

**BOARD OF EDUCATION
OF THE
TOWNSHIP OF LAKEWOOD
SCHOOL DISTRICT,
OCEAN COUNTY,
NEW JERSEY**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Table of Contents

INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	12
Roster of Officials	13
Consultants and Advisors	14
 FINANCIAL SECTION 	
Independent Auditor's Report	16
Required Supplementary Information - Part I Management's Discussion and Analysis	21
Basic Financial Statements	
A. District-Wide Financial Statements:	
A-1 Statement of Net Assets	31
A-2 Statement of Activities	32
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	35
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	37
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	39
Proprietary Funds:	
B-4 Statement of Net Assets	40
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	41
B-6 Statement of Cash Flows	43
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	44
B-8 Statement of Changes in Fiduciary Net Assets	45
Notes to the Financial Statements	46
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	69
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	83
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	86

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Table of Contents (Cont'd)

	Page
Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	89
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	96
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis	N/A
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	N/A
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	98
G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets	99
G-3 Combining Schedule of Cash Flows	101
Internal Service Fund:	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	103
H-2 Combining Statement of Changes in Fiduciary Net Assets	104
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	105
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	106

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Table of Contents (Cont'd)

	Page
Other Supplementary Information (Cont'd)	
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	108
I-2 Schedule of Obligations under Capital Leases	109
I-3 Debt Service Fund Budgetary Comparison Schedule	110

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends	
J-1 Net Assets by Component	113
J-2 Changes in Net Assets	114
J-3 Fund Balances - Governmental Funds	116
J-4 Changes in Fund Balances - Governmental Funds	117
J-5 General Fund Other Local Revenue by Source	118
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	120
J-7 Direct and Overlapping Property Tax Rates	121
J-8 Principal Property Taxpayers	122
J-9 Property Tax Levies and Collections	123
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	125
J-11 Ratios of General Bonded Debt Outstanding	126
J-12 Direct and Overlapping Governmental Activities Debt	127
J-13 Legal Debt Margin Information	128
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	130
J-15 Principal Employers	131
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	133
J-17 Operating Statistics	134
J-18 School Building Information	135
J-19 Schedule of Required Maintenance Expenditures by School Facility	137
J-20 Insurance Schedule	138

SINGLE AUDIT SECTION

K-1 Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	18
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	141
K-3 Schedule of Expenditures of Federal Awards, Schedule A	143
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	147
K-5 Notes to the Schedules of Awards and Financial Assistance	149
K-6 Schedule of Findings and Questioned Costs	151
K-7 Summary Schedule of Prior Audit Findings	158

INTRODUCTORY SECTION

LYDIA R. SILVA
Superintendent of Schools

LAKESWOOD BOARD OF EDUCATION

ARLENE BIESIADA
Interim Business Administrator/
Interim Board Secretary



BOARD OF EDUCATION
PRESIDENT
MEIR GRUNHUT
VICE PRESIDENT
TRACEY TIFT
BOARD ATTORNEY
MICHAEL INZELBUCH,ESQ.

BOARD MEMBERS
CARL FINK
YISRAEL FRIEDMAN
ZECHARIAH GREENSPAN
IRENE MICCIO
YECHAZKEL SEITLER
JONATHAN SILVER
ISAAC ZLATKIN

November 30, 2011

Honorable President and Members of the Board of Education
Lakewood Township Public Schools
1771 Madison Avenue – Suite B
Lakewood, New Jersey 08701

Dear Members of the Board of Education:

The Comprehensive Annual Financial Report (CAFR) of the Lakewood School District ("District") for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Lakewood Township Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the basic financial statements, required supplementary information, and other supplementary information, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended in 1996, the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular Letter 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The Lakewood School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Lakewood School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 12. These include regular and vocational, as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an enrollment of 5,025 students.

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

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010/11	5,025	(1.00)%
2009/10	5,076	(4.19)%
2008/09	5,298	.93%
2007/08	5,249	(1.20)%
2006/07	5,313	2.06%
2005/06	5,206	6.20%
2004/05	4,902	(7.89)%
2003/04	5,322	.42%
2002/03	5,300	(3.46)%
2001/02	5,490	(3.89)%
2000/01	5,712	0.97%
1999/00	5,657	1.67%
1998/99	5,546	2.52%
1997/98	5,427	0.17%
1996/97	5,418	(1.08)%
1995/96	5,477	(1.73)%

2. ECONOMIC CONDITION AND OUTLOOK

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

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

The Lakewood School District encompasses four K-6 elementary schools, a Middle School (grades 7-8), a High School and a pre-school campus, serving a student population of approximately 5,436. Lakewood High School is known for the harmonious way the various segments of its population work together, as well as its fine academic programs.

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

Academic Programs

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

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

Academically Gifted Program

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

Honors Courses

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

Sports Program

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

Tech Prep

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

Preschool Program

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

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

All-Day Kindergarten

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

Family Life Education

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

Guidance Services

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

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

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

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

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

Vocational Education

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

Career Services

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

Testing and Assessment

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

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

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

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

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

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

Basic Skills

Students in grades K-6 who need assistance in achieving proficiency in mathematics, reading or language arts receive special help through remedial programs.

Bilingual/ESL Program

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

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

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

Pupil Personnel Services (“PPS”)

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

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

Special Education Services

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

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

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

Health Services

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

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

Preschool Program Enrollment

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

Home Instruction

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

Project Prom

Project Prom is a committee of parents, teachers, staff and administrators who work together all year to raise the money to host a drug and alcohol-free after-the-Prom party for members of the Junior Class whether they attend the Prom or not. Festivities the night of Project Prom include music, dancing, videos, food and activities such as swimming, tennis, volleyball, aerobics, racquetball, basketball, games and prizes. There is no cost to attend and participate in Project Prom.

Senior Citizen Volunteer Program

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

Grants Management

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

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

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

School Based Program

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

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

3. MAJOR EDUCATIONAL INITIATIVES

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

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

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

4. INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principals generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

The 2010-11 budget was prepared, utilizing the Budget Projection capabilities of the district’s accounting system (Systems 3000). Use of this system reduced the amount of time needed by administrators to prepare their budget and enabled the business office to efficiently review budget submissions and make changes in accordance with district priorities and goals.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated in the subsequent school year are reported as reservations of fund balance at June 30, 2011.

6. ACCOUNTING SYSTEM AND REPORTS

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

7. CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Financial Statements,” Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. MAJOR FINANCIAL INITIATIVES AND ACCOMPLISHMENTS

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

A monthly review of revenues and expenditures, combined with preparation of projection reports for revenues, payroll and health benefits, enabled the district to accurately forecast year-end surplus and determine the amount of surplus that was utilized as Budgeted Fund Balance for the 2010-2011 school

year. In addition, the district was able to have a zero increase in the property tax levy for 2010-2011, the direct result of improvements in financial reporting and forecasting systems.

These initiatives resulted in the district ending the school year with an Unreserved General Fund Balance in excess of \$2.9 million, whereas at June 30, 2007 the district ended the year with a deficit of \$1.1 million, at June 30, 2008 a surplus of only \$277,000 and at June 30, 2009 a surplus of \$1.2 million. These initiatives have enabled the district to move forward fiscally and have placed the district on a stable financial base as required by state code and regulations.

10. OTHER INFORMATION

Independent Audit – New Jersey State statutes require an annual audit by independent certified public accountants. The accounting firm of 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization, and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Requirements of Federal Grants, State Grants and State Aid. The Auditor’s report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

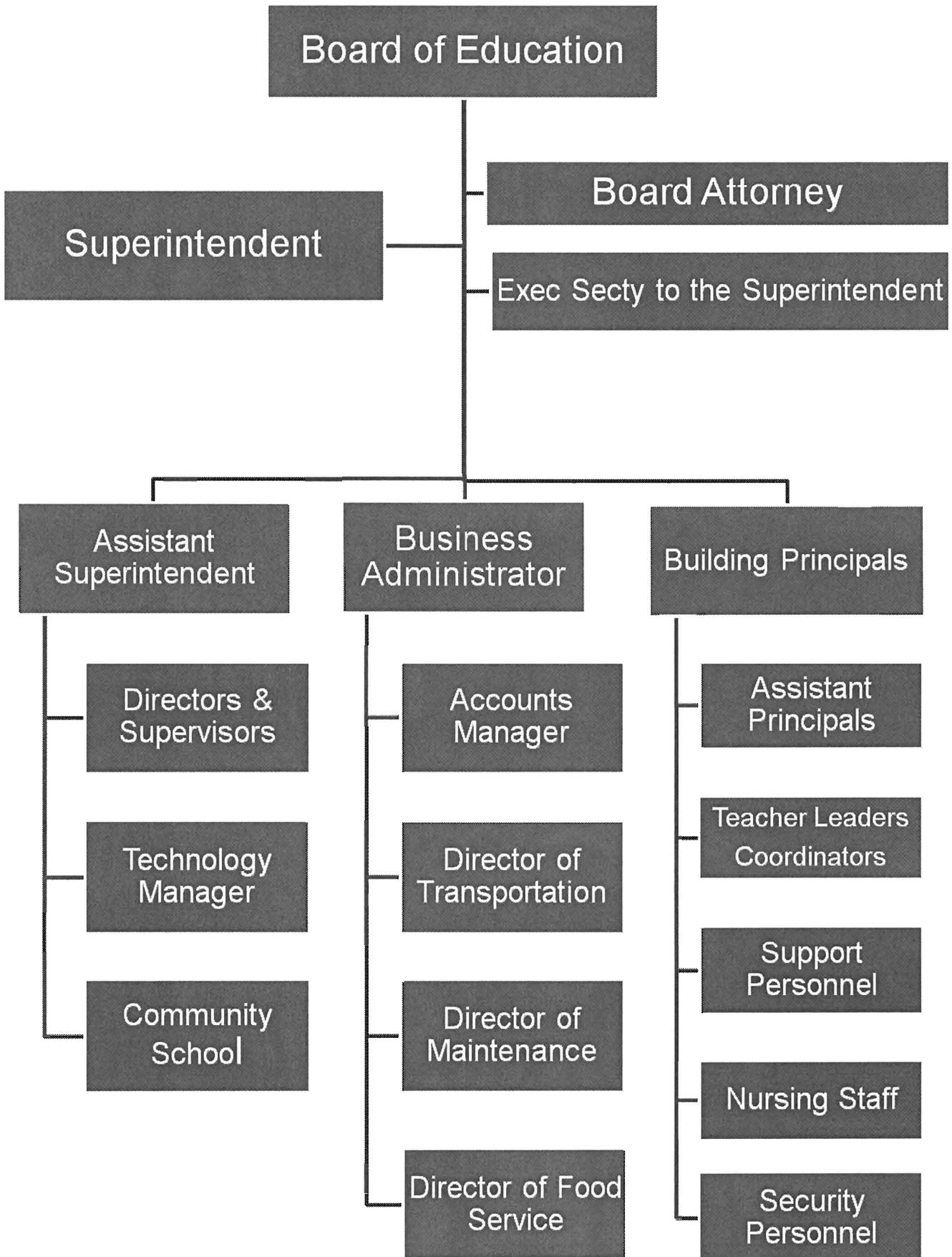
11. ACKNOWLEDGMENTS

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


Lydia R. Silva
Superintendent of Schools


Arlene Biesiada, Interim
Business Administrator/Board Secretary

LAKEWOOD PUBLIC SCHOOLS
ORGANIZATIONAL CHART



**LAKWOOD BOARD OF EDUCATION
LAKWOOD, NEW JERSEY**

Roster of Officials

June 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Meir Grunhut, President	2012
Tracey Tift, Vice President	2014
Carl Fink	2013
Yisrael Friedman	2014
Zechariah Greenspan	2014
Irene Miccio	2012
Yechezkel Seitler	2013
Jonathan Silver	2012
Isaac Zlatkin	2013

Other Officials

Kenneth Jannarone, Treasurer of School Funds

Lydia R. Silva, Superintendent of Schools

Matthew K. Varley, Interim Business Administrator / Board Secretary

Lisa Miller, Accounts Manager / Assistant Board Secretary

Michael I. Inzelbuch, Esq., Attorney

**LAKWOOD BOARD OF EDUCATION
LAKWOOD, NEW JERSEY**

Consultants and Advisors

June 30, 2011

Auditor / Accountant

L. Jarred Corn, CPA, RMA, PSA
Bowman & Company LLP
601 White Horse Road
Voorhees, New Jersey 08043-2493

Attorney

Michael I. Inzelbuch, Esq.
555 Madison Avenue, Suite D
Lakewood, New Jersey 08701

Official Depository

Sovereign Bank
555 Madison Avenue
Lakewood, New Jersey 08701

Medical

Lakewood Pediatrics
101 Prospect Avenue
Lakewood, New Jersey 08701

Dr. Andrew Harrison
Central Jersey Sports Medicine
101 Prospect Street
Lakewood, New Jersey 08701

Architect

Lawrence S. Schreiber, AIA
922 East Kennedy Boulevard
PO Box 546
Lakewood, NJ 08701

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Lakewood School District
Lakewood, New Jersey 08701

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 Township of Lakewood School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Lakewood School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Lakewood School District, in the County of Ocean, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2011 on our consideration of the Township of Lakewood 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 and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Lakewood School District's basic financial statements. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. In addition, the introductory section, combining statements and related major fund supporting statements and schedules, and statistical section listed in the table of contents, are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal Awards and State Financial Assistance, combining statements and related major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

L. Jarred Corn
Certified Public Accountant
Public School Accountant No. CS 00219700

Voorhees, New Jersey
November 30, 2011

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

The Honorable President and
Members of the Board of Education
Township of Lakewood School District
Lakewood, New Jersey 08701

We have audited the financial statements of the governmental activities, the business-type activities, the, each major fund, and the aggregate remaining fund information of the Township of Lakewood School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. 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 Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Township of Lakewood School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township of Lakewood School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance, that we consider to be significant deficiencies in internal control over financial reporting as findings number 2011-1 and 2011-2. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Lakewood School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, 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 number 2011-1 and 2011-2.

The Township of Lakewood School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School District's response and, accordingly, we express no opinion on it.

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

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

L. Jarred Corn
Certified Public Accountant
Public School Accountant No. CS 00219700

Voorhees, New Jersey
November 30, 2011

REQUIRED SUPPLEMENTARY INFORMATION
PART I

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT

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

As management of the Township of Lakewood School District (hereafter referred to as the "School District"), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- The assets of the School District exceeded liabilities at the close of the most recent fiscal year by \$13,103,602.85 (net assets). Of this amount, \$11,447,077.80 represents net assets of governmental activities and \$1,656,525.05 for business-type activities.
- The School District's total net assets increased by \$5,169,932.38. A contributing factor to the increase in net assets was a result of a \$5,611,837.06 reduction of expenses incurred by governmental activities, while current fiscal year general revenues only decreasing by \$2,709,031.71.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$4,411,832.70, an increase of \$1,434,432.63 in comparison with the prior fiscal year.
- At the end of the current fiscal year, total fund balance for the general fund increased slightly by \$39,120.61, to total \$3,285,084.91, while total fund balance for the special revenue fund increased by \$1,395,268.99, to total \$1,126,702.51 at the end of the current fiscal year.
- The School District's total bonded debt decreased by \$1,095,000.00 as a result of budgeted debt payments.
- During the current fiscal year, the School District budgeted, and paid, its final principal payment of \$764,513.31 on its four-year capital lease for capital improvements to Lakewood High School and the replacement of coping equipment at Clifton Avenue School.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements themselves. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The *district-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the School District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick leave, personal leave, and vacation leave, which collectively are referred to as compensated absences).

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited) (Cont'd)

District-wide financial statements (cont'd). Both of the district-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the School District include the education of students in grades kindergarten through twelfth at the School District's six schools. The business-type activities of the School District include a food service program, a latchkey program, and a community school program.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and debt service fund, which are all considered to be major funds.

The School District adopts an annual budget for its general fund, special revenue fund, and debt service fund. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Proprietary Funds. The School District maintains one type of proprietary fund; that being an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The School District uses an enterprise fund to account for its food service, latchkey, and community school programs.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service, latchkey, and community school programs, which are all considered to be major funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the district-wide financial statements because the resources of those funds are *not* available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited) (Cont'd)

District-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities by \$13,103,602.85 at the close of the most recent fiscal year.

By far the largest portion of the School District's net assets reflects its investment in capital assets (i.e., land, land improvements, buildings and building improvements, machinery and equipment); less any related debt used to acquire those assets that are still outstanding.

The School District uses these capital assets to provide educational services to students; consequently, these assets are *not* available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT'S NET ASSETS						
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 15,006,227.28	\$ 10,142,051.72	\$ 978,512.55	\$ 1,066,577.60	\$ 15,984,739.83	\$ 11,208,629.32
Capital Assets	<u>13,265,251.93</u>	<u>13,883,067.19</u>	<u>368,458.33</u>	<u>369,725.72</u>	<u>13,633,710.26</u>	<u>14,252,792.91</u>
Total Assets	<u>28,271,479.21</u>	<u>24,025,118.91</u>	<u>1,346,970.88</u>	<u>1,436,303.32</u>	<u>29,618,450.09</u>	<u>25,461,422.23</u>
Noncurrent Liabilities						
outstanding	6,180,386.95	10,111,244.22			6,180,386.95	10,111,244.22
Other Liabilities	<u>10,644,014.46</u>	<u>7,220,172.95</u>	<u>(309,554.17)</u>	<u>196,334.59</u>	<u>10,334,460.29</u>	<u>7,416,507.54</u>
Total Liabilities	<u>16,824,401.41</u>	<u>17,331,417.17</u>	<u>(309,554.17)</u>	<u>196,334.59</u>	<u>16,514,847.24</u>	<u>17,527,751.76</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	11,536,710.81	10,326,553.88	368,458.33	369,725.72	11,905,169.14	10,696,279.60
Restricted	45.28	2.25			45.28	2.25
Unrestricted	<u>(89,678.29)</u>	<u>(3,632,854.39)</u>	<u>1,288,066.72</u>	<u>870,243.01</u>	<u>1,198,388.43</u>	<u>(2,762,611.38)</u>
Total Net Assets	<u>\$ 11,447,077.80</u>	<u>\$ 6,693,701.74</u>	<u>\$ 1,656,525.05</u>	<u>\$ 1,239,968.73</u>	<u>\$ 13,103,602.85</u>	<u>\$ 7,933,670.47</u>

At the end of the current fiscal year, the School District is able to report overall positive net asset balances for its governmental and business-type activities. For the business-type activities, the School District is able to report positive balances in all of the categories of net assets, which held true for the prior fiscal year. For governmental activities, however, the School District reported an unrestricted deficit, which also resulted in the prior fiscal year. This deficit, for both fiscal years, is primarily caused by the inclusion of the liability for accrued, unused personal leave time (compensated absences) that has been earned by employees of the School District, and is payable upon termination. It is the policy of the School District to fund payments of this liability in future annual budgets as payments become due (pay-as-you-go).

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited) (Cont'd)

District-wide Financial Analysis (Cont'd)

As previously mentioned, the net assets of the School District increased by \$5,169,932.38 from the previous fiscal year. A contributing factor to the increase in net assets was a result of a \$5,557,601.82 decrease in district-wide expenses, while current fiscal year district-wide general revenues only decreased by \$2,699,928.99. A significant decrease in expenses was experienced in support services (\$6,715,545.40). The primary cause of the decrease in overall expenses of governmental activities was the reduction of salaried positions and a scaling-back of various programs due to budgetary constraints, which was evidenced in the School District's current fiscal year reduction in unrestricted federal and state aid (\$3,429,334.25), which aids in funding operations.

Governmental Activities. Governmental activities increased the School District's net assets by \$4,753,376.06, thereby accounting for ninety-two percent (92%) of the total growth in the net assets of the School District. Key elements of this increase are as follows:

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT'S ACTIVITIES						
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
REVENUES:						
Program Revenues:						
Charges for Services	\$ 52,832.00	\$ 98,024.68	\$ 561,605.47	\$ 720,588.16	\$ 614,437.47	\$ 818,612.84
Operating Grants and Contributions	41,307,925.71	42,369,165.73	2,874,259.73	2,687,648.68	44,182,185.44	45,056,814.41
Capital Grants and Contributions	180,960.87	579,797.64	17,525.00		198,485.87	579,797.64
General Revenues:						
Property Taxes	73,546,157.00	72,835,700.00			73,546,157.00	72,835,700.00
Federal and State Aid not Restricted	25,058,275.31	28,487,609.56			25,058,275.31	28,487,609.56
Federal and State Aid Restricted	75,848.96	86,064.72			75,848.96	86,064.72
Unrestricted Interest Earnings	22,399.95	12,805.21	1,799.66	1,013.86	24,199.61	13,819.07
Miscellaneous Income Contributions	332,303.60	321,837.04			332,303.60	321,837.04
			101,248.58	92,931.64	101,248.58	92,931.64
Total Revenues	140,576,703.40	144,791,004.58	3,556,438.44	3,502,182.34	144,133,141.84	148,293,186.92
EXPENSES:						
Governmental Activities:						
Instruction	37,353,183.21	35,967,608.12			37,353,183.21	35,967,608.12
Support Services	96,024,979.63	102,740,525.03			96,024,979.63	102,740,525.03
Special Schools		152,782.75				152,782.75
Interest on Long-Term Debt	147,822.29	238,609.36			147,822.29	238,609.36
Unallocated Depreciation and Amortization	576,769.35	615,066.28			576,769.35	615,066.28
Food Service			3,029,670.03	2,750,515.90	3,029,670.03	2,750,515.90
Latchkey Program			2,086.69	158,480.07	2,086.69	158,480.07
Community School			209,085.59	277,611.10	209,085.59	277,611.10
Total Expenses	134,102,754.48	139,714,591.54	3,240,842.31	3,186,607.07	137,343,596.79	142,901,198.61
Change in Net Assets	6,473,948.92	5,076,413.04	315,596.13	315,575.27	6,789,545.05	5,391,988.31
Prior Year Adjustments	(1,627,414.83)		7,802.16		(1,619,612.67)	
Transfers	(93,158.03)		93,158.03			
Net Change in Net Assets	4,753,376.06	5,076,413.04	416,556.32	315,575.27	5,169,932.38	5,391,988.31
Net Assets, July 1	6,693,701.74	1,617,288.70	1,239,968.73	924,393.46	7,933,670.47	2,541,682.16
Net Assets, June 30	\$ 11,447,077.80	\$ 6,693,701.74	\$ 1,656,525.05	\$ 1,239,968.73	\$ 13,103,602.85	\$ 7,933,670.47

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited) (Cont'd)

District-wide Financial Analysis (Cont'd)

Governmental Activities (Cont'd).

- The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for school district operations. Property taxes increased by \$710,457.00 (.97%) during the most recent fiscal year.
- Federal and state aid not restricted for governmental activities decreased by \$3,429,334.25, mostly as a result of the financial condition of the State of New Jersey.

Business-type activities. Business-type activities increased the School District's net assets by \$416,556.32, accounting for eight percent (8%) of the total growth in the government's net assets. Key elements of business-type activities are as follows:

- Charges for services for business-type activities decreased by \$158,982.69 in comparison with the prior fiscal year. This was due to the School District discontinuing its latchkey program, effective August 18, 2010.
- Operating grants and contributions for business-type activities increased by six percent (6%), or by \$186,611.05. This was solely attributable to the food service fund for meals served that were subject to federal subsidy reimbursement.
- The School District received a national school lunch program equipment assistance grant, in the amount of \$17,525.00, for its food service program.

Financial Analysis of the Government's Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$4,411,832.70, an increase of \$1,434,432.63 in comparison with the prior fiscal year. The total combining fund balances consist of the following: (1) \$45.28 which is restricted for future debt service obligations; (2) \$1,126,702.51 which is assigned for education, specifically for instructional and support services; (3) \$580,399.43 which is assigned to liquidate contracts and purchase orders of the prior period; (4) \$2,527,810.00 which is assigned as it has been appropriated and included as anticipated revenue in the annual budget for the fiscal year ending June 30, 2012; and (5), \$176,875.48 which is unassigned and is available to fund operations.

The general fund is the general 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. At the end of the current fiscal year, total fund balance of the general fund is \$3,285,084.91, but as mentioned above, \$2,527,810.00 has been appropriated and included as anticipated revenue in the annual budget for the fiscal year ending June 30, 2012, and \$580,399.43 has been assigned to satisfy contracts and purchase orders of the prior period.

During the year ended June 30, 2011, the fund balance of the general fund experienced a modest increase of \$39,120.61.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited) (Cont'd)

Financial Analysis of the Government's Funds (Cont'd)

Governmental Funds (Cont'd).

The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. At the end of the current fiscal year, total fund balance of the special revenue fund, which is assigned for education expenditures, specifically for instructional and support services, is \$1,126,702.51. Key factors are as follows:

- Total revenue from federal and state sources decreased by \$994,122.85 in comparison to the prior fiscal year. From the federal level, the School District's I.D.E.I.A. entitlement for the current fiscal year was significantly less than the previous fiscal year's. The current fiscal year budget for I.D.E.I.A. Part B, Basic was \$4,412,632.60, which was \$3,864,403.84 less than the previous fiscal year's.
- Total expenditures decreased by \$2,411,592.14. A significant contributing factor to the decrease was the aforementioned reduction in the School District's current fiscal year I.D.E.I.A. Part B entitlement.
- Total fund balance of the special revenue fund increased by \$1,395,268.99 from that of the previous fiscal year. This increase resulted from the School District not expending their full preschool education aid allocation (\$4,267,572.00) by the end of the current fiscal year, which generated an increase in fund balance of \$1,396,032.91.

The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. At the close of the most recent fiscal year end, the debt service fund has a total fund balance, which is restricted for the payment of future debt service obligations, of \$45.28.

Proprietary Funds. The School District's proprietary funds provide the same type of information found in the district-wide financial statements, but in more detail.

Unrestricted net assets of the food service fund and community school fund was \$1,271,602.83 and \$16,463.89, respectively. The total growth in net assets of the food service fund was \$344,137.18, while the community school fund reported a decrease in net assets of \$18,663.27. Other factors concerning the finances of these two funds have already been addressed in the discussion of the School District's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final modified budget totaled \$388,756.95 (increase in appropriations) and can be briefly summarized as follows:

- Prior fiscal year orders (encumbrances) in the amount of \$388,756.95 rolled into the current fiscal year budget.

Special Revenue Fund Budgetary Highlights

Differences between the original budget and the final modified budget totaled \$8,329,604.41 (increase in budgeted revenues and appropriations). The modifications resulted from approved increases in various federal and state awards which were not known at the time the annual budget was adopted by the voters at the April 2010 school board election.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited) (Cont'd)

Capital Asset and Debt Administration

Capital Assets. The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounts to \$13,633,710.26 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and building improvements, and machinery and equipment. Capital asset additions to the governmental activities totaled \$200,622.94, while additions to the business-type activities totaled \$23,028.96. There were no capital asset disposals for governmental activities or for business-type activities.

The more significant capital asset events, which included donated assets, during the current fiscal year, included the following:

- The donation of \$119,809.36 worth of telecommunications equipment via the federal e-rate program.
- The acquisition of copier equipment through a capital lease, totaling \$35,589.14, for use in several locations throughout the school district.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT (NET OF ACCUMULATED DEPRECIATION)							
	Governmental Activities		Business-Type Activities		Total		
	2011	2010	2011	2010	2011	2010	
Land	\$ 143,800.00	\$ 143,800.00			\$ 143,800.00	\$ 143,800.00	
Land Improvements	315,256.47	339,299.12			315,256.47	339,299.12	
Buildings and Building Improvements	11,367,528.29	11,941,697.05	\$ 274,846.39	\$ 280,886.97	11,642,374.68	12,222,584.02	
Machinery and Equipment	1,438,667.17	1,458,271.02	93,611.94	88,838.75	1,532,279.11	1,547,109.77	
Total	<u>\$ 13,265,251.93</u>	<u>\$ 13,883,067.19</u>	<u>\$ 368,458.33</u>	<u>\$ 369,725.72</u>	<u>\$ 13,633,710.26</u>	<u>\$ 14,252,792.91</u>	

Additional information on the School District's capital assets can be found in note 6 in notes to financial statements.

Long-term Obligations. At the end of the current fiscal year, the School District had total long term obligations of \$6,180,386.95, all related to governmental activities. Bonded debt outstanding at June 30, 2011 was \$1,697,000.00, while the remaining long-term obligations consisted of obligations under capital leases in the amount of \$31,541.12, a pension payment deferral in the amount of \$196,429.00, and compensated absences in the amount of \$4,255,416.84. The 2011-2012 adopted budget includes an appropriation of \$858,000.00, \$6,493.56, and \$947,394.00 for payment of the annual principal on the bonded debt, capital leases, and compensated absences, respectively. All of the bonded debt will mature by August 1, 2015.

Additional information on the School District's long-term debt can be found in note 7 in notes to financial statements.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited) (Cont'd)

Economic Factors and Next Year's Budget

A major concern of the School District's financial condition is the continued freeze on state aid to education, causing increased reliance on local property taxes. The School District has had a record of defeated school budgets in the past. The contributing factors are thought to be the increased property taxes which senior citizens and private school parents who receive no or very few services are unwilling to approve.

Lakewood Township is primarily a residential community with increasing ratables due to a large industrial park and boom in housing construction. Thus, the burden is focused on homeowners to foot the tax burden due to the fact that the Township receives less state aid based on the funding formula.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator / Board Secretary, at the Lakewood Township Board of Education, 1771 Madison Avenue (Route 9), East Wing, Lakewood, New Jersey 08701.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 3,823,634.20	\$ 714,730.34	\$ 4,538,364.54
Accounts Receivable, net (Note 4)	11,156,960.83	229,483.73	11,386,444.56
Inventories (Note 5)		34,298.48	34,298.48
Deferred Assets:			
Bond Issuance Costs	25,632.25		25,632.25
Capital Assets, net (Note 6)	<u>13,265,251.93</u>	<u>368,458.33</u>	<u>13,633,710.26</u>
Total Assets	<u>28,271,479.21</u>	<u>1,346,970.88</u>	<u>29,618,450.09</u>
LIABILITIES:			
Intergovernmental Accounts Payable	279,141.98		279,141.98
Accounts Payable	9,232,732.82	18,319.01	9,251,051.83
Internal Balances	336,743.56	(336,743.56)	
Accrued Interest Payable	75,252.13		75,252.13
Deferred Revenue	720,143.97	8,870.38	729,014.35
Noncurrent Liabilities (Note 7):			
Due within One Year	1,824,982.83		1,824,982.83
Due beyond One Year	<u>4,355,404.12</u>		<u>4,355,404.12</u>
Total Liabilities	<u>16,824,401.41</u>	<u>(309,554.17)</u>	<u>16,514,847.24</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	11,536,710.81	368,458.33	11,905,169.14
Restricted for:			
Debt Service	45.28		45.28
Unrestricted (Deficit)	<u>(89,678.29)</u>	<u>1,288,066.72</u>	<u>1,198,388.43</u>
Total Net Assets	<u>\$ 11,447,077.80</u>	<u>\$ 1,656,525.05</u>	<u>\$ 13,103,602.85</u>

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

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2011

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 26,163,926.63		\$ 7,789,680.73	\$ 61,151.51	\$ (18,313,094.39)		\$ (18,313,094.39)
Special Education	6,429,848.84	\$ 52,832.00			(6,377,016.84)		(6,377,016.84)
Other Special Instruction	3,744,550.69				(3,744,550.69)		(3,744,550.69)
Other Instruction	905,868.44				(905,868.44)		(905,868.44)
Community Services Programs / Operations	108,988.61				(108,988.61)		(108,988.61)
Support Services:							
Tuition	15,798,336.93				(15,798,336.93)		(15,798,336.93)
Student and Instruction Related Services	39,011,375.48		28,834,400.32		(10,176,975.16)		(10,176,975.16)
Other Administrative Services	1,986,600.96				(1,986,600.96)		(1,986,600.96)
School Administrative Services	3,443,965.82				(3,443,965.82)		(3,443,965.82)
Plant Operations and Maintenance	7,307,360.09			119,809.36	(7,187,550.73)		(7,187,550.73)
Pupil Transportation	16,022,883.86				(16,022,883.86)		(16,022,883.86)
Unallocated Benefits	12,454,456.49		4,673,501.62		(7,780,954.87)		(7,780,954.87)
Interest on Long-Term Debt	147,822.29		10,343.04		(137,479.25)		(137,479.25)
Unallocated Depreciation and Amortization	576,769.35				(576,769.35)		(576,769.35)
Total Governmental Activities	134,102,754.48	52,832.00	41,307,925.71	180,960.87	(92,561,035.90)	-	(92,561,035.90)
Business-Type Activities:							
Food Service	3,029,670.03	480,231.39	2,874,259.73	17,525.00		\$ 342,346.09	342,346.09
Latchkey Program	2,086.69	2.50				(2,084.19)	(2,084.19)
Community School	209,085.59	81,371.58				(127,714.01)	(127,714.01)
Total Business-Type Activities	3,240,842.31	561,605.47	2,874,259.73	17,525.00	-	212,547.89	212,547.89
Total Primary Government	\$ 137,343,596.79	\$ 614,437.47	\$ 44,182,185.44	\$ 198,485.87	(92,561,035.90)	212,547.89	(92,348,488.01)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					71,593,625.00		71,593,625.00
Taxes Levied for Debt Service					1,952,532.00		1,952,532.00
Federal and State Aid not Restricted					25,058,275.31		25,058,275.31
Federal and State Aid Restricted					75,848.96		75,848.96
Unrestricted Interest Earnings					22,399.95	1,799.66	24,199.61
Miscellaneous Income					332,303.60		332,303.60
Contributions						101,248.58	101,248.58
Total General Revenue					99,034,984.82	103,048.24	99,138,033.06

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2011

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Change in Net Assets before Transfers					\$ 6,473,948.92	\$ 315,596.13	\$ 6,789,545.05
Transfers (Note 15)					(93,158.03)	93,158.03	-
Change in Net Assets after Transfers					6,380,790.89	408,754.16	6,789,545.05
Net Assets, July 1					6,693,701.74	1,239,968.73	7,933,670.47
Prior Period Adjustments (Note 18)					(1,627,414.83)	7,802.16	(1,619,612.67)
Net Assets, July 1, Restated					5,066,286.91	1,247,770.89	6,314,057.80
Net Assets, June 30					<u>\$ 11,447,077.80</u>	<u>\$ 1,656,525.05</u>	<u>\$ 13,103,602.85</u>

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	<u>Total Governmental Funds</u>
ASSETS:						
Cash and Cash Equivalents	\$ 3,719,797.68	\$ 103,791.24		\$ 45.28		\$ 3,823,634.20
Interfunds Account Receivable:						
Fiduciary Funds	1,899.42					1,899.42
Intergovernmental Accounts Receivable:						
Federal		7,503,068.87				7,503,068.87
State	3,488,954.14	106,490.28				3,595,444.42
Other	5,000.00					5,000.00
Other Accounts Receivable	<u>51,548.12</u>					<u>51,548.12</u>
Total Assets	<u><u>\$ 7,267,199.36</u></u>	<u><u>\$ 7,713,350.39</u></u>	<u><u>-</u></u>	<u><u>\$ 45.28</u></u>	<u><u>-</u></u>	<u><u>\$ 14,980,595.03</u></u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Interfunds Account Payable:						
Enterprise Fund	336,743.56					336,743.56
Intergovernmental Accounts Payable:						
Federal		76,615.83				76,615.83
State		202,526.15				202,526.15
Accounts Payable	3,645,370.89	5,587,361.93				9,232,732.82
Deferred Revenue		<u>720,143.97</u>				<u>720,143.97</u>
Total Liabilities	<u><u>3,982,114.45</u></u>	<u><u>6,586,647.88</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>10,568,762.33</u></u>
Fund Balances (Note 17):						
Restricted:						
Debt Service				45.28		45.28

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCES (CONT'D):						
Fund Balances (Cont'd) (Note 17):						
Assigned:						
Education - Instructional and Support Services		\$ 1,126,702.51				\$ 1,126,702.51
Other Purposes	\$ 580,399.43					580,399.43
Designated for Subsequent Year's Expenditures	2,527,810.00					2,527,810.00
Unassigned	176,875.48					176,875.48
Total Fund Balances	<u>3,285,084.91</u>	<u>1,126,702.51</u>	<u>-</u>	<u>\$ 45.28</u>	<u>-</u>	<u>4,411,832.70</u>
Total Liabilities and Fund Balances	<u>\$ 7,267,199.36</u>	<u>\$ 7,713,350.39</u>	<u>-</u>	<u>\$ 45.28</u>	<u>-</u>	
Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$39,027,625.99, and the accumulated depreciation is \$25,762,374.06.						\$ 13,265,251.93
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.						25,632.25
Accrued interest payable is not due and payable in the current period and therefore is not reported as liabilities in the funds.						(75,252.13)
Long-term liabilities, including bonds payable, capital leases, and compensated absences payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.						<u>(6,180,386.95)</u>
Net assets of governmental activities						<u>\$ 11,447,077.80</u>

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

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	<u>Total Governmental Funds</u>
REVENUES:						
Local Tax Levy	\$ 71,593,625.00			\$ 1,952,532.00		\$ 73,546,157.00
Tuition Charges	52,832.00					52,832.00
Unrestricted Miscellaneous Revenues	352,046.79					352,046.79
Federal Sources	410,507.19	\$ 18,284,660.29				18,695,167.48
State Sources	29,321,269.74	18,400,572.27		86,192.00		47,808,034.01
Total Revenues	101,730,280.72	36,685,232.56	-	2,038,724.00	-	140,454,237.28
EXPENDITURES:						
Current:						
Regular Instruction	20,625,833.68	6,393,647.82				27,019,481.50
Special Education Instruction	6,731,755.52					6,731,755.52
Other Special Instruction	3,899,099.13					3,899,099.13
Other Instruction	939,902.82					939,902.82
Community Services Programs / Operations	114,053.49					114,053.49
Support Services and Undistributed Costs:						
Tuition	15,798,336.93					15,798,336.93
Student and Instruction Related Services	10,533,658.82	28,834,400.32				39,368,059.14
Other Administrative Services	1,989,085.04					1,989,085.04
School Administrative Services	3,542,117.02					3,542,117.02
Plant Operations and Maintenance	7,202,620.54					7,202,620.54
Pupil Transportation	16,035,447.66					16,035,447.66
Unallocated Benefits	12,454,456.49					12,454,456.49
Capital Outlay	76,036.38	61,151.51				137,187.89

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES (CONT'D):						
Debt Service:						
Principal				\$ 1,859,513.31		\$ 1,859,513.31
Interest and Other Charges				179,167.66		179,167.66
Total Expenditures	\$ 99,942,403.52	\$ 35,289,199.65	-	2,038,680.97	-	137,270,284.14
Excess (Deficiency) of Revenues over Expenditures	1,787,877.20	1,396,032.91	-	43.03	-	3,183,953.14
OTHER FINANCING SOURCES (USES):						
Cancellation of Accounts Receivable	(67,193.55)					(67,193.55)
Cancellation of Accounts Payable	2,656.76					2,656.76
Capital Leases (Non-Budgeted)	35,589.14					35,589.14
Transfers (Note 15)	(92,394.11)	(763.92)				(93,158.03)
Total Other Financing Sources and Uses	(121,341.76)	(763.92)	-	-	-	(122,105.68)
Net Change in Fund Balances	1,666,535.44	1,395,268.99	-	43.03	-	3,061,847.46
Fund Balance (Deficit) July 1	3,245,964.30	(268,566.48)	-	2.25	-	2,977,400.07
Prior Period Adjustments (Note 18)	(1,627,414.83)	-	-	-	-	(1,627,414.83)
Fund Balance, July 1, (Deficit) Restated	1,618,549.47	(268,566.48)	-	2.25	-	1,349,985.24
Fund Balance, June 30	\$ 3,285,084.91	\$ 1,126,702.51	-	\$ 45.28	-	\$ 4,411,832.70

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

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of activities are different because:

Total Net Change in Fund Balances - Governmental Funds		\$ 3,061,847.46
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (818,438.20)	
Capital Outlays	<u>80,813.58</u>	
		(737,624.62)
<p>Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.</p>		
		(25,443.95)
<p>The fair value of donated capital assets is recorded as a revenue in the statement of activities, but is not reported in the governmental funds.</p>		
		119,809.36
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		1,827,972.19
<p>In the statement of activities, certain operating expenses, (e.g., compensated absences, interest on debt), are measured by the amounts incurred 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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).</p>		
		<u>2,134,230.45</u>
Change in Net Assets of Governmental Activities		<u>\$ 6,380,790.89</u>

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

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-Type Activities - Enterprise Funds			<u>Totals</u>
	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Community School</u>	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 698,055.08		\$ 16,675.26	\$ 714,730.34
Intergovernmental Accounts Receivable:				
Federal	173,303.34			173,303.34
State	2,674.19			2,674.19
Other Accounts Receivable	53,506.20			53,506.20
Inventories for Consumption	8,951.43			8,951.43
Inventories for Resale	25,347.05			25,347.05
Total Current Assets	<u>1,298,580.85</u>	<u>-</u>	<u>16,675.26</u>	<u>1,315,256.11</u>
Noncurrent Assets:				
Buildings and Building Improvements	302,029.00			302,029.00
Machinery and Equipment	502,481.94			502,481.94
Less: Accumulated Depreciation	<u>(436,052.61)</u>			<u>(436,052.61)</u>
Total Noncurrent Assets	<u>368,458.33</u>	<u>-</u>	<u>-</u>	<u>368,458.33</u>
Total Assets	<u>1,667,039.18</u>	<u>-</u>	<u>16,675.26</u>	<u>1,683,714.44</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	18,107.64		211.37	18,319.01
Deferred Revenue	8,870.38			8,870.38
Total Current Liabilities	<u>26,978.02</u>	<u>-</u>	<u>211.37</u>	<u>27,189.39</u>
Total Liabilities	<u>26,978.02</u>	<u>-</u>	<u>211.37</u>	<u>27,189.39</u>
NET ASSETS:				
Invested in Capital Assets Net of Related Debt	368,458.33			368,458.33
Unrestricted	1,271,602.83		16,463.89	1,288,066.72
Total Net Assets	<u>\$ 1,640,061.16</u>	<u>-</u>	<u>\$ 16,463.89</u>	<u>\$ 1,656,525.05</u>

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

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities - Enterprise Fund			Totals
	Food Service	Latchkey Program	Community School	
OPERATING REVENUES:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$ 155,899.00			\$ 155,899.00
Daily Sales - Non-Reimbursable Programs	206,968.00			206,968.00
Special Functions	94,543.13			94,543.13
Vending	21,867.26			21,867.26
Tuition and Fees			\$ 8,113.50	8,113.50
Rentals			43,912.42	43,912.42
Trips			29,295.66	29,295.66
Miscellaneous	954.00	\$ 2.50	50.00	1,006.50
Total Operating Revenues	480,231.39	2.50	81,371.58	561,605.47
OPERATING EXPENSES:				
Food Service Management Company Salaries	717,675.73			717,675.73
Salaries			94,053.49	94,053.49
Food Service Management Company Employee Benefits	236,810.59			236,810.59
Personal Services - Employee Benefits			7,195.09	7,195.09
Purchased Professional and Technical Services	155,841.03		62,807.16	218,648.19
Purchased Property Services	55,074.32		17,880.97	72,955.29
Other Purchased Services	271,645.17		10,098.25	281,743.42
Supplies and Materials	101,465.49		1,143.19	102,608.68
Depreciation	24,296.35			24,296.35
Cost of Sales	1,389,993.43			1,389,993.43
Miscellaneous Expenditures	76,867.92	2,086.69	15,907.44	94,862.05
Total Operating Expenses	3,029,670.03	2,086.69	209,085.59	3,240,842.31
Operating Income (Loss)	(2,549,438.64)	(2,084.19)	(127,714.01)	(2,679,236.84)
NONOPERATING REVENUES (EXPENSES):				
State Sources:				
State School Lunch Program	38,043.38			38,043.38
Federal Sources:				
National School Breakfast Program	537,869.24			537,869.24
National School Lunch Program	1,897,695.48			1,897,695.48
After School Snack Program	48,107.40			48,107.40
Fresh Fruit and Vegetable Program	79,666.41			79,666.41
Summer Food Program for Children	88,996.73			88,996.73
Food Distribution Program	183,881.09			183,881.09
Interest and Investment Revenue	1,791.09	8.57		1,799.66
Total Nonoperating Revenues (Expenses)	2,876,050.82	8.57	-	2,876,059.39
Income (Loss) before Contributions, Discontinued Operations, and Transfers	326,612.18	(2,075.62)	(127,714.01)	196,822.55

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities - Enterprise Fund			<u>Totals</u>
	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Community School</u>	
CONTRIBUTIONS, DISCONTINUED OPERATIONS, AND TRANSFERS:				
Board Contribution			\$ 101,248.58	\$ 101,248.58
Capital Contribution:				
National School Lunch Program Equipment Assistance Grant for School Food Authorities (ARRA)	\$ 17,525.00			17,525.00
Discontinued Operations:				
Transfer to General Fund (Note 16)		\$ 93,158.03		93,158.03
Total Contributions, Discontinued Operations, and Transfers	<u>17,525.00</u>	<u>93,158.03</u>	<u>101,248.58</u>	<u>211,931.61</u>
Change in Net Assets	<u>344,137.18</u>	<u>91,082.41</u>	<u>(26,465.43)</u>	<u>408,754.16</u>
Net Assets, July 1 (Deficit)	1,295,923.98	(91,082.41)	35,127.16	1,239,968.73
Prior Period Adjustment (Note 18)	<u>-</u>	<u>-</u>	<u>7,802.16</u>	<u>7,802.16</u>
Net Assets, July 1, Restated	<u>1,295,923.98</u>	<u>(91,082.41)</u>	<u>42,929.32</u>	<u>1,247,770.89</u>
Net Assets, June 30	<u>\$ 1,640,061.16</u>	<u>-</u>	<u>\$ 16,463.89</u>	<u>\$ 1,656,525.05</u>

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

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds			
	Food Service	Latchkey Program	Community School	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 481,538.59	\$ 4,145.11	\$ 86,221.74	\$ 571,905.44
Payments to Suppliers	<u>(2,897,835.34)</u>	<u>(2,219.79)</u>	<u>(93,530.64)</u>	<u>(2,993,585.77)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(2,416,296.75)</u>	<u>1,925.32</u>	<u>(7,308.90)</u>	<u>(2,421,680.33)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Federal Sources	2,384,896.36			2,384,896.36
State Sources	40,387.19			40,387.19
Transfer from General Fund		<u>(4,779.99)</u>		<u>(4,779.99)</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>2,425,283.55</u>	<u>(4,779.99)</u>	<u>-</u>	<u>2,420,503.56</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital Contribution:				
Federal Sources	17,525.00			17,525.00
Purchases of Capital Assets	<u>(23,028.96)</u>			<u>(23,028.96)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(5,503.96)</u>	<u>-</u>	<u>-</u>	<u>(5,503.96)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends	<u>1,791.09</u>	<u>8.57</u>		<u>1,799.66</u>
Net Cash Provided by (Used for) Investing Activities	<u>1,791.09</u>	<u>8.57</u>	<u>-</u>	<u>1,799.66</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,273.93	(2,846.10)	(7,308.90)	(4,881.07)
Balances, July 1	<u>692,781.15</u>	<u>2,846.10</u>	<u>23,984.16</u>	<u>719,611.41</u>
Balances, June 30	<u>\$ 698,055.08</u>	<u>-</u>	<u>\$ 16,675.26</u>	<u>\$ 714,730.34</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (2,549,438.64)	\$ (2,084.19)	\$ (127,714.01)	\$ (2,679,236.84)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Net Amortization	24,296.35			24,296.35
Board Contribution for Salaries and Fringe Benefits			101,248.58	101,248.58
Food Distribution (Non-Cash Assistance)	190,253.74			190,253.74
(Increase) Decrease in Accounts Receivable	1,307.20	4,142.61	7,802.16	13,251.97
(Increase) Decrease in Inventories for Consumption	(3,178.61)			(3,178.61)
(Increase) Decrease in Inventories for Resale	(4,830.69)			(4,830.69)
(Increase) Decrease in Prepaid Expenses			14,095.00	14,095.00
Increase (Decrease) in Accounts Payable	(74,706.10)	(133.10)	211.37	(74,627.83)
Increase (Decrease) in Deferred Revenue			<u>(2,952.00)</u>	<u>(2,952.00)</u>
Total Adjustments	<u>133,141.89</u>	<u>4,009.51</u>	<u>120,405.11</u>	<u>257,556.51</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (2,416,296.75)</u>	<u>\$ 1,925.32</u>	<u>\$ (7,308.90)</u>	<u>\$ (2,421,680.33)</u>

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

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Trust Funds</u>				<u>Agency Funds</u>	
	Unemployment Compensation <u>Trust</u>	Workmen's Compensation <u>Trust</u>	Private- Purpose Scholarship <u>Fund</u>	Parent Resource Center / College Application <u>Fund</u>	Student Activity	Payroll
ASSETS:						
Cash and Cash Equivalents	\$ 42,178.40	\$ 15,914.55	\$ 59,452.19	\$ 15,680.92	\$ 70,804.00	\$ 1,457,605.29
Investments (Note 3)			116,751.38			
Intrafund Accounts Receivable:						
Due Payroll Agency	<u>38,469.84</u>					
Total Assets	<u>80,648.24</u>	<u>15,914.55</u>	<u>176,203.57</u>	<u>15,680.92</u>	<u>\$ 70,804.00</u>	<u>\$ 1,457,605.29</u>
LIABILITIES:						
Intrafund Accounts Payable:						
Due Unemployment Compensation Trust						\$ 38,469.84
Interfund Accounts Payable:						
Due General Fund						1,899.42
Accrued Salaries and Wages						1,163,777.85
Payable to Student Groups					\$ 70,804.00	
Payroll Deductions and Withholdings						<u>253,458.18</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 70,804.00</u>	<u>\$ 1,457,605.29</u>
NET ASSETS:						
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 80,648.24</u>	<u>\$ 15,914.55</u>				
Held in Trust for Public Donations				<u>\$ 15,680.92</u>		
Reserved for Scholarships			<u>\$ 176,203.57</u>			

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

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Statement of Changes in Fiduciary Fund Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Unemployment Compensation <u>Trust</u>	Workmen's Compensation <u>Trust</u>	Private- Purpose Scholarship <u>Fund</u>	Parent Resource Center / College Application <u>Fund</u>
ADDITIONS:				
Contributions:				
Scholarships			\$ 3,600.00	
From Board	\$ 537,579.95	\$ 494,244.63		
Other	85,478.10			\$ 5,000.00
Total Contributions	<u>623,058.05</u>	<u>494,244.63</u>	<u>3,600.00</u>	<u>5,000.00</u>
Investment Earnings:				
Interest and Dividends	25.18	45.64	5,192.31	1.98
Net Investment Earnings	<u>25.18</u>	<u>45.64</u>	<u>5,192.31</u>	<u>1.98</u>
Total Additions	<u>623,083.23</u>	<u>494,290.27</u>	<u>8,792.31</u>	<u>5,001.98</u>
DEDUCTIONS:				
Awarded Scholarships			2,250.00	
Claims	599,290.53	483,035.66		
Miscellaneous			15.00	
Total Deductions	<u>599,290.53</u>	<u>483,035.66</u>	<u>2,265.00</u>	<u>-</u>
Change in Net Assets	23,792.70	11,254.61	6,527.31	5,001.98
Net Assets, July 1	<u>56,855.54</u>	<u>4,659.94</u>	<u>169,676.26</u>	<u>10,678.94</u>
Net Assets, June 30	<u>\$ 80,648.24</u>	<u>\$ 15,914.55</u>	<u>\$ 176,203.57</u>	<u>\$ 15,680.92</u>

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

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity - The Township of Lakewood School District (hereafter referred to as the "School District") is a Type II district located in the County of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. 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 purpose of the School District is to educate students in grades kindergarten through twelfth at its six schools. The School District has an approximate enrollment at June 30, 2011 of 5,140.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the 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 - GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. As of June 30, 2011, it has been determined by the School District that no component units exist.

Basis of Presentation - The financial statements of the School District have been prepared in conformity 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 School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities, and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described in this note.

The School District's basic financial statements consist of district-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Financial Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities.

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

District-wide Financial Statements (Cont'd) - Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The general fund is the general 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, district taxes, 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 expenditure 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 expenditure 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, or 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.

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

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

Permanent Fund - The permanent fund is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs, that is, for the benefit of the School District or its students as a whole. For the fiscal year ended June 30, 2011, the School District did not maintain a permanent fund.

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those found in the private sector.

Enterprise Funds - The enterprise funds are used to account for operations

1. that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that the costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or
2. where the School District has decided that periodic determination of revenues earned, expenses incurred, and / or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The School District's enterprise funds are:

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

Latchkey Program Fund - This fund accounts for the financial activity related to the operations of after-school supervision of children.

Community School Fund - This fund accounts for the financial activity related to the operation of adult high school and recreation programs.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net assets) is segregated into investment in capital assets, net of related debt, and unrestricted net assets, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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

Buildings and Building Improvements	50 Years
Machinery and Equipment	5-15 Years

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

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Pension trust funds are used to account for resources held in trust for employees and their beneficiaries based on defined benefit pension agreements, defined contribution agreements, other postemployment benefit agreements, and other employee benefit arrangements. Investment trust funds are used to report the external portion of an investment pool as defined in GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. 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. 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). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The School District has six fiduciary funds, an unemployment compensation trust fund, a workmen's compensation trust fund, a private-purpose scholarship fund, a parent resource center fund, a student activity / athletic fund, and payroll fund.

Measurement Focus

District-wide Financial Statements - The district-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the district-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

Like the district-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days after fiscal year end.

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

Revenues -- Exchange and Non-Exchange Transactions - Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (property) taxes are susceptible to accrual. As under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. Restricted formula aids, which includes *Preschool Education Aid*, are recorded in the special revenue fund in accordance with *The Audit Program* promulgated by the New Jersey Department of Education, and have been realized as revenue as eligibility requirements were satisfied during the fiscal year ended June 30, 2011.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: tuition, grants, fees, and rentals.

Expenses / Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets / Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 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 fiscal year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund. 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.

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

Budgets / Budgetary Control (Cont'd) - 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 modified accrual basis, with the exception of the revenue recognition policy for the one or more June state aid payments.

Encumbrances - Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. 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 deferred revenues at fiscal year end.

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

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.

Tuition Receivable - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2011 and 2010 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

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

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

Inventories (Cont'd) - The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

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

Prepaid Expenses - Prepaid expenses recorded on the district-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure 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.

Deferred Expenditures - Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure / expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring costs of operations.

Short-Term Interfund Receivables / Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and / or interfunds payable.

Capital Assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the district-wide statement of net assets and the proprietary fund statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000.00. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Land Improvements	20 Years	-
Buildings and Building Improvements	15-50 Years	50 Years
Machinery and Equipment	5-20 Years	5-15 Years

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

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.

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the 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 entire compensated absence liability is reported on the district-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported in the district-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 fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are 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.

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are 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 (see note 17). 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.

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

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. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

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 an expenditure is 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 an expenditure is 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.

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program, tuition for the latchkey program, and tuition, rentals, and trip revenue for the community school program. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Non-operating expenses would include all other expenses incurred.

Interfund Activity - Transfers between governmental and business-type activities on the district-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.

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

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.

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 trust funds such as salary withholdings, athletic and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are uninsured and uncollateralized.

As of June 30, 2011, of the School District's bank balances of \$13,341,506.26 that were exposed to custodial credit risk, \$1,366,322.31 was uninsured and uncollateralized.

New Jersey Cash Management Fund - During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2011, the School District's deposits with the New Jersey Cash Management Fund were \$66,837.11.

Note 3: INVESTMENT IN SECURITIES

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. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the School District or other obligations of the local unit or units within which the School District is located, bonds or other obligations approved by the Division of Investment in the Department of Treasury for investment by school districts, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk Related to Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2011, all of the School District's investments, which are recorded in the private-purpose scholarship fund in the amount of \$116,751.38, are comprised of mutual funds. Mutual funds are not subject to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

As of June 30, 2011, the School District's investments were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Mutual Funds (Intermediate Term Bond Class)	Not Applicable	<u>\$ 116,751.38</u>

Note 3: INVESTMENT IN SECURITIES (CONT'D)

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the rules and regulations promulgated by N.J.S.A. 18A:20-37, the School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As stated in note 1, investments are purchased in accordance with N.J.S.A. 18A:20-37. The School District has no investment policy that would further limit its investment choices.

As of June 30, 2011, the ratings for the School District's investments were unavailable.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policies place no limit on the amount the School District may invest in any one issuer. All of the School District's investments are in intermediate term bond class mutual funds. These investments are reported in the School District's private-purpose scholarship fund.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2011 consisted of accounts (fees) and intergovernmental awards and grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Interfund	\$ 1,899.42				\$ 1,899.42
Intergovernmental	3,493,954.14	\$ 7,609,559.15	\$ 175,977.53		11,279,490.82
Other	51,548.12		53,506.20		105,054.32
	<u>51,548.12</u>	<u>7,609,559.15</u>	<u>53,506.20</u>	<u>-</u>	<u>105,054.32</u>
Total	<u>\$ 3,547,401.68</u>	<u>\$ 7,609,559.15</u>	<u>\$ 229,483.73</u>	<u>-</u>	<u>\$ 11,386,444.56</u>

Note 5: INVENTORY

At June 30, 2011, inventory in the food service enterprise fund consisted of the following:

Supplies (Consumption)	\$ 8,951.43
Food (Resale)	<u>25,347.05</u>
	<u>\$ 34,298.48</u>

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 143,800.00			\$ 143,800.00
Total Capital Assets not being Depreciated	143,800.00	-	-	143,800.00
Capital Assets, being Depreciated:				
Land Improvements	2,406,289.00			2,406,289.00
Building and Building Improvements	33,025,686.24			33,025,686.24
Machinery and Equipment	3,251,227.81	\$ 200,622.94		3,451,850.75
Total Capital Assets, being Depreciated	38,683,203.05	200,622.94	-	38,883,825.99
Less Accumulated Depreciation for:				
Land Improvements	(2,066,989.88)	(24,042.65)		(2,091,032.53)
Building and Building Improvements	(21,083,989.19)	(574,168.76)		(21,658,157.95)
Machinery and Equipment	(1,792,956.79)	(220,226.79)		(2,013,183.58)
Total Accumulated Depreciation	(24,943,935.86)	(818,438.20) *	-	(25,762,374.06)
Total Capital Assets, being Depreciated, Net	13,739,267.19	(617,815.26)		13,121,451.93
Governmental Activities Capital Assets, Net	\$ 13,883,067.19	\$ (617,815.26)	-	\$ 13,265,251.93
Business-Type Activities:				
Total Capital Assets, being Depreciated:				
Building and Building Improvements	\$ 302,029.00			\$ 302,029.00
Machinery and Equipment	479,452.98	\$ 23,028.96		502,481.94
Total Capital Assets, being Depreciated	781,481.98	23,028.96	-	804,510.94
Less Accumulated Depreciation for:				
Building and Building Improvements	(21,142.03)	(6,040.58)		(27,182.61)
Machinery and Equipment	(390,614.23)	(18,255.77)		(408,870.00)
Total Accumulated Depreciation	(411,756.26)	(24,296.35)	-	(436,052.61)
Total Business-Type Activities Capital Assets, Net	\$ 369,725.72	\$ (1,267.39)	-	\$ 368,458.33

Note 6: CAPITAL ASSETS (CONT'D)

* Depreciation expense was charged to governmental functions as follows:

Instruction - Regular	\$ 42,240.32
Other Administrative Services	13,614.70
School Administrative Services	72,557.19
Plant Operations and Maintenance	113,256.64
Unallocated	<u>576,769.35</u>
Total Depreciation Expense	<u>\$ 818,438.20</u>

Note 7: LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2011, the following changes occurred in long-term obligations:

	<u>Principal Outstanding July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2011</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 2,792,000.00		\$ (1,095,000.00)	\$ 1,697,000.00	\$ 858,000.00
Obligations under Capital Lease	764,513.31	\$ 35,589.14	(768,561.33)	31,541.12	6,493.56
Pension (PERS) Deferral	196,429.00			196,429.00	13,095.27
Compensated Absences	<u>6,358,301.91</u>	<u>110,422.73</u>	<u>(2,213,307.80)</u>	<u>4,255,416.84</u>	<u>947,394.00</u>
Governmental Activity Long-term Liabilities	<u>\$ 10,111,244.22</u>	<u>\$ 146,011.87</u>	<u>\$ (4,076,869.13)</u>	<u>\$ 6,180,386.96</u>	<u>\$ 1,824,982.83</u>

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 February 1, 1992, the School District issued \$9,893,000.00 of general serial bonds at an interest rate of 6.25% for the construction of additions to Ella G. Clarke, Clifton Avenue, and Oak Street Elementary School, and for the acquisition of various furniture and equipment. The final maturity of these bonds is February 15, 2012. The bonds will be paid from property taxes.

On May 24, 2000, the School District issued \$2,494,000.00 of general serial bonds at an interest rate of 5.40% for new roofing and repairs. The final maturity of these bonds is August 1, 2015. The bonds will be paid from property taxes.

Lastly, on March 1, 2003, the School District issued \$2,350,000.00 of general serial bonds at interest rates varying from 1.60% to 4.05% for the refunding of the School District's outstanding early retirement incentive liability, and for the paying of certain costs associated with the issuance of the bonds. The final maturity of these bonds was July 1, 2010. The bonds were paid from property taxes.

Note 7: LONG-TERM OBLIGATIONS (CONT'D)

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 858,000.00	\$ 91,476.00	\$ 949,476.00
2013	210,000.00	39,636.00	249,636.00
2014	210,000.00	28,296.00	238,296.00
2015	210,000.00	16,956.00	226,956.00
2016	209,000.00	5,643.00	214,643.00
	<u>\$ 1,697,000.00</u>	<u>\$ 182,007.00</u>	<u>\$ 1,879,007.00</u>

Bonds Authorized but not Issued - As of June 30, 2011, the School District had no authorizations to issue additional bonded debt.

Public Employees' Retirement System (PERS) Payment Deferral - On March 17, 2009, P.L. 2009, c.19 (S-21) was signed into legislation and provided regular and vocational school districts the option of deferring fifty percent (50%) of the school district's 2008-09 regular PERS pension liability. School districts that elected to defer the pension liability are required to begin repaying the deferred amount over fifteen (15) years, starting in April of 2012. The amount to be paid will fluctuate based on the pension system investment earnings on the unfunded liability. At any time, however, upon requesting a pay off amount from the Division of Pensions and Benefits, a school district may pay off the deferred amount. The deferral of the aforementioned PERS payment is only an option for 2008-09 fiscal year. Commencing in the current fiscal year, June 30, 2010, and beyond, the full annual PERS pension liability will be required to be budgeted and paid.

On May 29, 2009, the School District adopted a resolution electing to defer fifty percent (50%) of the April 2009 payment, equaling a total deferral of \$196,429.00. The following is a schedule for the payment of the PERS deferral, based on an interest rate of 8.25%. N.J.S.A 43:15A-24b requires the use of "regular interest" when the actuary calculates the amortization of the unfunded accrued liability of the pension system, which is set by the State Treasurer (N.J.S.A. 43:15A-6n) and currently is 8.25%.

<u>Fiscal Year Ending June 30,</u>	<u>Deferral Payment</u>	<u>Interest</u>	<u>Total Projected Payment</u>
2012	\$ 13,095.27	\$ 16,205.39	\$ 29,300.66
2013	13,095.27	15,125.03	28,220.30
2014	13,095.27	14,044.67	27,139.94
2015	13,095.27	12,964.31	26,059.58
2016	13,095.27	11,883.95	24,979.22
2017-2021	65,476.33	43,214.38	108,690.71
2022-2026	65,476.32	16,205.39	81,681.71
	<u>\$ 196,429.00</u>	<u>\$ 129,643.12</u>	<u>\$ 326,072.12</u>

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid.

Note 7: LONG-TERM OBLIGATIONS (CONT'D)

Capital Leases Payable - During the fiscal year ended June 30, 2011, the School District had executed capital lease agreements for re-roofing, hvac, and coping equipment replacement totaling \$3,635,254.07. The capital leases were for terms of four and five years. The School District made its final principal payment of \$764,513.31 on the re-roofing, hvac, and coping replacement capital lease, which was for a term of four years and totaled \$3,600,000.00, and had a remaining five year capital lease on copier equipment totaling \$35,254.07.

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2011:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 6,493.56	\$ 3,429.64	\$ 9,923.20
2013	6,930.40	1,431.80	8,362.20
2014	7,396.50	965.70	8,362.20
2015	7,894.38	467.82	8,362.20
2016	<u>2,826.28</u>	<u>43.39</u>	<u>2,869.67</u>
	<u>\$ 31,541.12</u>	<u>\$ 6,338.35</u>	<u>\$ 37,879.47</u>

Note 8: OPERATING LEASES

At June 30, 2011, the School District had operating lease agreements in effect for the rental of three properties / facilities (1771 Madison Avenue; 685 River Avenue; rental of facilities for classroom trailers, mobile classrooms, and modular classrooms), and textbooks. The future minimum rental payments under the operating lease agreements are as follows

Fiscal Year Ending June 30,	Amount
2012	\$ 996,393.17
2013	1,003,428.53
2014	347,143.67
2015	<u>213,120.77</u>
	<u>\$ 2,560,086.14</u>

As stated above, pursuant to N.J.S.A. 18A:20-4.2(h), the School District entered into two (2) sale and lease-back contracts on certain instructional materials (i.e., textbooks). One contract was entered into during the fiscal year ended June 30, 2007, totaling \$1,998,120.00, and was for a term of five years at interest rates of 7.03% and 4.47%. The second contract was entered into during the fiscal year ended June 30, 2009, totaling \$950,000.00, and was for a term of five years at an interest rate of 3.66%.

Rental payments under operating leases for the fiscal year ended June 30, 2011 were \$1,656,627.79.

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 and the Public Employees' Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. The 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

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund (TPAF) is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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 district has been required over several preceding fiscal years.

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

Public Employees Retirement System

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non-Contributory Group Life Insurance</u>	<u>Total Liability</u>	<u>Funded by Excess Pension Asset Credit</u>	<u>Chapter 19, P.L. 2009 Deferral</u>	<u>Paid by School District</u>
2011	\$ 201,226.00	\$ 320,641.00	\$ 39,636.00	\$ 561,503.00	-	-	\$ 561,503.00
2010	186,136.00	239,163.00	58,979.00	484,278.00	-	-	484,278.00
2009	230,996.00	210,695.00	-	441,691.00	-	\$ 196,429.00	245,262.00

Note 10: POST-RETIREMENT 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, 2010, there were 87,288 retirees eligible for postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2011, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement costs were \$105,564.00 and \$2,242,175.00, 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, 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 School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District's expendable trust fund for the current and previous two fiscal years:

<u>Fiscal Year Ended June 30,</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 537,579.95	\$ 85,478.10	\$ 599,290.53	\$ 80,648.24
2010	501,438.85	67,127.22	537,981.45	56,855.54
2009	121,051.29	200,972.10	311,287.58	26,361.92

As of June 30, 2011, unreimbursed unemployment claims existed in the amount of \$95,326.05 that pertained to the fiscal year 2011.

Note 12: RISK MANAGEMENT (CONT'D)

Self-Insurance Plan - The School District has adopted a plan of self-insurance for workers' compensation insurance. At June 30, 2011, the balance held in trust for workers' compensation insurance claims was \$15,914.55. As of June 30, 2011, the records of the Administrator of the plan show \$41,174.00 of potential claims. The Reserve has been established to fund potential claims up to \$250,000.00 per any one accident. Claims greater than this amount are covered by an excess workers' compensation insurance policy. Any additional funds required for claims in excess of the reserve will be paid and charged to the 2011-2012 or future budgets.

Note 13: DEFERRED COMPENSATION

The School District offers its employees a choice of ten 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 Lincoln Investments, AXA Equitable, Great American Life, Metropolitan Life, Security Benefit Life, Security First Insurance, Siracusa Benefits, AIG Valic, Colonial Insurance, and Mass Mutual.

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 who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. Ten month school district employees are entitled to four personal days and twelve month employees are entitled to five personal days, which may be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, the liability for compensated absences in the governmental activities was \$4,255,416.84. No such liability existed for the proprietary fund types as of June 30, 2011.

Note 15: INTERFUND BALANCES AND TRANSFERS

The following interfund balances were recorded on the various balance sheets as June 30, 2011:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 1,899.42	\$ 336,743.56
Proprietary	336,743.56	
Fiduciary		1,899.42
	<u>\$ 338,642.98</u>	<u>\$ 338,642.98</u>

Note 15: INTERFUND BALANCES AND TRANSFERS (CONT'D)

The interfund existing between the general fund and the fiduciary funds resulted from interest earning on payroll account deposits, which is a revenue source for the general fund.

The interfund existing between the proprietary funds and the general fund resulted from the collection of federal and state meal subsidy reimbursements by the general fund on behalf of the food service fund.

All interfund balances are expected to be liquidated during the fiscal year ending June 30, 2012.

Transfers - During the fiscal year ended June 30, 2011, the special revenue recorded a transfer to the general fund in the amount of \$763.92. This transfer represented the cancellation of deferred revenue related to a local award. In addition, the general fund recorded a transfer to the proprietary funds (latchkey program) in the amount of \$93,158.03. This transfer resulted to cover the overall deficit of the latchkey program as of the date of the discontinuance of latchkey operations (see note 16).

Note 16: DISCONTINUED OPERATIONS

On August 18, 2010, the Board of Education approved to discontinue the latchkey program (enterprise fund) for the 2010-2011 school year.

The following represents the reported loss, as of June 30, 2011, of \$93,158.03 on the discontinuance of the latchkey program:

Revenues:		
Miscellaneous	\$	2.50
Interest and Investment Revenue		<u>8.57</u>
		11.07
Operating expenses		<u>(2,086.69)</u>
Loss before Contributions, Discontinued Operations, and Transfers	\$	(2,075.62)
Net Assets, July 1, 2010		<u>(91,082.41)</u>
Loss on Discontinued Operations	\$	<u>(93,158.03)</u>

Note 17: 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:

Debt Service Fund -

For Debt Service - Under State of New Jersey law, all school districts are required to put a ballot question up for a vote to get approval of a school district's operating budget for the year, which includes the budgeting of mandatory debt service requirements. For the fiscal year ended June 30, 2011, the School District budgeted, and raised, \$43.03 more than actual debt service payments, which was a result of the estimation of interest due on required obligations. The fund balance at June 30, 2011, which is required to be used (in future budgets) to retire any outstanding debt service obligations of the School District, is \$45.28.

Note 17: FUND BALANCES (CONT'D)**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, 2012 \$2,527,810.00 of general fund balance at June 30, 2011.

Other Purposes - As of June 30, 2011, the School District had \$580,399.43 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Special Revenue Fund -

Education - Instructional and Support Services - As of June 30, 2011, the School District had \$1,126,702.51 of fund balance available for the future funding of education instructional and support services costs. The fund balance was generated by unexpended proceeds of the restricted formula aid Preschool Education Aid.

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, 2011, \$176,875.48 of general fund balance was unassigned.

Note 18: RESTATEMENT OF PRIOR YEAR NET ASSETS AND FUND BALANCE

As of July 1, 2010, net assets of governmental activities and business-type activities have been restated as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Net Assets, July 1, 2010	\$ 6,693,701.74	\$ 1,239,968.73
Prior Period Restatement:		
See description below *	(1,627,414.83)	
Recognition of community school revenue collected in fiscal year 2011 but was earned in prior fiscal year		7,802.16
Net Assets, July 1, 2010, Restated	<u>\$ 5,066,286.91</u>	<u>\$ 1,247,770.89</u>

Note 18: RESTATEMENT OF PRIOR YEAR NET ASSETS AND FUND BALANCE (CONT'D)

As of July 1, 2010, fund balance of the general fund has been restated as follows:

Fund Balance, July 1, 2010	\$ 5,749,412.90
Prior Period Restatement:	
See description below *	<u>(1,627,414.83)</u>
Fund Balance, July 1, 2010, Restated	<u>\$ 4,121,998.07</u>

As of July 1, 2010, net assets of the community school program (enterprise fund) has been restated as follows:

Net Assets, July 1, 2010	\$ 35,127.16
Prior Period Restatement:	
Recognition of community school revenue collected in fiscal year 2011 but was earned in prior fiscal year	<u>7,802.16</u>
Net Assets, July 1, 2010, Restated	<u>\$ 42,929.32</u>

* During fiscal year June 30, 2007, the School District experienced a budgetary hardship. Throughout the fiscal year, the management of the School District was in communication with the office of the County Superintendent, which included several meetings on a potential general fund deficit and on measures that could be taken to prevent, or minimize, any such deficit. Ultimately, at the end of fiscal year June 30, 2007, the School District ended with a general fund deficit. One of the methods investigated, and acted upon, by management was to consider enrolling in the New Jersey State Health Benefits Program ("the SHBP") and elect the option of a two-month payment delay, which would not come due unless the School District terminated its participation in the SHBP. As of June 30, 2010, the estimated amount upon termination in the SHBP was \$1,627,414.83. Management has recorded (expensed) the prior fiscal year deferral.

Note 19: IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT

Effective for the fiscal year ended June 30, 2011, the School District was required to implement Statement No. 54 of the Governmental Accounting Standards Board - *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement No. 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources reported in its governmental funds. The initial distinction that is made in reporting fund balance information is identifying amounts that are considered non-spendable, and then identifying amounts that are restricted, committed, assigned, and unassigned, based on the relative strength of the constraints that control how specific amounts can be spent (see note 1). Accounting changes adopted to conform to the provisions of this Statement were required to be applied retroactively by restating financial statements, if practical, for all prior periods presented. Upon the implementation of Statement No. 54 by the School District, there were no retroactive restatements needed to the fund balance classifications, as of June 30, 2010, in the current fiscal year's financial statements.

Note 20: 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 21: SUBSEQUENT EVENTS

Discontinued Operations - The Board of Education approved to discontinue the community school program (enterprise fund) for the 2011-2012 school year, effective July 1, 2011.

Note 21: SUBSEQUENT EVENTS (CONT'D)

Employment Contract - The contract with the Lakewood Education Association, NEA/NJEA/OCCEA/LEA expired on June 30, 2010. The Lakewood Board of Education is currently in contract negotiations with the Lakewood Education Association concerning terms and conditions of employment for all full or part-time certified staff, clerical personnel and aides under contract or on leave, now employed or as hereafter may be employed by the Board. Therefore, during the fiscal year ended June 30, 2011, there were no salary adjustments and the rates of pay reflected the amounts in effect during the fiscal year ended June 30, 2010.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 71,593,625.00		\$ 71,593,625.00	\$ 71,593,625.00	
Tuition				52,832.00	\$ 52,832.00
Unrestricted Miscellaneous Revenues	217,255.00		217,255.00	352,046.79	134,791.79
Total - Local Sources	71,810,880.00	-	71,810,880.00	71,998,503.79	187,623.79
Federal Sources:					
Medicaid Reimbursement	276,555.00		276,555.00	410,507.19	133,952.19
Total - Federal Sources	276,555.00	-	276,555.00	410,507.19	133,952.19
State Sources:					
Categorical Special Education Aid	2,748,847.00		2,748,847.00	2,748,847.00	
Equalization Aid	14,793,805.00		14,793,805.00	14,793,805.00	
Categorical Security Aid	2,180,913.00		2,180,913.00	2,180,913.00	
Categorical Transportation Aid	1,050,137.00		1,050,137.00	1,050,137.00	
Extraordinary Aid	2,898,182.00		2,898,182.00	3,107,450.00	209,268.00
Other State Aids:					
Other State Aids - Out of Cap	200,000.00		200,000.00	275,318.32	75,318.32
Reimbursed T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)				105,564.00	105,564.00
Reimbursed T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				2,242,175.00	2,242,175.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				2,325,762.62	2,325,762.62
Total - State Sources	23,871,884.00	-	23,871,884.00	28,829,971.94	4,958,087.94
Total Revenues	95,959,319.00	-	95,959,319.00	101,238,982.92	5,279,663.92

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	Original <u>Budget</u>	Budget Modifications / <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 1,100,000.00	\$ (246,699.18)	\$ 853,300.82	\$ 851,689.40	\$ 1,611.42
Grades 1-5 - Salaries of Teachers	3,400,150.00	3,757,582.35	7,157,732.35	7,157,693.27	39.08
Grades 6-8 - Salaries of Teachers	2,961,579.00	457,609.80	3,419,188.80	3,418,474.75	714.05
Grades 9-12 - Salaries of Teachers	4,492,466.00	(160,791.00)	4,331,675.00	4,134,236.93	197,438.07
Regular Programs - Home Instruction:					
Salaries of Teachers	275,000.00	(77,572.00)	197,428.00	197,427.20	0.80
Purchased Professional - Educational Services	150,000.00	(31,474.00)	118,526.00	107,409.08	11,116.92
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	130,000.00	(53,000.00)	77,000.00	69,801.00	7,199.00
Purchased Technical Services	60,000.00	(60,000.00)			
Other Purchased Services (400-500 Series)	265,000.00	68,749.25	333,749.25	332,326.41	1,422.84
General Supplies	508,000.00	(49,041.02)	458,958.98	443,061.30	15,897.68
Textbooks	885,345.00	47,608.03	932,953.03	898,042.22	34,910.81
Other Objects	43,250.00	(3,320.00)	39,930.00	15,672.12	24,257.88
Total Regular Programs - Instruction	14,270,790.00	3,649,652.23	17,920,442.23	17,625,833.68	294,608.55
Special Education - Instruction:					
Learning and / or Language Disabilities:					
Salaries of Teachers	623,754.00	(147,686.00)	476,068.00	460,230.48	15,837.52
Other Salaries for Instruction	166,758.00	4,426.66	171,184.66	171,020.31	164.35
Purchased Professional - Educational Services	2,500.00	(2,400.00)	100.00		100.00
General Supplies	25,250.00	2,600.00	27,850.00	25,912.27	1,937.73
Total Learning and / or Language Disabilities	818,262.00	(143,059.34)	675,202.66	657,163.06	18,039.60
Behavioral Disabilities:					
Salaries of Teachers	706,605.00	(343,450.00)	363,155.00	346,790.37	16,364.63
Other Salaries for Instruction	355,981.00	(283,094.00)	72,887.00	66,967.38	5,919.62
Purchased Professional - Education Services	4,000.00		4,000.00	4,000.00	
General Supplies	14,000.00	20.99	14,020.99	5,700.96	8,320.03
Total Behavioral Disabilities	1,080,586.00	(626,523.01)	454,062.99	423,458.71	30,604.28

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	Original <u>Budget</u>	Budget Modifications / <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Special Education - Instruction (Cont'd):					
Multiple Disabilities:					
Salaries of Teachers	\$ 542,696.00	\$ 198,713.00	\$ 741,409.00	\$ 732,728.16	\$ 8,680.84
Other Salaries for Instruction	587,272.00	(362,968.00)	224,304.00	183,904.69	40,399.31
Purchased Professional - Education Services	10,000.00		10,000.00	9,924.00	76.00
General Supplies	22,250.00		22,250.00	16,732.56	5,517.44
Total Multiple Disabilities	1,162,218.00	(164,255.00)	997,963.00	943,289.41	54,673.59
Resource Room / Resource Center:					
Salaries of Teachers	2,333,024.00	382,014.34	2,715,038.34	2,713,864.05	1,174.29
Other Salaries for Instruction	228,500.00	34,741.00	263,241.00	258,938.58	4,302.42
General Supplies	29,750.00	8,543.05	38,293.05	32,244.17	6,048.88
Textbooks	2,500.00	451.03	2,951.03	2,434.23	516.80
Total Resource Room / Resource Center	2,593,774.00	425,749.42	3,019,523.42	3,007,481.03	12,042.39
Autism:					
Salaries of Teachers	279,120.00	(132,360.00)	146,760.00	146,526.03	233.97
Other Salaries for Instruction	120,800.00	(48,294.00)	72,506.00	65,505.90	7,000.10
Purchased Professional - Educational Services	2,000.00		2,000.00	2,000.00	
Purchased Technical Services	1,000.00		1,000.00	1,000.00	
General Supplies	10,000.00	5,850.00	15,850.00	10,954.69	4,895.31
Other Objects	2,500.00		2,500.00		2,500.00
Total Autism	415,420.00	(174,804.00)	240,616.00	225,986.62	14,629.38
Preschool Disabilities - Part-Time:					
Salaries of Teachers	358,635.00	(340,709.45)	17,925.55	17,062.13	863.42
Other Salaries for Instruction	164,800.00	(147,003.41)	17,796.59	17,795.75	0.84
General Supplies		80.00	80.00	80.00	
Total Preschool Disabilities - Part-Time	523,435.00	(487,632.86)	35,802.14	34,937.88	864.26

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Special Education - Instruction (Cont'd):					
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 107,308.00	\$ 182,908.41	\$ 290,216.41	\$ 290,216.29	\$ 0.12
Other Salaries for Instruction	81,416.00	53,358.00	134,774.00	134,773.94	0.06
Purchased Professional - Educational Services	1,500.00		1,500.00	1,500.00	
General Supplies	9,700.00	3,800.00	13,500.00	12,948.58	551.42
Total Preschool Disabilities - Full-Time	199,924.00	240,066.41	439,990.41	439,438.81	551.60
Total Special Education - Instruction	6,793,619.00	(930,458.38)	5,863,160.62	5,731,755.52	131,405.10
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	800,000.00	173,680.00	973,680.00	971,420.93	2,259.07
Other Salaries for Instruction	50,000.00	(7,084.00)	42,916.00	42,906.76	9.24
Total Basic Skills / Remedial - Instruction	850,000.00	166,596.00	1,016,596.00	1,014,327.69	2,268.31
Bilingual Education - Instruction:					
Salaries of Teachers	1,700,000.00	64,525.00	1,764,525.00	1,762,062.04	2,462.96
Other Salaries for Instruction	100,000.00	(6,155.00)	93,845.00	93,532.32	312.68
Purchased Professional - Educational Services	1,500.00		1,500.00		1,500.00
General Supplies	25,000.00	7,000.00	32,000.00	29,177.08	2,822.92
Textbooks	5,000.00	(3,500.00)	1,500.00		1,500.00
Other Objects	5,000.00	(3,500.00)	1,500.00		1,500.00
Total Bilingual Education - Instruction	1,836,500.00	58,370.00	1,894,870.00	1,884,771.44	10,098.56
School-Sponsored Cocurricular / Extracurricular Activities - Instruction:					
Salaries	100,000.00	80,308.00	180,308.00	180,307.84	0.16
Purchased Services (300-500 Series)	15,000.00		15,000.00	13,598.21	1,401.79
Supplies and Materials	39,000.00	1,050.24	40,050.24	26,914.63	13,135.61
Total School-Sponsored Cocurricular / Extracurricular Activities - Instruction	154,000.00	81,358.24	235,358.24	220,820.68	14,537.56

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
School-Sponsored Athletics - Instruction:					
Salaries	\$ 525,857.00	\$ (74,155.00)	\$ 451,702.00	\$ 451,701.34	\$ 0.66
Purchased Services (300-500 Series)	106,592.00		106,592.00	53,980.27	52,611.73
Supplies and Materials	84,750.00	3,170.40	87,920.40	85,673.91	2,246.49
Other Objects	46,425.00	269.95	46,694.95	27,726.62	18,968.33
Total School-Sponsored Athletics - Instruction	763,624.00	(70,714.65)	692,909.35	619,082.14	73,827.21
Total Instruction	24,668,533.00	2,954,803.44	27,623,336.44	27,096,591.15	526,745.29
Community Services Programs / Operations:					
Salaries	88,000.00	6,054.00	94,054.00	94,053.49	0.51
Total Community Services Programs / Operations	88,000.00	6,054.00	94,054.00	94,053.49	0.51
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Regular	25,000.00	(7,401.00)	17,599.00	11,373.80	6,225.20
Tuition to Other LEA's Within the State - Special	115,000.00	112,000.00	227,000.00	226,422.06	577.94
Tuition to County Vocational School District - Regular	15,000.00		15,000.00	7,500.00	7,500.00
Tuition to County Vocational School District - Special	325,000.00	(117,424.25)	207,575.75	78,577.25	128,998.50
Tuition to CSSD and Regional Day Schools	175,000.00	(20,000.00)	155,000.00	115,374.80	39,625.20
Tuition to Private Schools for the Disabled - Within State	13,326,204.00	1,504,287.09	14,830,491.09	14,804,948.02	25,543.07
Tuition to Private Schools for the Disabled and Other LEA's - Special Outside State	350,000.00	5,000.00	355,000.00	337,694.00	17,306.00
Tuition - State Facilities	200,705.00		200,705.00	200,705.00	
Tuition - Other	1,734,295.00	(1,710,920.00)	23,375.00	15,742.00	7,633.00
Total Undistributed Expenditures - Instruction	16,266,204.00	(234,458.16)	16,031,745.84	15,798,336.93	233,408.91
Undistributed Expenditures - Attendance and Social Work:					
Salaries	111,800.00	(40,226.00)	71,574.00	65,547.67	6,026.33
Other Purchased Services (400-500 Series)	500.00	6,700.00	7,200.00	5,540.00	1,660.00
Total Undistributed Expenditures - Attendance and Social Work	112,300.00	(33,526.00)	78,774.00	71,087.67	7,686.33

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Health Services:					
Salaries	\$ 420,420.00	\$ (45,928.00)	\$ 374,492.00	\$ 374,489.25	\$ 2.75
Purchased Professional and Technical Services	20,000.00		20,000.00	20,000.00	
Supplies and Materials	15,150.00		15,150.00	12,558.87	2,591.13
Total Undistributed Expenditures - Health Services	455,570.00	(45,928.00)	409,642.00	407,048.12	2,593.88
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	1,116,964.00	(10,113.00)	1,106,851.00	1,019,423.08	87,427.92
Purchased Professional - Educational Services	3,261,092.00	(90,659.99)	3,170,432.01	2,359,034.16	811,397.85
Supplies and Materials	25,000.00	129,000.00	154,000.00	55,404.45	98,595.55
Total Undistributed Expenditures - Other Support Services - Students - Related Services	4,403,056.00	28,227.01	4,431,283.01	3,433,861.69	997,421.32
Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:					
Salaries	549,328.00	149,615.00	698,943.00	690,138.95	8,804.05
Purchased Professional - Educational Services	700,000.00	57,401.00	757,401.00	749,731.18	7,669.82
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary Services	1,249,328.00	207,016.00	1,456,344.00	1,439,870.13	16,473.87
Undistributed Expenditures - Guidance:					
Students - Regular:					
Salaries of Other Professional Staff	662,804.00	(70,000.00)	592,804.00	535,368.29	57,435.71
Salaries of Secretarial and Clerical Assistants	156,000.00	(50,934.00)	105,066.00	96,837.42	8,228.58
Other Salaries	10,400.00		10,400.00		10,400.00
Purchased Professional - Educational Services	20,000.00		20,000.00		20,000.00
Other Purchased Professional and Technical Services	70,000.00	(4,228.00)	65,772.00	22,189.00	43,583.00
Supplies and Materials	4,000.00	117.00	4,117.00	4,111.51	5.49
Other Objects	4,000.00	199.00	4,199.00	2,919.05	1,279.95
Total Undistributed Expenditures - Guidance	927,204.00	(124,846.00)	802,358.00	661,425.27	140,932.73

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	Original <u>Budget</u>	Budget Modifications / <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	\$ 2,028,486.00	\$ (18,200.00)	\$ 2,010,286.00	\$ 1,937,974.05	\$ 72,311.95
Salaries of Secretarial and Clerical Assistants	251,498.00	89,081.00	340,579.00	325,298.30	15,280.70
Other Salaries	397,701.00	(22,000.00)	375,701.00	251,436.31	124,264.69
Purchased Professional - Educational Services	50,000.00	16,334.00	66,334.00	63,510.06	2,823.94
Other Purchased Professional and Technical Services	175,000.00	145,798.02	320,798.02	258,798.02	62,000.00
Misc Purchased Services (400-500 Series) Other than Residence	8,000.00	(334.00)	7,666.00	3,933.01	3,732.99
Supplies and Materials	35,000.00	73,767.45	108,767.45	108,371.39	396.06
Other Objects	17,500.00	264.00	17,764.00	17,749.02	14.98
Total Undistributed Expenditures - Child Study Team	2,963,185.00	284,710.47	3,247,895.47	2,967,070.16	280,825.31
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	745,840.00	(558,913.00)	186,927.00	183,765.89	3,161.11
Salaries of Other Professional Staff	5,200.00	400.00	5,600.00	5,600.00	
Salaries of Secretarial and Clerical Assistants	124,490.00	(20,000.00)	104,490.00	88,048.98	16,441.02
Purchased Professional - Educational Services	40,000.00		40,000.00	5,397.00	34,603.00
Other Purchased Services (400-500 Series)	5,000.00		5,000.00		5,000.00
Supplies and Materials	2,000.00		2,000.00	1,778.22	221.78
Other Objects	20,000.00		20,000.00	19,238.40	761.60
Total Undistributed Expenditures - Improvement of Instruction Services	942,530.00	(578,513.00)	364,017.00	303,828.49	60,188.51
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	560,362.00	(128,300.00)	432,062.00	399,638.52	32,423.48
Purchased Professional and Technical Services	17,500.00	(15,000.00)	2,500.00		2,500.00
Supplies and Materials	139,200.00	(5,073.12)	134,126.88	123,619.94	10,506.94
Total Undistributed Expenditures - Educational Media Services / School Library	717,062.00	(148,373.12)	568,688.88	523,258.46	45,430.42

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Other Professional Staff	\$ 2,600.00		\$ 2,600.00	\$ 1,905.00	\$ 695.00
Purchased Professional - Educational Services	7,500.00		7,500.00		7,500.00
Other Purchased Services (400-500 Series)	4,000.00	\$ 362.80	4,362.80	1,501.36	2,861.44
Supplies and Materials	2,850.00		2,850.00	2,802.47	47.53
Total Undistributed Expenditures - Instructional Staff Training Services	16,950.00	362.80	17,312.80	6,208.83	11,103.97
Undistributed Expenditures - Support Services - General Administration:					
Salaries	577,200.00	5,228.00	582,428.00	582,427.36	0.64
Legal Services	350,000.00	189,901.61	539,901.61	419,901.61	120,000.00
Audit Fees	105,000.00	10,500.00	115,500.00	115,500.00	
Communications / Telephone	347,500.00	(55,900.00)	291,600.00	254,127.05	37,472.95
BOE Other Purchased Services	35,000.00	(34,500.00)	500.00		500.00
Miscellaneous Purchased Services (400-500)	125,000.00	52,431.00	177,431.00	177,208.82	222.18
General Supplies	17,000.00	795.81	17,795.81	16,344.97	1,450.84
BOE In-House Training / Meeting Supplies	6,500.00		6,500.00	5,177.05	1,322.95
Judgment against School District	75,000.00	(58,000.00)	17,000.00	15,650.60	1,349.40
Miscellaneous Expenditures	50,000.00	(36,289.30)	13,710.70	11,334.41	2,376.29
BOE Membership Dues and Fees	17,500.00		17,500.00	17,500.00	
Total Undistributed Expenditures - Support Services - General Administration	1,705,700.00	74,167.12	1,779,867.12	1,615,171.87	164,695.25
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	1,951,331.00	53,236.00	2,004,567.00	2,004,566.04	0.96
Salaries of Secretarial and Clerical Assistants	751,226.00	(78,236.00)	672,990.00	640,965.04	32,024.96
Other Salaries	16,500.00		16,500.00		16,500.00
Other Purchased Services (400-500 Series)	13,750.00	29.60	13,779.60	7,242.54	6,537.06
Supplies and Materials	68,000.00	10,421.00	78,421.00	72,163.58	6,257.42
Other Objects	7,500.00		7,500.00	7,500.00	
Total Undistributed Expenditures - Support Services - School Administration	2,808,307.00	(14,549.40)	2,793,757.60	2,732,437.20	61,320.40

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	Original <u>Budget</u>	Budget Modifications / <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Central Services:					
Salaries	\$ 600,000.00	\$ (75,153.00)	\$ 524,847.00	\$ 524,476.85	\$ 370.15
Purchased Technical Services	110,000.00	(40,556.00)	69,444.00	67,944.00	1,500.00
Miscellaneous Purchased Services (400-500 Series)	100,000.00	(40,367.00)	59,633.00	58,088.11	1,544.89
Supplies and Materials	25,000.00	84.98	25,084.98	24,583.06	501.92
Interest on Lease Purchase Agreements	127,567.00		127,567.00	127,426.03	140.97
Miscellaneous Expenditures	7,500.00		7,500.00	7,161.77	338.23
	<u>970,067.00</u>	<u>(155,991.02)</u>	<u>814,075.98</u>	<u>809,679.82</u>	<u>4,396.16</u>
Total Undistributed Expenditures - Central Services					
Undistributed Expenditures - Administration Information					
Technology:					
Salaries	275,000.00	(71,237.00)	203,763.00	189,009.72	14,753.28
Purchased Professional Services	100,000.00	7,017.00	107,017.00	106,601.65	415.35
Other Purchased Services (400-500 Series)	55,000.00	22,000.00	77,000.00	68,967.93	8,032.07
Supplies and Materials	20,000.00	(9,652.00)	10,348.00	9,333.87	1,014.13
	<u>450,000.00</u>	<u>(51,872.00)</u>	<u>398,128.00</u>	<u>373,913.17</u>	<u>24,214.83</u>
Total Undistributed Expenditures - Administration Information					
Technology					
Undistributed Expenditures - Required Maintenance for School					
Facilities:					
Cleaning, Repair, and Maintenance Services	1,145,000.00	224,677.58	1,369,677.58	1,295,233.86	74,443.72
General Supplies	55,000.00	149,171.60	204,171.60	203,129.50	1,042.10
Other Objects	8,000.00	(4,763.90)	3,236.10	3,146.03	90.07
	<u>1,208,000.00</u>	<u>369,085.28</u>	<u>1,577,085.28</u>	<u>1,501,509.39</u>	<u>75,575.89</u>
Total Undistributed Expenditures - Required Maintenance for School					
Facilities					
Undistributed Expenditures - Custodial Services:					
Salaries	169,676.00	(6,054.00)	163,622.00	158,159.92	5,462.08
Purchased Professional and Technical Services	95,804.00	(60,750.00)	35,054.00	33,273.52	1,780.48
Cleaning, Repair, and Maintenance Services	1,700,000.00	7,650.00	1,707,650.00	1,707,650.00	
Rental of Land & Building Other than Lease Purchase Agreement	508,000.00	(24,000.00)	484,000.00	481,375.53	2,624.47

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Custodial Services (Cont'd):					
Other Purchased Property Services	\$ 348,720.00	\$ 71,668.75	\$ 420,388.75	\$ 420,388.37	\$ 0.38
Insurance	350,000.00	(9,500.34)	340,499.66	340,417.60	82.06
Miscellaneous Purchased Services	350,000.00	63,677.00	413,677.00	408,265.00	5,412.00
General Supplies	8,000.00	9,280.00	17,280.00	16,742.04	537.96
Energy (Electricity)	1,007,500.00	54,054.00	1,061,554.00	1,060,426.15	1,127.85
Energy (Natural Gas)	337,000.00	71,893.59	408,893.59	398,491.12	10,402.47
Energy (Oil)	20,000.00	14,700.00	34,700.00	31,278.06	3,421.94
Total Undistributed Expenditures - Custodial Services	4,894,700.00	192,619.00	5,087,319.00	5,056,467.31	30,851.69
Undistributed Expenditures - Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	400,000.00	-	400,000.00	399,999.96	0.04
Undistributed Expenditures - Security:					
Cleaning, Repair, and Maintenance Services	325,000.00	(50,377.37)	274,622.63	244,643.88	29,978.75
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	6,827,700.00	511,326.91	7,339,026.91	7,202,620.54	136,406.37
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Regular	295,000.00	(50,000.00)	245,000.00	233,306.43	11,693.57
Management Fee - ESC and CTSA Transportation Program	50,000.00	(600.00)	49,400.00	20,957.32	28,442.68
Other Purchased Professional and Technical Services	25,000.00	32,268.00	57,268.00	57,166.73	101.27
Contracted Services - (Between Home and School) - Vendors	13,672,910.00	(770,766.24)	12,902,143.76	12,482,265.30	419,878.46
Contracted Services - (Other than Between Home and School) - Vendors	386,250.00	94,958.00	481,208.00	475,096.62	6,111.38
Contracted Services (Between Home and School) - Joint Agreements	5,000.00	-	5,000.00	884.00	4,116.00
Contracted Services (Special Education Students) - Vendors	3,480,360.00	(1,159,802.72)	2,320,557.28	2,186,257.42	134,299.86
Contracted Services (Special Education Students) - ESCs and CTSA	650,000.00	(175,813.00)	474,187.00	328,514.59	145,672.41
Contracted Services - Aid in Lieu Payments - Nonpublic Schools	455,000.00	(300,717.00)	154,283.00	150,999.25	3,283.75
Total Undistributed Expenditures - Student Transportation Services	19,019,520.00	(2,330,472.96)	16,689,047.04	15,935,447.66	753,599.38

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Allocated Benefits:					
Regular Programs - Instruction - Employee Benefits:					
Health Benefits	\$ 3,000,000.00	-	\$ 3,000,000.00	\$ 3,000,000.00	-
Special Programs - Instruction - Employee Benefits:					
Health Benefits	2,000,000.00	-	2,000,000.00	2,000,000.00	-
Other Instructional Programs - Instruction - Employee Benefits:					
Health Benefits	100,000.00	-	100,000.00	100,000.00	-
Community Services Programs/Operations - Employee Benefits:					
Health Benefits	20,000.00	-	20,000.00	20,000.00	-
Attendance and Social Work Services - Employee Benefits:					
Health Benefits	20,000.00	-	20,000.00	20,000.00	-
Health Services - Employee Benefits:					
Health Benefits	100,000.00	-	100,000.00	100,000.00	-
Other Support Services - Guidance - Employee Benefits:					
Health Benefits	100,000.00	-	100,000.00	100,000.00	-
Other Support Services - Child Study Teams - Employee Benefits:					
Health Benefits	300,000.00	-	300,000.00	300,000.00	-
Improvement of Instruction Services - Employee Benefits:					
Health Benefits	100,000.00	-	100,000.00	100,000.00	-
Educational Media Services / School Library - Employee Benefits:					
Health Benefits	100,000.00	-	100,000.00	100,000.00	-
Student Transportation Services - Employee Benefits:					
Health Benefits	100,000.00	-	100,000.00	100,000.00	-
Total Allocated Benefits	5,940,000.00	-	5,940,000.00	5,940,000.00	-

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Unallocated Benefits - Employee Benefits:					
Group Insurance	\$ 45,000.00	\$ (37,895.46)	\$ 7,104.54	\$ 2,055.76	\$ 5,048.78
Social Security Contributions	1,000,000.00	(324,551.58)	675,448.42	588,146.91	87,301.51
Other Retirement Contributions - PERS	550,000.00	11,503.00	561,503.00	561,503.00	
Unemployment Compensation	558,000.00	21,995.44	579,995.44	537,579.95	42,415.49
Workmen's Compensation	625,000.00		625,000.00	604,444.19	20,555.81
Health Benefits	4,263,449.00	(991.61)	4,262,457.39	4,198,759.61	63,697.78
Tuition Reimbursements	45,000.00	(413.43)	44,586.57	34,203.95	10,382.62
Other Employee Benefits	925,000.00	329,261.50	1,254,261.50	1,254,261.50	
Total Unallocated Benefits - Employee Benefits	8,011,449.00	(1,092.14)	8,010,356.86	7,780,954.87	229,401.99
Reimbursed T.P.A.F. Pension Contributions (non-budgeted)				105,564.00	(105,564.00)
Reimbursed T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				2,242,175.00	(2,242,175.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				2,325,762.62	(2,325,762.62)
Total On-behalf Contributions	-	-	-	4,673,501.62	(4,673,501.62)
Total Personal Services - Employee Benefits	13,951,449.00	(1,092.14)	13,950,356.86	13,720,954.87	229,401.99
Total Undistributed Expenditures	73,786,132.00	(2,613,811.49)	71,172,320.51	72,675,722.50	(1,503,401.99)
Total General Current Expense	98,542,665.00	347,045.95	98,889,710.95	99,866,367.14	(976,656.19)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Undistributed Expenditures - General Admin.		4,125.00	4,125.00	4,004.99	120.01
Required Maintenance for School Facilities		15,185.00	15,185.00	15,184.61	0.39
Non-Instructional Services		22,401.00	22,401.00	20,738.64	1,662.36
Total Equipment	-	41,711.00	41,711.00	39,928.24	1,782.76

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Capital Outlay (Cont'd):					
Facilities Acquisition and Construction Services:					
Other Objects	\$ 519.00		\$ 519.00	\$ 519.00	
Total Facilities Acquisition and Construction Services	519.00	-	519.00	519.00	-
Assets Acquired Under Capital Leases (Non-Budgeted):					
Undistributed Expenditures:					
Regular Programs - Instruction				25,073.27	\$ (25,073.27)
Student Transportation Services				10,515.87	(10,515.87)
Total Assets Acquired Under Capital Leases (non-budgeted)	-	-	-	35,589.14	(35,589.14)
Total Capital Outlay	519.00	\$ 41,711.00	42,230.00	76,036.38	(33,806.38)
Total Expenditures	98,543,184.00	388,756.95	98,931,940.95	99,942,403.52	(1,010,462.57)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,583,865.00)	(388,756.95)	(2,972,621.95)	1,296,579.40	4,269,201.35
Other Financing Sources (Uses) and Adjustments:					
Cancellation of Accounts Receivable				(67,193.55)	(67,193.55)
Cancellation of Accounts Payable				2,656.76	2,656.76
Capital Leases (non-budgeted)				35,589.14	35,589.14
Transfers - Special Revenue Fund				763.92	763.92
Transfers - Latchkey Program Fund				(93,158.03)	(93,158.03)
Total Other Financing Sources (Uses) and Adjustments	-	-	-	(121,341.76)	(121,341.76)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,583,865.00)	(388,756.95)	(2,972,621.95)	1,175,237.64	4,147,859.59

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund Balances, July 1	-	-	-	\$ 5,749,412.90	\$ 5,749,412.90
Prior Period Adjustment (Note 18)	-	-	-	(1,627,414.83)	(1,627,414.83)
Fund Balances, July 1, Restated	-	-	-	4,121,998.07	4,121,998.07
Fund Balances, June 30	<u>\$ (2,583,865.00)</u>	<u>\$ (388,756.95)</u>	<u>\$ (2,972,621.95)</u>	<u>\$ 5,297,235.71</u>	<u>\$ 9,897,272.49</u>
Recapitulation:					
Assigned:					
Year-End Encumbrances				\$ 580,399.43	
Designated for Subsequent Year's Expenditures				2,527,810.00	
Unassigned				<u>2,189,026.28</u>	
				5,297,235.71	
Reconciliation to Governmental Funds Statements (GAAP):					
Fiscal Year 2011 Last State Aid Payments not Recognized on GAAP Basis				<u>(2,012,150.80)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,285,084.91</u>	

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources:					
Title I, Part A	\$ 6,852,047.00	\$ 6,237,851.99	\$ 13,089,898.99	\$ 11,227,311.41	\$ (1,862,587.58)
Title I, School Improvement Accountability		258,536.39	258,536.39	71,296.23	(187,240.16)
Title I, School Improvement Accountability, Part G		87.17	87.17	87.17	
Title II, Part A	1,072,568.00	284,514.80	1,357,082.80	1,244,793.17	(112,289.63)
Title II, Part D		36,731.41	36,731.41	24,848.63	(11,882.78)
Title III, Part A, English Language	245,910.00	53,132.63	299,042.63	259,974.90	(39,067.73)
Title IV, Part A	109,060.00	(82,439.51)	26,620.49	16,290.02	(10,330.47)
I.D.E.I.A. Part B, Basic	3,607,892.00	804,740.60	4,412,632.60	4,412,632.60	
I.D.E.I.A. Part B, Preschool		252,488.00	252,488.00	252,488.00	
Carl D. Perkins Vocational and Technical Education Act of 1998 - Secondary	290,839.00	(48,370.00)	242,469.00	234,240.35	(8,228.65)
Even Start Family Literacy Program	100,000.00	(90,244.51)	9,755.49	7,222.58	(2,532.91)
21st Century Community Learning Centers Program - Continuation Fund for the Improvement of Education - Teaching American History	598,250.00	(22,793.22)	575,456.78	504,992.41	(70,464.37)
FACES: Social Services Block Grant	303,332.00	96,829.45	400,161.45	322,343.87	(77,817.58)
	<u>200,000.00</u>		<u>200,000.00</u>	<u>200,000.00</u>	
Total - Federal Sources	<u>13,379,898.00</u>	<u>7,781,065.20</u>	<u>21,160,963.20</u>	<u>18,778,521.34</u>	<u>(2,382,441.86)</u>
State Sources:					
Nonpublic Aid	13,914,864.00	548,539.21	14,463,403.21	14,265,953.05	(197,450.16)
Preschool Education Aid	4,267,572.00		4,267,572.00	2,719,837.36	(1,547,734.64)
Total - State Sources	<u>18,182,436.00</u>	<u>548,539.21</u>	<u>18,730,975.21</u>	<u>16,985,790.41</u>	<u>(1,745,184.80)</u>
Total Revenues	<u>31,562,334.00</u>	<u>8,329,604.41</u>	<u>39,891,938.41</u>	<u>35,764,311.75</u>	<u>(4,127,626.66)</u>

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 10,069,902.00	\$ (7,088,030.60)	\$ 2,981,871.40	\$ 2,523,784.43	\$ 458,086.97
Other Salaries for Instruction	374,844.00	234,571.48	609,415.48	607,954.68	1,460.80
Purchased Professional and Technical Services		217,214.75	217,214.75	154,295.70	62,919.05
Other Purchased Services (400-500 series)	3,607,892.00	(2,136,320.00)	1,471,572.00	1,384,183.00	87,389.00
General Supplies		952,312.65	952,312.65	934,300.73	18,011.92
Textbooks	980,147.00	(35,979.00)	944,168.00	932,036.26	12,131.74
Other Objects		8,591.22	8,591.22	3,967.05	4,624.17
Total Instruction	<u>15,032,785.00</u>	<u>(7,847,639.50)</u>	<u>7,185,145.50</u>	<u>6,540,521.85</u>	<u>644,623.65</u>
Support Services:					
Salaries		62,970.64	62,970.64	48,659.15	14,311.49
Salaries of Supervisors of Instruction		73,246.36	73,246.36	73,246.36	
Salaries of Program Directors	78,148.00	(3,318.51)	74,829.49	70,375.20	4,454.29
Salaries of Other Professional Staff	303,332.00	(80,731.44)	222,600.56	179,864.19	42,736.37
Salaries of Secretarial and Clerical Assistants		275,902.59	275,902.59	275,900.99	1.60
Personal Services - Employee Benefits	109,612.00	428,482.30	538,094.30	496,389.11	41,705.19
Purchased Professional and Technical Services	1,162,324.00	3,641,398.60	4,803,722.60	4,735,625.58	68,097.02
Purchased Professional - Educational Services	11,972,393.00	12,243,340.64	24,215,733.64	22,423,997.99	1,791,735.65
Purchased Professional Educational Services - Contracted Pre-K	2,903,740.00	(1,620,371.00)	1,283,369.00	45,021.80	1,238,347.20
Purchased Property Services		167,075.00	167,075.00	167,075.00	
Other Purchased Services (400-500 series)		166,316.77	166,316.77	74,512.83	91,803.94
Contracted Services - Transportation (Between Home and School)		400,769.00	400,769.00	400,769.00	
Contracted Services - Transportation Other than Between Home and School - Grant Agreements		9,763.23	9,763.23		9,763.23
Travel		48,465.08	48,465.08	9,149.25	39,315.83
Supplies and Materials		282,749.65	282,749.65	162,051.94	120,697.71
Total Support Services	<u>16,529,549.00</u>	<u>16,096,058.91</u>	<u>32,625,607.91</u>	<u>29,162,638.39</u>	<u>3,462,969.52</u>

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Facilities Acquisition and Construction Services:					
Instructional Equipment	<u> </u>	<u>\$ 81,185.00</u>	<u>\$ 81,185.00</u>	<u>\$ 61,151.51</u>	<u>\$ 20,033.49</u>
Total Facilities Acquisition and Construction Services	<u> -</u>	<u> 81,185.00</u>	<u> 81,185.00</u>	<u> 61,151.51</u>	<u> 20,033.49</u>
Total Expenditures	<u>\$ 31,562,334.00</u>	<u> 8,329,604.41</u>	<u> 39,891,938.41</u>	<u> 35,764,311.75</u>	<u> 4,127,626.66</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2011

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	\$ 101,238,982.92	\$ 35,764,311.75
On a GAAP basis, restricted formula aid awards are realized as revenue as eligibility requirements are met, but are realized as revenue only to the extent of expenditures on the budgetary basis.		1,396,032.91
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(475,112.10)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes, and State aid payment recognized as revenue for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>491,297.80</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 101,730,280.72</u>	<u>\$ 36,685,232.56</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule (C-series)	\$ 99,942,403.52	\$ 35,764,311.75
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(475,112.10)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 99,942,403.52</u>	<u>\$ 35,289,199.65</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	No Child Left Behind (N.C.L.B.)									Total Carried Forward
	Title I, Part A					Title I, School Improvement Accountability (SIA)				
	Carryover Summer	Summer	Carryover	2010-2011	ARRA - 2009-2010	ARRA - 2010-2011	Summer	Carryover		
REVENUES:										
Federal Sources	\$ 94,498.99	\$ 974.83	\$ 275,348.74	\$ 7,545,217.01	\$ 161,396.90	\$ 3,149,874.94	\$ 40,240.00	\$ 27,462.20	\$ 3,594.03	\$ 11,298,607.64
Total Revenues	94,498.99	974.83	275,348.74	7,545,217.01	161,396.90	3,149,874.94	40,240.00	27,462.20	3,594.03	11,298,607.64
EXPENDITURES:										
Instruction:										
Salaries of Teachers			13,200.00	515,462.71	225.00		40,240.00	8,000.00		577,127.71
Other Purchased Services (400-500 series)						508,778.16		14,771.84		523,550.00
General Supplies			169.00	467,112.45				1,000.00		468,281.45
Total Instruction	-	-	13,369.00	982,575.16	225.00	508,778.16	40,240.00	23,771.84	-	1,568,959.16
Support Services:										
Salaries			5,834.15	12,825.00						18,659.15
Personal Services - Employee Benefits			81,805.60	67,538.00		17.21		3,690.36		153,051.17
Purchased Professional - Educational Services	81,518.46	329.79	154,876.22	6,422,232.26	161,108.55	2,621,811.58				9,441,876.86
Other Purchased Services (400-500 series)	1,500.00	550.00	11,581.20	37,867.92						51,499.12
Supplies and Materials	11,480.53	95.04	7,882.57	22,178.67	63.35	19,267.99			3,594.03	64,562.18
Total Support Services	94,498.99	974.83	261,979.74	6,562,641.85	161,171.90	2,641,096.78	-	3,690.36	3,594.03	9,729,648.48
Total Expenditures	94,498.99	974.83	275,348.74	7,545,217.01	161,396.90	3,149,874.94	40,240.00	27,462.20	3,594.03	11,298,607.64
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	No Child Left Behind (N.C.L.B.) (Cont'd)							Total Carried Forward
	Total Brought Forward	Title I, SIA Part G Carryover Summer	Title II, Part A			Title II, Part D		
			Carryover	Summer	2010-2011	Carryover	2010-2011	
REVENUES:								
Federal Sources	\$ 11,298,607.64	\$ 87.17	\$ 310,579.91	\$ 1,130.00	\$ 933,083.26	\$ 12,563.50	\$ 12,285.13	\$ 12,568,336.61
Total Revenues	<u>11,298,607.64</u>	<u>87.17</u>	<u>310,579.91</u>	<u>1,130.00</u>	<u>933,083.26</u>	<u>12,563.50</u>	<u>12,285.13</u>	<u>12,568,336.61</u>
EXPENDITURES:								
Instruction:								
Salaries of Teachers	577,127.71		216,702.00		415,083.72		2,678.00	1,211,591.43
Other Purchased Services (400-500 series)	523,550.00					259.00		523,809.00
General Supplies	468,281.45					169.99	5,799.65	474,251.09
Total Instruction	<u>1,568,959.16</u>	<u>-</u>	<u>216,702.00</u>	<u>-</u>	<u>415,083.72</u>	<u>428.99</u>	<u>8,477.65</u>	<u>2,209,651.52</u>
Support Services:								
Salaries	18,659.15				20,000.00			38,659.15
Personal Services - Employee Benefits	153,051.17		57,999.46		84,496.26		205.00	295,751.89
Purchased Professional and Technical Services								
Purchased Professional - Educational Services	9,441,876.86		29,404.02	929.00	406,532.90	3,113.83	120.00	9,881,976.61
Other Purchased Services (400-500 series)	51,499.12		5,928.33	100.00				57,527.45
Supplies and Materials	64,562.18	87.17	546.10	101.00	6,970.38	9,020.68	3,482.48	84,769.99
Total Support Services	<u>9,729,648.48</u>	<u>87.17</u>	<u>93,877.91</u>	<u>1,130.00</u>	<u>517,999.54</u>	<u>12,134.51</u>	<u>3,807.48</u>	<u>10,358,685.09</u>
Total Expenditures	<u>11,298,607.64</u>	<u>87.17</u>	<u>310,579.91</u>	<u>1,130.00</u>	<u>933,083.26</u>	<u>12,563.50</u>	<u>12,285.13</u>	<u>12,568,336.61</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	No Child Left Behind (N.C.L.B.) (Cont'd)							Total Carried Forward
	Total Brought Forward	Title III, Part A, English Language				Title IV, Part A		
		Carryover Summer	Summer	Carryover	2010-2011	Summer	Carryover	
REVENUES:								
Federal Sources	\$ 12,568,336.61	\$ 41.36	\$ 1,205.17	\$ 48,669.52	\$ 210,058.85	\$ 125.49	\$ 16,164.53	\$ 12,844,601.53
Total Revenues	<u>12,568,336.61</u>	<u>41.36</u>	<u>1,205.17</u>	<u>48,669.52</u>	<u>210,058.85</u>	<u>125.49</u>	<u>16,164.53</u>	<u>12,844,601.53</u>
EXPENDITURES:								
Instruction:								
Salaries of Teachers	1,211,591.43			3,184.23	102,572.23			1,317,347.89
Purchased Professional and Technical Services				7,652.99	6,870.00		9,500.00	24,022.99
Other Purchased Services (400-500 series)	523,809.00							523,809.00
General Supplies	474,251.09	41.36	705.17	15,661.75	28,760.15	111.00	1,174.08	520,704.60
Total Instruction	<u>2,209,651.52</u>	<u>41.36</u>	<u>705.17</u>	<u>26,498.97</u>	<u>138,202.38</u>	<u>111.00</u>	<u>10,674.08</u>	<u>2,385,884.48</u>
Support Services:								
Salaries	38,659.15				10,000.00			48,659.15
Personal Services - Employee Benefits	295,751.89			21,961.05	32,514.71			350,227.65
Purchased Professional - Educational Services	9,881,976.61		500.00		1,000.00		4,533.00	9,888,009.61
Other Purchased Services (400-500 series)	57,527.45				1,735.00			59,262.45
Supplies and Materials	84,769.99			209.50	26,606.76	14.49	957.45	112,558.19
Total Support Services	<u>10,358,685.09</u>	<u>-</u>	<u>500.00</u>	<u>22,170.55</u>	<u>71,856.47</u>	<u>14.49</u>	<u>5,490.45</u>	<u>10,458,717.05</u>
Total Expenditures	<u>12,568,336.61</u>	<u>41.36</u>	<u>1,205.17</u>	<u>48,669.52</u>	<u>210,058.85</u>	<u>125.49</u>	<u>16,164.53</u>	<u>12,844,601.53</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Total Brought Forward	I.D.E.I.A. Part B, Basic		I.D.E.I.A. Part B, Preschool	Carl D. Perkins Vocational and Technical Education Act of 1998 - Secondary	Even Start Family Literacy Program	Total Carried Forward
		Summer	2010-2011	2010-2011		Summer	
REVENUES:							
Federal Sources	\$ 12,844,601.53	\$ 500,094.60	\$ 3,912,538.00	\$ 252,488.00	\$ 234,240.35	\$ 7,222.58	\$ 17,751,185.06
Total Revenues	12,844,601.53	500,094.60	3,912,538.00	252,488.00	234,240.35	7,222.58	17,751,185.06
EXPENDITURES:							
Instruction:							
Salaries of Teachers	1,317,347.89				35,891.50	1,000.00	1,354,239.39
Purchased Professional and Technical Services	24,022.99				7,050.00		31,072.99
Other Purchased Services (400-500 series)	523,809.00		802,716.00	57,658.00			1,384,183.00
General Supplies	520,704.60				127,503.92	3,686.46	651,894.98
Other Objects					2,942.05		2,942.05
Total Instruction	2,385,884.48	-	802,716.00	57,658.00	173,387.47	4,686.46	3,424,332.41
Support Services:							
Salaries	48,659.15						48,659.15
Salaries of Other Professional Staff					24,840.00	1,720.00	26,560.00
Personal Services - Employee Benefits	350,227.65				9,893.00		360,120.65
Purchased Professional and Technical Services		500,094.60	2,942,747.00	194,830.00			3,637,671.60
Purchased Professional - Educational Services	9,888,009.61						9,888,009.61
Purchased Property Services			167,075.00				167,075.00
Other Purchased Services (400-500 series)	59,262.45				8,003.72	816.12	68,082.29
Travel					481.16		481.16
Supplies and Materials	112,558.19				1,450.00		114,008.19
Total Support Services	10,458,717.05	500,094.60	3,109,822.00	194,830.00	44,667.88	2,536.12	14,310,667.65
Facilities Acquisition and Construction Services:							
Instructional Equipment					16,185.00		16,185.00
Total Facilities Acquisition and Construction Services	-	-	-	-	16,185.00	-	16,185.00
Total Expenditures	12,844,601.53	500,094.60	3,912,538.00	252,488.00	234,240.35	7,222.58	17,751,185.06
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Total Brought Forward	21st Century Community Learning Centers Program - Continuation		Fund for the Improvement of Education - Teaching American History		FACES: Social Services Block Grant	Total Carried Forward
		Summer	2010-2011	Summer	2010-2011		
REVENUES:							
Federal Sources	\$ 17,751,185.06	\$ 40,114.51	\$ 464,877.90	\$ 7,244.67	\$ 315,099.20	\$ 200,000.00	\$ 18,778,521.34
Total Revenues	17,751,185.06	40,114.51	464,877.90	7,244.67	315,099.20	200,000.00	18,778,521.34
EXPENDITURES:							
Instruction:							
Salaries of Teachers	1,354,239.39	7,706.25	111,150.00				1,473,095.64
Purchased Professional and Technical Services	31,072.99	960.00	2,644.50				34,677.49
Other Purchased Services (400-500 series)	1,384,183.00						1,384,183.00
General Supplies	651,894.98	5,509.99	4,593.97				661,998.94
Other Objects	2,942.05		1,025.00				3,967.05
Total Instruction	3,424,332.41	14,176.24	119,413.47	-	-	-	3,557,922.12
Support Services:							
Salaries	48,659.15						48,659.15
Salaries of Other Professional Staff	26,560.00	19,653.02	71,541.13		26,435.72		144,189.87
Salaries of Secretarial and Clerical Assistants					22,122.30		22,122.30
Personal Services - Employee Benefits	360,120.65		22,941.46		3,715.00		386,777.11
Purchased Professional and Technical Services	3,637,671.60		10,750.00				3,648,421.60
Purchased Professional - Educational Services	9,888,009.61		238,000.97		218,422.95	200,000.00	10,544,433.53
Purchased Property Services	167,075.00						167,075.00
Other Purchased Services (400-500 series)	68,082.29	4,366.84	2,063.70				74,512.83
Travel	481.16	1,025.62		7,244.67	397.80		9,149.25
Supplies and Materials	114,008.19	892.79	167.17		44,005.43		159,073.58
Total Support Services	14,310,667.65	25,938.27	345,464.43	7,244.67	315,099.20	200,000.00	15,204,414.22
Facilities Acquisition and Construction Services:							
Instructional Equipment	16,185.00						16,185.00
Total Facilities Acquisition and Construction Services	16,185.00	-	-	-	-	-	16,185.00
Total Expenditures	17,751,185.06	40,114.51	464,877.90	7,244.67	315,099.20	200,000.00	18,778,521.34
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	N.J. Nonpublic Auxiliary Services (Ch. 192, L. 1977)							Total Carried Forward
	Total Brought Forward	N.J. Nonpublic Aid - Textbook Aid	N.J. Nonpublic Aid		Compensatory Education	English as a Second Language	Transportation	
			Nursing Services	Home Instruction				
REVENUES:								
Federal Sources	\$ 18,778,521.34							\$ 18,778,521.34
State Sources		\$ 932,036.26	\$ 1,087,203.98	\$ 119,618.21	\$ 6,841,328.73	\$ 95,184.60	\$ 819,916.36	9,895,288.14
Total Revenues	18,778,521.34	932,036.26	1,087,203.98	119,618.21	6,841,328.73	95,184.60	819,916.36	28,673,809.48
EXPENDITURES:								
Instruction:								
Salaries of Teachers	1,473,095.64							1,473,095.64
Purchased Professional and Technical Services	34,677.49			119,618.21				154,295.70
Other Purchased Services (400-500 series)	1,384,183.00							1,384,183.00
General Supplies	661,998.94							661,998.94
Textbooks		932,036.26						932,036.26
Other Objects	3,967.05							3,967.05
Total Instruction	3,557,922.12	932,036.26	-	119,618.21	-	-	-	4,609,576.59
Support Services:								
Salaries	48,659.15							48,659.15
Salaries of Other Professional Staff	144,189.87							144,189.87
Salaries of Secretarial and Clerical Assistants	22,122.30				240,102.29			262,224.59
Personal Services - Employee Benefits	386,777.11							386,777.11
Purchased Professional and Technical Services	3,648,421.60		1,087,203.98					4,735,625.58
Purchased Professional - Educational Services	10,544,433.53				6,601,226.44	95,184.60	819,916.36	18,060,760.93
Purchased Property Services	167,075.00							167,075.00
Other Purchased Services (400-500 series)	74,512.83							74,512.83
Travel	9,149.25							9,149.25
Supplies and Materials	159,073.58							159,073.58
Total Support Services	15,204,414.22	-	1,087,203.98	-	6,841,328.73	95,184.60	819,916.36	24,048,047.89
Facilities Acquisition and Construction Services:								
Instructional Equipment	16,185.00							16,185.00
Total Facilities Acquisition and Construction Services	16,185.00	-	-	-	-	-	-	16,185.00
Total Expenditures	18,778,521.34	932,036.26	1,087,203.98	119,618.21	6,841,328.73	95,184.60	819,916.36	28,673,809.48
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	<u>N.J. Nonpublic Handicapped Services (Ch. 193, L. 1977)</u>					<u>Total</u>
	<u>Total Brought Forward</u>	<u>Supplemental Instruction</u>	<u>Examination and Classification</u>	<u>Corrective Speech</u>	<u>Preschool Education Aid</u>	
REVENUES:						
Federal Sources	\$ 18,778,521.34					\$ 18,778,521.34
State Sources	9,895,288.14	\$ 866,899.20	\$ 1,516,372.79	\$ 1,987,392.92	\$ 2,719,837.36	16,985,790.41
Total Revenues	28,673,809.48	866,899.20	1,516,372.79	1,987,392.92	2,719,837.36	35,764,311.75
EXPENDITURES:						
Instruction:						
Salaries of Teachers	1,473,095.64				1,050,688.79	2,523,784.43
Other Salaries for Instruction					607,954.68	607,954.68
Purchased Professional and Technical Services	154,295.70					154,295.70
Other Purchased Services (400-500 series)	1,384,183.00					1,384,183.00
General Supplies	661,998.94				272,301.79	934,300.73
Textbooks	932,036.26					932,036.26
Other Objects	3,967.05					3,967.05
Total Instruction	4,609,576.59	-	-	-	1,930,945.26	6,540,521.85
Support Services:						
Salaries	48,659.15					48,659.15
Salaries of Supervisors of Instruction				7,427.85	65,818.51	73,246.36
Salaries of Program Directors					70,375.20	70,375.20
Salaries of Other Professional Staff	144,189.87				35,674.32	179,864.19
Salaries of Secretarial and Clerical Assistants	262,224.59				13,676.40	275,900.99
Personal Services - Employee Benefits	386,777.11				109,612.00	496,389.11
Purchased Professional and Technical Services	4,735,625.58					4,735,625.58
Purchased Professional - Educational Services	18,060,760.93	866,899.20	1,516,372.79	1,979,965.07		22,423,997.99
Purchased Professional Educational Services - Contracted Pre-K					45,021.80	45,021.80
Purchased Property Services	167,075.00					167,075.00
Other Purchased Services (400-500 series)	74,512.83					74,512.83
Contracted Services - Transportation (Between Home and School)					400,769.00	400,769.00
Travel	9,149.25					9,149.25
Supplies and Materials	159,073.58				2,978.36	162,051.94
Total Support Services	24,048,047.89	866,899.20	1,516,372.79	1,987,392.92	743,925.59	29,162,638.39
Facilities Acquisition and Construction Services:						
Instructional Equipment	16,185.00				44,966.51	61,151.51
Total Facilities Acquisition and Construction Services	16,185.00	-	-	-	44,966.51	61,151.51
Total Expenditures	28,673,809.48	866,899.20	1,516,372.79	1,987,392.92	2,719,837.36	35,764,311.75
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Special Revenue Fund
 Schedule of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budgeted</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 801,228.00	\$ 518,028.52	\$ 1,319,256.52	\$ 1,050,688.79	\$ 268,567.73
Other Salaries for Instruction	374,844.00	234,571.48	609,415.48	607,954.68	1,460.80
General Supplies		276,340.00	276,340.00	272,301.79	4,038.21
Total Instruction	<u>1,176,072.00</u>	<u>1,028,940.00</u>	<u>2,205,012.00</u>	<u>1,930,945.26</u>	<u>274,066.74</u>
Support Services:					
Salaries of Supervisors of Instruction		65,818.51	65,818.51	65,818.51	
Salaries of Program Directors	78,148.00	(3,318.51)	74,829.49	70,375.20	4,454.29
Salaries of Other Professional Staff		45,824.00	45,824.00	35,674.32	10,149.68
Salaries of Secretarial and Clerical Assistants		13,678.00	13,678.00	13,676.40	1.60
Personal Services - Employee Benefits	109,612.00		109,612.00	109,612.00	
Purchased Professional Educational Services - Contracted Pre-K	2,903,740.00	(1,620,371.00)	1,283,369.00	45,021.80	1,238,347.20
Contracted Services - Transportation Other than Between Home and School (Wrap Around Services)		400,769.00	400,769.00	400,769.00	
Miscellaneous Expenditures		3,660.00	3,660.00	2,978.36	681.64
Total Support Services	<u>3,091,500.00</u>	<u>(1,093,940.00)</u>	<u>1,997,560.00</u>	<u>743,925.59</u>	<u>1,253,634.41</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		65,000.00	65,000.00	44,966.51	20,033.49
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>65,000.00</u>	<u>65,000.00</u>	<u>44,966.51</u>	<u>20,033.49</u>
Total Expenditures	<u>\$ 4,267,572.00</u>	<u>-</u>	<u>\$ 4,267,572.00</u>	<u>\$ 2,719,837.36</u>	<u>\$ 1,547,734.64</u>

Calculation of Budget and Carryover

Total Revised 2010-11 Preschool Education Aid Allocation	\$ 4,267,572.00
Add: Actual Preschool Education Aid Carryover (June 30, 2010)	-
Add: Budgeted Transfer from General Fund 2010-11	-
Total Preschool Education Aid Funds Available for 2010-11 Budget	<u>4,267,572.00</u>
Less: 2010-11 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(4,267,572.00)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2011	<u>-</u>
Add: June 30, 2011 Unexpended Preschool Education Aid	<u>1,547,734.64</u>
2010-11 Carryover - Preschool Education Aid	<u>\$ 1,547,734.64</u>
2010-11 Preschool Education Aid Carryover Budgeted in 2011-12	<u>\$ 1,547,562.18</u>

PROPRIETARY FUNDS

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Net Assets
June 30, 2011

	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Community School</u>	<u>Total</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 698,055.08		\$ 16,675.26	\$ 714,730.34
Interfund Accounts Receivable:				
General Fund	336,743.56			336,743.56
Intergovernmental Accounts Receivable:				
Federal	173,303.34			173,303.34
State	2,674.19			2,674.19
Other Accounts Receivable	53,506.20			53,506.20
Inventories for Consumption	8,951.43			8,951.43
Inventories for Resale	25,347.05			25,347.05
Total Current Assets	1,298,580.85	-	16,675.26	1,315,256.11
Noncurrent Assets:				
Buildings and Building Improvements	302,029.00			302,029.00
Machinery and Equipment	502,481.94			502,481.94
Less: Accumulated Depreciation	(436,052.61)			(436,052.61)
Total Noncurrent Assets	368,458.33	-	-	368,458.33
Total Assets	1,667,039.18	-	16,675.26	1,683,714.44
LIABILITIES:				
Current Liabilities:				
Accounts Payable	18,107.64		211.37	18,319.01
Deferred Revenue	8,870.38			8,870.38
Total Current Liabilities	26,978.02	-	211.37	27,189.39
Total Liabilities	26,978.02	-	211.37	27,189.39
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	368,458.33			368,458.33
Unrestricted	1,271,602.83		16,463.89	1,288,066.72
Total Net Assets	\$ 1,640,061.16	-	\$ 16,463.89	\$ 1,656,525.05

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
 For the Fiscal Year Ended June 30, 2011

	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Community School</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$ 155,899.00			\$ 155,899.00
Daily Sales - Non-Reimbursable Programs	206,968.00			206,968.00
Special Functions	94,543.13			94,543.13
Vending	21,867.26			21,867.26
Tuition and Fees			\$ 8,113.50	8,113.50
Rentals			43,912.42	43,912.42
Trips			29,295.66	29,295.66
Miscellaneous	954.00	\$ 2.50	50.00	1,006.50
Total Operating Revenues	480,231.39	2.50	81,371.58	561,605.47
OPERATING EXPENSES:				
Food Service Management Company Salaries	717,675.73			717,675.73
Salaries			94,053.49	94,053.49
Food Service Management Company Employee Benefits	236,810.59			236,810.59
Personal Services - Employee Benefits			7,195.09	7,195.09
Purchased Professional and Technical Services	155,841.03		62,807.16	218,648.19
Purchased Property Services	55,074.32		17,880.97	72,955.29
Other Purchased Services	271,645.17		10,098.25	281,743.42
Supplies and Materials	101,465.49		1,143.19	102,608.68
Depreciation	24,296.35			24,296.35
Cost of Sales	1,389,993.43			1,389,993.43
Miscellaneous Expenditures	76,867.92	2,086.69	15,907.44	94,862.05
Total Operating Expenses	3,029,670.03	2,086.69	209,085.59	3,240,842.31
Operating Income (Loss)	(2,549,438.64)	(2,084.19)	(127,714.01)	(2,679,236.84)
NONOPERATING REVENUES (EXPENSES):				
State Sources:				
State School Lunch Program	38,043.38			38,043.38
Federal Sources:				
National School Breakfast Program	537,869.24			537,869.24
National School Lunch Program	1,897,695.48			1,897,695.48
After School Snack Program	48,107.40			48,107.40
Summer Food Program for Children	88,996.73			88,996.73
Fresh Fruit and Vegetable Program	79,666.41			79,666.41
Food Distribution Program	183,881.09			183,881.09
Interest and Investment Revenue	1,791.09	8.57		1,799.66
Total Nonoperating Revenues (Expenses)	2,876,050.82	8.57	-	2,876,059.39
Income (Loss) before Contributions, Discontinued Operations, and Transfers	326,612.18	(2,075.62)	(127,714.01)	196,822.55

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
 For the Fiscal Year Ended June 30, 2011

	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Community School</u>	<u>Total</u>
CONTRIBUTIONS, DISCONTINUED OPERATIONS, AND TRANSFERS:				
Board Contribution			\$ 101,248.58	\$ 101,248.58
Capital Contribution:				
National School Lunch Program Equipment Assistance Grant for School Food Authorities (ARRA)	\$ 17,525.00			17,525.00
Discontinued Operations:				
Transfer to General Fund		\$ 93,158.03		93,158.03
Total Contributions, Discontinued Operations, and Transfers	<u>17,525.00</u>	<u>93,158.03</u>	<u>101,248.58</u>	<u>211,931.61</u>
Change in Net Assets	<u>344,137.18</u>	<u>91,082.41</u>	<u>(26,465.43)</u>	<u>408,754.16</u>
Net Assets, July 1 (Deficit)	1,295,923.98	(91,082.41)	35,127.16	1,239,968.73
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>7,802.16</u>	<u>7,802.16</u>
Net Assets, July 1, Restated	<u>1,295,923.98</u>	<u>(91,082.41)</u>	<u>42,929.32</u>	<u>1,247,770.89</u>
Net Assets, June 30	<u>\$ 1,640,061.16</u>	<u>-</u>	<u>\$ 16,463.89</u>	<u>\$ 1,656,525.05</u>

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011

	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Community School</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 481,538.59	\$ 4,145.11	\$ 86,221.74	\$ 571,905.44
Payments to Suppliers	<u>(2,897,835.34)</u>	<u>(2,219.79)</u>	<u>(93,530.64)</u>	<u>(2,993,585.77)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(2,416,296.75)</u>	<u>1,925.32</u>	<u>(7,308.90)</u>	<u>(2,421,680.33)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Federal Sources	2,384,896.36			2,384,896.36
State Sources	40,387.19			40,387.19
Transfer from / (to) General Fund		<u>(4,779.99)</u>		<u>(4,779.99)</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>2,425,283.55</u>	<u>(4,779.99)</u>	<u>-</u>	<u>2,420,503.56</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital Contribution:				
Federal Sources	17,525.00			17,525.00
Purchases of Capital Assets	<u>(23,028.96)</u>			<u>(23,028.96)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(5,503.96)</u>	<u>-</u>	<u>-</u>	<u>(5,503.96)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends	<u>1,791.09</u>	<u>8.57</u>		<u>1,799.66</u>
Net Cash Provided by (Used for) Investing Activities	<u>1,791.09</u>	<u>8.57</u>	<u>-</u>	<u>1,799.66</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,273.93	(2,846.10)	(7,308.90)	(4,881.07)
Cash and Cash Equivalents, July 1	<u>692,781.15</u>	<u>2,846.10</u>	<u>23,984.16</u>	<u>719,611.41</u>
Cash and Cash Equivalents, June 30	<u>\$ 698,055.08</u>	<u>-</u>	<u>\$ 16,675.26</u>	<u>\$ 714,730.34</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)				
by Operating Activities:				
Operating Income (Loss)	\$ (2,549,438.64)	\$ (2,084.19)	\$ (127,714.01)	\$ (2,679,236.84)
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Provided by (Used for) Operating Activities:				
Depreciation and Net Amortization	24,296.35			24,296.35
Board Contribution for Salaries and Fringe Benefits			101,248.58	101,248.58
Food Distribution (Non-Cash Assistance)	190,253.74			190,253.74
(Increase) Decrease in Other Accounts Receivable	1,307.20	4,142.61	7,802.16	13,251.97
(Increase) Decrease in Inventories for Consumption	(3,178.61)			(3,178.61)
(Increase) Decrease in Inventories for Resale	(4,830.69)			(4,830.69)
(Increase) Decrease in Prepaid Expenses			14,095.00	14,095.00
Increase (Decrease) in Accounts Payable	(74,706.10)	(133.10)	211.37	(74,627.83)
Increase (Decrease) in Deferred Revenue			<u>(2,952.00)</u>	<u>(2,952.00)</u>
Total Adjustments	<u>133,141.89</u>	<u>4,009.51</u>	<u>120,405.11</u>	<u>257,556.51</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (2,416,296.75)</u>	<u>\$ 1,925.32</u>	<u>\$ (7,308.90)</u>	<u>\$ (2,421,680.33)</u>

FIDUCIARY FUNDS

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Assets
 June 30, 2011

	Trust Funds				Agency Funds		Total
	Unemployment Compensation Trust	Workmen's Compensation Trust	Private- Purpose Scholarship Fund	Parent Resource Center / College Application Fund	Student Activity / Athletics	Payroll	
ASSETS:							
Cash and Cash Equivalents	\$ 42,178.40	\$ 15,914.55	\$ 59,452.19	\$ 15,680.92	\$ 70,804.00	\$ 1,457,605.29	\$ 1,661,635.35
Investments			116,751.38				116,751.38
Intrafund Accounts Receivable:							
Due Payroll	38,469.84						38,469.84
Total Assets	80,648.24	15,914.55	176,203.57	15,680.92	\$ 70,804.00	\$ 1,457,605.29	1,816,856.57
LIABILITIES:							
Intrafund Accounts Payable:							
Due Unemployment Compensation Trust						\$ 38,469.84	38,469.84
Interfund Accounts Payable:							
General Fund						1,899.42	1,899.42
Accrued Salaries and Wages						1,163,777.85	1,163,777.85
Payable to Student Groups					\$ 70,804.00		70,804.00
Payroll Deductions and Withholdings						253,458.18	253,458.18
Total Liabilities	-	-	-	-	\$ 70,804.00	\$ 1,457,605.29	1,528,409.29
NET ASSETS:							
Held in Trust for Unemployment Claims and Other Purposes	80,648.24	15,914.55					96,562.79
Held in Trust for Public Donations Reserved for Scholarships				15,680.92			15,680.92
			176,203.57				176,203.57
Total Net Assets	\$ 80,648.24	\$ 15,914.55	\$ 176,203.57	\$ 15,680.92			\$ 288,447.28

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Assets
 For the Fiscal Year Ended June 30, 2011

	Unemployment Compensation Trust	Workmen's Compensation Trust	Private- Purpose Scholarship Fund	Parent Resource Center / College Application Fund	Total
ADDITIONS:					
Contributions:					
Scholarships			\$ 3,600.00		\$ 3,600.00
From Board	\$ 537,579.95	\$ 494,244.63			1,031,824.58
Other	85,478.10			\$ 5,000.00	90,478.10
Total Contributions	<u>623,058.05</u>	<u>494,244.63</u>	<u>3,600.00</u>	<u>5,000.00</u>	<u>1,125,902.68</u>
Investment Earnings:					
Interest and Dividends	25.18	45.64	5,192.31	1.98	5,265.11
Net Investment Earnings	<u>25.18</u>	<u>45.64</u>	<u>5,192.31</u>	<u>1.98</u>	<u>5,265.11</u>
Total Additions	<u>623,083.23</u>	<u>494,290.27</u>	<u>8,792.31</u>	<u>5,001.98</u>	<u>1,131,167.79</u>
DEDUCTIONS:					
Awarded Scholarships			2,250.00		2,250.00
Claims	599,290.53	483,035.66			1,082,326.19
Miscellaneous			15.00		15.00
Total Deductions	<u>599,290.53</u>	<u>483,035.66</u>	<u>2,265.00</u>	<u>-</u>	<u>1,084,591.19</u>
Change in Net Assets	23,792.70	11,254.61	6,527.31	5,001.98	46,576.60
Net Assets, July 1	<u>56,855.54</u>	<u>4,659.94</u>	<u>169,676.26</u>	<u>10,678.94</u>	<u>241,870.68</u>
Net Assets, June 30	<u>\$ 80,648.24</u>	<u>\$ 15,914.55</u>	<u>\$ 176,203.57</u>	<u>\$ 15,680.92</u>	<u>\$ 288,447.28</u>

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity and Athletic Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2011

	<u>Balance June 30, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
Elementary School:				
Oak Street School	\$ 480.96	\$ 1.11		\$ 482.07
Clifton Avenue School	<u>774.69</u>		<u>\$ 774.69</u>	
	<u>1,255.65</u>	<u>1.11</u>	<u>774.69</u>	<u>482.07</u>
Junior High School:				
Middle School	<u>14,314.95</u>	<u>11,664.10</u>	<u>12,435.42</u>	<u>13,543.63</u>
Senior High School:				
Lakewood High School	<u>67,072.80</u>	<u>59,317.70</u>	<u>70,503.71</u>	<u>55,886.79</u>
Total All Schools	<u>82,643.40</u>	<u>70,982.91</u>	<u>83,713.82</u>	<u>69,912.49</u>
Athletics	<u>20,401.87</u>	<u>90,148.20</u>	<u>109,658.56</u>	<u>891.51</u>
Total	<u>\$ 103,045.27</u>	<u>\$ 161,131.11</u>	<u>\$ 193,372.38</u>	<u>\$ 70,804.00</u>

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Fiduciary Funds
 Payroll and Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS:				
Cash and Cash Equivalents	\$ 1,567,166.40	\$ 71,453,877.73	\$ 71,563,438.84	\$ 1,457,605.29
Total Assets	<u>\$ 1,567,166.40</u>	<u>\$ 71,453,877.73</u>	<u>\$ 71,563,438.84</u>	<u>\$ 1,457,605.29</u>
LIABILITIES:				
Intrafund Accounts Payable:				
Due Unemployment Compensation Trust	\$ 56,813.48		\$ 18,343.64	\$ 38,469.84
Interfund Accounts Payable:				
Due General Fund	10.83	41,073.59	39,185.00	1,899.42
Accrued Salaries and Wages	1,230,547.08	1,155,586.45	1,222,355.68	1,163,777.85
Payroll Deductions and Withholdings	<u>279,795.01</u>	<u>70,257,217.69</u>	<u>70,283,554.52</u>	<u>253,458.18</u>
Total Liabilities	<u>\$ 1,567,166.40</u>	<u>\$ 71,453,877.73</u>	<u>\$ 71,563,438.84</u>	<u>\$ 1,457,605.29</u>

LONG-TERM DEBT

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2011

<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, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>					
Refunding of Early Retirement Incentive	03/01/03	\$ 2,350,000.00	-	-	-	\$ 245,000.00		\$ 245,000.00	
New Roofing and Repairs	05/24/00	2,494,000.00	08/01/11	\$ 210,000.00					
			08/01/12	210,000.00					
			08/01/13	210,000.00					
			08/01/14	210,000.00					
			08/01/15	209,000.00	5.40%	1,249,000.00		200,000.00	\$ 1,049,000.00
Construction of Additions to Elementary Schools and Acquisition of Furniture and Equipment	02/01/92	9,893,000.00	02/15/12	648,000.00	6.25%	<u>1,298,000.00</u>		<u>650,000.00</u>	<u>648,000.00</u>
						<u>\$ 2,792,000.00</u>	<u>-</u>	<u>\$ 1,095,000.00</u>	<u>\$ 1,697,000.00</u>

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Schedule of Obligations under Capital Leases
 For the Fiscal Year Ended June 30, 2011

<u>Description</u>	<u>Date of Lease</u>	<u>Term of Lease (in Months)</u>	<u>Amount of Original Issue</u>		<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amount Outstanding June 30, 2011</u>
			<u>Principal</u>	<u>Interest</u>					
Re-roofing of Lakewood High School, HVAC Upgrade of the High School Auditorium, and the Coping Replacement at the Clifton Avenue School	08/11/06	48	\$ 3,600,000.00	\$ 329,947.24	3.186%	\$ 764,513.31		\$ 764,513.31	
Copier Equipment (Savin 9040B) - Transportation	09/01/10	60	10,515.87	3,336.73	6.318%		\$ 10,515.87	1,530.86	\$ 8,985.01
Copier Equipment (Savin 9021D) - Ella Clarke	12/01/10	60	5,188.88	920.32	6.620%		5,188.88	520.95	4,667.93
Copier Equipment (Savin 9021D) - Early Childhood	12/01/10	60	5,188.88	979.45	6.620%		5,523.95	554.55	4,969.40
Copier Equipment (Savin 9021D) - Early Learning Center	12/01/10	60	5,523.95	979.45	6.620%		5,523.95	554.55	4,969.40
Copier Equipment (Savin 9025B) - Community School	12/01/10	60	8,836.49	1,566.91	6.620%		8,836.49	887.11	7,949.38
						<u>\$ 764,513.31</u>	<u>\$ 35,589.14</u>	<u>\$ 768,561.33</u>	<u>\$ 31,541.12</u>

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,952,532.00	-	\$ 1,952,532.00	\$ 1,952,532.00	-
State Sources:					
Debt Service Aid Type II	86,192.00	-	86,192.00	86,192.00	-
Total - State Sources	86,192.00	-	86,192.00	86,192.00	-
Total Revenues	2,038,724.00	-	2,038,724.00	2,038,724.00	-
EXPENDITURES:					
Regular Debt Service:					
Principal Payments - Commission Approved Lease Purchase Agreement	763,116.00	\$ 1,397.31	764,513.31	764,513.31	
Interest for Commissioner Approved Lease Purchase Agreement	32,432.00	(1,396.59)	31,035.41	31,035.41	
Interest on Early Retirement Bonds	5,000.00	(0.72)	4,999.28	4,961.25	\$ 38.03
Redemption of Principal - Early Retirement Bonds	245,000.00		245,000.00	245,000.00	
Interest on Bonds	143,176.00		143,176.00	143,171.00	5.00
Redemption of Principal	850,000.00		850,000.00	850,000.00	
Total Regular Debt Service	2,038,724.00	-	2,038,724.00	2,038,680.97	43.03
Total Expenditures	2,038,724.00	-	2,038,724.00	2,038,680.97	43.03
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	43.03	43.03
Fund Balance, July 1	-	-	-	2.25	2.25
Fund Balance, June 30	-	-	-	\$ 45.28	\$ 45.28
Recapitulation:					
Restricted Fund Balance				\$ 45.28	

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. Note that Exhibits J-1 through J-4 are only presented for the last nine fiscal years as the School District's first year of implementation of the Governmental Accounting Standards Board Statement No. 34 was for the fiscal year ended June 30, 2003; thus, ten year comparative financial information is unavailable.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Net Assets by Component
 Last Nine Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 11,536,710.81	\$ 10,326,553.88	\$ 8,455,577.08	\$ 6,972,812.23	\$ 6,481,768.71	\$ 5,246,986.97	\$ 4,548,789.67	\$ 3,721,195.59	\$ 3,054,013.01
Restricted	45.28	2.25		270,000.00				256,471.26	285,819.88
Unrestricted	<u>(89,678.29)</u>	<u>(3,632,854.39)</u>	<u>(6,838,288.38)</u>	<u>(11,363,364.25)</u>	<u>(5,113,631.50)</u>	<u>(3,647,746.00)</u>	<u>(3,361,869.96)</u>	<u>(3,385,404.42)</u>	<u>(3,971,974.56)</u>
Total Governmental Activities Net Assets	<u>\$ 11,447,077.80</u>	<u>\$ 6,693,701.74</u>	<u>\$ 1,617,288.70</u>	<u>\$ (4,120,552.02)</u>	<u>\$ 1,368,137.21</u>	<u>\$ 1,599,240.97</u>	<u>\$ 1,186,919.71</u>	<u>\$ 592,262.43</u>	<u>\$ (632,141.67)</u>
Business-Type Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 368,458.33	\$ 369,725.72	\$ 386,585.90	\$ 386,821.54	\$ 421,145.47	\$ 257,104.66	\$ 206,586.38	\$ 187,289.79	\$ 509,091.91
Unrestricted	<u>1,288,066.72</u>	<u>870,243.01</u>	<u>537,807.56</u>	<u>253,146.99</u>	<u>426,209.46</u>	<u>911,574.93</u>	<u>727,148.37</u>	<u>579,805.21</u>	
Total Business-Type Activities Net Assets	<u>\$ 1,656,525.05</u>	<u>\$ 1,239,968.73</u>	<u>\$ 924,393.46</u>	<u>\$ 639,968.53</u>	<u>\$ 421,145.47</u>	<u>\$ 683,314.12</u>	<u>\$ 1,118,161.31</u>	<u>\$ 914,438.16</u>	<u>\$ 1,088,897.12</u>
District-wide:									
Invested in Capital Assets, Net of Related Debt	\$ 11,905,169.14	\$ 10,696,279.60	\$ 8,842,162.98	\$ 7,359,633.77	\$ 6,902,914.18	\$ 5,504,091.63	\$ 4,755,376.05	\$ 3,908,485.38	\$ 3,563,104.92
Restricted	45.28	2.25		270,000.00		2.25		256,471.26	285,819.88
Unrestricted	<u>1,198,388.43</u>	<u>(2,762,611.38)</u>	<u>(6,300,480.82)</u>	<u>(11,110,217.26)</u>	<u>(5,113,631.50)</u>	<u>(3,221,536.54)</u>	<u>(2,450,295.03)</u>	<u>(2,658,256.05)</u>	<u>(3,392,169.35)</u>
Total District-wide Net Assets	<u>\$ 13,103,602.85</u>	<u>\$ 7,933,670.47</u>	<u>\$ 2,541,682.16</u>	<u>\$ (3,480,583.49)</u>	<u>\$ 1,789,282.68</u>	<u>\$ 2,282,557.34</u>	<u>\$ 2,305,081.02</u>	<u>\$ 1,506,700.59</u>	<u>\$ 456,755.45</u>

Source: Comprehensive Annual Financial Report Exhibit A-1.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Changes in Net Assets
 Last Nine Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:									
Governmental Activities:									
Instruction:									
Regular	\$ 26,163,926.63	\$ 26,958,898.65	\$ 25,719,177.24	\$ 25,541,839.77	\$ 21,733,843.86	\$ 25,107,311.22	\$ 23,801,335.71	\$ 34,006,942.20	\$ 29,812,003.83
Special Education	6,429,848.84	5,656,989.75	6,475,575.10	8,122,586.23	8,148,999.38	6,677,600.43	6,044,069.85	7,923,458.26	7,634,181.02
Other Special Instruction	3,744,550.69	2,429,688.82	2,946,096.67	1,332,596.08	1,097,090.89	941,663.96	591,003.37	737,910.99	743,514.89
Other Instruction	905,868.44	843,856.96	835,773.57	592,826.61	768,882.91	653,686.93	761,960.06	844,413.61	812,229.31
Community Service Programs / Operations	108,988.61	78,173.94	218,100.26	300,478.50	153,520.29	180,000.00	110,999.98		
Support Services:									
Tuition	15,798,336.93	15,497,723.48	15,271,616.10	10,663,217.30	10,853,855.05	8,995,160.03	7,806,215.28	5,871,771.80	5,388,323.44
Student and Instruction Related Services	39,011,375.48	40,175,071.64	32,638,705.56	34,554,016.35	29,281,870.98	26,868,949.84	22,917,856.36	19,277,016.44	17,753,091.91
Other Administrative Services	1,986,600.96	2,291,859.40	2,462,246.68	2,553,325.98	3,292,330.73	2,523,829.34	2,672,600.61	3,558,970.45	3,557,678.93
School Administrative Services	3,443,965.82	3,707,746.73	3,688,697.15	3,825,950.56	3,752,711.49	3,060,163.28	3,080,393.44	3,289,911.13	3,257,564.59
Plant Operations and Maintenance	7,307,360.09	6,994,553.64	6,993,299.00	6,193,662.52	6,009,708.71	5,932,366.10	5,649,352.53	5,497,444.92	5,485,387.80
Pupil Transportation	16,022,883.86	16,560,793.59	15,356,691.72	14,849,926.00	13,061,859.52	11,631,701.09	9,855,585.91	8,615,512.49	7,387,726.21
Unallocated Benefits	12,454,456.49	17,512,776.55	16,108,033.31	19,050,792.11	17,606,895.14	15,791,999.40	14,176,906.70		
Special Schools		152,782.75	126,883.59	60,615.66	153,917.65	124,946.09	153,929.39	160,287.19	156,928.91
Interest on Long-term Debt	147,822.29	238,609.36	316,752.38	396,227.39	353,612.88	404,205.37	452,457.88	499,374.55	454,634.90
Adjustment to Budgetary Revenues and Expenditures				165,654.09	1,223,384.06				
Unallocated Loss on Disposal of Capital Assets			253,469.12						
Unallocated Depreciation and Amortization	576,769.35	615,066.28	666,787.88	733,203.55	661,277.83	711,261.13	682,078.00	720,014.22	684,489.60
Total Governmental Activities Expenses	134,102,754.48	139,714,591.54	130,077,905.33	128,936,918.70	118,153,761.37	109,604,844.21	98,756,745.07	91,003,028.25	83,127,755.34
Business-Type Activities:									
Food Service	3,029,670.03	2,750,515.90	2,633,301.03	2,548,068.63	2,363,931.75	2,542,021.55	2,224,175.23	2,240,842.95	1,936,594.18
Latchkey Program	2,086.69	158,480.07	186,019.15	203,773.88	171,575.29	165,942.96	145,621.65	134,763.22	132,981.78
Community School	209,085.59	277,611.10	524,532.95	377,243.83	347,334.03	256,479.99	433,159.77	424,157.62	457,783.84
Total Business-Type Activities Expense	3,240,842.31	3,186,607.07	3,343,853.13	3,129,086.34	2,882,841.07	2,964,444.50	2,802,956.65	2,799,763.79	2,527,359.80
Total District Expenses	\$ 137,343,596.79	\$ 142,901,198.61	\$ 133,421,758.46	\$ 132,066,005.04	\$ 121,036,602.44	\$ 112,569,288.71	\$ 101,559,701.72	\$ 93,802,792.04	\$ 85,655,115.14
Program Revenues:									
Governmental Activities:									
Charges for Services	\$ 52,832.00	\$ 98,024.68	\$ 74,173.00	\$ 91,790.00	\$ 20,913.00	\$ 142,943.50	\$ 93,125.95	\$ 122,132.80	\$ 116,023.71
Operating Grants and Contributions	41,307,925.71	42,369,165.73	32,050,732.69	39,649,934.98	32,538,118.35	32,135,063.31	29,346,773.03	2,937,018.00	2,735,096.51
Capital Grants and Contributions	180,960.87	579,797.64	37,118.30	7,618.00	20,670.50	8,516.00	2,017.40		
Total Governmental Activities Program Revenues	41,541,718.58	43,046,988.05	32,162,023.99	39,749,342.98	32,579,701.85	32,286,522.81	29,441,916.38	3,059,150.80	2,851,120.22
Business-Type Activities:									
Charges for services:									
Food Service	480,231.39	488,488.61	523,746.95	521,454.18	613,843.95	645,419.70	691,305.60	664,683.36	639,656.67
Latchkey Program	2.50	111,132.59	152,082.49	169,744.87	170,779.17	161,268.29	137,322.73	140,275.75	118,395.65
Community School	81,371.58	120,966.96	339,878.83	328,528.45	293,263.79	208,894.51	236,411.44	276,272.49	441,577.16
Operating Grants and Contributions	2,874,259.73	2,687,648.68	2,413,234.06	2,162,386.42	1,953,746.31	1,846,580.68	1,915,770.10	1,894,785.47	1,397,950.23
Capital Grants and Contributions	17,525.00								
Total Business-Type Activities Program Revenues	3,453,390.20	3,408,236.84	3,428,942.33	3,182,113.92	3,031,633.22	2,862,163.18	2,980,809.87	2,976,017.07	2,597,579.71
Total District Program Revenues	\$ 44,995,108.78	\$ 46,455,224.89	\$ 35,590,966.32	\$ 42,931,456.90	\$ 35,611,335.07	\$ 35,148,685.99	\$ 32,422,726.25	\$ 6,035,167.87	\$ 5,448,699.93
Net (Expense) / Revenue:									
Governmental Activities									
	\$ (92,561,035.90)	\$ (96,667,603.49)	\$ (97,915,881.34)	\$ (89,187,575.72)	\$ (85,574,059.52)	\$ (77,318,321.40)	\$ (69,314,828.69)	\$ (87,943,877.45)	\$ (80,276,635.12)
Business-Type Activities									
	212,547.89	221,629.77	85,089.20	53,027.58	148,792.15	(102,281.32)	177,853.22	176,253.28	70,219.91
Total District-wide Net Expense	\$ (92,348,488.01)	\$ (96,445,973.72)	\$ (97,830,792.14)	\$ (89,134,548.14)	\$ (85,425,267.37)	\$ (77,420,602.72)	\$ (69,136,975.47)	\$ (87,767,624.17)	\$ (80,206,415.21)

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Changes in Net Assets
 Last Nine Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets:									
Governmental Activities:									
Property Taxes Levied for General Purposes, Net	\$ 71,593,625.00	\$ 71,593,625.00	\$ 69,597,133.00	\$ 64,722,523.00	\$ 62,254,745.00	\$ 56,551,582.00	\$ 51,818,055.00	\$ 47,558,094.00	\$ 44,555,938.00
Taxes Levied for Debt Service	1,952,532.00	1,242,075.00	1,250,715.00	1,258,914.00	1,277,357.00	1,303,977.00	1,337,686.00	1,353,770.00	1,052,591.00
Federal and State Aid not Restricted	25,058,275.31	28,487,609.56	27,722,354.31	17,683,372.12	18,947,698.77	18,706,225.78	16,250,837.22	39,561,076.28	33,381,668.98
Federal and State Aid Restricted	75,848.96	86,064.72	82,635.20	79,231.52	77,779.31	76,575.10	76,979.40		
Unrestricted Interest Earnings	22,399.95	12,805.21	104,270.88	178,260.21	279,382.58	226,251.31	164,020.35	142,842.70	226,408.99
Miscellaneous Income	332,303.60	321,837.04	395,257.69	1,378,476.44	389,931.66	401,471.47	261,908.00	483,532.07	179,449.77
Special Items:									
Gain from Sale of Capital Assets				6,076,000.58					
Transfers	(93,158.03)		950,000.00		1,676,620.00	464,560.00			
Total Governmental Activities	98,941,826.79	101,744,016.53	100,102,366.08	91,376,777.87	84,903,514.32	77,730,642.66	69,909,485.97	89,099,315.05	79,396,056.74
Business-Type Activities:									
Unrestricted Interest Earnings	1,799.66	1,013.86	2,329.39	25,031.38	28,480.64	16,165.86	16,465.67	9,183.11	10,620.95
Miscellaneous Income						321,837.04	9,404.26		
Contributions	101,248.58	92,931.64	178,496.34	142,266.20		115,828.27			
Loss on Disposal of Capital Assets				(1,502.10)					
Transfers	93,158.03					(464,560.00)			
Total Business-Type Activities	196,206.27	93,945.50	180,825.73	165,795.48	28,480.64	(10,728.83)	25,869.93	9,183.11	10,620.95
Total District-wide	\$ 99,138,033.06	\$ 101,837,962.03	\$ 100,283,191.81	\$ 91,542,573.35	\$ 84,931,994.96	\$ 77,719,914	\$ 69,935,356	\$ 89,108,498	\$ 79,406,678
Change in Net Assets:									
Governmental Activities	\$ 6,380,790.89	\$ 5,076,413.04	\$ 2,186,484.74	\$ 2,189,202.15	\$ (670,545.20)	\$ 412,321.26	\$ 594,657.28	\$ 1,155,437.60	\$ (880,578.38)
Business-Type Activities	408,754.16	315,575.27	265,914.93	218,823.06	177,272.79	(113,010.15)	203,723.15	185,436.39	80,840.86
Total District	\$ 6,789,545.05	\$ 5,391,988.31	\$ 2,452,399.67	\$ 2,408,025.21	\$ (493,272.41)	\$ 299,311.11	\$ 798,380.43	\$ 1,340,873.99	\$ (799,737.52)

Source: Comprehensive Annual Financial Report Exhibit A-2.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Nine Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:									
Restricted				\$ 12,655.47					
Assigned	\$ 3,108,209.43	\$ 2,972,621.95	\$ 151,226.54				\$ 81,754.07	\$ 575,236.21	\$ 598,236.03
Unassigned	176,875.48	273,342.35			\$ (1,741,543.86)	\$ (351,664.77)	421,484.54	663,264.62	1,081,201.65
Total General Fund	\$ 3,285,084.91	\$ 3,245,964.30	\$ 151,226.54	\$ 12,655.47	\$ (1,741,543.86)	\$ (351,664.77)	\$ 503,238.61	\$ 1,238,500.83	\$ 1,679,437.68
All Other Governmental Funds:									
Nonspendable				\$ 16,252.50					
Restricted	\$ 45.28	\$ 2.25	\$ 0.50				\$ 0.55	\$ 0.55	\$ 16,132.88
Assigned	1,126,702.51								
Unassigned		(268,566.48)	(247,130.00)	(433,022.21)	\$ (318,727.69)	(308,727.69)	(318,764.00)	(318,765.50)	(328,549.03)
Total All Other Governmental Funds	\$ 1,126,747.79	\$ (268,564.23)	\$ (247,129.50)	(416,769.71)	\$ (318,727.69)	\$ (308,727.69)	\$ (318,763.45)	\$ (318,764.95)	\$ (312,416.15)

Source: Comprehensive Annual Financial Report Exhibit B-1.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Nine Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:									
Local Tax Levy	\$ 73,546,157.00	\$ 72,835,700.00	\$ 70,847,848.00	\$ 65,981,437.00	\$ 63,532,102.00	\$ 57,855,559.00	\$ 53,155,741.00	\$ 48,911,864.00	\$ 45,608,529.00
Tuition Charges	52,832.00	98,024.68	74,173.00	91,790.00	20,913.00	142,943.50	93,125.95	122,132.80	116,023.71
Textbook Sales and Rentals					1,676,620.00				
Unrestricted Miscellaneous Revenues	352,046.79	330,346.33	1,449,528.57	8,074,736.65	664,292.19	662,537.33	424,724.35	626,374.77	343,088.81
Federal Sources	18,695,167.48	24,085,496.05	12,158,435.96	11,561,268.88	10,873,410.46	13,247,643.16	11,242,281.59	10,016,073.19	8,161,632.07
State Sources	47,808,034.01	46,862,942.96	47,658,604.54	45,842,092.29	40,710,856.47	37,643,922.48	34,433,529.46	32,482,021.09	27,955,133.42
Local Sources			75,800.00	16,795.45					
Total Revenue	140,454,237.28	144,212,510.02	132,264,390.07	131,568,120.27	117,478,194.12	109,552,605.47	99,349,402.35	92,158,465.85	82,184,407.01
Expenditures:									
Current:									
Instruction:									
Regular Instruction	27,019,481.50	26,921,964.30	25,096,788.04	25,556,447.66	21,714,431.04	25,009,598.15	24,048,270.14	25,389,697.40	24,077,411.75
Special Education Instruction	6,731,755.52	5,674,237.04	6,310,871.20	8,122,586.23	8,148,999.38	6,659,838.11	6,159,794.34	5,714,526.14	5,327,632.52
Other Special Instruction	3,899,099.13	2,437,228.74	2,871,388.06	1,332,596.08	1,097,090.89	941,663.96	591,003.37	511,635.89	514,464.69
Other Instruction	939,902.82	845,877.08	819,943.91	592,826.61	768,882.91	653,686.93	761,960.06	714,336.76	694,772.85
Community Services Programs / Operations	114,053.49	78,411.61	212,548.93	300,478.50	153,520.29	180,000.00	110,999.98	120,860.23	106,999.80
Support Services and Undistributed Costs:									
Tuition	15,798,336.93	15,497,723.48	15,271,616.10	10,663,217.30	10,824,614.27	8,995,160.03	7,806,215.28	5,471,075.60	5,388,323.44
Student and Instruction Related Services	39,368,059.14	40,196,303.41	32,415,575.89	34,554,016.35	29,281,870.98	26,868,949.84	22,917,856.36	19,231,505.40	15,867,801.17
Other Administrative Services	1,989,085.04	2,267,553.79	2,181,601.93	2,550,367.58	3,238,244.90	2,676,523.76	2,397,285.24	3,124,760.72	3,165,309.68
School Administrative Services	3,542,117.02	3,698,403.29	3,643,344.59	3,913,858.41	3,649,353.26	3,510,977.77	3,318,299.61	2,753,546.99	2,610,549.91
Plant Operations and Maintenance	7,202,620.54	6,914,771.32	6,691,773.12	6,147,872.28	5,962,712.22	6,081,619.02	5,803,631.55	5,453,945.46	5,454,214.92
Pupil Transportation	16,035,447.66	16,561,670.58	15,350,587.48	14,849,926.00	13,061,859.52	11,631,701.09	9,855,585.91	8,615,512.49	7,387,726.21
Unallocated Benefits	12,454,456.49	17,512,776.55	15,911,604.31	19,050,792.11	17,606,895.14	15,791,999.40	14,176,906.70	12,774,510.33	10,884,755.65
Capital Outlay	137,187.89	956,872.47	1,588,717.96	687,542.10	4,623,615.91	321,997.94	277,838.30	325,732.89	1,019,969.90
Special Schools		153,233.50	123,778.38	60,615.66	153,917.65	124,946.09	153,929.39	160,287.19	156,928.91
Debt Service:									
Principal	1,859,513.31	1,135,000.00	1,085,000.00	1,040,000.00	1,010,000.00	990,000.00	980,000.00	980,000.00	675,000.00
Interest and Other Charges	179,167.66	209,532.25	269,008.50	323,166.00	373,903.50	423,371.00	470,891.00	506,889.33	497,279.75
Total Expenditures	137,270,284.14	141,061,559.41	129,844,148.40	129,746,308.87	121,669,911.86	110,862,033.09	99,830,467.23	91,848,822.82	83,829,141.15
Excess (Deficiency) of Revenues									
Over (Under) Expenditures	3,183,953.14	3,150,950.61	2,420,241.67	1,821,811.40	(4,191,717.74)	(1,309,427.62)	(481,064.88)	309,643.03	(1,644,734.14)
Other Financing Sources (Uses):									
Capital Leases (Non-budgeted)	35,589.14								
Proceeds from Capital Lease Agreement					3,600,000.00				
Cancellation of Accounts Receivable	(67,193.55)	(81,943.50)	(552,542.67)		(29,240.78)		(256,195.84)		
Cancellation of Accounts Payable	2,656.76	4,295.92			5,022.05		2,000.00		
Adjustment to Budgetary Expenditures				(143,763.09)	(1,223,384.06)				
Adjustment to Budgetary Revenues				(21,891.00)					
Long-Term Debt Issued									2,342,485.95
Repayment of ERIP Liability									(2,279,716.00)
Operating Transfers	(93,158.03)				439,441.44	464,560.00			
Total Other Financing Sources (Uses)	(122,105.68)	(77,647.58)	(552,542.67)	(165,654.09)	2,791,838.65	464,560.00	(254,195.84)	-	62,769.95
Net Change in Fund Balances:	\$ 3,061,847.46	\$ 3,073,303.03	\$ 1,867,699.00	\$ 1,656,157.31	\$ (1,399,879.09)	\$ (844,867.62)	\$ (735,260.72)	\$ 309,643.03	\$ (1,581,964.19)
Debt Service as a Percentage of									
Noncapital Expenditures	1.5%	1.0%	1.1%	1.1%	1.2%	1.3%	1.5%	1.6%	1.4%

Source: Comprehensive Annual Financial Report Exhibit B-2.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 General Fund - Unrestricted Miscellaneous Revenues by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Adopt A Class					\$ 450.00	\$ 9,475.94	\$ 8,684.53			
Athletics		\$ 25,261.14	\$ 1,640.02							
Book Fines		1,502.65	95.00	\$ 716.91	610.67					
Box Tops	\$ 188.50									
Census Coordinator - Lakewood Township		5,000.00								
Claims / OPRA				11,068.78						
Contributions and Donations from Private Sources				1,000.00	11,156.92					
Educational GAPS				38,607.00						
E-Rate Reimbursements	225,124.09	168,139.03	185,856.79	133,464.06	23,800.88	287,655.47				
FEMA - Winter Storm Reimbursement	10,288.50									
Homeless Tuition Reimbursement		5,281.00								
Insurance Reimbursements	300.87									
Interest on Investments	22,399.95	12,805.21	104,270.88	178,260.21	279,382.58	226,251.31	164,020.35	\$ 142,842.70	\$ 224,988.98	\$ 178,128.66
Internal Revenue Service Tax Refunds					50,197.80		150,280.28			
Jackson Jointure 09-10		6,188.00								
Jury Duty	20.00		45.00							
Miscellaneous		803.28	21,636.27	503,441.47	34,495.17	70,902.56	75,793.19	318,532.07	116,679.82	118,582.34
New Jersey Model Program Award		200.00								
New Jersey Schools Development Authority Reimbursements				47,894.40						
Pepsi Bottling Commissions				1,899.53	4,833.36					
Petty Cash	350.52									
Rebates					9.00					
Refunds	445.63	6,882.50		95,958.21	9,336.20					
Rental Polling Places				100.00	200.00					
Rentals	48,671.70		2,904.06	36,754.76	34,310.60	33,437.50	25,150.00			
Refund of Prior Year's Expenditures	27,632.63	84,936.99	171,080.55	113,136.32	206,258.01					
Rejected Bid Bond				73,185.00						
Sale of Capital Assets				6,518,000.00						
Summer School		10,270.00	12,000.00							
Teacher Quality Mentoring	12,795.00				9,251.00					
Textbook Sales and Rentals			950,000.00	321,250.00						
Township Grant								80,000.00		
Uniforms		379.00								
Vehicle Salvage	3,829.40									
Wall Jointure - LHS		2,697.53								
	<u>\$ 352,046.79</u>	<u>\$ 330,346.33</u>	<u>\$ 1,449,528.57</u>	<u>\$ 8,074,736.65</u>	<u>\$ 664,292.19</u>	<u>\$ 627,722.78</u>	<u>\$ 423,928.35</u>	<u>\$ 541,374.77</u>	<u>\$ 341,668.80</u>	<u>\$ 296,711.00</u>

Source: School 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.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Assessed Value and Actual Value of Taxable Property
 Last Ten Years
Unaudited

Year Ended Dec. 31	Vacant Land	Residential	Farm	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)
2011	\$ 306,386,400.00	\$ 4,510,548,500.00	\$ 4,069,100.00	\$ 674,025,700.00	\$ 508,339,000.00	\$ 334,258,700.00	\$ 6,337,627,400.00	\$ 12,896,952.00	\$ 6,350,524,352.00	\$ 1,138,277,100.00	\$ 7,600,686,664.00	\$ 1.120
2010 (r)	306,386,400.00	4,510,548,500.00	4,069,100.00	674,025,700.00	508,339,000.00	334,258,700.00	6,337,627,400.00	17,183,651.00	6,354,811,051.00	1,143,907,000.00	7,982,028,944.00	1.160
2009	443,346,300.00	5,697,250,600.00	4,933,100.00	753,075,100.00	602,732,400.00	356,218,000.00	7,857,555,500.00	16,378,436.00	7,873,933,936.00	1,263,965,900.00	8,189,413,073.00	0.925
2008	468,468,400.00	5,633,818,300.00	4,932,900.00	762,189,400.00	602,901,700.00	374,283,300.00	7,846,594,000.00	15,623,200.00	7,862,217,200.00	1,201,530,700.00	8,249,195,078.00	0.871
2007	516,913,990.00	5,488,354,800.00	5,711,600.00	729,287,500.00	602,049,000.00	377,306,100.00	7,719,622,990.00	15,994,464.00	7,735,617,454.00	1,159,337,500.00	7,951,462,176.00	0.837
2006 (R)	484,032,600.00	5,351,184,600.00	6,428,400.00	732,269,400.00	599,638,000.00	347,259,300.00	7,520,812,300.00	15,570,739.00	7,536,383,039.00	1,126,198,400.00	7,556,744,207.00	0.806
2005	142,288,700.00	1,978,934,000.00	3,177,700.00	299,146,300.00	299,362,700.00	144,374,200.00	2,867,283,600.00	8,833,216.00	2,876,116,816.00	453,470,300.00	6,400,459,609.00	1.929
2004	100,482,500.00	1,913,306,100.00	3,583,200.00	299,355,300.00	292,303,600.00	141,300,200.00	2,750,330,900.00	10,416,486.00	2,760,747,386.00	438,083,300.00	4,989,292,120.00	1.850
2003	90,615,700.00	1,845,725,100.00	4,225,100.00	307,287,000.00	299,490,800.00	139,320,700.00	2,686,664,400.00	12,018,114.00	2,698,682,514.00	432,432,300.00	4,222,430,902.00	1.750
2002	97,812,500.00	1,751,436,400.00	4,458,600.00	308,268,800.00	295,285,400.00	135,401,700.00	2,592,663,400.00	12,534,719.00	2,605,198,119.00	398,132,000.00	3,598,018,608.00	1.660

- (r) reassessment
- (R) revaluation
- (1) taxable value of communication equipment.
- (2) tax rates are per \$100.00 of assessed valuation.

Source: Ocean County Board of Taxation.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Years

(Rate per \$100 of Assessed Value)

Unaudited

Year Ended <u>Dec. 31</u>	<u>District Direct Rate</u>			<u>Overlapping Rates</u>			<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct School Tax Rate</u>	<u>Township of Lakewood</u>	<u>Township of Lakewood Fire District</u>	<u>Ocean County</u>	
2011	\$ 1.106	\$ 0.014	\$ 1.120	\$ 0.686	\$ 0.050	\$ 0.420	\$ 2.276
2010	1.130	0.031	1.160	0.686	0.057	0.339	2.242
2009	0.909	0.016	0.925	0.554	0.460	0.319	2.258
2008	0.855	0.016	0.871	0.504	0.048	0.316	1.739
2007	0.821	0.016	0.837	0.455	0.048	0.311	1.651
2006 (r)	0.789	0.017	0.806	0.411	0.041	0.252	1.510
2005	1.884	0.045	1.929	0.828	0.102	0.581	3.440
2004	1.801	0.049	1.850	0.800	0.096	0.560	3.306
2003	1.706	0.045	1.750	0.740	0.094	0.550	3.134
2002	1.620	0.041	1.660	0.750	0.094	0.570	3.074

(r) revaluation

Source: Municipal Tax Collector.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

<u>Taxpayer</u>	2011			2002		
	<u>Taxable Assessed Value</u>	Rank	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	Rank	<u>% of Total District Net Assessed Value</u>
Harrogate, Inc.	\$ 42,872,600.00	1	0.68%	\$ 19,483,600.00	4	0.75%
New Hampshire Avenue Investments LLC	29,000,000.00	2	0.46%			
Lakewood Plaza 9 Associated LP	28,513,900.00	3	0.45%	22,999,800.00	2	0.88%
1900 Route 70 Associates LLC	26,939,600.00	4	0.42%	17,977,500.00	5	0.69%
Leisure Park Venture Limited Partnership	26,931,900.00	5	0.42%	20,830,100.00	3	0.80%
Lakewood Ind. Holdings	26,341,300.00	6	0.41%			
Lakewood Co-Generation LP	20,921,000.00	7	0.33%	38,584,600.00	1	1.48%
Woodlake Village LLC	19,775,000.00	8	0.31%			
Lighthouse Washington Square	18,999,800.00	9	0.30%			
Southgate at Lakewood LLC	16,828,900.00	10	0.27%			
Airport Associates				13,262,100.00	6	0.51%
962 River Avenue, LLC				7,903,000.00	7	0.30%
Seagull Square Associates				7,734,000.00	8	0.30%
C.P. Lakewood				7,521,300.00	9	0.29%
Crossroads Manor Realty Co.				7,409,000.00	10	0.28%
Total	<u>\$ 257,124,000.00</u>		<u>4.05%</u>	<u>\$ 163,705,000.00</u>		<u>6.28%</u>

Source: Municipal Tax Assessor.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Property Tax Levies and Collections
 Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>School District Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the the Levy (1)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2011	\$ 73,546,157.00	\$ 73,546,157.00	100.00%	-
2010	72,835,700.00	72,835,700.00	100.00%	-
2009	70,847,848.00	70,847,848.00	100.00%	-
2008	65,981,437.00	65,981,437.00	100.00%	-
2007	63,532,102.00	63,532,102.00	100.00%	-
2006	57,855,559.00	57,855,559.00	100.00%	-
2005	53,155,741.00	53,155,741.00	100.00%	-
2004	48,911,864.00	48,911,864.00	100.00%	-
2003	45,608,529.00	45,608,529.00	100.00%	-
2002	41,060,345.00	41,060,345.00	100.00%	-

(1) School District 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 or certified prior to the end of the school year.

Source: School 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.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
Unaudited

Fiscal Year <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities (2)</u>	<u>Total District</u>	Percentage of Personal Income (3)	<u>Per Capita (4)</u>
	<u>General Obligation Bonds (1)</u>	<u>Capital Leases</u>				
2011	\$ 1,697,000.00	-	-	\$ 1,697,000.00	Unavailable	Unavailable
2010	2,792,000.00	\$ 764,513.31	-	3,556,513.31	Unavailable	Unavailable
2009	2,792,000.00	1,499,721.23	-	4,291,721.23	0.15%	60.14
2008	5,012,000.00	2,206,747.10	-	7,218,747.10	0.25%	101.73
2007	6,052,000.00	2,886,671.20	-	8,938,671.20	0.33%	127.92
2006	7,062,000.00	-	-	7,062,000.00	0.28%	101.72
2005	8,052,000.00	191,953.11	-	8,243,953.11	0.35%	120.26
2004	9,032,000.00	388,932.32	-	9,420,932.32	0.42%	141.79
2003	10,012,000.00	562,297.90	-	10,574,297.90	0.49%	160.76
2002	8,337,000.00	724,940.29	-	9,061,940.29	0.43%	139.07

Sources:

(1) School District records.

(2) No outstanding debt exists for business-type activities.

(3) Personal income has been estimated based upon the municipal population and per capita.

(4) Per Capita calculation based upon population information provided by the New Jersey Department of Labor and Workforce Development.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>			Percentage of Net Assessed Valuation <u>Taxable (2)</u>	<u>Per Capita (3)</u>
	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding (1)</u>		
2011	\$ 1,697,000.00	-	\$ 1,697,000.00	0.03%	Unavailable
2010	2,792,000.00	-	2,792,000.00	0.04%	Unavailable
2009	3,927,000.00	-	3,927,000.00	0.05%	55.03
2008	5,012,000.00	-	5,012,000.00	0.06%	70.63
2007	6,052,000.00	-	6,052,000.00	0.08%	86.61
2006	7,062,000.00	-	7,062,000.00	0.09%	101.72
2005	8,052,000.00	-	8,052,000.00	0.28%	117.46
2004	9,032,000.00	-	9,032,000.00	0.33%	135.94
2003	10,012,000.00	-	10,012,000.00	0.37%	152.21
2002	8,337,000.00	-	8,337,000.00	0.32%	127.95

Sources:

(1) *School 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 New Jersey Department of Labor and Workforce Development.*

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2010
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Lakewood Township</u>
Municipal Debt: (1)				
Lakewood Township School District	\$ 2,347,000.00	\$ 2,347,000.00		
Lakewood Township	<u>65,338,325.00</u>	<u>1,875,118.00</u>	<u>\$ 63,463,207.00</u>	<u>\$ 63,463,207.00</u>
	<u>67,685,325.00</u>	<u>4,222,118.00</u>	<u>63,463,207.00</u>	<u>63,463,207.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Ocean: (2)				
General:				
Bonds	<u>404,409,137.00</u>	<u>10,153,548.00</u> (3)	<u>394,255,589.00</u>	<u>30,189,846.91</u> (4)
	<u>404,409,137.00</u>	<u>10,153,548.00</u>	<u>394,255,589.00</u>	<u>30,189,846.91</u>
	<u>\$ 472,094,462.00</u>	<u>\$ 14,375,666.00</u>	<u>\$ 457,718,796.00</u>	<u>\$ 93,653,053.91</u>

Sources:

(1) 2010 Annual Debt Statement provided by the Township of Lakewood.

(2) 2010 Report of Audit of Ocean County.

(3) includes reserve to pay bonds and county college bonds.

(4) Such debt is allocated as a proportion of the Township's share of the total 2010 Equalized Value, which is 7.66%.

The source for this computation was the 2010 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Calendar Year 2010:

Equalized valuation basis (1):

2010	\$ 7,964,845,293
2009	8,173,034,637
2008	<u>8,233,571,878</u>

[A] \$ 24,371,451,808

Average equalized valuation of taxable property [A/3] \$ 8,123,817,269

Debt limit (4% of average equalization value) (2) [B] 324,952,691

Total Net Debt Applicable to Limit [C] 1,697,000.00

Legal Debt Margin [B-C] \$ 323,255,690.77

	Fiscal Year Ended June 30,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt limit	\$ 323,255,690.77	\$ 321,768,989.69	\$ 312,207,174.11	\$ 285,524,900.97	\$ 245,093,673.27	\$ 200,683,530.87	\$ 170,330,297.48	\$ 145,352,598.16	\$ 124,951,631.25	\$ 107,982,700.68
Total net debt applicable to limit (3)	<u>1,697,000.00</u>	<u>2,792,000.00</u>	<u>2,792,000.00</u>	<u>5,012,000.00</u>	<u>6,052,000.00</u>	<u>7,062,000.00</u>	<u>8,052,000.00</u>	<u>9,032,000.00</u>	<u>10,012,000.00</u>	<u>8,337,000.00</u>
Legal debt margin	<u>\$ 321,558,690.77</u>	<u>\$ 318,976,989.69</u>	<u>\$ 309,415,174.11</u>	<u>\$ 280,512,900.97</u>	<u>\$ 239,041,673.27</u>	<u>\$ 193,621,530.87</u>	<u>\$ 162,278,297.48</u>	<u>\$ 136,320,598.16</u>	<u>\$ 114,939,631.25</u>	<u>\$ 99,645,700.68</u>
Total net debt applicable to the limit as a percentage of debt limit	0.52%	0.87%	0.89%	1.76%	2.47%	3.52%	4.73%	6.21%	8.01%	7.72%

Sources:

(1) 2010 County Abstract of Ratables, Division of Local Government Services and Department of Treasury Data.

(2) Limit set by N.J.S.A. 18A:24-19 for a K through 12 district.

(3) School 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.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Year Ended <u>June 30,</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2010	Unavailable	Unavailable	Unavailable	9.1%
2009	71,359	\$ 2,831,311,043.00	\$ 39,677.00	8.9%
2008	70,960	2,852,662,960.00	40,201.00 (r)	5.9%
2007	69,876	2,712,306,816.00	38,816.00 (r)	4.6%
2006	69,427	2,550,886,834.00	36,742.00 (r)	4.9%
2005	68,552	2,362,507,576.00	34,463.00 (r)	4.4%
2004	66,443	2,228,298,891.00	33,537.00 (r)	6.2%
2003	65,777	2,171,232,993.00	33,009.00 (r)	6.2%
2002	65,159	2,120,729,973.00	32,547.00 (r)	6.7%
2001	63,009	2,022,525,891.00	32,099.00 (r)	5.1%

(r) revised

Sources:

(1) U.S. Bureau of the Census, Population Division, 7/1/09.

(2) Personal income has been estimated based upon the municipal population and per capita personal income.

(3) U.S. Department of Commerce, Bureau of Analysis - April 2011

(4) New Jersey Department of Labor and Workforce Development Labor Planning and Analysis Local Area Unemployment Statistics - March 10, 2011.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Principal Non-Governmental Employers
Current Year and Nine Years Ago
Unaudited

2011				2002		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	Percentage of Total Municipal <u>Employment</u>	<u>Employees</u>	<u>Rank</u>	Percentage of Total Municipal <u>Employment</u>

Information regarding the ten principal non-governmental employers for 2011 and 2002 could not be accumulated by the School District as a result of not having a source from which to obtain such information.

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.

TOWNSHIP OF LAKEWOOD 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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Instruction:										
Regular Instruction	257	250	248	262	288	323	335	353	296	291
Special Education Instruction	138	136	136	137	140	119	115	111	100	99
Other Special Instruction	22	20	18	18	19	17	11	10	10	7
Other Instruction	12	12	12	13	13	12	14	14	13	13
Community Services Programs / Operations	2	2	3	3	3	3	2	2	2	2
Support Services:										
Student and Instruction Related Services	217	214	230	240	248	237	231	215	144	97
Other Administrative Services	31	27	27	28	17	17	17	33	28	28
School Administrative Services	54	54	54	55	61	61	61	45	41	40
Plant Operations and Maintenance	1	1	1	1	1	1	1	1	1	1
Pupil Transportation	4	5	5	5	4	4	4	3	3	3
Special Schools	3	3	3	3	3	2	3	3	3	2
Total	<u>741</u>	<u>724</u>	<u>737</u>	<u>765</u>	<u>797</u>	<u>796</u>	<u>794</u>	<u>790</u>	<u>641</u>	<u>583</u>

Source: School District records.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year Year Ended <u>June 30,</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (Certified)</u>	<u>Pupil / Teacher Ratio</u>			<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
						<u>Elementary</u>	<u>Middle</u>	<u>High</u>				
2011	5,140	\$ 135,094,415.28	\$ 26,282.96	-0.35%	467	12.4:1	9.7:1	9.8:1	5,025	4,697	-1.00%	93.53%
2010	5,261	138,760,154.69	26,375.24	7.29%	456	18.1:1	11.1:1	13.1:1	5,076	4,715	-4.19%	93.71%
2009	5,162	126,901,421.94	24,583.77	6.67%	517	18.1:1	11.1:1	13.1:1	5,298	4,965	0.93%	93.50%
2008	5,541	127,695,600.77	23,045.59	4.23%	491	18.1:1	11.1:1	13.1:1	5,249	4,906	-1.20%	92.79%
2007	5,231	115,662,392.45	22,110.95	5.42%	485	18.1:1	11.1:1	13.1:1	5,313	4,930	2.06%	92.34%
2006	5,203	109,126,664.15	20,973.80	11.17%	479	18.1:1	11.1:1	13.1:1	5,206	4,807	6.20%	92.45%
2005	5,200	98,101,737.93	18,865.72	22.48%	470	18.1:1	11.1:1	13.1:1	4,902	4,532	-7.89%	93.78%
2004	5,300	81,636,891.50	15,403.19	0.00%	445	18.1:1	11.1:1	13.1:1	5,322	4,991	0.42%	92.64%
2003	5,300	81,636,891.50	15,403.19	18.60%	445	18.1:1	11.1:1	13.1:1	5,300	4,910	-3.46%	93.84%
2002	5,490	71,299,633.92	12,987.18	-0.67%	445	18.1:1	11.1:1	13.1:1	5,490	5,152	-3.89%	90.76%

Sources: School District records.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
School District Building:										
Elementary:										
Ella G. Clarke School (1946)										
Square Feet	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000
Functional Capacity (students)	432	432	432	432	432	432	432	552	552	552
Enrollment	864	863	863	911	939	964	966	927	830	768
Clifton Avenue School (1923)										
Square Feet	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Functional Capacity (students)	782	782	782	782	782	782	782	357	357	357
Enrollment	830	881	881	780	749	685	765	771	768	741
Oak Street School (1983)										
Square Feet	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000
Functional Capacity (students)	799	799	799	799	799	799	799	542	542	542
Enrollment	1,049	886	886	997	1,016	937	933	967	971	976
Spruce Street School (1960)										
Square Feet	54,672	54,672	54,672	54,672	54,672	54,672	54,672	54,672	54,672	54,672
Functional Capacity (students)	443	443	443	443	443	443	443	260	260	260
Enrollment	716	762	762	647	686	629	636	608	595	579
Middle School:										
Lakewood Middle School (1957)										
Square Feet	91,272	91,272	91,272	83,272	83,272	83,272	83,272	83,272	83,272	83,272
Functional Capacity (students)	537	537	537	537	537	537	528	625	625	625
Enrollment	624	776	776	895	762	753	737	775	751	721
High School:										
Lakewood High School (1971)										
Square Feet	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000
Functional Capacity (students)	714	714	714	714	714	714	714	1,200	1,200	1,200
Enrollment	1,057	1,135	1,135	1,112	1,300	1,331	1,340	1,387	1,404	1,379

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Other:										
Ella G. Clarke Annex (2001)										
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Functional Capacity (students)	200	200	200	200	200	200	200	200	200	200
Enrollment	-	-	-	-	-	-	-	-	-	-

Number of Schools at June 30, 2011
 Elementary = 4
 Middle School = 1
 High School = 1

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October School District count. Function Capacity is based on the F.E.S. Formula utilizing New Jersey Department of Education guidelines. The Ella G. Clarke School Annex is considered a sub-standard space with no Functional Capacity. The useful capacity of this facility is 200.

Source: School District records.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Schedule of Required Maintenance for School Facilities
 Last Nine Fiscal Years
Unaudited

Undistributed Expenditures - Required Maintenance for School Facilities

11-000-261-xxx

		<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
* <u>School Facilities</u>	<u>Project # (s)</u>									
Ella G. Clarke School	N/A	\$ 146,377.15	\$ 124,374.00	\$ 86,413.00	\$ 55,689.00	\$ 70,476.00	\$ 142,094.00	\$ 127,734.00	\$ 120,481.00	\$ 117,085.00
Clifton Avenue School	N/A	179,417.15	160,183.00	111,293.00	71,723.00	71,180.76	144,935.00	130,289.00	122,891.00	119,427.00
Oak Street School	N/A	163,747.15	143,199.00	99,493.00	64,119.00	105,714.00	218,824.00	196,711.00	185,542.00	180,311.00
Spruce Street School	N/A	124,599.15	100,772.00	70,015.00	45,121.00	49,333.20	105,149.00	94,523.00	89,156.00	86,643.00
Middle School	N/A	222,505.15	206,878.00	143,736.00	92,631.00	69,978.84	128,310.00	115,344.00	108,795.00	105,728.00
High School	N/A	549,448.19	577,579.37	397,487.68	251,281.71	288,304.00	574,058.00	516,047.00	486,747.86	473,025.50
Princeton Avenue School	N/A	-	-	69,676.00	44,903.00	42,285.60	89,519.00	80,473.00	75,903.00	73,764.00
Ella G. Clarke Annex	N/A	42,835.15	12,160.00	8,448.00	5,445.00	7,847.26	17,051.00	15,328.00	14,458.00	14,050.00
White House	N/A	36,290.15	5,067.00	3,520.00	2,269.00	440.00	426.00	383.20	361.00	353.00
Total School Facilities		<u>1,465,219.24</u>	<u>1,330,212.37</u>	<u>990,081.68</u>	<u>633,181.71</u>	<u>705,559.66</u>	<u>1,420,366.00</u>	<u>1,276,832.20</u>	<u>1,204,334.86</u>	<u>1,170,386.50</u>
Other Facilities:										
Buildings and Grounds Building	N/A	<u>36,290.15</u>	<u>5,067.00</u>	<u>3,520.00</u>	<u>2,269.00</u>	<u>231.35</u>	<u>569.24</u>	<u>509.37</u>	<u>482.00</u>	<u>468.00</u>
Total		<u>\$ 1,501,509.39</u>	<u>\$ 1,335,279.37</u>	<u>\$ 993,601.68</u>	<u>\$ 635,450.71</u>	<u>\$ 705,791.01</u>	<u>\$ 1,420,935.24</u>	<u>\$ 1,277,341.57</u>	<u>\$ 1,204,816.86</u>	<u>\$ 1,170,854.50</u>

* School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3).

Source: School District records.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT

Insurance Schedule

June 30, 2011

Unaudited

	<u>Amount</u>	<u>Deductible</u>
Boiler and Machinery (Federal Insurance Company):		
Coverage over all Locations		
Spoilage	\$ 1,000,000.00	\$ 5,000.00
Property Damage	100,000,000.00	5,000.00
Commercial Package Policy (Zurich American Insurance Company):		
Property:		
Blanket Limit 100% over all Locations	141,744,037.00	
Building / Business Personal Property	142,455,656.00	5,000.00
General Liability (Zurich American Insurance Company):		
Occurrence:		
General Aggregate	2,000,000.00	-
Products / Completed Operations Aggregate	2,000,000.00	-
Personal and Advertising Injury	1,000,000.00	-
Each Occurrence	1,000,000.00	-
Damage to Rented Premises	1,000,000.00	-
Medical Expense (Any One Person)	10,000.00	-
Employee Benefits	1,000,000.00	-
Business Auto (Zurich American Insurance Company):		
Liability CSL	1,000,000.00	-
PIP Deductible		250.00
Medical Payments Each Per	10,000.00	-
Uninsured Motorists CSL	1,000,000.00	-
Underinsured CSL	1,000,000.00	-
Other Coverages:		
Pedestrian PIP	10,000.00	-
Comprehensive		1,000.00
Collision		1,000.00
Crime (Zurich American Insurance Company):		
Employee Dishonesty (Blanket)	500,000.00	5,000.00
Forgery or Alteration	50,000.00	1,000.00
Robbery and Safe Burglary		
Money and Securities		
Inside Premises	50,000.00	1,000.00
Outside Premises (Blanket)	50,000.00	1,000.00
Computer Fraud	50,000.00	1,000.00
Equipment Floater (Zurich American Insurance Company):		
Contractors Equipment Limit	10,000.00	-
Catastrophe Limit	250,000.00	-
Rental Reimbursement Limit	5,000.00	-
Tools	5,000.00	
% Coinsurance		1,000.00

(Continued)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT

Insurance Schedule

June 30, 2011

Unaudited

	<u>Amount</u>	<u>Deductible</u>
Electronic Data Processing (Zurich American Insurance Company):		
Equipment (HDW) Owned	\$ 2,500,000.00	\$ 5,000.00
Accident Coverage Unum Life Insurance Company)	100,000.00	-
Umbrella (American Guarantee Insurance Corp):		
Liability Limit Each Occurrence	10,000,000.00	-
Retained Limit	10,000.00	-
Umbrella (Fireman's Fund):		
Liability Limit Each Occurrence	50,000.00	-
Pollution Liability (American Safety Casualty Company):		
Environmental Impairment		
General Aggregate	2,000,000.00	-
Each Occurrence	1,000,000.00	-
BI / PD (Per Claim)		5,000.00
Bond (CNA Surety Company)		
Public Official Bond - Secretary	2,000.00	-
Bond (Hartford Fire Insurance Company)		
Public Official Bond - Treasurer	500,000.00	-
School Board Legal Liability:		
Liability Limit	1,000,000.00	10,000.00
Aggregate	1,000,000.00	
Interscholastic Sports Accident:		
Accident Expense	5,000,000.00	-
Athletic Disability	1,000,000.00	-
AD&D Benefit	10,000.00 / 20,000.00	-
Gym Class / Intramural Sports	5,000,000.00	-

Source: School District records.

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
STATE OF NEW JERSEY CIRCULAR 04-04-OMB**

The Honorable President and
Members of the Board of Education
Township of Lakewood School District
Lakewood, New Jersey 08701

Compliance

We have audited Township of Lakewood 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, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and State of New Jersey Circular 04-04-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 04-04-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 Township of Lakewood 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. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, Township of Lakewood School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and New Jersey Circular 04-04-OMB, 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 number 2011-4 and 2011-5.

Internal Control Over Compliance

Management of the Township of Lakewood School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-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 will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, as described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance, as finding number 2011-4. *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.

The Township of Lakewood School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School District's responses and, accordingly, we express no opinion on the responses.

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

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

L. Jarred Corn
Certified Public Accountant
Public School Accountant No. CS 00219700

Voorhees, New Jersey
November 30, 2011

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2011

Federal Grantor / Pass-through Grantor / Program Title	CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2010
				From	To	
General Fund:						
U.S. Department of Health and Human Services: Passed-through State Department of Education: Medical Assistance Program (Medicaid)	93.778	N/A	\$ 410,507.19	07/01/10	06/30/11	
Total General Fund						
Special Revenue Fund:						
U.S. Department of Education: Passed-through State Department of Education: N.C.L.B.:						
Title I, Part A, Carryover Summer	84.010A	NCLB252008	256,521.09	09/01/08	08/31/09	\$ 1.15
Title I, Part A, Carryover Summer	84.010A	NCLB252009	475,856.00	09/01/09	08/31/10	(379,411.18)
Title I, Part A, Summer	84.010A	NCLB252010	6,852,047.00	09/01/09	08/31/10	(2,065,816.50)
Title I, Part A, Carryover	84.010A	NCLB252010	359,286.27	09/01/10	08/31/11	
Title I, Part A	84.010A	NCLB252011	8,661,120.00	09/01/10	08/31/11	
ARRA - Title I, Part A	84.389	NCLB252010	5,934,358.00	07/01/09	08/31/11	(1,442,629.44)
Title I, School Improvement Accountability, Carryover Summer	84.377A	NCLB252008	7,219.98	09/01/08	08/31/09	2,449.73
Title I, School Improvement Accountability, Carryover	84.377A	NCLB252009	130,549.00	09/01/08	08/31/09	(128,083.51)
Title I, School Improvement Accountability, Carryover Summer	84.377A	NCLB252009	2,465.49	09/01/09	08/31/10	(1,727.10)
Title I, School Improvement Accountability, Summer	84.377A	NCLB252010	195,896.00	09/01/09	08/31/10	(105,673.00)
Title I, School Improvement Accountability, Carryover	84.377A	NCLB252010	52,049.60	09/01/10	08/31/11	
Title I, School Improvement Accountability	84.377A	NCLB252011	167,575.00	09/01/10	08/31/11	
ARRA - Title I, School Improvement Accountability	84.388	NCLB252010	136,686.00	07/01/09	08/31/11	(99,074.00)
Title I, School Improvement Accountability, Part G, Carryover Summer	84.388	NCLB252009	36,060.11	09/01/09	08/31/10	(22,607.83)
Title II, Part A, Improving Teacher Quality, Carryover Summer	84.367A	NCLB252008	10,668.14	09/01/08	08/31/09	10,668.14
Title II, Part A, Improving Teacher Quality, Carryover	84.367A	NCLB252009	944,181.00	09/01/08	08/31/09	(22,944.79)
Title II, Part A, Improving Teacher Quality, Carryover Summer	84.367A	NCLB252009	72,673.21	09/01/09	08/31/10	(70,109.82)
Title II, Part A, Improving Teacher Quality, Summer	84.367A	NCLB252010	1,002,337.00	09/01/09	08/31/10	(151,012.20)
Title II, Part A, Improving Teacher Quality, Carryover	84.367A	NCLB252010	322,558.30	09/01/10	08/31/11	
Title II, Part A, Improving Teacher Quality	84.367A	NCLB252011	1,034,495.00	09/01/10	08/31/11	
Title II, Part D, Enhancing Education through Technology, Carryover Summer	84.318X	NCLB252008	1,262.94	09/01/08	08/31/09	1,262.94
Title II, Part D, Enhancing Education through Technology, Carryover	84.318X	NCLB252009	51,292.00	09/01/08	08/31/09	(10,143.60)
Title II, Part D, Enhancing Education through Technology, Carryover Summer	84.318X	NCLB252009	3,015.40	09/01/09	08/31/10	(2,685.21)
Title II, Part D, Enhancing Education through Technology, Summer	84.318X	NCLB252010	70,231.00	09/01/09	08/31/10	(27,873.94)
Title II, Part D, Enhancing Education through Technology, Carryover	84.318X	NCLB252010	17,168.98	09/01/10	08/31/11	
Title II, Part D, Enhancing Education through Technology	84.318X	NCLB252011	18,103.00	09/01/10	08/31/11	
Title III, Part A, English Language, Carryover Summer	84.365A	NCLB252008	34,230.37	09/01/08	08/31/09	24,305.44
Title III, Part A, English Language, Summer	84.365A	NCLB252009	232,662.00	09/01/08	08/31/09	(44,814.18)
Title III, Part A, English Language, Carryover Summer	84.365A	NCLB252009	56,757.82	09/01/09	08/31/10	(46,904.60)
Title III, Part A, English Language, Summer	84.365A	NCLB252010	245,910.00	09/01/09	08/31/10	(66,094.59)
Title III, Part A, English Language, Carryover	84.365A	NCLB252010	67,228.90	09/01/10	08/31/11	
Title III, Part A, English Language	84.365A	NCLB252011	223,610.00	09/01/10	08/31/11	
Title III, Part A, Immigrant, Carryover Summer	84.365A	NCLB252008	2,174.22	09/01/08	08/31/09	2,174.22
Title III, Part A, Immigrant, Carryover	84.365A	NCLB252009	97,013.00	09/01/08	08/31/09	(2,852.52)
Title III, Part A, Immigrant, Carryover Summer	84.365A	NCLB252009	5,910.48	09/01/09	08/31/10	(2,881.18)
Title IV, Part A, Safe and Drug Free Schools, Carryover Summer	84.186A	NCLB252008	1,849.50	09/01/08	08/31/09	1,849.50
Title IV, Part A, Safe and Drug Free Schools, Carryover	84.186A	NCLB252009	102,858.00	09/01/08	08/31/09	(18,130.29)
Title IV, Part A, Safe and Drug Free Schools, Carryover Summer	84.186A	NCLB252009	9,605.71	09/01/09	08/31/10	(707.54)
Title IV, Part A, Safe and Drug Free Schools, Summer	84.186A	NCLB252010	109,060.00	09/01/09	08/31/10	(40,124.86)
Title IV, Part A, Safe and Drug Free Schools, Carryover	84.186A	NCLB252010	17,357.13	09/01/10	08/31/11	
Title V, Part A, Innovative Programs, Carryover Summer	84.298	NCLB252008	3,161.44	09/01/08	08/31/09	3,161.44
I.D.E.I.A. Part B:						
Special Education Cluster:						
Basic, Summer	84.027	IDEA252010	3,607,892.00	09/01/09	08/31/10	(700,348.00)
Basic	84.027	IDEA252011	3,912,538.00	09/01/10	08/31/11	
ARRA - Basic	84.391	IDEA252010	4,596,186.00	07/01/09	08/31/11	(1,141,645.40)
Preschool	84.173	IDEA252010	241,778.00	09/01/09	08/31/10	(117,743.00)
Preschool	84.173	IDEA252011	252,488.00	09/01/10	08/31/11	
ARRA - Preschool	84.392	IDEA252010	165,929.00	07/01/09	08/31/11	(109,666.00)
Providing IDEAL Instruction to Students with Disabilities (K-4) - Year 4	84.027A	09-MU35-H03	60,000.00	07/01/09	06/30/10	(7,750.00)
Carl D. Perkins Vocational and Technical						
Education Act of 1998 - Secondary	84.048A	PERK252010	190,839.00	07/01/09	06/30/10	(82,611.75)
Education Act of 1998 - Secondary	84.048A	PERK252011	242,469.00	07/01/10	06/30/11	
Even Start Family Literacy Program, Summer	84.213C	08-BS23-G03	116,228.00	10/01/08	09/30/09	13,572.81
Even Start Family Literacy Program, Summer	84.213C	09-BS25-L01	103,250.00	10/01/09	09/30/10	(37,816.51)
21st Century Community Learning Centers Program (Cohort 2 & 3) Yr. 4/5, Summer	84.287C	08-EK10-H05	535,000.00	07/01/08	09/30/09	936.48
21st Century Community Learning Centers Program (Cohort 9) Yr. 1/5, Summer	84.287C	09-EK13-H05	535,000.00	09/01/09	08/31/10	(109,725.49)
21st Century Community Learning Centers Program	84.287C	CCLC252011 / 10-EK15-H05	535,000.00	09/01/10	08/31/11	
Career Academy Grant Program	84.243A	09-BV14-G06	100,000.00	09/01/09	06/30/10	10,628.12
Fund for the Improvement of Education - Teaching American History	84.215X	U215X080079	909,996.00	07/01/08	06/30/11	(42,521.94)
Readiness and Emergency Management for Schools (REMS)	84.184E	Q184E080220	228,950.00	07/01/08	03/01/10	1,432.20

Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments (A)	Repayment of Prior Years' Balances	Balance June 30, 2011		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor
	\$ 410,507.19	\$ (410,507.19)					
-	410,507.19	(410,507.19)	-	-	-	-	-
			\$ 2,679.25				\$ 2,680.40
		(94,498.99)	387.06		\$ (473,523.11)		
1,898,138.00		(974.83)	2,492.60		(166,160.73)		
		(275,348.74)			(275,348.74)		
4,431,048.00		(7,545,217.01)			(3,114,169.01)		
3,444,840.00		(3,311,271.84)	496,091.48		(812,969.80)		
			53.27				2,503.00
123,650.00			1,262.65		(4,433.51)		
		(40,240.00)	2,066.60		(464.45)		
		(27,462.20)			(143,846.40)		
		(3,594.03)			(27,462.20)		
56,344.00			172.41		(3,594.03)		
					(42,557.59)		
22,695.00		(87.17)					
							10,668.14
261.00			118.00		(22,683.79)		
115,029.00		(1,130.00)	1,100.50		(69,991.82)		
		(310,579.91)			(36,012.70)		
390,310.00		(933,083.26)			(310,579.91)		
					(542,773.26)		
							1,262.94
70.00					(10,073.60)		
					(2,685.21)		
8,966.00			2,465.92		(16,442.02)		
		(12,563.50)			(12,563.50)		
		(12,285.13)			(12,285.13)		
							24,305.44
9,950.00			203.89		(34,864.18)		
		(41.36)			(46,742.07)		
49,288.00		(1,205.17)	2,854.66		(15,157.10)		
		(48,669.52)			(48,669.52)		
129,429.00		(210,058.85)			(80,629.85)		
							2,174.22
132.00					(2,720.52)		
					(2,881.18)		
							1,849.50
2,296.00			6,000.66		(15,834.29)		
17,557.00		(125.49)	30.48		(22,662.87)		5,293.12
		(16,164.53)			(16,164.53)		
							3,161.44
700,348.00		(500,094.60)			(500,094.60)		
2,851,260.00		(3,912,538.00)			(1,061,278.00)		
1,569,691.00						\$ 428,045.60	
117,743.00							
57,658.00		(252,488.00)			(194,830.00)		
109,665.00					(1.00)		
7,750.00							
82,525.00			86.98				0.23
130,195.00		(234,240.35)			(104,045.35)		
							13,572.81
47,572.00		(7,222.58)	2,226.19				4,759.10
							936.48
149,400.48		(40,114.51)	1,085.73				646.21
61,250.00		(464,877.90)			(403,627.90)		
9,252.00			(1.12)	\$ (19,879.00)			
335,417.00		(322,343.87)			(29,448.81)		
							1,432.20

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2011

Federal Grantor / Pass-through Grantor / Program Title	CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2010
				From	To	
Special Revenue Fund (Cont'd):						
U.S. Department of Health and Human Services:						
Passed-through State Department of Children and Families:						
Social Services Block Grant (FACES)	93.667	10AEQP	\$ 200,000.00	07/01/09	06/30/10	\$ 340.01
Social Services Block Grant (FACES)	93.667	11AEQP	200,000.00	07/01/10	06/30/11	
Total Special Revenue Fund						<u>(7,029,347.79)</u>
Enterprise Fund:						
U.S. Department of Agriculture:						
Passed-through State Department of Agriculture:						
Child Nutrition Cluster:						
School Breakfast Program	10.553	N/A	430,611.70	07/01/09	06/30/10	(47,693.64)
School Breakfast Program	10.553	N/A	537,869.24	07/01/10	06/30/11	
Food Distribution (Non-Cash Assistance)	10.555	N/A	189,032.62	07/01/09	06/30/10	2,497.73
Food Distribution (Non-Cash Assistance)	10.555	N/A	183,881.09	07/01/10	06/30/11	
National School Lunch Program	10.555	N/A	1,754,136.57	07/01/09	06/30/10	(184,164.12)
National School Lunch Program	10.555	N/A	1,897,695.48	07/01/10	06/30/11	
After School Snack Program	10.555	N/A	70,385.84	07/01/09	06/30/10	(2,112.70)
After School Snack Program	10.555	N/A	48,107.40	07/01/10	06/30/11	
Summer Food Service Program for Children	10.559	N/A	88,996.73	07/01/10	06/30/11	
ARRA - National School Lunch Program Equipment Assistance Grant for School Food Authorities	10.579	N/A	17,525.00	07/01/10	06/30/11	
Fresh Fruit and Vegetable Program	10.582	N/A	60,708.67	07/01/09	06/30/10	(3,833.00)
Fresh Fruit and Vegetable Program	10.582	N/A	79,666.41	07/01/10	06/30/11	
Total Enterprise Fund						<u>(235,305.73)</u>
Total Federal Financial Assistance						<u>\$ (7,264,653.52)</u>

(A) See Note 5 to the Schedules of Expenditures of Federal and State Financial Assistance.

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

Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments (A)	Repayment of Prior Years' Balances	Balance June 30, 2011		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor
	\$ 200,000.00	\$ (200,000.00)	\$ 1,030.59				\$ 1,370.60
-	17,129,729.48	(18,778,521.34)	522,407.80	\$ (19,879.00)	\$ (8,680,272.28)	\$ 428,045.60	76,615.83
	47,693.64						
	499,356.70	(537,869.24)			(38,512.54)		
		(2,497.73)					
	190,253.74	(181,383.36)				8,870.38	
	184,164.12						
	1,773,003.88	(1,897,695.48)			(124,691.60)		
	2,112.70						
	46,297.36	(48,107.40)			(1,810.04)		
	88,996.73	(88,996.73)					
	17,525.00	(17,525.00)					
	3,833.00						
	71,377.25	(79,666.41)			(8,289.16)		
-	2,924,614.12	(2,853,741.35)	-	-	(173,303.34)	8,870.38	-
-	\$ 20,464,850.79	\$ (22,042,769.88)	\$ 522,407.80	\$ (19,879.00)	\$ (8,853,575.62)	\$ 436,915.98	\$ 76,615.83

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2011

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2010		
			From	To	Deferred Revenue / (Accounts Receivable)	Due to Grantor	Carryover / (Walkover) Amount
General Fund:							
New Jersey Department of Education:							
Current Expense:							
State Aid - Public:							
Equalization Aid	495-034-5120-078	\$ 12,222,751.00	07/01/09	06/30/10	\$ (1,339,492.85)		
Equalization Aid	495-034-5120-078	14,793,805.00	07/01/10	06/30/11			
Special Education Categorical Aid	495-034-5120-089	2,844,367.00	07/01/09	06/30/10	(311,714.54)		
Special Education Categorical Aid	495-034-5120-089	2,748,847.00	07/01/10	06/30/11			
Security Aid	495-034-5120-084	2,037,382.00	07/01/09	06/30/10	(223,276.95)		
Security Aid	495-034-5120-084	2,180,913.00	07/01/10	06/30/11			
Adult and Postsecondary Education Grants	495-034-5120-077	57,450.00	07/01/09	06/30/10	(6,295.95)		
Transportation Aid	495-034-5120-014	5,681,792.00	07/01/09	06/30/10	(622,668.31)		
Transportation Aid	495-034-5120-014	1,050,137.00	07/01/10	06/30/11			
Reimbursement of Nonpublic Transportation	495-034-5120-015	272,847.00	07/01/09	06/30/10	(272,847.00)		
Reimbursement of Nonpublic Transportation	495-034-5120-015	275,318.32	07/01/10	06/30/11			
Extraordinary Special Education Aid	100-034-5120-473	2,888,875.00	07/01/09	06/30/10	(2,888,875.00)		
Extraordinary Special Education Aid	100-034-5120-473	3,107,450.00	07/01/10	06/30/11			
Reimbursed TPAF Social Security Contributions	495-034-5095-002	2,477,583.04	07/01/09	06/30/10	(111,958.44)		
Reimbursed TPAF Social Security Contributions	495-034-5095-002	2,325,762.62	07/01/10	06/30/11			
Total General Fund					(5,777,129.04)	-	-
Special Revenue Fund:							
New Jersey Department of Education:							
N.J. Nonpublic Aid:							
Textbook Aid	09-100-034-5120-064	784,817.00	07/01/08	06/30/09	\$ 4,612.41		
Textbook Aid	10-100-034-5120-064	980,147.00	07/01/09	06/30/10	27,237.08		
Textbook Aid	11-100-034-5120-064	944,168.00	07/01/10	06/30/11			
Technology Initiative Aid	09-100-034-5120-373	548,920.00	07/01/08	06/30/09		1,435.11	
Nursing Services Aid	11-100-034-5120-070	1,116,331.00	07/01/10	06/30/11			
Home Instruction	10-100-034-5120-067	28,038.20	07/01/09	06/30/10	(28,038.20)		
Home Instruction	11-100-034-5120-067	119,618.21	07/01/10	06/30/11			
Auxiliary Services (Ch. 192, L. 1977):							
Compensatory Education	10-100-034-5120-067	6,834,962.00	07/01/09	06/30/10		0.28	
Compensatory Education	11-100-034-5120-067	6,853,642.00	07/01/10	06/30/11			
English as a Second Language	10-100-034-5120-067	83,479.00	07/01/09	06/30/10		0.80	
English as a Second Language	11-100-034-5120-067	96,567.00	07/01/10	06/30/11			
Transportation	10-100-034-5120-067	418,599.00	07/01/09	06/30/10	(0.40)		
Transportation	11-100-034-5120-067	885,368.00	07/01/10	06/30/11			
Handicapped Services (Ch. 193, L. 1977):							
Supplemental Instruction	10-100-034-5120-066	997,927.00	07/01/09	06/30/10		94,775.00	
Supplemental Instruction	11-100-034-5120-066	872,012.00	07/01/10	06/30/11			
Examination and Classification	09-100-034-5120-066	1,327,406.00	07/01/08	06/30/09		380.41	
Examination and Classification	11-100-034-5120-066	1,539,318.00	07/01/10	06/30/11			
Corrective Speech	11-100-034-5120-066	2,036,379.00	07/01/10	06/30/11			
Preschool Education Aid	10-495-034-5120-086	2,726,844.00	07/01/09	06/30/10	(272,684.40)		
Preschool Education Aid	11-495-034-5120-086	4,267,572.00	07/01/10	06/30/11			
Total Special Revenue Fund					(300,723.00)	128,441.09	-
Debt Service Fund:							
New Jersey Department of Education:							
Debt Service Aid	495-034-5120-075	86,192.00	07/01/10	06/30/11	-	-	-
Enterprise Fund:							
New Jersey Department of Agriculture:							
Child Nutrition Cluster:							
State School Breakfast Program	10-100-010-3350-021	25,466.60	07/01/09	06/30/10	(2,794.90)		
State School Lunch Program	10-100-010-3350-023	67,396.74	07/01/09	06/30/10	(7,027.64)		
State School Lunch Program	11-100-010-3350-023	38,043.38	07/01/10	06/30/11			
Total Enterprise Fund					(9,822.54)	-	-
Total State Financial Assistance					\$ (6,087,674.58)	\$ 128,441.09	-

(A) See Note 5 to the Schedules of Expenditures of Federal and State Financial Assistance.

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

Cash Received	Budgetary Expenditures	Adjustments (A)	Repayment of Prior Years' Balances	Balance June 30, 2011			(Memo Only)	
				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable June 30, 2011	Cumulative Total Expenditures
\$ 1,339,492.85								
13,360,869.92	\$ (14,793,805.00)			\$ (1,432,935.08)			\$ (1,432,935.08)	\$ (14,793,805.00)
311,714.54								
2,482,592.35	(2,748,847.00)			(266,254.65)			(266,254.65)	(2,748,847.00)
223,276.95								
1,969,668.71	(2,180,913.00)			(211,244.29)			(211,244.29)	(2,180,913.00)
6,295.95								
622,668.31	(1,050,137.00)			(101,716.78)			(101,716.78)	(1,050,137.00)
948,420.22								
272,847.00	(275,318.32)			(275,318.32)			(275,318.32)	(275,318.32)
2,888,875.00	(3,107,450.00)			(3,107,450.00)			(3,107,450.00)	(3,107,450.00)
111,958.44								
2,219,576.80	(2,325,762.62)			(106,185.82)			(106,185.82)	(2,325,762.62)
<u>26,758,257.04</u>	<u>(26,482,232.94)</u>	<u>-</u>	<u>-</u>	<u>(5,501,104.94)</u>	<u>-</u>	<u>-</u>	<u>(5,501,104.94)</u>	<u>(26,482,232.94)</u>
		\$ 3,681.99	\$ (4,612.41) (27,237.08)			\$ 3,681.99 12,131.74		(952,909.92) (932,036.26)
944,168.00	(932,036.26)		(1,435.11)					
1,116,331.00	(1,087,203.98)					29,127.02		(1,087,203.98)
28,038.00	(119,618.21)	0.20		(119,618.21)			(119,618.21)	(119,618.21)
		1,393.95	(0.28)			1,393.95		(6,834,961.72)
6,853,642.00	(6,841,328.73)		(0.80)			12,313.27		(6,841,328.73)
96,567.00	(95,184.60)					1,382.40		(95,184.60)
885,368.00	(819,916.36)	0.40				65,451.64		(819,916.36)
			(94,775.00)					
872,012.00	(866,899.20)		(380.41)			5,112.80		(866,899.20)
1,539,318.00	(1,516,372.79)	0.05				22,945.26		(1,516,372.79)
2,036,379.00	(1,987,392.92)					48,986.08		(1,987,392.92)
272,684.40								
3,840,814.80	(2,719,837.36)	3,354.00		(426,757.20)	\$ 1,551,088.64		(426,757.20)	(2,719,837.36)
<u>18,485,322.20</u>	<u>(16,985,790.41)</u>	<u>8,430.59</u>	<u>(128,441.09)</u>	<u>(546,375.41)</u>	<u>1,551,088.64</u>	<u>202,526.15</u>	<u>(546,375.41)</u>	<u>(24,773,662.05)</u>
86,192.00	(86,192.00)	-	-	-	-	-	-	(86,192.00)
2,794.90								
7,027.64								
35,369.19	(38,043.38)			(2,674.19)			(2,674.19)	(38,043.38)
45,191.73	(38,043.38)	-	-	(2,674.19)	-	-	(2,674.19)	(38,043.38)
<u>\$ 45,374,962.97</u>	<u>\$ (43,592,258.73)</u>	<u>\$ 8,430.59</u>	<u>\$ (128,441.09)</u>	<u>\$ (6,050,154.54)</u>	<u>\$ 1,551,088.64</u>	<u>\$ 202,526.15</u>	<u>\$ (6,050,154.54)</u>	<u>\$ (51,380,130.37)</u>

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2011

Note 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Township of Lakewood 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 exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the 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 grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$475,112.10 for the special revenue fund. No such reconciling items exist for the general fund as budgetary expenditures are recorded on the modified accrual basis. 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.

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	\$ 410,507.19	\$ 29,321,269.74	\$ 29,731,776.93
Special Revenue	18,284,660.29	18,400,572.27	36,685,232.56
Debt Service		86,192.00	86,192.00
Food Service	<u>2,853,741.35</u>	<u>38,043.38</u>	<u>2,891,784.73</u>
Total Awards and Financial Assistance	<u>\$ 18,695,167.48</u>	<u>\$ 47,808,034.01</u>	<u>\$ 66,503,201.49</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: ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent the following:

<u>Description</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
Adjustment due to rounding	\$ (1.12)		
Favorable liquidation of encumbrances and accounts payable charged as a budgetary expenditure in prior year	522,408.92	\$ 8,429.99	\$ 530,838.91
Cancellation of accounts receivable		0.60	0.60
	<u>\$ 522,407.80</u>	<u>\$ 8,430.59</u>	<u>\$ 530,839.51</u>

Note 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution, respectively. 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 ended June 30, 2011.

Note 7: MAJOR PROGRAMS

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

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2011

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ unqualified _____

Internal control over financial reporting

Material weaknesses identified: _____ yes X no

Were significant deficiencies identified that were not considered to be a material weakness? _____ X yes _____ none reported

Noncompliance material to financial statements noted: _____ yes X no

Federal Awards

Internal control over compliance

Material weaknesses identified: _____ yes X no

Were significant deficiencies identified that were not considered to be a material weakness? _____ X yes _____ none reported

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

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

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.010A _____

84.389 _____

84.027 _____

84.391 _____

84.173 _____

84.392 _____

10.553 _____

10.555 _____

10.555 _____

10.555 _____

10.559 _____

Title I, Part A Cluster _____

Title I, Part A _____

ARRA - Title I, Part A _____

I.D.E.I.A. Part B, Special Education Cluster _____

I.D.E.I.A. Part B, Basic _____

ARRA - I.D.E.I.A. Part B, Basic _____

I.D.E.I.A. Part B, Preschoo _____

ARRA - I.D.E.I.A. Part B, Preschool _____

Child Nutrition Cluster: _____

School Breakfast Program _____

Food Distribution (Non-Cash Assistance) _____

National School Lunch Program _____

After School Snack Program _____

Summer Food Service Program for Children _____

Dollar threshold used to determine Type A programs \$ _____ 661,283.10

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

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2011

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over compliance

Material weaknesses identified: ___ yes X no

Were significant deficiencies identified that were not considered to be a material weakness? X yes ___ none reported

Type of auditor's report on compliance for major programs _____unqualified_____

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) or New Jersey Circular 04-04-OMB? ___ yes X no

Identification of major programs:

<u>GMIS Numbers</u>	<u>Name of State Program</u>
495-034-5120-078	State Aid - Public:
495-034-5120-089	Equalization Aid
495-034-5120-084	Special Education Categorical Aid
495-034-5095-002	Security Aid
495-034-5120-086	Reimbursed TPAF Social Security Contributions
_____	Preschool Education Aid
_____	_____

Dollar threshold used to determine Type A programs \$ _____ 1,307,768.00

Auditee qualified as low-risk auditee: X yes ___ no

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

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 Finance, Department of Education, State of New Jersey.

Finding No. 2011-1

Criteria or Specific Requirement

For sound internal controls over cash receipts and in accordance with the *Audit Program* issued by the Department of Education, State of New Jersey, cash receipts should be deposited timely.

Condition

We were unable to determine if the Community School Fund receipts were timely deposited.

Context

While obtaining an understanding of the procedures and policies for the collection of receipts for the Community School Fund, we determined that the School District did not have a formal policy established for the recording of the date on which cash receipts were collected, and as result, we were unable to determine that cash receipts were deposited timely.

Effect

The internal controls over cash receipts are weakened and the School District is not in compliance with the requirements contained in the *Audit Program* issued by the Department of Education, State of New Jersey.

Cause

Client oversight.

Recommendation

The Board of Education approved to discontinue the Community School Program (enterprise fund) for the 2011-2012 school-year, effective July 1, 2011, therefore a recommendation does not exist for this condition.

View of Responsible Officials and Planned Corrective Action

Based on the recommendation above, formal corrective action is not required.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2011-2

Criteria or Specific Requirement

In accordance with generally accepted accounting principles, expenditures are recorded in the fiscal year in which goods are received and / or services are rendered. Also, in accordance with the *Audit Program* issued by the State of New Jersey, Department of Education, purchase orders that have been open in excess of sixty to ninety days should be either liquidated or canceled.

Condition

During our examination of open purchase orders of the general fund and special revenue fund, we noted the following: several purchase orders classified as encumbrances should have been classified as accounts payable and recorded as an expenditure for the fiscal year ended June 30, 2011, and several purchase orders tested have been open in excess of sixty to ninety days.

Context

While obtaining an understanding of the procedures and policies for the liquidation and classification of open purchase orders at fiscal year end, we determined that the School District did not consistently and / or timely review the list of open purchase orders for such liquidation and classification as to accounts payable or encumbrance (expenditure recognition).

Effect

For the fiscal year ended June 30, 2011, expenditures incurred have not been recorded on the financial records of the School District in the proper accounting period. As a result, audit adjusting journal entries were proposed to and recorded by management.

Cause

Client oversight.

Recommendation

That open purchase orders of the general fund and special revenue fund be classified as accounts payable, and the corresponding expenditure be recorded, in instances where goods have been received and / or services have been rendered in accordance with generally accepted accounting principles, and that the School District review all open purchase orders for validity that have not been liquidated within sixty to ninety days of their issuance.

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.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2011

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.

Finding No. 2011-3

Information on the Federal Programs

Title I, Part A Cluster:

Title I, Part A (CFDA No. 84.010A)

ARRA - Title I, Part A (CFDA No. 84.389)

I.D.E.I.A. Part B, Special Education Cluster:

I.D.E.I.A. Part B, Basic (CFDA No. 84.027)

ARRA - I.D.E.I.A. Part B, Basic (CFDA No. 84.391)

I.D.E.I.A. Part B, Preschool (CFDA No. 84.173)

ARRA - I.D.E.I.A. Part B, Preschool (CFDA No. 84.392)

Criteria or Specific Requirement

In accordance with the *Reporting* compliance requirement that the School District submit quarterly ARRA Section 1512 Reports to the State of New Jersey, Department of Education, documentation must maintained on file to the support the accuracy of the data reported.

Condition

The School District was unable to provide supporting documentation for underlying data contained in the ARRA Section 1512 Reports filed with the State of New Jersey, Department of Education.

Questioned Costs

Not applicable.

Context

While obtaining an understanding of the procedures and policies for the preparation of the ARRA Section 1512 Reports, we determined that the School District did not maintain supporting documentation of the data submitted to the State of New Jersey, Department of Education.

Effect

A weakening of the internal controls over the *Reporting* compliance requirement.

Cause

Client oversight.

Recommendation

The School District maintain and have available for inspection, the supporting documentation for the underlying data contained in the ARRA Section 1512 Reports filed with the State of New Jersey, Department of Education.

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.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

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 04-04-OMB.

Finding No. 2011-4

Information on the State Programs

State Aid - Public:

Equalization Aid (GMIS No. 495-034-5120-078)

Special Education Categorical Aid (GMIS No. 495-034-5120-089)

Security Aid (GMIS No. 495-034-5120-084)

Preschool Education Aid (GMIS No. 495-034-5120-086)

Criteria or Specific Requirement

In accordance with the *Eligibility* compliance requirements for State Aid - Public and Preschool Education Aid, as mandated by the Department of Education, State of New Jersey, the School District must complete a set of work papers that document the compilation of data and provide an audit trail for testing the enrollments reported on the Application for State School Aid (ASSA).

Condition

The following was noted during our examination of the 2011-2012 Application for State School Aid (ASSA) compiled as of October 15, 2010: the figures contained in the work papers prepared by the School District did not agree to the figures reported on the signed ASSA for the application categories of: *On-Roll* and *Limited English Proficient (LEP) Not Low Income*.

Questioned Costs

None.

Context

The School District's work papers for *On-Roll* students (full 5,169 and shared 109) were understated by 46 students compared to the reported amounts (full 5,222 and shared 102); and the School District's work papers for *Limited English Proficient (LEP) Not Low Income* students (33 students) were understated by 16 students compared to the reported amount of 49.

Effect

The aforementioned information reported on the signed and filed Application for State School Aid was not in agreement with work papers provided by the School District.

Cause

Client oversight.

Recommendation

That the School District verify that assembled work papers and documentation utilized to accumulate data for the completion of the Application for State School Aid agree to the figures reported on the signed and filed Application for State School Aid.

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.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

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

Finding No. 2011-5

Information on the State Programs

State Aid - Public:

Equalization Aid (GMIS No. 495-034-5120-078)

Special Education Categorical Aid (GMIS No. 495-034-5120-089)

Security Aid (GMIS No. 495-034-5120-084)

Preschool Education Aid (GMIS No. 495-034-5120-086)

Criteria or Specific Requirement

In accordance with N.J.S.A. 18A:18A-5, a brief notice stating the nature, duration, service, and amount of contracts shall be advertised for professional service contracts and extraordinary unspecifiable service contracts awarded that are in excess of the bid threshold and contracts that meet the exception to the advertising component of bidding requirements shall be negotiated and awarded by the board of education by resolution. These criteria requirements are also mandated in accordance with the *Special Tests and Provisions* compliance requirements for State Aid - Public and Preschool Education Aid, as mandated by the Department of Education, State of New Jersey.

Condition

The following was noted during our examination of the School District's compliance with *Public School Contracts Law*: several professional services contracts / extraordinary unspecifiable service contracts tested were not advertised after the contracts were awarded and several contracts tested were not awarded by the governing body by resolution.

Questioned Costs

None.

Context

Not applicable.

Effect

The School District is not in compliance with the aforementioned rules and regulations governing *Public School Contracts Law*.

Cause

Client oversight.

Recommendation

That the School District establish procedures to ensure compliance with the *Public School Contracts Law*, specifically as it relates to advertising professional services contracts and extraordinary unspecifiable service contracts awarded that are in excess of the bid threshold and awarding contracts by the governing body by resolution that are in excess of the bid threshold.

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.

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
 Summary Schedule of Prior Year Audit Findings
 and Questioned Costs as Prepared by Management

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. 2010-1

Condition

We were unable to determine if the Community School Fund receipts were timely deposited, and we noted that receipts collected for the Latchkey Fund were not deposited timely from the original date of collection.

Current Status

Part of this condition remains for the fiscal year ended June 30, 2011. (*Finding No. 2011-1*)

Planned Corrective Action

No corrective action is required as management has elected to discontinue the community school program, effective July 1, 2011.

FEDERAL AWARDS

Finding No. 2010-2

Information on the Federal Program

Title I, School Improvement Accountability Cluster:
 Title I, School Improvement Accountability (CFDA No. 84.377A)
 ARRA – Title I, School Improvement Accountability (CFDA No. 84.388)
 Title I, School Improvement Accountability, Part G (CFDA No. 84.388)

Condition

The timesheets maintained by the School District for the Title I, School Improvement Accountability, Part G award did not document the information required by OMB Circular A-87, Attachment B.

Current Status

This condition has been resolved for the fiscal year ended June 30, 2011.

STATE FINANCIAL ASSISTANCE PROGRAMS

Finding No. 2010-3

Information on the State Programs

State Aid - Public:
 Equalization Aid (GMIS No. 495-034-5120-078)
 Special Education Categorical Aid (GMIS No. 495-034-5120-089)
 Security Aid (GMIS No. 495-034-5120-084)
 Adult and Postsecondary Education Grants (GMIS No. 495-034-5120-077)

Preschool Education Aid (GMIS No. 495-034-5120-086)

TOWNSHIP OF LAKEWOOD SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management (Cont'd)

STATE FINANCIAL ASSISTANCE PROGRAMS (CONT'D)

Finding No. 2010-3 (Cont'd)

Condition

The following was noted during our examination of the 2010-2011 Application for State School Aid (ASSA) compiled as of October 15, 2009: the figures contained in the work papers prepared by the School District did not agree to the figures reported on the signed ASSA for the application categories of: *On-Roll*, *Resident Low Income*, and *Limited English Proficient (LEP) Not Low Income*.

Current Status

Part of this condition remains for the fiscal year ended June 30, 2011. (*Finding No. 2011-4*)

Planned Corrective Action

The School District will implement procedures to address this condition.

Finding No. 2010-4

Information on the State Programs

State Aid - Public:

- Equalization Aid (GMIS No. 495-034-5120-078)
- Special Education Categorical Aid (GMIS No. 495-034-5120-089)
- Security Aid (GMIS No. 495-034-5120-084)
- Adult and Postsecondary Education Grants (GMIS No. 495-034-5120-077)

Preschool Education Aid (GMIS No. 495-034-5120-086)

Condition

The following was noted during our examination of the School District's compliance with *Public School Contracts Law* and *Pay-to-Play Legislation*: several professional services contracts tested were not advertised after the contracts were awarded, several contracts tested were not awarded by the governing body by resolution, and political contribution disclosure forms were not maintained on file for several of the vendors tested.

Current Status

Part of this condition remains for the fiscal year ended June 30, 2011. (*Finding No. 2011-5*)

Planned Corrective Action

The School District will implement procedures to address this condition.

