         |                   |   |
| Salaries   | 106,311.00                 | 12,049.00                   | 118,360.00              | 113,029.77        | 5,330.23  |
| Personal Services - Employee Benefits                        | 54,184.00                  | 3,757.00                    | 57,941.00               | 45,292.14         | 12,648.86   |
| Purchased Professional - Educational Services                | 10,000.00                  | 17,562.00                   | 27,562.00               | 7,218.75          | 20,343.25   |
| Purchased Professional - Technical Services                  | 27,000.00                  | 14,000.00                   | 41,000.00               | 38,117.15         | 2,882.85  |
| Other Purchased Services (400-500 series)                    | 12,934.00                  | (1,550.00)                  | 11,384.00               | 6,917.00          | 4,467.00  |
| Travel   | 5,502.00                   | (1,500.00)                  | 4,002.00                | 2,616.86          | 1,385.14  |
| Supplies and Materials                                       | 7,069.00                   | 27,039.00                   | 34,108.00               | 16,801.67         | 17,306.33   |
| <b>Total Support Services</b>                                | <b>223,000.00</b>          | <b>71,357.00</b>            | <b>294,357.00</b>       | <b>229,993.34</b> | <b>64,363.66</b>  |
| <b>Total Expenditures</b>                                    | <b>605,097.00</b>          | <b>103,274.00</b>           | <b>708,371.00</b>       | <b>596,354.23</b> | <b>112,016.77</b>   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | \$ -                       | \$ -                        | \$ -                    | \$ -              | \$ -  |

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2015

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

|   | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> |
|---|-------------------------|-------------------------------------|
| Sources / Inflows of Resources:   |                         |                                     |
| Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules   | \$ 8,304,665.56         | \$ 596,354.23                       |
| Differences - Budget to GAAP:   |                         |                                     |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.  |                         | (44,213.79)                         |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes  | 330,349.00              |                                     |
| State aid payment is recognized as revenue for budgetary purposes, not recognized for GAAP statements until subsequent year   | <u>(336,449.60)</u>     |                                     |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds  | <u>\$ 8,298,564.96</u>  | <u>\$ 552,140.44</u>                |
| Uses / Outflows of Resources:   |                         |                                     |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule  | \$ 8,389,574.87         | \$ 596,354.23                       |
| Encumbrances for goods or services ordered but not received are reported in the year the orders are placed for budgetary purposes, but in the year the goods or services are received for financial reporting purposes. |                         | <u>\$ (44,213.79)</u>               |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)  | <u>\$ 8,389,574.87</u>  | <u>\$ 552,140.44</u>                |

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**ACCOUNTING AND REPORTING FOR PENSIONS  
(GASBS NO. 68) SCHEDULES**

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Two Fiscal Years

|   | <u>Measurement Date Ending June 30,</u> |               |
|---|---|---------------|
|   | <u>2014</u>                             | <u>2013</u>   |
| School District's Proportion of the Net Pension Liability   | 0.0062092304%                           | 0.0044792190% |
| School District's Proportionate Share of the Net Pension Liability  | \$ 1,162,538.00                         | \$ 856,068.00 |
| School District's Covered-Employee Payroll  | 441,101.00                              | 388,574.00    |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll | 263.55%                                 | 220.31%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability  | 52.08%                                  | 48.72%        |

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Contributions  
 Public Employees' Retirement System (PERS)  
 Last Two Fiscal Years

|  | <u>Fiscal Year Ended June 30,</u> |                    |
|--|-----------------------------------|--------------------|
|  | <u>2015</u>                       | <u>2014</u>        |
| Contractually Required Contribution  | \$ 56,412.00                      | \$ 51,188.00       |
| Contributions in Relation to the<br>Contractually Required Contribution        | <u>(56,412.00)</u>                | <u>(51,188.00)</u> |
| Contribution Deficiency (Excess)   | <u>\$ -</u>                       | <u>\$ -</u>        |
| School District's Covered-Employee Payroll                                     | \$ 450,108.00                     | \$ 441,101.00      |
| Contributions as a Percentage of<br>School District's Covered-Employee Payroll | 12.53%                            | 11.60%             |

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 Teachers' Pension and Annuity Fund (TPAF)  
 Last Two Fiscal Years

|  | <u>Measurement Date Ending June 30,</u> |                        |
|--|---|------------------------|
|  | <u>2014</u>                             | <u>2013</u>            |
| School District's Proportion of the Net Pension Liability  | 0.00%                                   | 0.00%                  |
| State's Proportion of the Net Pension Liability<br>Associated with the School District                                 | <u>100.00%</u>                          | <u>100.00%</u>         |
|  | <u>100.00%</u>                          | <u>100.00%</u>         |
| School District's Proportionate Share of the Net Pension Liability   | \$ -                                    | \$ -                   |
| State's Proportionate Share of the Net Pension Liability<br>Associated with the School District                        | <u>10,373,450.00</u>                    | <u>9,638,949.00</u>    |
|  | <u>\$ 10,373,450.00</u>                 | <u>\$ 9,638,949.00</u> |
| School District's Covered-Employee Payroll   | \$ 2,204,849.00                         | \$ 2,092,240.00        |
| School District's Proportionate Share of the Net Pension<br>Liability as a Percentage of it's Covered-Employee Payroll | 0.00%                                   | 0.00%                  |
| State's Proportionate Share of the Net Pension<br>Liability as a Percentage of it's Covered-Employee Payroll           | 470.48%                                 | 460.70%                |
| Plan Fiduciary Net Position as a Percentage of the Total<br>Pension Liability  | 33.64%                                  | 33.76%                 |

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Required Supplementary Information  
Schedule of School District's Contributions  
Teachers' Pension and Annuity Fund (TPAF)  
Last 10 Fiscal Years

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This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Notes to Required Supplementary Information - Part III  
For the Fiscal Year Ended June 30, 2015

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**Public Employees' Retirement System (PERS)**

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 5.55% as of June 30, 2013, to 5.39% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

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

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 4.95% as of June 30, 2013, to 4.68% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2015

|  | <u>No Child Left Behind</u> |                  | <u>I.D.E.A. Part B</u> |                            | <u>21st Century Community Learning Center Grant</u> |                     | <u>Preschool Education Aid</u> | <u>Local Grants</u> | <u>Total</u>      |
|--|-----------------------------|------------------|------------------------|----------------------------|---|---------------------|--------------------------------|---------------------|-------------------|
|  | <u>Title I</u>              | <u>Title IIA</u> | <u>Basic</u>           | <u>Preschool Incentive</u> | <u>2014-15</u>                                      | <u>Supplemental</u> |                                |                     |                   |
| <b>REVENUES:</b>   |                             |                  |                        |                            |   |                     |                                |                     |                   |
| Federal Sources  | \$ 160,890.00               | \$ 19,253.00     | \$ 86,638.00           | \$ 2,623.00                | \$ 266,925.00                                       | \$ 8,345.00         |                                |                     | \$ 544,674.00     |
| State Sources  |                             |                  |                        |                            |   |                     | \$ 38,754.00                   |                     | 38,754.00         |
| Local Sources  |                             |                  |                        |                            |   |                     |                                | \$ 12,926.23        | 12,926.23         |
| <b>Total Revenues</b>  | <b>160,890.00</b>           | <b>19,253.00</b> | <b>86,638.00</b>       | <b>2,623.00</b>            | <b>266,925.00</b>                                   | <b>8,345.00</b>     | <b>38,754.00</b>               | <b>12,926.23</b>    | <b>596,354.23</b> |
| <b>EXPENDITURES:</b>   |                             |                  |                        |                            |   |                     |                                |                     |                   |
| <b>Instruction:</b>  |                             |                  |                        |                            |   |                     |                                |                     |                   |
| Salaries of Teachers   | 131,802.98                  |                  | 5,825.10               |                            | 101,907.02  | 7,752.43            |                                |                     | 247,287.53        |
| Salaries - Other Instruction                                 |                             |                  | 18,226.00              |                            |   |                     | 38,754.00                      |                     | 56,980.00         |
| Purchased Professional - Technical Services                  |                             |                  |                        |                            | 7,720.00  |                     |                                |                     | 7,720.00          |
| Other Purchased Services (400-500 series)                    |                             |                  |                        | 2,623.00                   |   |                     |                                |                     | 2,623.00          |
| General Supplies   | 1,183.22                    |                  | 12,175.88              |                            | 21,184.53   |                     |                                | 12,926.23           | 47,469.86         |
| Other Objects  |                             |                  |                        |                            | 4,280.50  |                     |                                |                     | 4,280.50          |
| <b>Total Instruction</b>                                     | <b>132,986.20</b>           | <b>-</b>         | <b>36,226.98</b>       | <b>2,623.00</b>            | <b>135,092.05</b>                                   | <b>7,752.43</b>     | <b>38,754.00</b>               | <b>12,926.23</b>    | <b>366,360.89</b> |
| <b>Support Services:</b>                                     |                             |                  |                        |                            |   |                     |                                |                     |                   |
| Salaries   |                             |                  | 29,412.76              |                            | 83,617.01   |                     |                                |                     | 113,029.77        |
| Personal Services - Employee Benefits                        | 27,009.24                   |                  | 7,416.79               |                            | 10,273.54   | 592.57              |                                |                     | 45,292.14         |
| Purchased Professional - Educational Services                |                             |                  | 7,218.75               |                            |   |                     |                                |                     | 7,218.75          |
| Purchased Professional - Technical Services                  |                             | 16,950.15        |                        |                            | 21,167.00   |                     |                                |                     | 38,117.15         |
| Other Purchased Services (400-500 series)                    |                             |                  |                        |                            | 6,917.00  |                     |                                |                     | 6,917.00          |
| Travel   |                             |                  |                        |                            | 2,616.86  |                     |                                |                     | 2,616.86          |
| Supplies and Materials                                       | 894.56                      | 2,302.85         | 6,362.72               |                            | 7,241.54  |                     |                                |                     | 16,801.67         |
| <b>Total Support Services</b>                                | <b>27,903.80</b>            | <b>19,253.00</b> | <b>50,411.02</b>       | <b>-</b>                   | <b>131,832.95</b>                                   | <b>592.57</b>       | <b>-</b>                       | <b>-</b>            | <b>229,993.34</b> |
| <b>Total Expenditures</b>                                    | <b>160,890.00</b>           | <b>19,253.00</b> | <b>86,638.00</b>       | <b>2,623.00</b>            | <b>266,925.00</b>                                   | <b>8,345.00</b>     | <b>38,754.00</b>               | <b>12,926.23</b>    | <b>596,354.23</b> |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | \$ -                        | \$ -             | \$ -                   | \$ -                       | \$ -  | \$ -                | \$ -                           | \$ -                | \$ -              |

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Special Revenue Fund  
 Schedule of Preschool Education Aid  
 Budgetary Basis  
 For the Fiscal Year Ended June 30, 2015

|                      | <u>Budgeted</u>            | <u>Actual</u>              | <u>Variance</u>    |
|----------------------|----------------------------|----------------------------|--------------------|
| EXPENDITURES:        |                            |                            |                    |
| Instruction:         |                            |                            |                    |
| Salaries of Teachers | <u>\$ 38,754.00</u>        | <u>\$ 38,754.00</u>        | <u>\$ -</u>        |
| Total Expenditures   | <u><u>\$ 38,754.00</u></u> | <u><u>\$ 38,754.00</u></u> | <u><u>\$ -</u></u> |

**Calculation of Budget and Carryover**

|  |                    |
|--|--------------------|
| Total Revised 2014-2015 Preschool Expansion Aid Allocation                               | \$ 38,754.00       |
| Add: Actual Preschool Education Aid Carryover (June 30, 2014)                            | -                  |
| Add: Budgeted Transfer from the General Fund 2014-15                                     | <u>-</u>           |
| Total Preschool Education Aid Funds Available for 2014-2015 Budget                       | 38,754.00          |
| Less: 2014-2015 Budgeted Preschool Education Aid (Including prior year budget carryover) | <u>38,754.00</u>   |
| Available and Unbudgeted Preschool Education Aid as of June 30, 2015                     | -                  |
| Add: June 30, 2015 Unexpended Preschool Education Aid                                    | <u>-</u>           |
| 2014-2015 Carryover - Preschool Education Aid/Preschool                                  | <u><u>\$ -</u></u> |
| 2014-2015 Preschool Education Aid Carryover Budgeted in 2015-2016                        | <u><u>\$ -</u></u> |

**PROPRIETARY FUNDS**

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Enterprise Fund  
Combining Statement of Net Position  
June 30, 2015

|                                  | <u>Food<br/>Service</u> |
|----------------------------------|-------------------------|
| <b>ASSETS:</b>                   |                         |
| Current Assets:                  |                         |
| Cash and Cash Equivalents        | \$ 26,713.42            |
| Accounts Receivable:             |                         |
| State                            | 222.86                  |
| Federal                          | 9,176.90                |
| Inventories                      | 8,070.94                |
| Total Current Assets             | 44,184.12               |
| Noncurrent Assets:               |                         |
| Capital Assets                   | 124,210.20              |
| Less: Accumulated Depreciation   | (85,107.11)             |
| Total Noncurrent Assets          | 39,103.09               |
| Total Assets                     | 83,287.21               |
| <b>LIABILITIES:</b>              |                         |
| Current Liabilities:             |                         |
| Accounts Payable                 | 198.55                  |
| <b>NET POSITION:</b>             |                         |
| Net Investment in Capital Assets | 39,103.09               |
| Unrestricted                     | 43,985.57               |
| Total Net Position               | \$ 83,088.66            |

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Enterprise Fund  
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2015

|  | <u>Food<br/>Service</u>    |
|--|----------------------------|
| <b>OPERATING REVENUES:</b>               |                            |
| Charges for Services:                    |                            |
| Daily Sales - Reimbursable Programs      | \$ 22,767.85               |
| Daily Sales - Non-Reimbursable Programs  | <u>13,164.92</u>           |
| Total Operating Revenues                 | <u>35,932.77</u>           |
| <b>OPERATING EXPENSES:</b>               |                            |
| Salaries and Fringe Benefits             | 69,178.23                  |
| Repairs and Maintenance                  | 7,536.06                   |
| Food Service Management Fee              | 12,499.62                  |
| Direct Expense                           | 2,301.39                   |
| General Supplies                         | 5,907.90                   |
| Miscellaneous                            | 2,347.04                   |
| Depreciation                             | 2,551.19                   |
| Cost of Sales                            | <u>68,182.64</u>           |
| Total Operating Expenses                 | <u>170,504.07</u>          |
| Operating Loss                           | <u>(134,571.30)</u>        |
| <b>NONOPERATING REVENUES (EXPENSES):</b> |                            |
| State Sources:                           |                            |
| State School Lunch Program               | 2,199.49                   |
| Federal Sources:                         |                            |
| National School Lunch Program            | 102,741.62                 |
| National Breakfast Program               | 20,049.23                  |
| Food Distribution Program                | 9,231.52                   |
| Interest Earned                          | <u>19.05</u>               |
| Total Nonoperating Revenues (Expenses)   | <u>134,240.91</u>          |
| Change in Net Position                   | (330.39)                   |
| Net Position -- July 1                   | <u>83,419.05</u>           |
| Net Position -- June 30                  | <u><u>\$ 83,088.66</u></u> |

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Enterprise Fund  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2015

|   | <u>Food<br/>Service</u>       |
|---|-------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                               |
| Receipts from Customers   | \$ 35,932.77                  |
| Payments to Employees   | (69,178.23)                   |
| Payments to Vendors   | <u>(99,182.27)</u>            |
| Net Cash Used for Operating Activities  | <u>(132,427.73)</u>           |
| <b>CASH FLOWS FROM CAPITAL AND RELATED INVESTING ACTIVITIES:</b>                      |                               |
| Acquisition of Capital Assets   | <u>(28,333.20)</u>            |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>                              |                               |
| State Sources   | 2,254.51                      |
| Federal Sources   | <u>131,672.22</u>             |
| Net Cash Provided by Non-Capital Financing Activities                                 | <u>133,926.73</u>             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                               |
| Interest Revenue  | <u>19.05</u>                  |
| Net Decrease in Cash and Cash Equivalents   | (26,815.15)                   |
| Cash and Cash Equivalents -- July 1   | <u>53,528.57</u>              |
| Cash and Equivalents -- June 30   | <u><u>\$ 26,713.42</u></u>    |
| <b>Reconciliation of Operating Loss to Net Cash Used<br/>by Operating Activities:</b> |                               |
| Operating Loss  | \$ (134,571.30)               |
| Adjustments to Reconcile Operating Loss to<br>Cash Used by Operating Activities:      |                               |
| Depreciation  | 2,551.19                      |
| Change in Assets and Liabilities:   |                               |
| (Increase) Decrease in Inventories  | (556.63)                      |
| Increase (Decrease) in Accounts Payable   | <u>149.01</u>                 |
| Total Adjustments   | 2,143.57                      |
| Net Cash Used for Operating Activities  | <u><u>\$ (132,427.73)</u></u> |

**FIDUCIARY FUNDS**

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2015

|   | <u>Trust Funds</u>                           | <u>Agency Funds</u>        |                    |                            |
|---|--|----------------------------|--------------------|----------------------------|
|   | Unemployment<br>Compensation<br><u>Trust</u> | Student<br><u>Activity</u> | <u>Payroll</u>     | <u>Total</u>               |
| <b>ASSETS:</b>  |  |                            |                    |                            |
| Cash and Cash Equivalents                                   | \$ 92,590.25                                 | \$ 17,716.69               | \$ 6,792.89        | \$ 117,099.83              |
| Due From Payroll  | 2,755.64                                     |                            |                    | 2,755.64                   |
| <b>Total Assets</b>   | <b>\$ 95,345.89</b>                          | <b>\$ 17,716.69</b>        | <b>\$ 6,792.89</b> | <b>\$ 119,855.47</b>       |
| <b>LIABILITIES:</b>   |  |                            |                    |                            |
| Payable to District   |  | \$ 225.05                  | \$ 4,037.25        | \$ 4,262.30                |
| Accounts Payable  | \$ 433.13                                    |                            |                    | 433.13                     |
| Due to Unemployment   |  |                            | 2,755.64           | 2,755.64                   |
| Payable to Student Groups                                   |  | 17,491.64                  |                    | 17,491.64                  |
| <b>Total Liabilities</b>                                    | <b>433.13</b>                                | <b>\$ 17,716.69</b>        | <b>\$ 6,792.89</b> | <b>24,942.71</b>           |
| <b>NET POSITION:</b>  |  |                            |                    |                            |
| Held in Trust for Unemployment<br>Claims and Other Purposes | <u>94,912.76</u>                             |                            |                    | <u>94,912.76</u>           |
| <b>Total Net Position</b>                                   | <b>\$ <u>94,912.76</u></b>                   |                            |                    | <b>\$ <u>94,912.76</u></b> |

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Fiduciary Funds  
Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2015

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|                         | Unemployment<br>Compensation<br><u>Trust</u> |
|-------------------------|--|
| ADDITIONS:              |  |
| Contributions:          |  |
| Plan Members            | \$ 6,159.16                                  |
| Board                   | 10,000.00                                    |
| Investment Earnings:    |  |
| Interest                | <u>79.60</u>                                 |
| Total Additions         | 16,238.76                                    |
| DEDUCTIONS:             |  |
| Unemployment Claims     | <u>28,568.32</u>                             |
| Change in Net Position  | (12,329.56)                                  |
| Net Position -- July 1  | <u>107,242.32</u>                            |
| Net Position -- June 30 | <u><u>\$ 94,912.76</u></u>                   |

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Fiduciary Funds  
 Student Activity Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2015

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|   | <u>Balance</u><br><u>June 30, 2014</u> | <u>Cash</u><br><u>Receipts</u> | <u>Cash</u><br><u>Disbursements</u> | <u>Balance</u><br><u>June 30, 2015</u> |
|---|--|--------------------------------|-------------------------------------|--|
| Elementary/Middle School<br>Due to Special Revenue Fund | \$ 11,139.89<br>225.05                 | \$ 31,978.80                   | \$ 25,627.05                        | \$ 17,491.64<br>225.05                 |
| <b>Total Student Activity</b>                           | <u>\$ 11,364.94</u>                    | <u>\$ 31,978.80</u>            | <u>\$ 25,627.05</u>                 | <u>\$ 17,716.69</u>                    |

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2015

|                                     | <u>Balance</u><br><u>June 30, 2014</u> | <u>Receipts</u>        | <u>Disbursements</u>   | <u>Balance</u><br><u>June 30, 2015</u> |
|-------------------------------------|--|------------------------|------------------------|--|
| <b>ASSETS:</b>                      |  |                        |                        |  |
| Cash and Cash Equivalents           | \$ 12,243.11                           | \$ 3,567,079.04        | \$ 3,572,529.26        | \$ 6,792.89                            |
| Due General Fund                    | 3,490.48                               |                        | 3,490.48               |  |
| <b>Total Assets</b>                 | <b>\$ 15,733.59</b>                    | <b>\$ 3,567,079.04</b> | <b>\$ 3,576,019.74</b> | <b>\$ 6,792.89</b>                     |
| <b>LIABILITIES:</b>                 |  |                        |                        |  |
| Payroll Deductions and Withholdings | \$ 12,580.76                           | \$ 1,643,939.70        | \$ 1,656,520.46        |  |
| Due General Fund                    | 3,152.83                               | 884.42                 |                        | \$ 4,037.25                            |
| Due Unemployment Fund               |  | 2,755.64               |                        | 2,755.64                               |
| Net Payroll                         |  | 1,919,499.28           | 1,919,499.28           |  |
| <b>Total Liabilities</b>            | <b>\$ 15,733.59</b>                    | <b>\$ 3,567,079.04</b> | <b>\$ 3,576,019.74</b> | <b>\$ 6,792.89</b>                     |

**LONG-TERM DEBT**

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2015

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities</u> |               | <u>Interest Rate</u> | <u>Balance June 30, 2014</u> | <u>Issued</u> | <u>Paid</u>          | <u>Balance June 30, 2015</u> |
|--------------|----------------------|------------------------|--------------------------|---------------|----------------------|------------------------------|---------------|----------------------|------------------------------|
|              |                      |                        | <u>Date</u>              | <u>Amount</u> |                      |                              |               |                      |                              |
| School Bonds | 9/1/10               | \$ 2,900,000.00        | 9/1/2015                 | \$ 125,000.00 | 3.000%               |                              |               |                      |                              |
|              |                      |                        | 9/1/2016                 | 125,000.00    | 3.000%               |                              |               |                      |                              |
|              |                      |                        | 9/1/2017                 | 150,000.00    | 3.000%               |                              |               |                      |                              |
|              |                      |                        | 9/1/2018                 | 175,000.00    | 3.000%               |                              |               |                      |                              |
|              |                      |                        | 9/1/2019                 | 200,000.00    | 3.000%               |                              |               |                      |                              |
|              |                      |                        | 9/1/2020                 | 225,000.00    | 3.000%               |                              |               |                      |                              |
|              |                      |                        | 9/1/2021                 | 225,000.00    | 3.125%               |                              |               |                      |                              |
|              |                      |                        | 9/1/2022                 | 225,000.00    | 3.500%               |                              |               |                      |                              |
|              |                      |                        | 9/1/2023                 | 225,000.00    | 4.000%               |                              |               |                      |                              |
|              |                      |                        | 9/1/2024                 | 225,000.00    | 4.000%               |                              |               |                      |                              |
|              |                      |                        | 9/1/2025                 | 225,000.00    | 4.000%               |                              |               |                      |                              |
|              |                      |                        | 9/1/2026                 | 250,000.00    | 4.000%               |                              |               |                      |                              |
|              |                      |                        | 9/1/2027                 | 250,000.00    | 4.000%               | \$ 2,750,000.00              |               | \$ 125,000.00        | \$ 2,625,000.00              |
|              |                      |                        |                          |               |                      | <u>\$ 2,750,000.00</u>       | \$ -          | <u>\$ 125,000.00</u> | <u>\$ 2,625,000.00</u>       |

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 For the Fiscal Year Ended June 30, 2015

|   | <u>Original<br/>Budget</u> | <u>Actual</u> | Variance<br>Positive (Negative)<br><u>Final to Actual</u> |
|---|----------------------------|---------------|---|
| <b>REVENUES:</b>  |                            |               |   |
| Local Sources:  |                            |               |   |
| Local Tax Levy  | \$ 215,005.00              | \$ 215,005.00 | \$ -  |
| <b>EXPENDITURES:</b>                                      |                            |               |   |
| Regular Debt Service:                                     |                            |               |   |
| Interest  | 90,097.03                  | 90,097.03     |   |
| Redemption of Principal                                   | 125,000.00                 | 125,000.00    |   |
| Total Regular Debt Service                                | 215,097.03                 | 215,097.03    | -   |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (92.03)                    | (92.03)       | -   |
| Fund Balance, July 1                                      | 92.03                      | 92.03         | -   |
| Fund Balance, June 30                                     | \$ -                       | \$ -          | \$ -  |

## **STATISTICAL SECTION**

## **FINANCIAL TRENDS INFORMATION**

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Net Position/Assets by Component  
 Last Ten Fiscal Years (Accrual Basis of Accounting)  
*Unaudited*

|  | Fiscal Year Ended June 30, |                     |                     |                     |                     |                   |                   |                     |                     |                     |
|--|----------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
|  | <u>2015*</u>               | <u>2014*</u>        | <u>2013</u>         | <u>2012</u>         | <u>2011</u>         | <u>2010</u>       | <u>2009</u>       | <u>2008</u>         | <u>2007</u>         | <u>2006</u>         |
| <b>Governmental Activities:</b>                |                            |                     |                     |                     |                     |                   |                   |                     |                     |                     |
| Net Investment in Capital Assets               | \$ 4,030,987               | \$ 4,052,929        | \$ 4,156,548        | \$ 3,816,322        | \$ 2,775,935        | \$ 846,126        | \$ 869,079        | \$ 1,840,177        | \$ 1,849,006        | \$ 1,842,444        |
| Restricted                                     | 655,956                    | 1,038,041           | 2,057,260           | 1,187,657           | 1,146,667           | 293,617           | 170,715           | 122,958             | 341,021             | 630,042             |
| Unrestricted (Deficit)                         | (676,510)                  | (1,006,136)         | (88,126)            | (140,837)           | (128,893)           | (218,335)         | (273,992)         | (57,882)            | (89,719)            | (122,297)           |
| <b>Total Governmental Activities</b>           |                            |                     |                     |                     |                     |                   |                   |                     |                     |                     |
| Net Position/Assets                            | <u>\$ 4,010,433</u>        | <u>\$ 4,084,834</u> | <u>\$ 6,125,681</u> | <u>\$ 4,863,142</u> | <u>\$ 3,793,709</u> | <u>\$ 921,408</u> | <u>\$ 765,802</u> | <u>\$ 1,905,253</u> | <u>\$ 2,100,308</u> | <u>\$ 2,350,189</u> |
| <b>Business-type Activities:</b>               |                            |                     |                     |                     |                     |                   |                   |                     |                     |                     |
| Net Investment in Capital Assets               | \$ 39,103                  | \$ 13,321           | \$ 6,065            | \$ 4,705            | \$ 5,094            |                   |                   |                     | \$ 2,648            |                     |
| Unrestricted                                   | 43,986                     | 70,098              | 56,757              | 53,680              | 38,445              | \$ 46,596         | \$ 45,302         | \$ 58,412           | 39,710              | \$ 32,146           |
| <b>Total Business-type Activities</b>          |                            |                     |                     |                     |                     |                   |                   |                     |                     |                     |
| Net Position/Assets                            | <u>\$ 83,089</u>           | <u>\$ 83,419</u>    | <u>\$ 62,822</u>    | <u>\$ 58,385</u>    | <u>\$ 43,539</u>    | <u>\$ 46,596</u>  | <u>\$ 45,302</u>  | <u>\$ 58,412</u>    | <u>\$ 42,358</u>    | <u>\$ 32,146</u>    |
| <b>District-wide:</b>                          |                            |                     |                     |                     |                     |                   |                   |                     |                     |                     |
| Net Investment in Capital Assets               | \$ 4,070,090               | \$ 4,066,250        | \$ 4,162,613        | \$ 3,821,027        | \$ 2,781,029        | \$ 846,126        | \$ 869,079        | \$ 1,840,177        | \$ 1,851,654        | \$ 1,842,444        |
| Restricted                                     | 655,956                    | 1,038,041           | 2,057,260           | 1,187,657           | 1,146,667           | 293,617           | 170,715           | 122,958             | 341,021             | 630,042             |
| Unrestricted                                   | (632,524)                  | (936,038)           | (31,370)            | (87,157)            | (90,448)            | (171,739)         | (228,690)         | 530                 | (50,009)            | (90,151)            |
| <b>Total District-wide Net Position/Assets</b> | <u>\$ 4,093,521</u>        | <u>\$ 4,168,253</u> | <u>\$ 6,188,503</u> | <u>\$ 4,921,527</u> | <u>\$ 3,837,248</u> | <u>\$ 968,004</u> | <u>\$ 811,104</u> | <u>\$ 1,963,665</u> | <u>\$ 2,142,666</u> | <u>\$ 2,382,335</u> |

\* Amounts for the years 2015 and 2014 include the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

Source: District Records (Exhibit A-1)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Changes in Net Position/Assets  
 Last Ten Fiscal Years (Accrual Basis of Accounting)  
*Unaudited*

|   | Fiscal Year Ended June 30, |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | <u>2015</u>                | <u>2014</u>         | <u>2013</u>         | <u>2012</u>         | <u>2011</u>         | <u>2010</u>         | <u>2009</u>         | <u>2008</u>         | <u>2007</u>         | <u>2006</u>         |
| <b>Expenses:</b>                                  |                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Governmental Activities:                          |                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Instruction:                                      |                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Regular   | \$ 2,999,836               | \$ 2,448,072        | \$ 2,292,487        | \$ 1,668,159        | \$ 1,955,182        | \$ 1,958,524        | \$ 1,864,626        | \$ 1,793,477        | \$ 1,845,762        | \$ 1,661,041        |
| Special Education                                 | 475,758                    | 458,116             | 380,176             | 743,259             | 318,229             | 311,853             | 300,738             | 323,072             | 282,880             | 288,441             |
| Other Special Education                           |                            |                     | 2,676               |                     |                     |                     |                     |                     |                     |                     |
| Other Instruction                                 | 141,566                    | 110,120             | 45,617              | 4,192               | 2,676               | 2,675               | 78,974              | 64,475              | 26,609              | 29,248              |
| Support Services:                                 |                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Tuition   | 2,754,187                  | 2,301,852           | 2,742,239           | 3,646,023           | 4,362,830           | 4,404,640           | 4,084,093           | 3,700,849           | 3,418,358           | 2,866,195           |
| Student and Instruction Related Services          | 1,036,070                  | 857,512             | 857,733             | 859,430             | 783,890             | 638,517             | 709,007             | 812,810             | 896,603             | 720,371             |
| School Administrative Services                    | 508,579                    | 521,672             | 378,651             | 83,395              | 99,702              | 84,895              | 81,874              | 86,496              | 66,439              | 62,768              |
| Other Administrative Services                     | 148,025                    | 179,428             | 212,707             | 382,266             | 395,272             | 383,363             | 398,117             | 362,514             | 345,237             | 314,466             |
| Plant Operations and Maintenance                  | 620,841                    | 608,867             | 495,458             | 421,106             | 436,250             | 445,561             | 431,737             | 450,243             | 448,910             | 392,895             |
| Pupil Transportation                              | 305,509                    | 248,506             | 325,743             | 321,026             | 306,217             | 314,887             | 394,268             | 426,420             | 439,770             | 369,607             |
| Unallocated Benefits                              | 55,292                     | 441,335             | 554,887             | 343,226             | 289,624             | 337,095             | 305,158             | 433,394             | 417,944             | 276,082             |
| Items Less Than \$2,000 Charged to Capital Outlay | 34,985                     | 234,569             | 20,819              |                     |                     |                     |                     |                     |                     |                     |
| Interest on Long-term Debt                        | 88,847                     | 98,172              | 98,209              | 108,511             | 18,285              | 10,200              | 12,487              | 14,701              | 16,843              | 17,186              |
| Transfer to Charter Schools                       | 192,806                    | 239,658             | 182,572             | 66,757              | 92,300              |                     |                     |                     |                     |                     |
| Unallocated Depreciation                          | 218,233                    | 215,891             | 67,181              | 59,621              | 45,250              | 46,624              | 46,624              | 42,570              | 46,626              | 46,626              |
| <b>Total Governmental Activities Expenses</b>     | <u>9,580,533</u>           | <u>8,963,770</u>    | <u>8,657,158</u>    | <u>8,706,971</u>    | <u>9,105,707</u>    | <u>8,938,834</u>    | <u>8,707,703</u>    | <u>8,511,021</u>    | <u>8,251,981</u>    | <u>7,044,926</u>    |
| Business-type Activities:                         |                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Food Service                                      | 170,504                    | 169,232             | 170,785             | 161,408             | 161,569             | 165,292             | 167,624             | 155,464             | 154,514             | 145,025             |
| <b>Total Business-type Activities Expense</b>     | <u>170,504</u>             | <u>169,232</u>      | <u>170,785</u>      | <u>161,408</u>      | <u>161,569</u>      | <u>165,292</u>      | <u>167,624</u>      | <u>155,464</u>      | <u>154,514</u>      | <u>145,025</u>      |
| <b>Total District Expenses</b>                    | <u>\$ 9,751,037</u>        | <u>\$ 9,133,002</u> | <u>\$ 8,827,943</u> | <u>\$ 8,868,379</u> | <u>\$ 9,267,276</u> | <u>\$ 9,104,126</u> | <u>\$ 8,875,327</u> | <u>\$ 8,666,485</u> | <u>\$ 8,406,495</u> | <u>\$ 7,189,951</u> |

(Continued)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Changes in Net Position/Assets  
 Last Ten Fiscal Years (Accrual Basis of Accounting)  
*Unaudited*

|   | Fiscal Year Ended June 30, |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | <u>2015</u>                | <u>2014</u>           | <u>2013</u>           | <u>2012</u>           | <u>2011</u>           | <u>2010</u>           | <u>2009</u>           | <u>2008</u>           | <u>2007</u>           | <u>2006</u>           |
| <b>Program Revenues:</b>                        |                            |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental Activities:                        |                            |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Operating Grants and Contributions              | \$ 1,476,765               | \$ 1,055,269          | \$ 1,103,633          | \$ 1,059,028          | \$ 1,002,970          | \$ 920,269            | \$ 754,507            | \$ 1,206,911          | \$ 1,476,276          | \$ 1,174,826          |
| Total Governmental Activities Program Revenues  | <u>1,476,765</u>           | <u>1,055,269</u>      | <u>1,103,633</u>      | <u>1,059,028</u>      | <u>1,002,970</u>      | <u>920,269</u>        | <u>754,507</u>        | <u>1,206,911</u>      | <u>1,476,276</u>      | <u>1,174,826</u>      |
| Business-type activities:                       |                            |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Charges for services                            |                            |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Food Service                                    | 35,933                     | 49,561                | 42,673                | 38,465                | 38,666                | 42,793                | 49,782                | 42,704                | 43,805                | 37,711                |
| Operating Grants and Contributions              | 134,222                    | 140,246               | 136,303               | 137,657               | 119,705               | 118,177               | 104,245               | 97,507                | 89,160                | 88,040                |
| Total Business-type Activities Program Revenues | <u>170,155</u>             | <u>189,807</u>        | <u>178,976</u>        | <u>176,122</u>        | <u>158,371</u>        | <u>160,970</u>        | <u>154,027</u>        | <u>140,211</u>        | <u>132,965</u>        | <u>125,751</u>        |
| Total District Program Revenues                 | <u>\$ 1,646,920</u>        | <u>\$ 1,245,076</u>   | <u>\$ 1,282,608</u>   | <u>\$ 1,235,150</u>   | <u>\$ 1,161,341</u>   | <u>\$ 1,081,239</u>   | <u>\$ 908,534</u>     | <u>\$ 1,347,122</u>   | <u>\$ 1,609,241</u>   | <u>\$ 1,300,577</u>   |
| <b>Net (Expense)/Revenue:</b>                   |                            |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental Activities                         | \$ (8,103,768)             | \$ (7,908,501)        | \$ (7,553,525)        | \$ (7,647,943)        | \$ (8,102,737)        | \$ (8,018,565)        | \$ (7,953,196)        | \$ (7,304,110)        | \$ (6,775,705)        | \$ (5,870,100)        |
| Business-type Activities                        | (349)                      | 20,575                | 8,191                 | 14,714                | (3,198)               | (4,322)               | (13,597)              | (15,253)              | (21,549)              | (19,274)              |
| Total District-wide Net Expense                 | <u>\$ (8,104,117)</u>      | <u>\$ (7,887,926)</u> | <u>\$ (7,545,335)</u> | <u>\$ (7,633,229)</u> | <u>\$ (8,105,935)</u> | <u>\$ (8,022,887)</u> | <u>\$ (7,966,793)</u> | <u>\$ (7,319,363)</u> | <u>\$ (6,797,254)</u> | <u>\$ (5,889,374)</u> |

(Continued)

**BOROUGH OF LAWNESIDE SCHOOL DISTRICT**  
 Changes in Net Position/Assets  
 Last Ten Fiscal Years (Accrual Basis of Accounting)  
*Unaudited*

|   | Fiscal Year Ended June 30, |                       |                     |                     |                      |                     |                     |                     |                     |                     |
|---|----------------------------|-----------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | <u>2015</u>                | <u>2014</u>           | <u>2013</u>         | <u>2012</u>         | <u>2011</u>          | <u>2010</u>         | <u>2009</u>         | <u>2008</u>         | <u>2007</u>         | <u>2006</u>         |
| <b>General Revenues and Other Changes in Net Position/Assets:</b> |                            |                       |                     |                     |                      |                     |                     |                     |                     |                     |
| Governmental Activities:  |                            |                       |                     |                     |                      |                     |                     |                     |                     |                     |
| Property Taxes Levied for General Purposes, Net                   | \$ 4,063,082               | \$ 3,983,413          | \$ 4,040,589        | \$ 4,000,589        | \$ 4,594,696         | \$ 4,417,977        | \$ 4,120,078        | \$ 4,026,627        | \$ 3,561,644        | \$ 3,029,515        |
| Taxes Levied for Debt Service                                     | 215,005                    | 185,478               | 188,731             | 225,956             | 19,642               | 39,258              | 45,642              | 40,135              | 16,363              | 52,138              |
| Federal and State Aid Not Restricted                              | 3,727,754                  | 2,507,432             | 4,599,359           | 3,677,849           | 3,451,836            | 3,774,430           | 3,570,652           | 3,069,229           | 2,914,281           | 2,892,959           |
| State Aid Restricted for Capital Projects                         |                            |                       |                     | 595,823             | 2,899,050            |                     |                     |                     |                     | 1,000,000           |
| Investment Earnings   |                            |                       |                     |                     |                      |                     | 60                  | 958                 | 1,445               | 2,380               |
| Miscellaneous Income  | 23,526                     | 52,079                | 38,375              | 218,697             | 9,814                | 22,877              | 26,518              | 2,106               | 62,091              | 77,329              |
| Cancellation of Prior Year Accounts Receivable Transfers          |                            |                       |                     | (1,538)             |                      | (41,575)            |                     | (30,000)            | (30,000)            | (30,000)            |
| <b>Total Governmental Activities</b>                              | <u>8,029,367</u>           | <u>6,728,402</u>      | <u>8,867,054</u>    | <u>8,717,376</u>    | <u>10,975,038</u>    | <u>8,212,967</u>    | <u>7,762,950</u>    | <u>7,109,055</u>    | <u>6,525,824</u>    | <u>7,024,321</u>    |
| Business-type Activities:   |                            |                       |                     |                     |                      |                     |                     |                     |                     |                     |
| Investment Earnings   | 19                         | 22                    | 147                 | 132                 | 141                  | 133                 | 487                 | 1,307               | 1,761               | 1,078               |
| Loss on Disposal of Capital Asset Transfers                       |                            |                       | (3,900)             |                     |                      |                     |                     | 30,000              | 30,000              | 30,000              |
| <b>Total Business-type Activities</b>                             | <u>19</u>                  | <u>22</u>             | <u>(3,753)</u>      | <u>132</u>          | <u>141</u>           | <u>133</u>          | <u>487</u>          | <u>31,307</u>       | <u>31,761</u>       | <u>31,078</u>       |
| <b>Total District-wide</b>  | <u>\$ 8,029,386</u>        | <u>\$ 6,728,424</u>   | <u>\$ 8,863,300</u> | <u>\$ 8,717,508</u> | <u>\$ 10,975,179</u> | <u>\$ 8,213,100</u> | <u>\$ 7,763,437</u> | <u>\$ 7,140,362</u> | <u>\$ 6,557,585</u> | <u>\$ 7,055,399</u> |
| <b>Change in Net Position/Assets:</b>                             |                            |                       |                     |                     |                      |                     |                     |                     |                     |                     |
| Governmental Activities   | \$ (74,402)                | \$ (1,180,099)        | \$ 1,313,528        | \$ 1,069,433        | \$ 2,872,301         | \$ 194,402          | \$ (190,246)        | \$ (195,055)        | \$ (249,881)        | \$ 1,154,221        |
| Business-type Activities  | (330)                      | 20,597                | 4,437               | 14,846              | (3,057)              | (4,189)             | (13,110)            | 16,054              | 10,212              | 11,804              |
| <b>Total District</b>   | <u>\$ (74,732)</u>         | <u>\$ (1,159,502)</u> | <u>\$ 1,317,965</u> | <u>\$ 1,084,279</u> | <u>\$ 2,869,244</u>  | <u>\$ 190,213</u>   | <u>\$ (203,356)</u> | <u>\$ (179,001)</u> | <u>\$ (239,669)</u> | <u>\$ 1,166,025</u> |

\* Amounts for 2015 include the expense associated with the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

Source: District Records (Exhibit A-2)

**BOROUGH OF LAWSIDE SCHOOL DISTRICT**  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)  
*Unaudited*

|  | Fiscal Year Ended June 30, |                     |                     |                   |                     |                   |                    |                    |                    |                   |
|--|----------------------------|---------------------|---------------------|-------------------|---------------------|-------------------|--------------------|--------------------|--------------------|-------------------|
|  | <u>2015</u>                | <u>2014</u>         | <u>2013</u>         | <u>2012</u>       | <u>2011</u>         | <u>2010</u>       | <u>2009</u>        | <u>2008</u>        | <u>2007</u>        | <u>2006</u>       |
| General Fund:                                    |                            |                     |                     |                   |                     |                   |                    |                    |                    |                   |
| Restricted:                                      |                            |                     |                     |                   |                     |                   |                    |                    |                    |                   |
| Other Reserves                                   | \$ 250,000                 | \$ 250,000          |                     |                   |                     | \$ 18,642         | \$ 18,642          | \$ 18,582          | \$ 17,624          | \$ 16,178         |
| Excess Surplus                                   | 76,683                     | 328,938             | \$ 459,011          | \$ 344,949        | \$ 126,435          |                   |                    |                    |                    | 310,662           |
| Designated for Subsequent<br>Year's Expenditures | 329,272                    | 459,011             | 344,949             |                   |                     |                   |                    |                    |                    |                   |
| Assigned:  |                            |                     |                     |                   |                     |                   |                    |                    |                    |                   |
| Designated for Subsequent<br>Year's Expenditures | 29,986                     | 22,011              |                     | 227,559           |                     | 241,696           | 136,394            | 85,394             | 310,662            | 226,403           |
| Other Purposes                                   | 12,570                     | 55,762              | 157,468             | 3,635             | 27,344              | 27,344            | 9,744              | 18,980             | 12,732             | 17,923            |
| Unassigned (Deficit)                             | 276,172                    | (50,029)            | (71,368)            | (76,606)          | (41,804)            | (135,188)         | (187,285)          | 52,979             | 23,274             | (1,842)           |
| <b>Total General Fund</b>                        | <u>\$ 974,683</u>          | <u>\$ 1,065,693</u> | <u>\$ 890,060</u>   | <u>\$ 499,537</u> | <u>\$ 111,975</u>   | <u>\$ 152,494</u> | <u>\$ (22,505)</u> | <u>\$ 175,935</u>  | <u>\$ 364,292</u>  | <u>\$ 569,324</u> |
| All Other Governmental Funds:                    |                            |                     |                     |                   |                     |                   |                    |                    |                    |                   |
| Unreserved, Reported in:                         |                            |                     |                     |                   |                     |                   |                    |                    |                    |                   |
| Special Revenue Fund                             |                            |                     |                     |                   | \$ 6,427            | \$ (3,706)        | \$ (3,586)         | \$ (22,280)        | \$ (18,580)        |                   |
| Capital Projects Fund                            |                            |                     |                     | \$ 605,321        | 996,529             |                   |                    |                    |                    | \$ 34,672         |
| Debt Service Fund                                |                            |                     |                     | 6,193             | 2,417               | 5,935             | 5,935              | 2                  | 3                  | 24,204            |
| Restricted:                                      |                            |                     |                     |                   |                     |                   |                    |                    |                    |                   |
| Capital Projects Fund                            |                            |                     | \$ 1,249,523        |                   |                     |                   |                    |                    |                    |                   |
| Debt Service Fund                                |                            | \$ 92               | 3,777               |                   |                     |                   |                    |                    |                    |                   |
| <b>Total All Other Governmental Funds</b>        | <u>\$ -</u>                | <u>\$ 92</u>        | <u>\$ 1,253,300</u> | <u>\$ 611,514</u> | <u>\$ 1,005,373</u> | <u>\$ 2,229</u>   | <u>\$ 2,349</u>    | <u>\$ (22,278)</u> | <u>\$ (18,577)</u> | <u>\$ 58,876</u>  |

Source: District Records (Exhibit B-1)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)  
*Unaudited*

|  | Fiscal Year Ended June 30, |                       |                     |                  |                   |                   |                     |                     |                     |                   |
|--|----------------------------|-----------------------|---------------------|------------------|-------------------|-------------------|---------------------|---------------------|---------------------|-------------------|
|  | <u>2015</u>                | <u>2014</u>           | <u>2013</u>         | <u>2012</u>      | <u>2011</u>       | <u>2010</u>       | <u>2009</u>         | <u>2008</u>         | <u>2007</u>         | <u>2006</u>       |
| <b>Revenues:</b>   |                            |                       |                     |                  |                   |                   |                     |                     |                     |                   |
| Tax Levy   | \$ 4,278,087               | \$ 4,168,891          | \$ 4,229,320        | \$ 4,226,545     | \$ 4,614,338      | \$ 4,457,235      | \$ 4,165,720        | \$ 4,066,762        | \$ 3,578,007        | \$ 3,081,653      |
| Miscellaneous  | 36,452                     | 52,078                | 38,375              | 218,697          | 9,814             | 22,877            | 26,578              | 3,064               | 63,536              | 79,709            |
| State Sources  | 4,250,711                  | 2,973,999             | 5,093,288           | 4,549,424        | 6,682,148         | 3,537,837         | 3,994,192           | 3,974,555           | 3,792,638           | 4,610,768         |
| Federal Sources  | 500,460                    | 588,702               | 609,704             | 783,276          | 671,708           | 1,156,862         | 330,967             | 301,585             | 597,919             | 457,017           |
| <b>Total Revenue</b>   | <b>9,065,710</b>           | <b>7,783,670</b>      | <b>9,970,686</b>    | <b>9,777,942</b> | <b>11,978,008</b> | <b>9,174,811</b>  | <b>8,517,457</b>    | <b>8,345,966</b>    | <b>8,032,100</b>    | <b>8,229,147</b>  |
| <b>Expenditures:</b>   |                            |                       |                     |                  |                   |                   |                     |                     |                     |                   |
| Instruction  |                            |                       |                     |                  |                   |                   |                     |                     |                     |                   |
| Regular Instruction  | 2,428,823                  | 2,421,727             | 2,266,582           | 1,650,109        | 1,954,545         | 1,959,348         | 1,820,976           | 1,767,624           | 1,836,766           | 1,614,212         |
| Special Education Instruction                                | 376,756                    | 458,116               | 382,852             | 743,259          | 318,229           | 311,853           | 300,738             | 323,072             | 282,880             | 288,441           |
| Other Instruction  | 141,566                    | 110,120               | 45,617              | 4,192            | 2,676             | 2,675             | 78,974              | 64,475              | 26,609              | 29,248            |
| Support Services:  |                            |                       |                     |                  |                   |                   |                     |                     |                     |                   |
| Tuition  | 2,488,385                  | 2,301,852             | 2,742,239           | 3,643,431        | 4,362,830         | 4,284,342         | 4,064,815           | 3,690,616           | 3,408,469           | 2,847,390         |
| Student and Instruction Related Services                     | 968,183                    | 857,512               | 857,733             | 859,430          | 783,890           | 638,517           | 709,007             | 812,810             | 896,603             | 720,371           |
| School Administrative Services                               | 503,815                    | 521,672               | 373,886             | 83,395           | 99,702            | 84,895            | 81,874              | 86,496              | 66,439              | 62,768            |
| Other Administrative Services                                | 222,588                    | 174,663               | 212,707             | 378,061          | 395,147           | 383,238           | 397,992             | 355,462             | 337,470             | 306,699           |
| Plant Operations and Maintenance                             | 620,841                    | 608,866               | 495,458             | 421,106          | 436,250           | 445,561           | 431,737             | 450,243             | 448,910             | 392,895           |
| Pupil Transportation   | 305,509                    | 248,506               | 325,743             | 321,026          | 306,217           | 314,887           | 394,268             | 426,420             | 439,770             | 369,607           |
| Unallocated Benefits   | 539,495                    | 442,541               | 492,274             | 343,226          | 289,624           | 337,095           | 305,158             | 433,394             | 417,944             | 276,082           |
| Transfer to Charter Schools                                  | 192,806                    | 239,658               | 182,572             | 66,757           | 92,300            | 120,298           | 19,278              | 10,233              | 9,889               | 18,805            |
| Capital Outlay   | 152,948                    | 256,938               | 339,655             | 1,001,566        | 4,811,651         |                   | 9,935               | 9,840               | 34,672              | 976,028           |
| Debt Service:  |                            |                       |                     |                  |                   |                   |                     |                     |                     |                   |
| Principal  | 125,000                    | 121,014               | 119,241             | 117,552          | 65,984            | 64,492            | 63,106              | 61,743              | 60,455              | 59,216            |
| Interest and Other Charges                                   | 90,097                     | 97,725                | 101,816             | 138,644          | 8,823             | 11,156            | 13,412              | 15,596              | 17,709              | 19,756            |
| <b>Total Expenditures</b>                                    | <b>9,156,812</b>           | <b>8,860,910</b>      | <b>8,938,377</b>    | <b>9,771,754</b> | <b>13,927,868</b> | <b>8,958,357</b>  | <b>8,691,270</b>    | <b>8,508,024</b>    | <b>8,284,585</b>    | <b>7,981,518</b>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (91,102)                   | (1,077,240)           | 1,032,309           | 6,188            | (1,949,860)       | 216,454           | (173,813)           | (162,058)           | (252,485)           | 247,629           |
| <b>Other Financing Sources (Uses):</b>                       |                            |                       |                     |                  |                   |                   |                     |                     |                     |                   |
| Sale of Bonds  |                            |                       |                     |                  | 2,900,000         |                   |                     |                     |                     |                   |
| Accounts Receivable/Payable Canceled                         |                            |                       |                     |                  |                   | (41,575)          |                     |                     |                     |                   |
| Transfers In/Out   |                            |                       |                     |                  |                   |                   |                     | (30,000)            | (30,000)            | (30,000)          |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>-</b>                   | <b>-</b>              | <b>-</b>            | <b>-</b>         | <b>2,900,000</b>  | <b>(41,575)</b>   | <b>-</b>            | <b>(30,000)</b>     | <b>(30,000)</b>     | <b>(30,000)</b>   |
| <b>Net Change in Fund Balances</b>                           | <b>\$ (91,102)</b>         | <b>\$ (1,077,240)</b> | <b>\$ 1,032,309</b> | <b>\$ 6,188</b>  | <b>\$ 950,140</b> | <b>\$ 174,879</b> | <b>\$ (173,813)</b> | <b>\$ (192,058)</b> | <b>\$ (282,485)</b> | <b>\$ 217,629</b> |
| Debt Service as a Percentage of<br>Noncapital Expenditures   | 2.39%                      | 2.54%                 | 2.57%               | 2.92%            | 0.82%             | 0.84%             | 0.88%               | 0.91%               | 0.95%               | 1.13%             |

Source: District Records (Exhibit B-2)

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 General Fund - Other Local Revenue by Source  
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)  
*Unaudited*

|                                | Fiscal Year Ended June 30, |                  |                  |                   |                 |                  |                  |                  |                  |                  |
|--------------------------------|----------------------------|------------------|------------------|-------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
|                                | <u>2015</u>                | <u>2014</u>      | <u>2013</u>      | <u>2012</u>       | <u>2011</u>     | <u>2010</u>      | <u>2009</u>      | <u>2008</u>      | <u>2007</u>      | <u>2006</u>      |
| Refunds of Prior Year Expenses | \$ 16,244                  | \$ 15,904        | \$ 16,455        | \$ 159,102        | \$ 5,165        | \$ 17,807        | \$ 19,917        | \$ 3,194         | \$ 9,025         | \$ 5,023         |
| Interest on Investments        | 1,055                      | 879              | 2,372            | 1,937             | 4,566           | 3,100            | 6,161            | 15,818           | 53,732           | 74,147           |
| Energy Savings                 |                            |                  |                  | 57,573            |                 |                  |                  |                  |                  |                  |
| Rentals                        |                            |                  |                  |                   |                 | 300              |                  |                  | 51               | 539              |
| Write Off Receivable           |                            |                  |                  |                   |                 |                  | (15,990)         |                  |                  |                  |
| Miscellaneous                  | 6,228                      | 35,295           | 19,548           | 85                | 83              | 1,670            | 500              | 42               | 728              |                  |
|                                | <u>\$ 23,526</u>           | <u>\$ 52,078</u> | <u>\$ 38,375</u> | <u>\$ 218,697</u> | <u>\$ 9,814</u> | <u>\$ 22,877</u> | <u>\$ 10,588</u> | <u>\$ 19,054</u> | <u>\$ 63,536</u> | <u>\$ 79,709</u> |

Source: District Records

## **REVENUE CAPACITY INFORMATION**

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years  
*Unaudited*

| Year Ended Dec. 31 | Vacant Land  | Residential    | Commercial    | Industrial    | Apartment    | Total Assessed Value | Public Utilities (1) | Net Valuation Taxable | Tax-Exempt Property | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate (2) |
|--------------------|--------------|----------------|---------------|---------------|--------------|----------------------|----------------------|-----------------------|---------------------|---|----------------------------------|
| 2015               | \$ 3,857,400 | \$ 134,389,500 | \$ 55,513,500 | \$ 15,811,100 | \$ 4,621,800 | \$ 214,193,300       | \$ 334,869           | \$ 214,528,169        | \$ 21,198,800       | \$ 228,035,026                            | \$ 2.021                         |
| 2014               | 3,814,600    | 134,641,300    | 55,861,800    | 15,811,100    | 4,621,800    | 214,750,600          | 329,408              | 215,080,008           | 21,198,800          | 236,796,339                               | 1.964                            |
| 2013               | 4,467,700    | 134,936,000    | 56,385,400    | 15,916,400    | 4,621,800    | 216,327,300          | 341,014              | 216,668,314           | 20,363,400          | 216,327,300                               | 1.938                            |
| 2012 (A)           | 3,046,500    | 100,607,600    | 39,976,300    | 11,728,600    | 3,241,600    | 158,600,600          | 249,741              | 158,850,341           | 15,483,500          | 217,617,600                               | 1.940                            |
| 2011               | 3,007,500    | 101,005,400    | 39,976,300    | 11,728,600    | 3,241,600    | 158,959,400          | 249,741              | 159,209,141           | 15,391,700          | 264,984,836                               | 2.784                            |
| 2010               | 3,021,400    | 103,162,500    | 40,379,500    | 11,878,600    | 3,241,600    | 161,683,600          | 343,074              | 162,026,674           | 15,264,400          | 263,000,307                               | 2.850                            |
| 2009               | 3,035,500    | 103,367,000    | 40,437,900    | 11,953,200    | 3,241,600    | 162,035,200          | 264,831              | 162,300,031           | 14,928,700          | 260,360,980                               | 2.597                            |
| 2008               | 2,924,000    | 102,282,000    | 39,830,200    | 12,203,200    | 3,241,600    | 160,481,000          | 247,432              | 160,728,432           | 14,928,700          | 249,239,255                               | 2.561                            |
| 2007               | 3,744,000    | 96,116,300     | 39,808,600    | 11,250,000    | 3,241,600    | 154,160,500          | 211,982              | 154,372,482           | 15,214,900          | 226,579,223                               | 2.476                            |
| 2006               | 4,228,600    | 89,588,100     | 39,388,700    | 11,250,000    | 3,241,600    | 147,697,000          | 194,240              | 147,891,240           | 14,751,400          | 194,132,884                               | 2.251                            |

**(A) Reassessment**

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax rates are per \$100

Source: Camden County Board of Taxation

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 (Rate per \$100 of Assessed Value)  
*Unaudited*

| Year<br>Ended<br><u>Dec. 31</u> | <u>District Direct Rate</u> |  |   | <u>Overlapping Rates</u>       |                          | <u>Total Direct<br/>and Overlapping<br/>Tax Rate</u> |
|---------------------------------|-----------------------------|--|---|--------------------------------|--------------------------|--|
|                                 | <u>Basic Rate</u>           | <u>General<br/>Obligation Debt<br/>Service (2)</u> | <u>Total Direct<br/>School<br/>Tax Rate</u> | <u>Borough of<br/>Lawnside</u> | <u>Camden<br/>County</u> |  |
| 2015                            | \$ 1.921                    | \$ 0.100   | \$ 2.021                                    | \$ 0.947                       | \$ 0.938                 | \$ 3.907   |
| 2014                            | 1.877                       | 0.087  | 1.964                                       | 0.944                          | 0.934                    | 3.842  |
| 2013                            | 1.858                       | 0.080  | 1.938                                       | 0.954                          | 0.913                    | 3.805  |
| 2012                            | 1.800                       | 0.140  | 1.940                                       | 0.964                          | 0.912                    | 3.816  |
| 2011                            | 2.644                       | 0.140  | 2.784                                       | 1.367                          | 1.185                    | 5.336  |
| 2010                            | 2.830                       | 0.020  | 2.850                                       | 1.187                          | 1.060                    | 5.097  |
| 2009                            | 2.577                       | 0.020  | 2.597                                       | 0.929                          | 0.996                    | 4.522  |
| 2008                            | 2.521                       | 0.040  | 2.561                                       | 0.918                          | 0.985                    | 4.464  |
| 2007                            | 2.440                       | 0.036  | 2.476                                       | 0.820                          | 0.941                    | 4.237  |
| 2006                            | 2.222                       | 0.029  | 2.251                                       | 0.689                          | 1.065                    | 4.005  |

Source: Municipal Tax Collector

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Principal Property Tax Payers  
Current Year and Ten Years Ago  
*Unaudited*

| <u>Taxpayer</u>                          | <u>2015</u>                   |             |   | <u>Taxpayer</u>                         | <u>2005</u>                   |             |   |
|--|-------------------------------|-------------|---|---|-------------------------------|-------------|---|
|  | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>% of Total District Net Assessed Value</u> |   | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>% of Total District Net Assessed Value</u> |
| Edison Corp & BT-Newyo LLC Tax Dept.     | \$ 14,605,200                 | 1           | 6.79%   | BT-Newyo LLC Tax Dept.                  | \$ 11,250,000                 | 1           | 7.96%   |
| Vomado Realty Trust                      | 12,344,900                    | 2           | 5.74%   | Vomado Realty Trust                     | 8,500,000                     | 2           | 6.02%   |
| The Four B's - Block 1303, Lot 9         | 10,500,000                    | 3           | 4.88%   | Lowe's Home Improvement                 | 8,150,000                     | 3           | 5.77%   |
| Seven Hills Realty Association - K Mart  | 7,363,100                     | 4           | 3.42%   | K Mart                                  | 5,500,000                     | 4           | 3.89%   |
| Golden Fountain Realty Inc               | 4,820,700                     | 5           | 2.24%   | Trauts-South Plansfield                 | 3,369,100                     | 5           | 2.38%   |
| Storage Portfolio Bravo II LLC           | 2,931,700                     | 6           | 1.36%   | Susa Partnership                        | 1,949,900                     | 6           | 1.38%   |
| Streamwood Associates - Block 101, Lot 3 | 2,779,500                     | 7           | 1.29%   | Sarshik, Harold D.                      | 1,696,000                     | 7           | 1.20%   |
| EBL & S Prop MGM Lawnside Two Assoc.     | 1,400,000                     | 8           | 0.65%   | EBL & S Prop MGM Lawnside Two Assoc.    | 1,165,000                     | 8           | 0.82%   |
| Streamwood Associates - Block 804, Lot 6 | 1,375,900                     | 9           | 0.64%   | Sarshik, Harold D. T/A Lawnside Gardens | 1,067,000                     | 9           | 0.76%   |
| The Four B's - Block 1303, Lot 4         | 1,005,900                     | 10          | 0.47%   | Vineland Construction                   | 890,800                       | 10          | 0.63%   |
| <b>Total</b>                             | <b>\$ 59,126,900</b>          |             | <b>27.49%</b>                                 |   | <b>\$ 43,537,800</b>          |             | <b>30.82%</b>                                 |

Source: District CAFR & Municipal Tax Assessor

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years  
*Unaudited*

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| <u>Fiscal Year<br/>Ended June 30.</u> | School District<br>Taxes Levied<br>for the<br><u>Fiscal Year</u> | <u>Collected within the Fiscal Year of the Levy</u> |                               | <u>Collections in<br/>Subsequent Years</u> |
|---------------------------------------|--|---|-------------------------------|--|
|                                       |  | <u>Amount</u>                                       | <u>Percentage<br/>of Levy</u> |  |
| 2015                                  | \$ 4,278,087   | \$ 4,078,451  | 95.33%                        | \$ 199,636.00                              |
| 2014                                  | 4,168,891  | 3,969,255   | 95.21%                        | 199,636.00                                 |
| 2013                                  | 4,229,320  | 4,229,324   | 100.00%                       | (4.00)                                     |
| 2012                                  | 4,226,545  | 3,636,900   | 86.05%                        | 589,645.00                                 |
| 2011                                  | 4,614,338  | 5,004,338   | 108.45%                       | (390,000.00)                               |
| 2010                                  | 4,457,235  | 4,457,235   | 100.00%                       | -  |
| 2009                                  | 4,165,720  | 4,165,720   | 100.00%                       | -  |
| 2008                                  | 4,066,762  | 4,066,762   | 100.00%                       | -  |
| 2007                                  | 3,578,007  | 3,578,007   | 100.00%                       | -  |
| 2006                                  | 3,081,653  | 3,081,653   | 100.00%                       | -  |

(1) School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: District Records

## **Debt Capacity Information**

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
*Unaudited*

| Fiscal<br>Year Ended<br>June 30, | Governmental Activities            |            |                   |                                      | Business-Type<br>Activities |                | Percentage of<br>Personal<br>Income (2) | Outstanding<br>Debt Per<br>Capital (3) |
|----------------------------------|------------------------------------|------------|-------------------|--------------------------------------|-----------------------------|----------------|---|--|
|                                  | General<br>Obligation<br>Bonds (1) | Loans      | Capital<br>Leases | Bond<br>Authorized<br>but not Issued | Capital Leases              | Total District |   |  |
| 2015                             | \$ 2,625,000                       | \$ 500,000 |                   |                                      |                             | \$ 3,125,000   | Unavailable                             | Unavailable                            |
| 2014                             | 2,750,000                          | 500,000    |                   |                                      |                             | 3,250,000      | Unavailable                             | 1,117                                  |
| 2013                             | 2,871,014                          | 3,100,000  |                   |                                      |                             | 5,971,014      | 4.48%                                   | 2,041                                  |
| 2012                             | 2,990,255                          | 2,600,000  |                   |                                      |                             | 5,590,255      | 4.23%                                   | 1,904                                  |
| 2011                             | 3,107,807                          | 2,600,000  |                   |                                      |                             | 5,707,807      | 4.39%                                   | 1,940                                  |
| 2010                             | 273,790                            |            |                   | \$ 2,900,000                         |                             | 3,173,790      | 2.55%                                   | 1,077                                  |
| 2009                             | 338,282                            |            |                   |                                      |                             | 338,282        | 0.28%                                   | 119                                    |
| 2008                             | 401,389                            |            |                   |                                      |                             | 401,389        | 0.35%                                   | 141                                    |
| 2007                             | 463,132                            |            |                   |                                      |                             | 463,132        | 0.43%                                   | 163                                    |
| 2006                             | 523,587                            |            |                   |                                      |                             | 523,587        | 0.52%                                   | 187                                    |

## Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (3) Per capita personal income by municipality-estimated based upon the 2010 Census published by the US Bureau of Economic Analysis

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years  
*Unaudited*

| Fiscal<br>Year Ended<br><u>June 30,</u> | General Bonded Debt Outstanding             |                   | Percentage of<br>Net Assessed<br>Valuation<br><u>Taxable (2)</u> | <u>Per Capita (3)</u> |  |
|---|---|-------------------|--|-----------------------|--|
|   | General<br>Obligation<br><u>Bonds/Loans</u> | <u>Deductions</u> |  |                       | Net General<br>Bonded Debt<br><u>Outstanding</u> |
| 2015                                    | \$ 3,125,000                                |                   | \$ 3,125,000   | 1.62%                 | Unavailable                                      |
| 2014                                    | 3,250,000                                   |                   | 3,250,000  | 1.68%                 | 1,117  |
| 2013                                    | 5,971,014                                   |                   | 5,971,014  | 3.04%                 | 2,041  |
| 2012                                    | 5,590,255                                   |                   | 5,590,255  | 1.88%                 | 1,055  |
| 2011                                    | 5,707,807                                   |                   | 5,707,807  | 1.95%                 | 1,016  |
| 2010                                    | 3,173,790                                   |                   | 3,173,790  | 1.96%                 | 1,118  |
| 2009                                    | 338,282                                     |                   | 338,282  | 0.21%                 | 119  |
| 2008                                    | 401,389                                     |                   | 401,389  | 0.25%                 | 141  |
| 2007                                    | 463,132                                     |                   | 463,132  | 0.30%                 | 165  |
| 2006                                    | 523,587                                     |                   | 523,587  | 0.35%                 | 189  |

**Sources:**

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2014  
*Unaudited*

|   | <u>Gross Debt</u>  | <u>Deductions</u>      | <u>Statutory<br/>Net<br/>Debt<br/>Outstanding</u> | <u>Net Debt<br/>Outstanding<br/>Allocated to<br/>Lawnside Borough</u> |
|---|--------------------|------------------------|---|---|
| Municipal Debt: (1)   |                    |                        |   |   |
| Lawnside Borough School District                                | \$ 3,125,000       | \$ 3,125,000           |   |   |
| Lawnside Borough Water & Sewer Utility                          | 725,000            | 725,000                |   |   |
| Lawnside Borough  | <u>1,703,909</u>   |                        | <u>\$ 1,703,909</u>                               | <u>\$ 1,703,909</u>   |
|   | <u>5,553,909</u>   | <u>3,850,000</u>       | <u>1,703,909</u>                                  | <u>1,703,909</u>  |
| Overlapping Debt Apportioned to<br>the Municipality:            |                    |                        |   |   |
| County of Camden: (2)   |                    |                        |   |   |
| General:  |                    |                        |   |   |
| Bonds   | 39,300,000         | 15,276,822 (3)         | 24,023,178  | 153,748   |
| Loan Agreement  | 222,633,219        |                        | 222,633,219                                       | 1,424,853   |
| Bonds Issued by Other Public Bodies<br>Guaranteed by the County | <u>675,337,694</u> | <u>675,337,694 (4)</u> |   | <u>(4)</u>  |
|   | <u>937,270,913</u> | <u>690,614,516</u>     | <u>246,656,397</u>                                | <u>1,578,601</u>  |
|   | <u>942,824,822</u> | <u>694,464,516</u>     | <u>248,360,306</u>                                | <u>3,282,510</u>  |

## Sources:

- (1) 2014 Annual Debt Statement
- (2) County's 2014 Audit Report
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Such debt is allocated as a proportion of the Borough's share of the total 2014 Equalized Value, which is 0.64%.

The source for this computation was the 2014 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
*Unaudited*

**Legal Debt Margin Calculation for Fiscal Year 2015**

|   |                         |
|---|-------------------------|
| Equalized valuation basis (1)                     |                         |
|   | 2012 \$ 237,833,443     |
|   | 2013 238,534,899        |
|   | 2014 <u>228,628,340</u> |
|   | <u>\$ 704,996,682</u>   |
| Average equalized valuation of taxable property   | \$ 234,998,894          |
| Debt limit (3% of average equalization value) (2) | 7,049,967               |
| Total Net Debt Applicable to Limit                | <u>3,125,000</u>        |
| Legal Debt Margin                                 | <u>\$ 3,924,967</u>     |

## Fiscal Year Ended June 30,

|   | <u>2015</u>         | <u>2014</u>         | <u>2013</u>         | <u>2012</u>         | <u>2011</u>         | <u>2010</u>         | <u>2009</u>         | <u>2008</u>         | <u>2007</u>         | <u>2006</u>         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Debt limit  | \$ 7,049,967        | \$ 7,327,131        | \$ 7,620,438        | \$ 7,858,950        | \$ 7,856,642        | \$ 7,556,640        | \$ 6,910,137        | \$ 6,224,887        | \$ 5,370,537        | \$ 4,854,514        |
| Total net debt applicable to limit (3)                                  | <u>3,125,000</u>    | <u>3,250,000</u>    | <u>5,971,014</u>    | <u>5,971,014</u>    | <u>5,590,255</u>    | <u>3,173,790</u>    | <u>338,282</u>      | <u>401,389</u>      | <u>463,132</u>      | <u>523,587</u>      |
| Legal debt margin   | <u>\$ 3,924,967</u> | <u>\$ 4,077,131</u> | <u>\$ 1,649,424</u> | <u>\$ 1,887,936</u> | <u>\$ 2,266,387</u> | <u>\$ 4,382,850</u> | <u>\$ 6,571,855</u> | <u>\$ 5,823,498</u> | <u>\$ 4,907,405</u> | <u>\$ 4,330,927</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 44.33%              | 44.36%              | 78.36%              | 75.98%              | 71.15%              | 42.00%              | 4.90%               | 6.45%               | 8.62%               | 10.79%              |

## Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
- (3) District Records

## **Demographic and Economic Information**

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
*Unaudited*

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| <u>Year</u> | <u>Population (1)</u> | <u>Personal<br/>Income (2)</u> | <u>Per Capita<br/>Personal<br/>Income (3)</u> | <u>Unemployment<br/>Rate (4)</u> |
|-------------|-----------------------|--------------------------------|---|----------------------------------|
| 2014        | 2909                  | Unavailable                    | Unavailable                                   | 11.0%                            |
| 2013        | 2926                  | \$ 133,261,744                 | \$ 45,544                                     | 11.8%                            |
| 2012        | 2936                  | 132,304,968                    | 45,063  | 15.1%                            |
| 2011        | 2942                  | 130,121,718                    | 44,229  | 15.0%                            |
| 2010        | 2946                  | 124,409,580                    | 42,230  | 15.2%                            |
| 2009        | 2838                  | 119,298,168                    | 42,036  | 14.5%                            |
| 2008        | 2841                  | 119,481,096                    | 42,056  | 9.4%                             |
| 2007        | 2842                  | 115,947,916                    | 40,798  | 7.2%                             |
| 2006        | 2807                  | 110,522,818                    | 39,374  | 7.8%                             |
| 2005        | 2776                  | 100,766,024                    | 36,299  | 7.2%                             |

**Source:**

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per capita personal income by municipality-estimated based upon the 2010 Census published by the US Bureau of Economic Analysis
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Principal Non-Governmental Employers  
 Current Year and Ten Years Ago  
*Unaudited*

| <u>Employer</u>              | <u>2015</u>          |             |   | <u>2005</u>          |             |   |
|------------------------------|----------------------|-------------|---|----------------------|-------------|---|
|                              | <u>Employees</u>     | <u>Rank</u> | <u>Percentage of Total Municipal Employment</u> | <u>Employees</u>     | <u>Rank</u> | <u>Percentage of Total Municipal Employment</u> |
| Information is not available |                      | 1           |   |                      | 1           |   |
|                              |                      | 2           |   |                      | 2           |   |
|                              |                      | 3           |   |                      | 3           |   |
|                              |                      | 4           |   |                      | 4           |   |
|                              |                      | 5           |   |                      | 5           |   |
|                              |                      | 6           |   |                      | 6           |   |
|                              |                      | 7           |   |                      | 7           |   |
|                              |                      | 8           |   |                      | 8           |   |
|                              |                      | 9           |   |                      | 9           |   |
|                              |                      | 10          |   |                      | 10          |   |
|                              | <hr/>                |             | <hr/>   | <hr/>                |             | <hr/>   |
|                              | <hr/> <u>-</u> <hr/> |             | <hr/> <u>-</u> <hr/>                            | <hr/> <u>-</u> <hr/> |             | <hr/> <u>-</u> <hr/>                            |

Source: Individual Employers

## **Operating Information**

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Full-time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years  
*Unaudited*

| <u>Function/Program</u>                | Fiscal Year Ended June 30, |             |             |             |             |             |             |             |             |             |
|--|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  | <u>2015</u>                | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
| Instruction                            |                            |             |             |             |             |             |             |             |             |             |
| Regular                                | 23.3                       | 24.6        | 24.4        | 22.0        | 23.0        | 24.5        | 24.5        | 25.5        | 27.0        | 24.0        |
| Special Education                      | 12.0                       | 10.0        | 10.0        | 8.0         | 7.0         | 6.0         | 5.0         | 5.0         | 5.0         | 5.0         |
| Support Services:                      |                            |             |             |             |             |             |             |             |             |             |
| Tuition                                |                            |             |             |             |             |             |             |             |             |             |
| Student & Instruction Related Services | 9.2                        | 8.4         | 7.6         | 5.5         | 5.0         | 7.0         | 10.5        | 10.5        | 8.5         | 6.0         |
| General Administrative Services        |                            |             |             |             |             |             |             |             |             |             |
| School Administrative Services         | 2.0                        | 2.0         | 2.0         | 2.0         | 2.5         | 2.5         | 2.5         | 2.5         | 2.0         | 2.0         |
| Business Administrative Services       | 1.0                        | 1.0         | 1.0         | 2.0         | 1.5         | 1.5         | 1.5         | 1.5         | 1.0         | 1.6         |
| Plant Operations and Maintenance       | 5.0                        | 4.5         | 3.5         | 2.5         | 2.0         | 3.0         | 3.0         | 3.0         | 3.0         | 3.4         |
| Food Service                           |                            |             |             |             |             |             |             |             | 2.0         | 2.5         |
| <b>Total</b>                           | <u>52.5</u>                | <u>50.5</u> | <u>48.5</u> | <u>42.0</u> | <u>41.0</u> | <u>44.5</u> | <u>47.0</u> | <u>48.0</u> | <u>48.5</u> | <u>44.5</u> |

Source: District Records

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Operating Statistics  
 Last Ten Fiscal Years  
*Unaudited*

| Fiscal<br>Year Ended<br><u>June 30,</u> | <u>Enrollment</u> | <u>Operating<br/>Expenditures</u> | <u>Cost Per<br/>Pupil</u> | <u>Percentage<br/>Change</u> | <u>Teaching<br/>Staff</u> |     | <u>Pupil/Teacher<br/>Ratio<br/>Elementary</u> | <u>Average<br/>Daily<br/>Enrollment<br/>(ADE)</u> | <u>Average<br/>Daily<br/>Attendance<br/>(ADA)</u> | <u>% Change in<br/>Average Daily<br/>Enrollment</u> | <u>Student<br/>Attendance<br/>Percentage</u> |
|---|-------------------|-----------------------------------|---------------------------|------------------------------|---------------------------|-----|---|---|---|---|--|
| 2015                                    | 286               | \$ 8,788,767                      | \$ 30,730                 | 4.45%                        | 35                        | (a) | 1:8   | 293.0   | 266.0   | 6.12%   | 90.78%                                       |
| 2014                                    | 285               | 8,385,233                         | 29,422                    | 6.41%                        | 29                        | (a) | 1:10  | 276.1   | 258.4   | 4.11%   | 93.59%                                       |
| 2013                                    | 281               | 8,377,666                         | 27,649                    | -10.04%                      | 29                        | (a) | 1:11  | 265.2   | 252.0   | 1.65%   | 95.02%                                       |
| 2012                                    | 277               | 8,513,992                         | 30,736                    | -9.91%                       | 25                        | (a) | 1:11  | 260.9   | 246.7   | -0.65%  | 94.56%                                       |
| 2011                                    | 265               | 9,041,410                         | 34,119                    | -3.21%                       | 24                        | (a) | 1:11  | 262.6   | 247.7   | 4.17%   | 94.33%                                       |
| 2010                                    | 252               | 8,882,709                         | 35,249                    | 22.07%                       | 26                        |     | 1:10  | 252.1   | 236.1   | -11.85%   | 93.65%                                       |
| 2009                                    | 298               | 8,604,817                         | 28,875                    | 4.03%                        | 27                        |     | 1:11  | 286.0   | 273.8   | -2.79%  | 95.73%                                       |
| 2008                                    | 303               | 8,410,612                         | 27,758                    | 5.30%                        | 31                        |     | 1:10  | 294.2   | 280.2   | -5.00%  | 95.24%                                       |
| 2007                                    | 310               | 8,171,749                         | 26,360                    | 25.05%                       | 31                        |     | 1:10  | 309.7   | 294.6   | -3.52%  | 95.12%                                       |
| 2006                                    | 330               | 6,956,518                         | 21,080                    | -12.58%                      | 29                        |     | 1:12  | 321.0   | 303.6   | 17.24%  | 94.58%                                       |

(a) Teaching staff includes only Full-time equivalents of instructional, certificated staff.

**Sources:** District Records

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 School Building Information  
 Last Ten Fiscal Years  
*Unaudited*

|                                    | Fiscal Year Ended June 30, |             |             |             |             |             |             |             |             |             |
|------------------------------------|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                    | <u>2015</u>                | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
| <b><u>District Building</u></b>    |                            |             |             |             |             |             |             |             |             |             |
| <b><u>Elementary</u></b>           |                            |             |             |             |             |             |             |             |             |             |
| Lawnside Elementary (1974)         |                            |             |             |             |             |             |             |             |             |             |
| Square Feet                        | 60,110                     | 60,110      | 60,110      | 60,110      | 57,266      | 57,266      | 57,266      | 57,266      | 57,266      | 57,266      |
| Capacity (students)                | 436                        | 436         | 436         | 496         | 436         | 436         | 436         | 436         | 436         | 436         |
| Enrollment                         | 286                        | 285         | 281         | 277         | 265         | 252         | 298         | 303         | 310         | 330         |
| Number of Schools at June 30, 2015 |                            |             |             |             |             |             |             |             |             |             |
| Elementary = 1                     |                            |             |             |             |             |             |             |             |             |             |
| Middle School = 0                  |                            |             |             |             |             |             |             |             |             |             |
| Senior High School = 0             |                            |             |             |             |             |             |             |             |             |             |
| Other = 0                          |                            |             |             |             |             |             |             |             |             |             |

**Source:** District Records

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Schedule of Required Maintenance  
 Last Ten Fiscal Years  
*Unaudited*

**UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES (11-000-261-XXX)**

|                            |                 | Fiscal Year Ended June 30, |                         |                         |                         |                         |                         |                         |                         |                         |                         |
|----------------------------|-----------------|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>School Facilities</u>   | <u>School #</u> | <u>2015</u>                | <u>2014</u>             | <u>2013</u>             | <u>2012</u>             | <u>2011</u>             | <u>2010</u>             | <u>2009</u>             | <u>2008</u>             | <u>2007</u>             | <u>2006</u>             |
| Lawnside Elementary School | 2560            | <u>\$ 77,000</u>           | <u>\$ 64,737</u>        | <u>\$ 55,817</u>        | <u>\$ 39,640</u>        | <u>\$ 43,996</u>        | <u>\$ 42,233</u>        | <u>\$ 38,749</u>        | <u>\$ 40,875</u>        | <u>\$ 48,601</u>        | <u>\$ 27,221</u>        |
| Total School Facilities    |                 | <u><u>\$ 77,000</u></u>    | <u><u>\$ 64,737</u></u> | <u><u>\$ 55,817</u></u> | <u><u>\$ 39,640</u></u> | <u><u>\$ 43,996</u></u> | <u><u>\$ 42,233</u></u> | <u><u>\$ 38,749</u></u> | <u><u>\$ 40,875</u></u> | <u><u>\$ 48,601</u></u> | <u><u>\$ 27,221</u></u> |

\* 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

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**

Insurance Schedule

As of June 30, 2015

*Unaudited*

|   |     | <u>Coverage</u> | <u>Deductible</u> |
|---|-----|-----------------|-------------------|
| School Package Policy - NJSBAIG:            |     |                 |                   |
| Real & Personal Property                    | (1) | \$ 350,000,000  | \$ 1,000          |
| Extra Expense - Blanket                     | (1) | 50,000,000      | 1,000             |
| Valuable Papers Blanket                     | (1) | 10,000,000      | 1,000             |
| Demolition & Increased Cost of Construction | (1) | 10,000,000      | N/A               |
| Pollutant Cleanup and Removal               | (1) | 250,000         | N/A               |
| Accounts Receivable                         | (1) | 250,000         | N/A               |
| Flood Zones                                 | (2) | 75,000,000      | 10,000            |
| Special Flood Hazard                        | (2) | 15,000,000      | 500,000           |
| Earthquake                                  | (2) | 50,000,000      | N/A               |
| Terrorism                                   | (2) | 1,000,000       | N/A               |
| Electronic Data Processing                  | (1) | 300,000         | 1,000             |
| Equipment Breakdown                         |     | 100,000,000     | 1,000             |
| Faithful Performance                        |     | 250,000         | 1,000             |
| Forgery & Alteration                        |     | 25,000          | 500               |
| Money & Securities                          |     | 25,000          | 500               |
| Computer Fraud                              |     | 25,000          | 500               |
| Money Orders/Counterfeit                    |     | 10,000          | 500               |
| Bodily Injury & Property Damage             |     | 6,000,000       | N/A               |
| Products & Completed Operations             | (2) | 6,000,000       | N/A               |
| Sexual Abuse                                | (2) | 6,000,000       | N/A               |
| Personal & Advertising Injury               | (2) | 6,000,000       | N/A               |
| Employee Benefits Liability                 | (2) | 6,000,000       | 1,000             |
| Premises Medical Payments                   | (3) | 10,000          | N/A               |
| Automobile Liability                        | (3) | 6,000,000       | N/A               |
| Workers' Compensation                       | (4) | 2,000,000       |                   |
| Errors & Omissions                          |     | 6,000,000       | 5,000             |
| Bonds:                                      |     |                 |                   |
| Board Secretary                             |     | 90,000          | 500               |
| Treasurer                                   |     | 200,000         | 1,000             |

(1) Limit each occurrence, No annual aggregate

(2) Limit each occurrence, annual aggregated

(3) Per claim / annual aggregate

(4) Each accident

Source: District Records

**SINGLE AUDIT SECTION**

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND  
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Borough of Lawnside School District  
Lawnside, New Jersey

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

We have audited the Borough of Lawnside School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2015. The School District's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Lawnside School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal and State Program***

In our opinion, the Borough of Lawnside School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and New Jersey Circular 15-08-OMB, and which are described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as findings no. 2015-001 & 2015-002. Our opinion on each major federal and state program is not modified with respect to these matters.

The School District's response to the noncompliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Management of the Borough of Lawnside School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Kirk N. Applegate*

Kirk N. Applegate  
Certified Public Accountant  
Public School Accountant No. 20CS00223300

Voorhees, New Jersey  
December 8, 2015

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards - Schedule A  
 For the Fiscal Year Ended June 30, 2015

| <u>Pass-through</u><br><u>Grantor/Program Title</u> | <u>CFDA</u><br><u>Number</u> | <u>State Project</u><br><u>Number</u> | <u>Program or</u><br><u>Award</u><br><u>Amount</u> | <u>Local</u><br><u>Match</u> | <u>Grant Period</u> |           |
|---|------------------------------|---------------------------------------|--|------------------------------|---------------------|-----------|
|   |                              |                                       |  |                              | <u>From</u>         | <u>To</u> |
| Special Revenue Fund:                               |                              |                                       |  |                              |                     |           |
| U.S. Department of Education:                       |                              |                                       |  |                              |                     |           |
| Passed-through State Department of Education:       |                              |                                       |  |                              |                     |           |
| I.A.S.A. (N.C.L.B.):                                |                              |                                       |  |                              |                     |           |
| Title I   | 84.010                       | IASA540015                            | \$ 181,956.00                                      | N/A                          | 7-1-14              | 6-30-15   |
| Title I   | 84.010                       | IASA540014                            | 185,276.00   | N/A                          | 9-1-13              | 6-30-14   |
| Total Title I                                       |                              |                                       |  |                              |                     |           |
| Title II - Part A                                   | 84.367                       | IASA540015                            | 30,086.00  | N/A                          | 7-1-14              | 6-30-15   |
| I.D.E.A. Part B:                                    |                              |                                       |  |                              |                     |           |
| Basic   | 84.027                       | IDEA540015                            | 112,452.00   | N/A                          | 7-1-14              | 6-30-15   |
| Basic   | 84.027                       | IDEA540014                            | 103,946.00   | N/A                          | 9-1-13              | 6-30-14   |
| Basic   | 84.027                       | IDEA540012                            | 136,508.00   | N/A                          | 9-1-11              | 8-31-12   |
| Pre-School  | 84.173                       | IDEA540015                            | 2,623.00   | N/A                          | 7-1-14              | 6-30-15   |
| Total I.D.E.A. Part B Special Education Cluster     |                              |                                       |  |                              |                     |           |
| 21st Century - Supplemental                         | 84.287C                      | 11000045                              | 20,000.00  | N/A                          | 9-1-14              | 8-30-15   |
| 21st Century - Supplemental                         | 84.287C                      | 11000045                              | 30,000.00  | N/A                          | 9-1-13              | 8-31-14   |
| 21st Century Community Learning Center Grant        | 84.287C                      | 11000045                              | 300,000.00   | N/A                          | 9-1-14              | 8-30-15   |
| 21st Century Community Learning Center Grant        | 84.287C                      | 11000045                              | 300,000.00   | N/A                          | 9-1-13              | 8-31-14   |
| 21st Century Community Learning Center Grant        | 84.287C                      | 11000045                              | 300,000.00   | N/A                          | 9-1-12              | 8-31-13   |
| 21st Century Community Learning Center Grant        | 84.287C                      | 11000045                              | 300,000.00   | N/A                          | 9-1-11              | 8-31-12   |
| Total 21st Century                                  |                              |                                       |  |                              |                     |           |
| Total Special Revenue Fund                          |                              |                                       |  |                              |                     |           |
| Enterprise Fund:                                    |                              |                                       |  |                              |                     |           |
| U.S. Department of Agriculture:                     |                              |                                       |  |                              |                     |           |
| Passed-through State Department of Education:       |                              |                                       |  |                              |                     |           |
| Child Nutrition Cluster:                            |                              |                                       |  |                              |                     |           |
| Non-Cash Assistance (Food Distribution):            |                              |                                       |  |                              |                     |           |
| National School Lunch Program                       | 10.555                       | N/A                                   | 9,990.21   | N/A                          | 7-1-14              | 6-30-15   |
| National School Lunch Program                       | 10.555                       | N/A                                   | 11,556.75  | N/A                          | 7-1-13              | 6-30-14   |
| Cash Assistance:                                    |                              |                                       |  |                              |                     |           |
| School Breakfast Program                            | 10.553                       | N/A                                   | 20,049.23  | N/A                          | 7-1-14              | 6-30-15   |
| School Breakfast Program                            | 10.553                       | N/A                                   | 22,584.98  | N/A                          | 7-1-13              | 6-30-14   |
| National School Lunch Program                       | 10.555                       | N/A                                   | 102,741.62   | N/A                          | 7-1-14              | 6-30-15   |
| National School Lunch Program                       | 10.555                       | N/A                                   | 103,990.78   | N/A                          | 7-1-13              | 6-30-14   |
| Total Child Nutrition Cluster                       |                              |                                       |  |                              |                     |           |
| Total Enterprise Fund                               |                              |                                       |  |                              |                     |           |
| Total Federal Financial Assistance                  |                              |                                       |  |                              |                     |           |

The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards - Schedule A  
 For the Fiscal Year Ended June 30, 2015

| <u>Balance June 30, 2014</u>                  |                       |   | <u>Balance June 30, 2015</u> |   |                               |                             |                           |                       |
|---|-----------------------|---|------------------------------|---|-------------------------------|-----------------------------|---------------------------|-----------------------|
| <u>Unearned Revenue (Accounts Receivable)</u> | <u>Due to Grantor</u> | <u>Cash Received</u>                              | <u>Adjustments</u>           | <u>Repayment of Prior Years' Balances</u> | <u>Budgetary Expenditures</u> | <u>Accounts Receivable</u>  | <u>Unearned Revenue</u>   | <u>Due to Grantor</u> |
| \$ (36,226.33)                                |                       | \$ 121,047.00<br>36,226.33                        |                              |   | \$ 160,890.00                 | \$ (60,909.00)              | \$ 21,066.00              |                       |
| (36,226.33)                                   | \$ -                  | 157,273.33  | \$ -                         | \$ -                                      | 160,890.00                    | (60,909.00)                 | 21,066.00                 | \$ -                  |
| -   | -                     | 17,604.00   | -                            | -   | 19,253.00                     | (12,482.00)                 | 10,833.00                 | -                     |
| (34,853.07)                                   | 475.54                | 56,624.00<br>34,853.07<br>2,623.00                |                              |   | 86,638.00<br>2,623.00         | (55,828.00)                 | 25,814.00                 | 475.54                |
| (34,853.07)                                   | 475.54                | 94,100.07   | -                            | -   | 89,261.00                     | (55,828.00)                 | 25,814.00                 | 475.54                |
| (24,092.43)                                   |                       | 3,340.00<br>24,092.43<br>170,673.00<br>107,527.00 |                              |   | 8,345.00<br>266,925.00        | (16,660.00)<br>(129,327.00) | \$ 11,655.00<br>33,075.00 |                       |
| (107,527.00)                                  | 9,086.04<br>5,055.04  |   |                              |   |                               |                             |                           | 9,086.04<br>5,055.04  |
| (131,619.43)                                  | 14,141.08             | 305,632.43  | -                            | -   | 275,270.00                    | (145,987.00)                | 44,730.00                 | 14,141.08             |
| (202,698.83)                                  | 14,616.62             | 574,609.83  | -                            | -   | 544,674.00                    | (275,206.00)                | 102,443.00                | 14,616.62             |
| 1,304.71                                      |                       | 9,990.21  |                              |   | 7,926.81<br>1,304.71          |                             | 2,063.40                  |                       |
| (1,593.32)                                    |                       | 18,496.99<br>1,593.32                             |                              |   | 20,049.23                     | (1,552.24)                  |                           |                       |
| (7,233.43)                                    |                       | 95,116.96<br>7,233.43                             |                              |   | 102,741.62                    | (7,624.66)                  |                           |                       |
| (7,522.04)                                    | -                     | 132,430.91  | -                            | -   | 132,022.37                    | (9,176.90)                  | 2,063.40                  | -                     |
| (7,522.04)                                    | -                     | 132,430.91  | -                            | -   | 132,022.37                    | (9,176.90)                  | 2,063.40                  | -                     |
| <u>\$(210,220.87)</u>                         | <u>\$ 14,616.62</u>   | <u>\$ 707,040.74</u>                              | <u>\$ -</u>                  | <u>\$ -</u>                               | <u>\$ 676,696.37</u>          | <u>\$(284,382.90)</u>       | <u>\$ 104,506.40</u>      | <u>\$ 14,616.62</u>   |

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance - Schedule B  
 For the Fiscal Year Ended June 30, 2015

| <u>State Grantor/<br/>Program Title</u>   | <u>State Project<br/>Number</u> | <u>Program or<br/>Award<br/>Amount</u> | <u>Matching</u> | <u>Grant Period</u> |           | <u>Balance June 30, 2014</u>                               |                           |
|---|---------------------------------|--|-----------------|---------------------|-----------|--|---------------------------|
|   |                                 |  |                 | <u>From</u>         | <u>To</u> | <u>Unearned<br/>Revenue/<br/>(Accounts<br/>Receivable)</u> | <u>Due to<br/>Grantor</u> |
| General Fund:   |                                 |  |                 |                     |           |  |                           |
| State Department of Education:  |                                 |  |                 |                     |           |  |                           |
| Equalization Aid  | 15-495-034-5120-078             | \$ 3,312,813.00                        | N/A             | 7-1-14              | 6-30-15   |  |                           |
| Equalization Aid  | 14-495-034-5120-078             | 3,312,813.00                           | N/A             | 7-1-13              | 6-30-14   | \$ (294,695.98)  |                           |
| Special Education Categorical Aid   | 15-495-034-5120-089             | 256,857.00                             | N/A             | 7-1-14              | 6-30-15   |  |                           |
| Special Education Categorical Aid   | 14-495-034-5120-089             | 256,857.00                             | N/A             | 7-1-13              | 6-30-14   | (22,849.08)  |                           |
| Security Aid  | 15-495-034-5120-084             | 75,958.00                              | N/A             | 7-1-14              | 6-30-15   |  |                           |
| Security Aid  | 14-495-034-5120-084             | 75,958.00                              | N/A             | 7-1-13              | 6-30-14   | (6,756.95)   |                           |
| PARCC Readiness Aid   | 15-495-034-5120-097             | 3,940.00                               | N/A             | 7-1-14              | 6-30-15   |  |                           |
| Per Pupil Growth Aid  | 15-495-034-5120-098             | 3,940.00                               | N/A             | 7-1-14              | 6-30-15   |  |                           |
| School Choice Aid   | 15-495-034-5120-068             | 27,604.00                              | N/A             | 7-1-14              | 6-30-15   |  |                           |
| School Choice Aid   | 14-495-034-5120-068             | 41,406.00                              | N/A             | 7-1-13              | 6-30-14   | (3,683.33)   |                           |
| <b>Total State Aid - Public Cluster</b>   |                                 |  |                 |                     |           | <b>(327,985.34)</b>  | <b>\$ -</b>               |
| Transportation Aid  | 15-495-034-5120-014             | 26,571.00                              | N/A             | 7-1-14              | 6-30-15   |  |                           |
| Transportation Aid  | 14-495-034-5120-014             | 26,571.00                              | N/A             | 7-1-13              | 6-30-14   | (2,363.66)   |                           |
| Additional NP School Transportation Aid   | 15-495-034-5120-014             | 3,211.00                               | N/A             | 7-1-14              | 6-30-15   |  |                           |
| Additional NP School Transportation Aid   | 14-495-034-5120-014             | 3,211.00                               | N/A             | 7-1-13              | 6-30-14   | (3,211.00)   |                           |
| <b>Total Transportation Aid:</b>  |                                 |  |                 |                     |           | <b>(5,574.66)</b>  | <b>-</b>                  |
| Extraordinary Aid   | 15-100-034-5120-473             | 22,344.00                              | N/A             | 7-1-14              | 6-30-15   |  |                           |
| Extraordinary Aid   | 14-100-034-5120-473             | 27,109.00                              | N/A             | 7-1-13              | 6-30-14   | (27,109.00)  |                           |
| <b>Total Extraordinary Aid:</b>   |                                 |  |                 |                     |           | <b>(27,109.00)</b>   | <b>-</b>                  |
| T.P.A.F. Social Security Aid  | 15-495-034-5095-002             | 179,480.89                             | N/A             | 7-1-14              | 6-30-15   |  |                           |
| T.P.A.F. Social Security Aid  | 14-495-034-5095-002             | 170,737.72                             | N/A             | 7-1-13              | 6-30-14   | (7,530.11)   |                           |
| <b>Total T.P.A.F. Social Security Aid:</b>  |                                 |  |                 |                     |           | <b>(7,530.11)</b>  | <b>-</b>                  |
| <b>Total General Fund</b>   |                                 |  |                 |                     |           | <b>(368,199.11)</b>  | <b>-</b>                  |
| Special Revenue Fund:   |                                 |  |                 |                     |           |  |                           |
| State Department of Education:  |                                 |  |                 |                     |           |  |                           |
| Preschool Education Aid   | 15-495-034-5120-086             | 38,754.00                              | N/A             | 7-1-14              | 6-30-15   |  |                           |
| Preschool Education Aid   | 14-495-034-5120-086             | 49,519.00                              | N/A             | 7-1-13              | 6-30-14   | (4,952.00)   |                           |
| <b>Total Preschool Education Aid:</b>   |                                 |  |                 |                     |           | <b>(4,952.00)</b>  | <b>-</b>                  |
| Capital Projects Fund:  |                                 |  |                 |                     |           |  |                           |
| NJ Economic Development Authority:  |                                 |  |                 |                     |           |  |                           |
| EDA Educational Facilities Construction<br>& Financing Act - Section 115<br>HVAC & Various Renovations        | 2560-060-09-1001                | 4,416,796.00                           | \$ 2,900,000.00 | 7-1-10              | Open      | (545,109.03)   |                           |
| Enterprise Fund:  |                                 |  |                 |                     |           |  |                           |
| State School Lunch Aid  | 15-100-010-3350-023             | 2,199.49                               | N/A             | 7-1-14              | 6-30-15   |  |                           |
| State School Lunch Aid  | 14-100-010-3350-023             | 2,298.57                               | N/A             | 7-1-13              | 6-30-14   | (277.88)   |                           |
| <b>Total School Lunch Aid:</b>  |                                 |  |                 |                     |           | <b>(277.88)</b>  | <b>-</b>                  |
| <b>Total State Financial Assistance</b>   |                                 |  |                 |                     |           | <b>(918,538.02)</b>  | <b>-</b>                  |
| State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit: |                                 |  |                 |                     |           |  |                           |
| General Fund (Non-Cash Assistance):   |                                 |  |                 |                     |           |  |                           |
| New Jersey Department of the Treasury:  |                                 |  |                 |                     |           |  |                           |
| On-behalf T.P.A.F. Pension Contributions  |                                 |  |                 |                     |           |  |                           |
| Normal Cost   | 495-034-5094-006                | 117,767.00                             | N/A             | 7-1-14              | 6-30-15   |  |                           |
| Post Retirement Medical   | 495-034-5094-001                | 186,955.00                             | N/A             | 7-1-14              | 6-30-15   |  |                           |
| <b>Total General Fund (Non-Cash Assistance)</b>   |                                 |  |                 |                     |           | <b>-</b>   | <b>-</b>                  |
| <b>Total State Financial Assistance</b>   |                                 |  |                 |                     |           | <b>\$ (918,538.02)</b>                                     | <b>\$ -</b>               |

The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance - Schedule B  
 For the Fiscal Year Ended June 30, 2015

| Cash Received   | Adjustments | Budgetary Expenditures | Repayment of Prior Years' Balances | Balance June 30, 2015 |                  |                | Memo                               |                               |
|-----------------|-------------|------------------------|------------------------------------|-----------------------|------------------|----------------|------------------------------------|-------------------------------|
|                 |             |                        |                                    | Accounts Receivable   | Unearned Revenue | Due to Grantor | Budgetary Receivable June 30, 2015 | Cumulative Total Expenditures |
| \$ 3,012,195.43 |             | \$ 3,312,813.00        |                                    | \$ (300,617.57)       |                  |                | \$ (300,617.57)                    | \$ 3,312,813.00               |
| 294,695.98      |             |                        |                                    |                       |                  |                |                                    |                               |
| 233,548.80      |             | 256,857.00             |                                    | (23,308.20)           |                  |                | (23,308.20)                        | 256,857.00                    |
| 22,849.08       |             |                        |                                    |                       |                  |                |                                    |                               |
| 69,065.28       |             | 75,958.00              |                                    | (6,892.72)            |                  |                | (6,892.72)                         | 75,958.00                     |
| 6,756.95        |             |                        |                                    |                       |                  |                |                                    |                               |
| 3,582.47        |             | 3,940.00               |                                    | (357.53)              |                  |                | (357.53)                           | 3,940.00                      |
| 3,582.47        |             | 3,940.00               |                                    | (357.53)              |                  |                | (357.53)                           | 3,940.00                      |
| 25,099.11       |             | 27,604.00              |                                    | (2,504.89)            |                  |                | (2,504.89)                         | 27,604.00                     |
| 3,683.33        |             |                        |                                    |                       |                  |                |                                    |                               |
| 3,675,058.90    | \$ -        | 3,681,112.00           | \$ -                               | (334,038.44)          | \$ -             | \$ -           | (334,038.44)                       | 3,681,112.00                  |
| 24,159.84       |             | 26,571.00              |                                    | (2,411.16)            |                  |                | (2,411.16)                         | 26,571.00                     |
| 2,363.66        |             |                        |                                    |                       |                  |                |                                    |                               |
| 3,211.00        |             | 3,828.00               |                                    | (3,828.00)            |                  |                |                                    | 3,828.00                      |
| 29,734.50       | -           | 30,399.00              | -                                  | (6,239.16)            | -                | -              | (2,411.16)                         | 30,399.00                     |
|                 |             | 22,344.00              |                                    | (22,344.00)           |                  |                |                                    | 22,344.00                     |
| 27,109.00       |             |                        |                                    |                       |                  |                |                                    |                               |
| 27,109.00       | -           | 22,344.00              | -                                  | (22,344.00)           | -                | -              | -                                  | 22,344.00                     |
| 171,736.78      |             | 179,480.89             |                                    | (7,744.11)            |                  |                |                                    | 179,480.89                    |
| 7,530.11        |             |                        |                                    |                       |                  |                |                                    |                               |
| 179,266.89      | -           | 179,480.89             | -                                  | (7,744.11)            | -                | -              | -                                  | 179,480.89                    |
| 3,911,169.29    | -           | 3,913,335.89           | -                                  | (370,365.71)          | -                | -              | (336,449.60)                       | 3,913,335.89                  |
| 34,878.60       |             | 38,754.00              |                                    | (3,875.40)            |                  |                |                                    | 38,754.00                     |
| 4,952.00        |             |                        |                                    |                       |                  |                |                                    |                               |
| 39,830.60       | -           | 38,754.00              | -                                  | (3,875.40)            | -                | -              | -                                  | 38,754.00                     |
|                 |             |                        |                                    | (545,109.03)          |                  |                |                                    | 6,067,273.22                  |
| 1,976.63        |             | 2,199.49               |                                    | (222.86)              |                  |                |                                    | 2,199.49                      |
| 277.88          |             |                        |                                    |                       |                  |                |                                    |                               |
| 2,254.51        | -           | 2,199.49               | -                                  | (222.86)              | -                | -              | -                                  | 2,199.49                      |
| 3,953,254.40    | -           | 3,954,289.38           | -                                  | (919,573.00)          | -                | -              | (336,449.60)                       | 10,021,562.60                 |
| 117,767.00      |             | 117,767.00             |                                    |                       |                  |                |                                    | 117,767.00                    |
| 186,955.00      |             | 186,955.00             |                                    |                       |                  |                |                                    | 186,955.00                    |
| 304,722.00      | -           | 304,722.00             | -                                  | -                     | -                | -              | -                                  | 304,722.00                    |
| \$ 4,257,976.40 | \$ -        | \$ 4,259,011.38        | \$ -                               | \$ (919,573.00)       | \$ -             | \$ -           | \$ (336,449.60)                    | \$ 10,326,284.60              |

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2015

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**Note 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Borough of Lawnside School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

**Note 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the capital projects fund are presented on the modified accrual basis of accounting and programs recorded in the food service fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is \$ (6,100.60) for the general fund and \$ (44,213.79) for the special revenue fund. The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$(44,213.79) for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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**Notes to the Schedules of Expenditures of Federal Awards  
and State Financial Assistance (Cont'd)**

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**Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)**

Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

| <u>Fund</u>     | <u>Federal</u>       | <u>State</u>           | <u>Total</u>           |
|-----------------|----------------------|------------------------|------------------------|
| General         |                      | \$ 4,218,057.89        | \$ 4,218,057.89        |
| Special Revenue | \$ 500,460.21        | 38,754.00              | 539,214.21             |
| Food Service    | <u>132,022.37</u>    | <u>2,199.49</u>        | <u>134,221.86</u>      |
|                 | <u>\$ 632,482.58</u> | <u>\$ 4,259,011.38</u> | <u>\$ 4,891,493.96</u> |

**Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**Note 5: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2015, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the Federal Food Distribution Program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF members.

**Note 6: MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.





**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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***Section 2- Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

**N/A - None**

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

**N/A - None**

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2015

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***Section 4- Schedule of State Financial Assistance Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

**Finding No. 2015-001**

**Program**

State Aid - Public Cluster:

*Equalization Aid (GMIS Number: 495-034-5120-078)*

*Special Education Categorical Aid (GMIS Number:495-034-5120-089)*

*Security Aid (GMIS Number:495-034-5120-084)*

*PARCC Readiness Aid (GMIS Number:495-034-5120-097)*

*Per Pupil Growth Aid (GMIS Number:495-034-5120-098)*

*School Choice Aid (GMIS Number: 495-034-5120-068)*

**Criteria or Specific Requirement**

Pursuant to N.J.S.A. 18A:17-10, all school districts must submit the Annual Report to the board and the executive county superintendent by August 1.

**Condition**

The School District did not file its Annual Report to the board and the executive county superintendent by the required due date.

**Effect**

Noncompliance with statutory requirement by not filing the report until November.

**Cause**

This report was not submitted on time due to a change in the Board Secretary/Business Administrator.

**Recommendation**

The School District should ensure that the Annual Report is report is filed in compliance with N.J.S.A. 18A:17-10.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2015

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**Section 4- Schedule of State Financial Assistance Findings and Questioned Costs (Cont'd)**

**Finding No. 2015-002**

**Program**

State Aid - Public Cluster:

*Equalization Aid (GMIS Number: 495-034-5120-078)*

*Special Education Categorical Aid (GMIS Number:495-034-5120-089)*

*Security Aid (GMIS Number:495-034-5120-084)*

*PARCC Readiness Aid (GMIS Number:495-034-5120-097)*

*Per Pupil Growth Aid (GMIS Number:495-034-5120-098)*

*School Choice Aid (GMIS Number: 495-034-5120-068)*

**Criteria or Specific Requirement**

Pursuant to N.J.S.A. 18A:11-12d and N.J.A.C. 6A:23A-7.13, all school districts must submit an Expense Substantiation Report that describes the purpose and relevance of the travel submitted.

**Condition**

The School District did not submit Expense Substantiation Reports for the travel expenditures tested.

**Effect**

Noncompliance with statutory requirement and possibly making payments for unallowable expenses.

**Cause**

Unknown

**Recommendation**

The School District should ensure that Expense Substantiation Reports be completed for all the travel expenses submitted in compliance with N.J.S.A. 18A:11-12d and N.J.A.C. 6A:23A-7.13.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**BOROUGH OF LAWNSIDE SCHOOL DISTRICT**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management

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This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2014-001**

**Condition**

District purchase orders did not always include receiving signatures, certifying the receipt of goods/services, as required by N.J.S.A. 18A:19-2.

**Current Status**

The condition has been corrected.

**Finding No. 2014-002**

**Condition**

The District's recording of accounts payable and encumbrances payable at June 30, 2014 included several that were misclassified.

**Current Status**

The condition has been corrected.

