

OAKLAND BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Oakland, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Oakland Board of Education
Oakland, New Jersey
For The Fiscal Year Ended June 30, 2011**

**Prepared by
Business Office**

**OAKLAND BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-xii
Organizational Chart	xiii
Roster of Officials	xiv
Consultants and Advisors	xv

FINANCIAL SECTION

Independent Auditors' Report	1-2
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	3-13
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Assets	14
A-2 Statement of Activities	15

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	16
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	17
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	18

Proprietary Funds

B-4 Statement of Net Assets	19
B-5 Statement of Revenues, Expenses, and Changes in Net Assets	20
B-6 Statement of Cash Flows	21

Fiduciary Funds

B-7 Statement of Fiduciary Net Assets	22
B-8 Statement of Changes in Fiduciary Net Assets	23

Notes to the Basic Financial Statements	24-46
--	-------

**OAKLAND BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	47-53
C-2	Budgetary Comparison Schedule – Special Revenue Fund – Budget (Non-GAAP) and Actual	54
C-3	Budgetary Comparison Schedule – Required Supplementary Information	55

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	56-57
E-2	Schedule of Preschool Aid Expenditures – Budgetary Basis – Not Applicable	58

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	59
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	60
F-2a	Schedule of Project Revenues, Expenditures, Project Balances and Project – Budgetary Basis – Renovations of the Valley Middle School and the Manito School	61
F-2b	Schedule of Project Revenues, Expenditures, Project Balances and Project – Budgetary Basis – Roofing and Related Work at Valley and Dogwood	62

G. Proprietary Funds

G-1	Combining Statement of Net Assets – Not Applicable	63
G-2	Combining Statement of Revenues, Expenses and Changes in Net Assets – Not Applicable	63
G-3	Combining Statement of Cash Flows – Not Applicable	63

**OAKLAND BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
G. Proprietary Funds (Continued)	
<i>Internal Service Fund</i>	
G-4 Combining Statement of Net Assets – Not Applicable	64
G-5 Combining Statement of Revenues, Expenses and Changes in Net Assets – Not Applicable	64
G-6 Combining Statement of Cash Flows – Not Applicable	64
 H. Fiduciary Funds	
H-1 Combining Statement of Agency Net Assets	65
H-2 Combining Statement of Changes in Net Assets – Not Applicable	65
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	66
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	66
 I. Long-Term Debt	
I-1 Schedule of Serial Bonds	67
I-2 Schedule of Obligations under Capital Leases	68
I-3 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund	69
 J. STATISTICAL SECTION (Unaudited)	
J-1 Net Assets by Component	70
J-2 Changes in Net Assets	71
J-3 Fund Balances – Governmental Funds	72
J-4 Changes in Fund Balances - Governmental Funds	73
J-5 General Fund Other Local Revenue by Source	74
J-6 Assessed Value and Actual Value of Taxable Property	75
J-7 Property Tax Rates	76
J-8 Principal Property Taxpayers	77
J-9 Property Tax Levies and Collections	78
J-10 Ratios of Outstanding Debt by Type	79
J-11 Ratios of Net General Bonded Debt Outstanding	80
J-12 Computation of Direct and Overlapping Outstanding Bonded Debt	81
J-13 Legal Debt Margin Information	82
J-14 Demographic Statistics	83
J-15 Principal Employers	84
J-16 Full-Time Equivalent District Employees by Function/Program	85
J-17 Operating Statistics	86
J-18 School Building Information	87
J-19 Schedule of Required Maintenance for School Facilities	88
J-20 Schedule of Insurance	89

**OAKLAND BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

K. SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	90-91
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	92-93
K-3	Schedule of Expenditures of Federal Awards	94
K-4	Schedule of Expenditures of State Financial Assistance	95
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	96-97
K-6	Schedule of Findings and Questioned Costs	98-102
K-7	Summary Schedule of Prior Year Audit Findings and Questioned Costs	103

INTRODUCTORY SECTION

THE OAKLAND PUBLIC SCHOOLS
ADMINISTRATIVE OFFICES
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December 2, 2011

Honorable President and Members
of the Board of Education
Borough of Oakland School District
County of Bergen
Oakland, NJ 07436

RE: ***Comprehensive Annual Financial Report - 2011***

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon including the Management Discussion and Analysis. 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 and the United States Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Oakland Board of Education's MD&A can be found immediately following the report of the independent auditors.

(1) REPORTING ENTITY AND ITS SERVICES: Oakland School District is an independent reporting entity within the criteria adopted by the GASB . All funds of the District are included in this report. The Oakland Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels kindergarten through eighth grade. These include regular, as well as special education for impaired and disabled students. The District completed the 2010/11 fiscal year with an enrollment of 1,692 students, representing a decrease of 7 students from the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Present Change</u>
2010/11	1,692	(.41%)
2009/10	1,699	1.19%
2008/09	1,679	1.88%
2007/08	1,648	(4.41%)
2006/07	1,724	2.93%
2005/06	1,675	1.23%
2004/05	1,655	3.43%
2003/04	1,600	1.82%
2002/03	1,571	1.26%
2001/02	1,552	3.11%

Special Education needs continue to place an additional burden on the District's financial budget do to an increase in the number of out of district placements. Of particular note is the increase in tuition associated with these placements. There has been an increase of approximately 56% or \$ 566,361 in the General Fund tuition line from fiscal year 2008/09 (2 year increase).

(2) ECONOMIC CONDITION AND OUTLOOK: Oakland, a Bergen County suburban residential community situated on an 8.6 square mile land area in northwestern New Jersey, has a population of approximately 13,293 based upon population estimates as of July 2009. Adult residents are employed in various professions and diverse trades. The Borough's close proximity to New York City and its convenient access to major New Jersey highways enable most employed residents to easily work outside the Borough' borders.

The Borough's largest residential housing development in recent years, the Ramapo River Reserve, continues to impact the town's schools and population. During the 2002/03 fiscal year, construction began on the Cotswold project, a subsection of the Reserve, which includes 35 three and four bedroom single-family dwellings in the northern part of the borough.

(2) ECONOMIC CONDITION AND OUTLOOK (continued)

The potential for continued growth in the town rests, in part, upon the proposed Pinnacle housing project located in the southern part of the Borough. This development, which could exceed 200 housing units, has gained considerable ground in pending litigations as it moves closer to realization in next few years. Additionally, other tracts of property have been identified as potential growth areas for development including the proposed Camp Todd development on land in the northwest section of Oakland could also add to the town's population with its planned 24 luxury single-family dwellings.

The expanded Borough library opened on November 19, 2005, increasing the availability of literature, technology and other resources for students and residents of the borough. Continued support for the Borough's local schools was again evidenced by voter approval for the 2011/12 Budget.

(3) SUPERINTENDENT'S 2010/2011 AUDIT REPORT: MAJOR INITIATIVES

FINANCE

Frugality governed the Oakland School District during 2010/2011, and cost saving was the most important fiscal initiative that the Board undertook. As a result of the elimination of State Aid for this fiscal year and a State imposed maximum two per cent budget increase annually, the Board diligently worked to identify economic austerity measures that would not dramatically impact student learning. Thus, after the 2010/2011 budget was approved by the voters, the Board carefully planned to operate the District with essentially the same dollar allocation as it had in the 2009/2010 fiscal year. Difficult decisions needed to be made by the Board. These included a suspension of the long-held Class Size Policy, decreasing the number of full-time employees, pursuing cost-savings in labor contracts, reducing supplies, changing instructional programs, and deferring infrastructure projects not related to health and safety issues.

Personnel costs, including salary and benefits, drive the budget; therefore, the Board was well-aware that, to achieve cost savings, personnel costs needed to decrease. The number of full-time Special Education Student/Classroom Aides was significantly reduced, and student needs were addressed by part-time aides, where possible. The number of teaching staff members decreased as a result of a suspension of the Board's Class Size Policy and the elimination of the District Mathematics Coordinator position. Further, a reconfiguration of programs, such as Elementary World Language and Elementary Computer Education, resulted in additional teacher reductions.

Three full-time custodial/landscaping positions were reduced through attrition; part-time custodial staff work hours were decreased, and a half-time position was eliminated. Two full-time secretarial positions were changed to part-time positions, and one became a ten-month position, rather than a twelve-month appointment.

Salary accounts were reduced as a result of these changes. Additionally, benefit costs decreased, as a result of the significant addition of part time positions and the decrease of full-time employees.

Discretionary spending, such as teaching supplies, custodial supplies, and office supplies, were significantly reduced in 2010/2011. Additionally, professional conferences outside the District for staff members and Board members were virtually eliminated, with rare exceptions, during this year. Rather, professional learning opportunities were provided in

district and were targeted to accomplish District goals. Furthermore, the Board authorized the Business Administrator to review all professional service contracts and provide recommendations that would result in cost savings.

In contract negotiations, the Board pressed forward with the goal of eliminating the Traditional Indemnity Health Insurance Plan, and replacing it with a Preferred Provider Organization (P.P.O.). Negotiations were difficult; however, by the Summer of 2011, the Board achieved its goal with the Oakland Education Association, the Oakland Custodian Association, and the Oakland Administrators Association. Nonaligned contracts were changed to reflect two health benefit choices: the P.P.O. and a Point of Service Plan. Therefore, the Traditional Health Insurance Plan was eliminated from the Oakland School District.

Additionally, the Board was able to restrain the ever-increasing starting salaries of teachers, custodians, and secretaries by including a zero step at the lower end of each salary guide. Thus, with this added step, the time required for employees to achieve the maximum salary step was lengthened by one year.

The 2011/2012 budget was carefully prepared to continue our educational program for students, but remaining within the two per cent guideline. With the financial measures implemented in 2010/2011, the Board of Education was better situated to meet that challenge. Still, the Board's Class Size Policy needed to be suspended once again for 2011/2012, and the District's class sizes have increased as a result. With an increasing middle school student population and no funding for additional staff, many classes have enrollments up to 29 students.

Oakland's voters were well aware of the difficult economic circumstances facing their school district, as well as the difficult decisions that the Board of Education was forced to make. Their confidence in the direction of the District resulted in the passage of the proposed 2011/2012 budget with more than a 60% approval vote. For the first time in years, the budget passed in all eight election districts!

Still, the Board of Education is committed to continue its commitment to cost savings, while maintaining and building a learning community committed to excellence. Although challenges abound, the District is determined to continue to increase student achievement and have a school district that the residents of Oakland will respect and continue to support.

TECHNOLOGY

During the 2010/2011 fiscal year, the Oakland School District achieved the Board of Education's three-year initiative to equip each general education and special education classroom with a SMARTboard (excepting Physical Education, Art, other supplemental instructional areas). The focus on this goal enabled the District to open the 2011/2012 school year with every child in every school having access to these interactive white boards, which are transforming the teaching/learning process. This goal was achieved, during lean economic times, only with the Board's unique financial partnership with the school PTOs, the Oakland Education Foundation, the Federal ARRA Stimulus Grant, an ESL Grant, as well as with Oakland Board of Education funding.

Also, during the 2010/2011 fiscal year, the Board of Education equipped each elementary school with a new cart containing 25 laptop computers. This additional hardware will enable the District to implement the World Language *Rosetta Stone* program, the 6 Trait Writing Program, and the new Grade 5 Social Studies programs in Upper Intermediate classrooms during the 2011/2012 school year. Additionally, at Valley Middle School,

additional laptops were purchased to increase the supply on each mobile cart from 25 to 28, thus assuring that every student in a class would be able to utilize a laptop, despite the increase in middle school class sizes. With its P.T.O. partners, the Board was also able to replace aged laptop computers that could not operate the software needed for some of our educational programs.

During 2010/2011, the Board of Education and the Oakland Education Foundation joined forces to renovate a Valley Middle School Science Laboratory, thus transforming it into a state-of-the-art-learning center for the Sciences. Progress was made toward this goal, during the Summer of 2010, with preparatory work that included an asbestos abatement program, necessary for the installation of new flooring; the removal of unusable lab station cabinetry; and, the replacement of aged and unusable plumbing and utility lines. The OEF equipped the developing Science center with desktop and laptop computers that would be necessary learning tools in a 21st century Science lab. This project will continue into 2011/2012 with its completion anticipated in Winter/2012.

As the 2010/2011 school year concluded, Federal ARRA Stimulus funding, also, enabled the District to embark on an iPad initiative. This equipment will enable students with learning disabilities to have another learning tool to increase their opportunities for success in our schools. Funding permitted the purchase of 50 iPads that have been assigned to our Preschool Disabled classroom, the District's Resource Center programs, and the elementary self-contained classes. In the fall of 2011, Valley Middle School will begin a new LLD class, and sixth grade students in the program will also have access to ARRA-funded iPads as part of their educational program.

Administrative use of technology to generate District and mandated reports expanded during 2010/2011. New Jersey SMART reporting requirements, together with the use of *Realltime*, are enabling the District to more efficiently collect and transmit the data for the ASSA, the staff census, and other State reports electronically.

Strong staff training in the usage of technology to enhance learning and for recordkeeping was provided during 2010/2011, and is detailed in the *Staff Training and Development* section of this annual report.

CURRICULUM

Throughout the 2010/2011 school year, there was a focus on the District's mathematics curriculum, in preparation for the anticipated Common Core State Standards (CCSS). School Math Coordinators attended workshops to become acquainted with *Singapore Math*. At a County Curriculum Conference on the Common Core State Standards Initiative on October 20, 2010, Dr. Alberti informed districts that the State planned to adopt a *Singapore Math* approach to this content area. Also, during this year, the State mandated that districts revise their K-2 math curriculum to align with the CCSS, and implement the revised curriculum in 2011/2012.

Thus, the Oakland School District scheduled meetings with Houghton Mifflin Harcourt Marshall Cavendish's *Math in Focus* personnel to learn about this textbook series and supporting learning resources, all of which utilize a *Singapore Math* philosophy. The team of Mathematics Coordinators recommended the adoption of this series, funding was included in the 2011/2012 budget, and a summer curriculum committee was planned for 2011 to revise the District's curriculum.

During the last week of June, 2011, *Singapore Math* was introduced into the District. All certificated staff participated in a one and one-half hour Math Seminar on June 27, 2011, the District's last Professional Day for the 2010/2011 school year, at which a *Singapore Math*

specialist discussed this approach to mastering mathematics. On Wednesday, June 29, all K-2 general education and special education teachers and administrators participated in a five hour *Singapore Math* training program. This was followed by a specialized day long *Singapore Math Leadership Seminar* for administrators and Math Coordinators on Thursday, June 30. The Federal No Child Left Behind Grant for professional training provided funding for the trainers for these workshops. Teacher stipends for the June 29 training program, at the Summer Curriculum Workshop rate, were funded by the remaining amount of the 2010/2011 Board's Tuition Reimbursement account.

The District's Mathematics Program was further enhanced during 2010/2011 with the introduction of a *Data Driven Instruction* (DDI) period in the elementary students' daily schedule. With a District initiative of using testing data to inform instruction, this daily time period provided teachers with a designated daily opportunity to target language arts and mathematics skill areas in need of reinforcement. During Summer/2010, the Board funded a workshop for Math Coordinators to develop a pacing guide for the elementary *Buckle Down* mathematics series that was purchased to support the goals of the DDI initiative. The committee's work also included developing a Coordinators' turnkey training model to implement with staff that furthered skill development in using testing results to inform instruction.

In 2010, the Board approved a limited number of other summer workshops, staffed by District teachers and administrators, to revise curriculum, to develop standardized curriculum implementation guidelines, to strengthen instructional skills of staff, and to respond to modifications to our program of studies resulting from the State aid cuts. Content areas that were addressed included Elementary World Language, Elementary Computer Education, Language Arts Literacy, Science in Grades 5 – 8, Health and Family Life Education, and Physical Education.

Due to the District's elimination of an Elementary World Language teacher, the District selected *Rosetta Stone* as the instructional tool to promote the learning of Spanish for students in Grades 4 and 5. Thus, Summer Workshop participants planned the use of *Rosetta Stone*, developed a pacing guide for the instruction at each grade level, and prepared a training model for those classroom teachers who will implement the program.

Also, in response to the State Aid reduction, the District eliminated the elementary Technology teacher position. In 2010/2011, K-5 classroom teachers will implement the District's elementary computer curriculum that had been previously implemented by the Technology teacher. The Summer Workshop participants developed pacing guides for teachers, as well as teacher curriculum checklists, to ensure the uniformity of the implementation of the curriculum throughout the District.

The District's Science curriculum (Grades 5 – 8) was revised, consistent with the 2009 NJ Core Curriculum Content Standards. In the summer of 2011, the K-4 Science program will be reviewed and revised, thus completing a total revision of this content area curriculum.

A Language Arts Literacy Workshop also addressed the 2009 Revised Core Curriculum Content Standards, as well as the upcoming Common Core State Standards. Participants' work aligned the District's Curriculum with the New Jersey Standards, and committee members planned presentations to faculty about the updated Language Arts program. When final State guidance is available in 2011, the Reading Specialists will integrate the requirements of the CCSC into the Oakland curriculum.

The review of the Physical Education curriculum resulted in a complete revision that is aligned with the 2009 NJ Core Curriculum Standards in Health and Physical Education. Further, the Committee's work included the development of pacing guides for all grade levels,

and a recommended scope and sequence for the K-5 program. Formative assessments for new units of study were also developed.

During 2010/2011, The Oakland Public Schools continued its multisensory reading instruction initiative for students in our special education programs with significant reading deficits. With funding from our two-year Federal ARRA (Stimulus) Grant, the Board continued to employ an additional Resource Center teacher. Thus, this professional provided a supplemental reading program that serviced children in all four schools through a pull-out model. Students and parents responded well to this new service, and the reading abilities of students were enhanced as a result of this initiative.

STAFF TRAINING AND DEVELOPMENT

The Oakland School District has a very active and committed Local Professional Development Committee (LPDC) that steers Professional Development in our schools. In a 2010 Summer Committee, LPDC members planned professional development activities for 2010/2011, and provided leadership for the School-based Committees at each school.

During the 2010 Summer, the District presented a comprehensive Orientation Program for Teachers New To The Oakland School District. This five-day program occurred from August 23 through August 27, 2011. Presentation topics included:

- Philosophy and Mission of the Oakland Public Schools;
- Protecting Children (a DYFS inservice);
- Safety in the Schoolhouse;
- Affirmative Action, Gender Equity, Bullying Prevention;
- School Security/Crisis Management Plan;
- School Discipline/Code of Conduct; Technology As A Tool in the Teaching/Learning Process;
- Instructional Strategies and Lesson Planning;
- Classroom Organization and Management;
- Addressing the Needs of Every Student in Every Classroom;
- Suicide Prevention Training;
- Reading and Writing Across The Curriculum;
- Assessing Student's Writings;
- Helping All Students Become Mathematically Able;
- Using Assessment To Inform Instruction;
- Professionalism in The Oakland Public Schools;
- Bloodborne Pathogens;
- Mentoring;
- The Nuts and Bolts of School Operation; and,
- CPR/AED certification.

To further District goals for 2010/2011 and to build upon our Summer Curriculum Workshops, the District presented two seminars to equip teachers with necessary skills in the autumn of 2010. They were:

- a *Data Driven Instruction Workshop* for administrators and all certificated staff on September 20, 2010. This Workshop focused on developing the skills needed to use testing results to inform instruction. Presented by the District Coordinator of Testing, Assessment, and Analysis, participants learned how to interpret testing results and how to target instruction to meet individual student needs.

- a *Rosetta Stone Training Seminar* for administrators and teachers of Grades 4 and 5 students on September 21, 2010. Presented by an educational consultant from *Rosetta Stone*, teachers learned how to use this program to foster student learning of Spanish. Topics including familiarizing teachers with the *Rosetta Stone* program; how a teacher can chart a student's progress in learning the language; adjusting the program to address individual student needs; pacing the instruction; and, supplemental materials available for classroom/home instruction.

With an awareness of mandated trainings, the LPDC scheduled presentations on Substance Abuse Awareness; Bloodborne Pathogens; Asthma; Mentor/Novice Teacher Training; Harassment, Intimidation and Bullying; Youth Suicide Prevention; and, The Gifted Learner: From Referral to Selection. At each school, trainings were also conducted on Affirmative Action and Gender Equity, as well as DYFS requirements.

The LPDC, under the leadership of its administrative chair, was also responsible for developing the agenda and the activities for the District's November 2nd and January 17th Professional Days. The agenda for each day coincided with the District's 2010/2011 goals and supported the work of the Summer Curriculum Committees.

On November 2, teachers participated in a ninety minute workshop entitled *Writing Across the Curriculum: What does our data tell us?* In this seminar, teachers analyzed recent trends in various assessment data to identify deficiencies in student writing and to begin to explore strategies to effectively address those deficiencies *across the curriculum*. Follow-up grade level breakout sessions focused on best practices in writing instruction, with a focus on those needs identified in the plenary session. Additionally, teachers shared strategies about integrating writing into the other core content areas.

Afternoon sessions on November 2 included ninety minute seminars for classroom teachers on *Handwriting II*, *Rosetta Stone*, and *Suicide Prevention*. Special Area teachers participated in department curriculum meetings. The final seminar of the November 2 Professional Day focused on skill based SMARTBoard instruction with hands-on applications. As discussed in the Technology section of this report, the use of SMARTBoards in our classrooms has been a three year initiative of the District.

The District's Staff Training and Development initiative continued in January. This Professional Day began with a plenary session for all teachers on the developing Common Core State Standards. Teachers were acquainted with the format of the standards' development and the potential impact upon the District's program of studies. A summary of the October 20th County Curriculum Consortium program was provided to teachers with an explanation that the new standards are expected to be fewer in number, clearer to implement, and higher for students to achieve. Morning sessions that followed the CCSS presentation included Bullying, Teasing, and Harassment: Awareness and Prevention Training; Youth Suicide Prevention; Buckle Down for Mathematics; The Gifted Learner; Does Spelling Count? Drawing the Line on 'Grammar;' and, Middle School Department Meetings.

The January 17 afternoon PreK – 4 program began with the ASCD DVD, entitled *A Visit to a Differentiated Classroom*, with breakout sessions following. Grade 5 teachers participated in a *Learnia* Training Seminar, in preparation for the implementation of *Learnia* in that grade level in 2011/2012. Simultaneously, middle school Grade 7 and 8 faculty members

participated in FLOW Articulation Meetings. Teachers assembled by departments with their colleagues from the Franklin Lakes, Wyckoff, and Ramapo Indian Hills High School Districts to discuss current curriculum practices and requirements in each district. The goal of achieving greater curriculum uniformity among FLOW districts was furthered by these meetings that were held at the two high schools. Grade 6 teachers and certain Special Area Teachers participated in curriculum meetings at Valley Middle School.

In addition to the Professional Day initiatives heretofore discussed, the Local Professional Development Committee continued the practice, initiated in 2009/2010, of sponsoring Professional Learning Communities in the District. This initiative had teachers meet in small groups to study specific educational areas of interest to them. The format could be a professional book club, lesson study, or action research.

Finally, the Board of Education continued to honor its contractual agreement with the Oakland Education Association to provide tuition reimbursement assistance for teachers who successfully completed graduate coursework. For courses completed during 2010/2011, the Oakland Board of Education reimbursed staff \$37,255 for tuition expenses. The remaining funds from the Board's annual \$70,000 tuition reimbursement commitment were utilized to provide stipends to teachers for the aforementioned *Math-in-Focus (Singapore Math)* Summer Seminars, as well as other Summer Curriculum Workshops.

BUILDINGS AND GROUNDS

Included in the 2011/2012 budget was a withdrawal of approximately \$144,830 from the Board's Capital Reserve Account for the stated purpose of funding Phase 1 of the renovation of Dogwood Hill School's grounds and traffic pattern. With the voters' approval of the budget, this priority health and safety project began in Summer/2011.

The last of Oakland's schools earmarked for grounds renovation, Dogwood Hill's traffic has become increasingly hazardous in recent years as more and larger vehicles clogged the sole egress at dismissal, with cars winding down Dogwood Drive to Ramapo Valley Road. School buses have been prevented from entering school grounds to pick children up, and emergency vehicles have not been able to access school grounds to respond to emergencies. Frustrated motorists imperiled students who walk home and needed to navigate the grounds, including crossing parking area traffic.

The project included widening the entrance/exit drive, shortening the island, installing guardrails on a new sidewalk on the western part of the grounds, fence installation, improved drainage, and a redesigned route for walkers that eliminated the need for them to cross trafficked areas.

This initiative went to bid in the Spring of 2011, and the Board awarded the project in June. By Summer's end, the renovation's first phase was completed and the school year opened with much safer school grounds at Dogwood Hill School. The Board intends to continue this initiative in the 2012/2013.

LOOKING TO THE FUTURE

As a result of the Board's cost saving measures and careful implementation of the District financials, anticipated excess current revenue was expected at the end of the fiscal year. With uncertain school finance looming in the future, the Board, therefore, determined that such revenue generated in the 2010/2011 budget should be wisely invested. As a result, the Board deposited a maximum of \$125,000 into its existing Capital Reserve Account to fund future facility needs. Furthermore, the Board created a Maintenance Reserve Account for future maintenance needs and deposited a maximum of \$75,000 into that account. With

aged schools, including increasing infrastructure needs, this financial strategy would enable the Board to fund emergency repairs and renovations, while also protecting taxpayers from unexpected future tax increases.

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

In order to achieve tighter control of our fixed assets in accordance with GAAP and GASB 34 the Board of Education contracted the services of AM Consultants of Bogota, New Jersey via the quote process for the 2003/04 fiscal year. In keeping with this goal, the Board of Education once again utilized the services of AM Consultants for the 2010/11 fiscal year, to perform the function of Asset Management over the district's fixed assets in accordance with GAAP and GASB 34. As a result we have continued the process detailed tracking, validating and reporting of our fixed assets utilizing state-of-the-art bar code technology to track physical inventories of assets quickly and efficiently. This system provides for a comprehensive contents inventory and appraisal of all property and improvements for an effective analysis and control of fixed assets.

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.

In light of recent cases of fraud perpetrated against Public School Districts, we achieved our goal of development of a Fraud Prevention & Cash Management Plan that gained Board approval on April 7, 2006. Development and use of the plan is for the sole purpose of enhancing and strengthening Internal Procedures and Controls aimed at ensuring the highest degree of public confidence by requiring greater accountability, transparency and independence. As a result the plan contains Targeted Activities that address external and internal factors necessary to achieve our objective to develop and implement the proper balance of accounting/internal auditing procedures and appropriate financial tools for the purpose of early detection and prevention of fraud.

Strong fraud prevention processes bolster the confidence board members, state regulators, audit committee members and the general public have in the integrity of our district's reports, which will help attract and retain good quality personnel and a strong bond rating as was evidenced by our Aa2 rating for our last two bond sales issued by Moody's Investors Service.

(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 revenues 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.

Budget Analysis Reports are reviewed to determine any anticipated deficits to any line item accounts. Transfers are approved at monthly meetings to ensure that these accounts are not over-expended.

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

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

(7) CASH MANAGEMENT: Bank balances are insured up to \$250,000 in the aggregate by the Federal Deposit Insurance Corporation for each bank. In addition, the State of New Jersey Unit Deposit Protection Act insures the remaining balance of funds on deposit in registered depositories.

The Oakland Board of Education invests all surplus funds for appropriate periods of time as determined by the School Business Administrator.

The Oakland Board of Education maintains an on line computerized accounting system to record all financial transactions. During the fiscal year, financial reports are prepared monthly and are distributed to the Board of Education Members. The reports detail the monthly transactions and detail the appropriation balances.

(8) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, property and theft insurance on all buildings and contents, and fidelity bonds.

In an effort to confirm competitive pricing and to insure that the Board's coverage's were the most comprehensive available we obtained quotations from New Jersey School Boards Insurance Group for the following lines of coverage:

- Commercial Property
- Commercial General Liability
- Educators Legal Liability
- Commercial Auto
- Commercial Umbrella Excess
- Student Accident

After a thorough review it was determined that our current pricing was very competitive and the coverage's provided by Utica National and Bollinger were superior to the alternative,

in addition the Utica program allows the Board to avoid pooled limits shared with other Boards, the pooling concept in certain instances has the potential to reduce the Board's overall protection and independence.

(9) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit be conducted by an independent certified public accountant. The accounting firm of Lerch, Vinci & Higgins, LLP was re-appointed at the Annual Reorganization Meeting as it pertains to the fiscal year 2010/11 annual audit. In addition to meeting the requirements of the Single Audit Act and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

(10) ACKNOWLEDGMENTS:

We express our appreciation to the Members of the Oakland Board of Education who successfully balance funding realities of public education and the need to provide Oakland's students with a world-class educational program of studies. Our appreciation is also extended to the administrative team who, too, are integral to the development and implementation of both the budget and the District's educational plan.

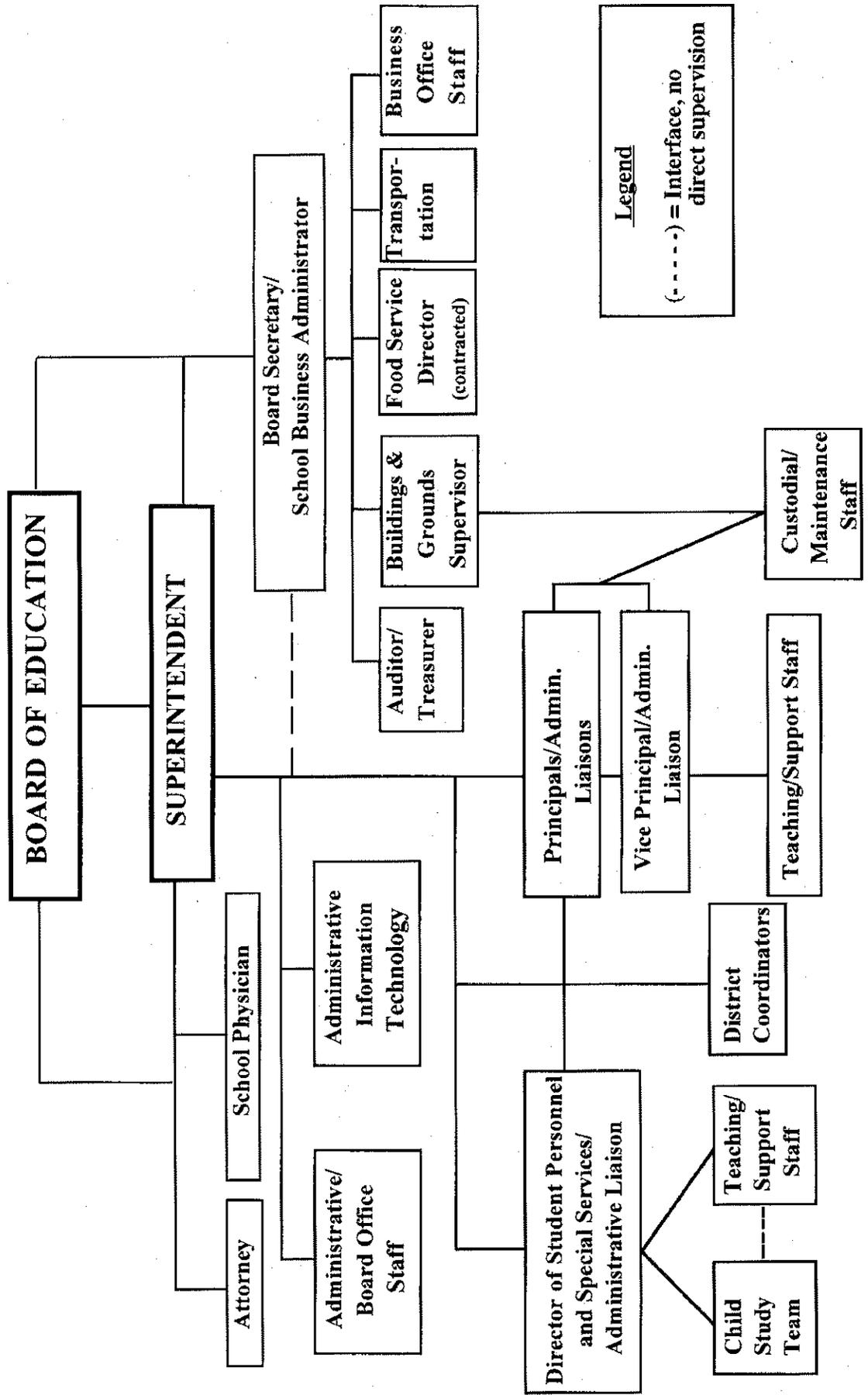
Together these groups of dedicated professionals contribute their full support to the development and maintenance of our financial operation.

Respectfully submitted,

James J. Davis

James J. Davis
Business Administrator/
Board Secretary

ORGANIZATION CHART



Legend
 (- - - - -) = Interface, no direct supervision

The Oakland Public Schools
A learning community committed to excellence

BOARD OF EDUCATION
OAKLAND PUBLIC SCHOOL DISTRICT

ROSTER OF OFFICIALS
JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. John Scerbo, President	2014
Mr. Russell Talamini, Vice President	2012
Mr. Robert Akovity	2012
Mr. James Gaffney	2014
Ms. Jennifer Matts	2013

OTHER OFFICIALS

Dr. Richard G. Heflich, Superintendent of Schools

Mr. James J. Davis, School Business Administrator/Board Secretary

Ms. Deanna Dugan, Treasurer of School Monies

The Oakland Public Schools
A learning community committed to excellence

BOARD OF EDUCATION
OAKLAND PUBLIC SCHOOL DISTRICT

ROSTER OF CONSULTANTS AND ADVISORS
JUNE 30, 2011

Architect

DI CARA/RUBINO ARCHITECTS
30 Galesi Drive, Wayne, NJ 07470

Attorney

FOGARTY & HARA
16-00 Route 208 South
Fair Lawn, NJ 07410

Bond Counsel

McMANIMON & SCOTLAND
One Riverfront Plaza
Newark, NJ 07102

Auditor

LERCH, VINCI & HIGGINS, LLP
17-17 Route 208
Fair Lawn, NJ 07410

Official Depository

TD BANK, N.A.
160 Ramapo Valley Road
Oakland, NJ 07436

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208

FAIR LAWN, NJ 07410

TELEPHONE (201) 791-7100

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DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

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ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITORS' REPORT

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

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 Oakland Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

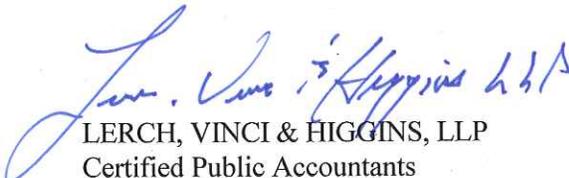
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, 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 December 2, 2011 on our consideration of the Oakland Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oakland Board of Education's basic financial statements as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the 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 New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


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


Paul J. Lerch
Public School Accountant
PSA Number CS01118

MANAGEMENT'S DISCUSSION AND ANALYSIS

OAKLAND BOARD OF EDUCATION

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

This discussion and analysis of the Oakland School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2011. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- District-wide - General revenues for governmental activities accounted for \$24,734,102 or 90 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,838,572 or 10 percent of total revenues of \$27,572,674.
- District-wide - The governmental activities had \$26,928,050 in expenses; only \$2,838,572 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$24,734,102 were adequate to provide for these programs.
- Fund Financials - Among governmental funds, the General Fund had \$26,451,712 in revenues and \$26,026,388 in expenditures. At the close of the fiscal year the General Fund's fund balance is \$1,359,186 an increase of \$425,324 from June 30, 2010.
- Fund Financials - At the end of June 30, 2011, the District's unassigned fund balance for the General Fund was \$234,720 an increase of \$94,619 from June 30, 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the district-wide financial statements, fund financial statements and notes to the financial statements.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Oakland Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Oakland Board of Education, reporting the Oakland Board of Education's operation in more detail than the district-wide statements.
 - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the Oakland Board of Education operates like a business.
 - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Figure A-1 summarizes the major features of the Oakland Board of Education's financial statements, including the portion of the Oakland Board of Education's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

OAKLAND BOARD OF EDUCATION

**Management’s Discussion and Analysis
for the Fiscal Year Ended June 30, 2011**

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular instruction, special education and building maintenance and food service	Activities the district operates similar to private businesses
Required financial statements	Statements of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses, and Changes in Fund Net Assets Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

District-wide Statements

District-wide. The District-wide financial statements are designed to provide readers with a broad overview of the Oakland Board of Education’s finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Oakland Board of Education’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 District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District’s property tax base and the condition of the school buildings and other facilities.

The statement of activities presents information showing how the government’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.

OAKLAND BOARD OF EDUCATION

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

District-wide Statements (Continued)

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

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

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

The District has three kinds of funds:

Governmental Funds. The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. A budgetary comparison statement has been provided for these Funds.

Proprietary Funds. The District maintains one type of Proprietary Fund, an Enterprise Fund, which is used to report the activity of the Food Service Fund. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Payroll Agency Fund, Unemployment Trust Fund, Bricks for Education Trust and the Student Activity Funds. Fiduciary Funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

Notes to the Basic 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.

OAKLAND BOARD OF EDUCATION

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

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE OAKLAND BOARD OF EDUCATION AS A WHOLE

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

Table A-1 provides a summary of the school district's net assets as of June 30, 2011 and 2010.

Net assets. The District's combined net assets as of June 30, 2011 and 2010 were \$4,516,082 and \$3,859,911, respectively.

A significant portion of the District's net assets (77 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table A-1
Statement of Net Assets
As of June 30, 2011 and 2010**

	Net Assets					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Assets						
Current and Other Assets	\$ 2,027,877	\$ 1,320,759	\$ 43,662	\$ 16,089	\$ 2,071,539	\$ 1,336,848
Capital Assets	<u>6,784,352</u>	<u>6,967,025</u>	<u>31,662</u>	<u>36,728</u>	<u>6,816,014</u>	<u>7,003,753</u>
Total Assets	<u>8,812,229</u>	<u>8,287,784</u>	<u>75,324</u>	<u>52,817</u>	<u>8,887,553</u>	<u>8,340,601</u>
Liabilities						
Current Liabilities	658,003	383,608	11,515	555	669,518	384,163
Noncurrent Liabilities	<u>3,701,953</u>	<u>4,096,527</u>	<u>-</u>	<u>-</u>	<u>3,701,953</u>	<u>4,096,527</u>
Total Liabilities	<u>4,359,956</u>	<u>4,480,135</u>	<u>11,515</u>	<u>555</u>	<u>4,371,471</u>	<u>4,480,690</u>
Net Assets						
Invested in Capital Assets, Net						
of Related Debt	3,465,663	3,290,956	31,662	36,728	3,497,325	3,327,684
Restricted	705,637	379,559			705,637	379,559
Unrestricted	<u>280,973</u>	<u>137,134</u>	<u>32,147</u>	<u>15,534</u>	<u>313,120</u>	<u>152,668</u>
Total Net Assets	<u>\$ 4,452,273</u>	<u>\$ 3,807,649</u>	<u>\$ 63,809</u>	<u>\$ 52,262</u>	<u>\$ 4,516,082</u>	<u>\$ 3,859,911</u>

OAKLAND BOARD OF EDUCATION

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

Governmental activities. Governmental activities net assets increased by \$644,624. The increase in the net assets is evident of the District's sound financial management and improved financial position. Key elements of this increase are as follows:

**Table A-2
Changes in Net Assets
For the Fiscal Years Ended June 30, 2011 and 2010**

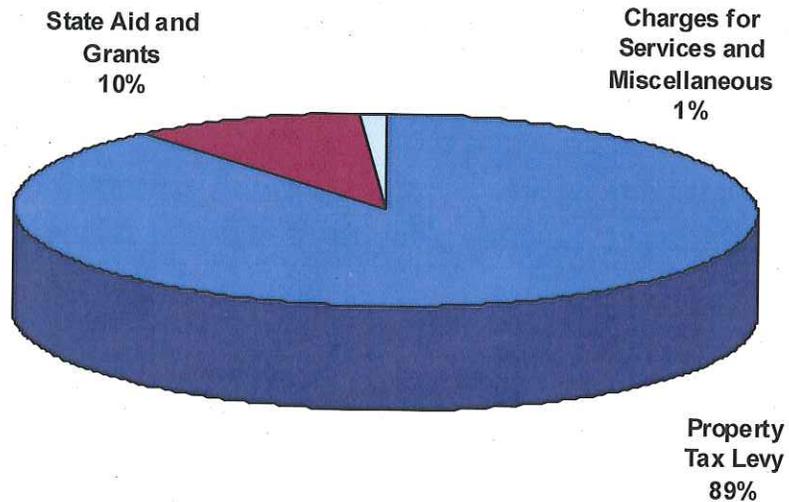
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues						
Charges for Services	\$ 76,579	\$ 92,437	\$ 345,329	\$ 344,450	\$ 421,908	\$ 436,887
Operating Grants and Contributions	2,761,993	3,801,833	82,792	88,455	2,844,785	3,890,288
Capital Grants and Contributions		34,144			-	34,144
General Revenues						
Property Taxes	24,534,386	23,662,652			24,534,386	23,662,652
State Aid	118,174	140,348			118,174	140,348
Other	81,542	39,723	387	305	81,929	40,028
Total Revenues	<u>27,572,674</u>	<u>27,771,137</u>	<u>428,508</u>	<u>433,210</u>	<u>28,001,182</u>	<u>28,204,347</u>
Expenses						
Instruction						
Regular	10,915,332	11,434,244			10,915,332	11,434,244
Special	4,644,511	4,636,266			4,644,511	4,636,266
Other Instruction	1,143,529	1,053,860			1,143,529	1,053,860
School Sponsored Activities and Ath.	135,976	115,105			135,976	115,105
Support Services						
Student and Instruction Related Serv.	3,366,039	3,347,440			3,366,039	3,347,440
School Administrative Services	2,046,884	2,029,477			2,046,884	2,029,477
General Administrative Services	703,905	695,851			703,905	695,851
Plant Operations and Maintenance	2,231,788	2,451,387			2,231,788	2,451,387
Pupil Transportation	1,066,892	1,063,089			1,066,892	1,063,089
Central Services	523,739	529,887			523,739	529,887
Food Service			416,961	448,841	416,961	448,841
Interest on Long-Term Debt	149,455	163,761	-	-	149,455	163,761
Total Expenses	<u>26,928,050</u>	<u>27,520,367</u>	<u>416,961</u>	<u>448,841</u>	<u>27,345,011</u>	<u>27,969,208</u>
Change in Net Assets	<u>644,624</u>	<u>250,770</u>	<u>11,547</u>	<u>(15,631)</u>	<u>656,171</u>	<u>235,139</u>
Net Assets, Beginning of Year	3,807,649	3,559,879	52,262	67,893	3,859,911	3,627,772
Prior Period Adjustment	-	(3,000)	-	-	-	(3,000)
Net Assets, Beginning of Year Adjusted	<u>3,807,649</u>	<u>3,556,879</u>	<u>52,262</u>	<u>67,893</u>	<u>3,859,911</u>	<u>3,624,772</u>
Net Assets, End of Year	<u>\$ 4,452,273</u>	<u>\$ 3,807,649</u>	<u>\$ 63,809</u>	<u>\$ 52,262</u>	<u>\$ 4,516,082</u>	<u>\$ 3,859,911</u>

OAKLAND BOARD OF EDUCATION

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

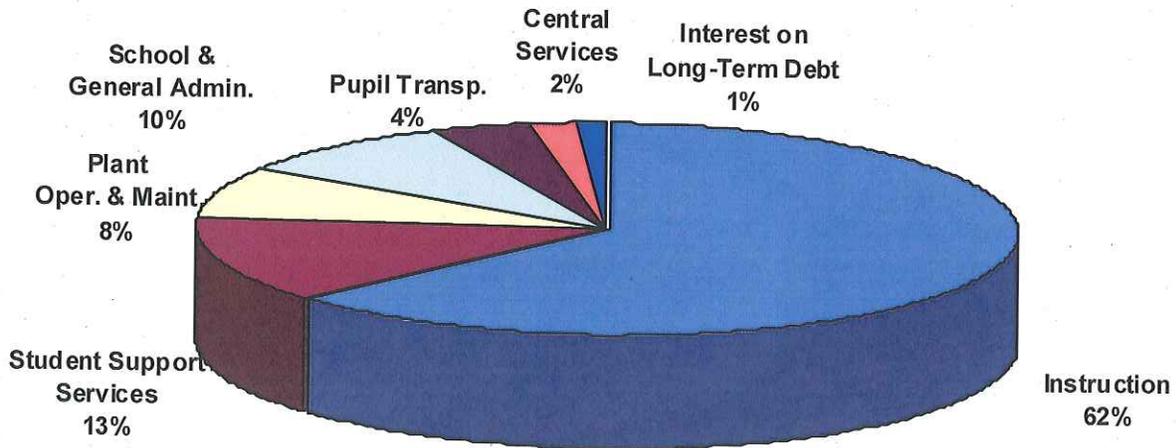
Governmental activities. The District's total governmental revenues were \$27,572,674. The local share of the revenues, that included property taxes, interest, and miscellaneous revenue, amounted to \$24,615,928 or 89% of total revenues. Funding from state and federal sources amounted to \$2,880,167 or 10%. Charges for services amounted to \$76,579 or 1%.

Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2010/11



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$16,839,348 (62%) student support services totaled \$9,939,247 (37%) and interest on long-term debt total \$149,455 (1%) of total expenditures. (See Table A-5.)

Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2010/11



OAKLAND BOARD OF EDUCATION

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

**Table A-5
Cost of Services and Net Cost of Services - Governmental Activities
For the Fiscal Years Ended June 30, 2011 and 2010**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Governmental Activities				
Instruction				
Regular	\$ 10,915,332	\$ 11,434,244	\$ 9,784,490	\$ 10,222,720
Special Education	4,644,511	4,636,266	3,600,817	2,823,933
Other Instruction	1,143,529	1,053,860	1,027,402	939,957
School Sponsored Activities and Athletics	135,976	115,105	135,976	115,105
Support Services				
Student and Instruction Related Svcs.	3,366,039	3,347,440	3,109,318	3,098,603
School Administrative Services	2,046,884	2,029,477	1,916,722	1,902,288
General Administrative Services	703,905	695,851	657,759	649,172
Plant Operations and Maintenance	2,231,788	2,451,387	2,222,223	2,342,466
Pupil Transportation	1,066,892	1,063,089	961,577	804,061
Central Services	523,739	529,887	523,739	529,887
Interest on Long-Term Debt	149,455	163,761	149,455	163,761
Total Governmental Activities	\$ 26,928,050	\$ 27,520,367	\$ 24,089,478	\$ 23,591,953

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2011 was \$416,961. These costs were funded by operating grants, charges for services (Detailed on Table A-2). The operations resulted in an increase in net assets of \$11,547.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$1,383,515. In 2009-2010 the fund balance was \$954,950, an increase of \$428,565.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund and capital projects fund) presented in the fund-based statements are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$27,572,674 and expenditures were \$27,144,109.

OAKLAND BOARD OF EDUCATION

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

General Fund

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the general fund revenues for the fiscal year ended June 30, 2011 and 2010.

	<u>Year Ended June 30, 2011</u>	<u>Year Ended June 30, 2010</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 24,459,872	\$ 23,614,203	\$ 845,669	3.58%
State Sources	<u>1,991,840</u>	<u>2,977,575</u>	<u>(985,735)</u>	-33.11%
Total	<u>\$ 26,451,712</u>	<u>\$ 26,591,778</u>	<u>\$ (140,066)</u>	-0.53%

The following schedule represents a summary of general fund expenditures for the fiscal years ended June 30, 2011 and 2010.

	<u>Year Ended June 30, 2011</u>	<u>Year Ended June 30, 2010</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Current Expenditures				
Instruction	\$ 16,177,667	\$ 16,561,320	\$ (383,653)	-2.32%
Support Services	9,638,609	9,782,229	(143,620)	-1.47%
Capital Outlay	47,126	333,006	(285,880)	-85.85%
Debt Service-				
Principal	146,940	159,408	(12,468)	-7.82%
Interest	<u>16,046</u>	<u>22,459</u>	<u>(6,413)</u>	-28.55%
Total	<u>\$ 26,026,388</u>	<u>\$ 26,858,422</u>	<u>\$ (832,034)</u>	-3.10%

Budgetary Highlights

The District's budget is prepared according to New Jersey law and is based on generally accepted accounting principles on the basis of receipts, disbursements and encumbrances. The primary fund is the General Fund.

The Oakland School District, like many other Bergen County districts continues to provide a comprehensive educational program amidst the continuous budgetary constraints from the State of New Jersey with regard to State Aid. The funding formulas for State Aid have significantly shifted the burden of revenue funding to local property taxpayers as State Aid continues to remain inadequate against the backdrop of increased State and Federal mandates such as Special Education programs and services, Facility requirements and Long Range Planning, and now new Safety and Security requirements. Moreover, during fiscal year 2010/11 the Oakland Board of Education had its CEIFA state aid reduced by \$848,167. The district's CEIFA state aid was zero for the 2010-11 fiscal year.

In this climate along with limited funding and diminishing revenues, the district finds itself relying more and more on the taxpayers in order to fund the tax levy established each year. As such, the Board of Education and Administration continues to explore cost saving initiatives designed to offset rising fixed costs associated with the general fund such as salaries, insurance, tuition, transportation and energy costs Major initiatives in the 2010/11 year included:

OAKLAND BOARD OF EDUCATION

**Management’s Discussion and Analysis
for the Fiscal Year Ended June 30, 2011**

Budgetary Highlights (Continued)

- Renewed membership through various consortiums and shared services designed to promote cost savings in areas such as energy, technology, transportation, special education services and general supplies. These activities include: ACES “Alliance for Competitive Energy Savings and the Middlesex Regional Educational Services Commission ,” the district continued as a member and once again entered into public bids for gas and electric, ACT, “Alliance for Competitive Telecommunication,” resulting in a savings over current rates on Regional Toll calls, “Region I Special Services,” participating in joint transportation agreements and shared services with 15 Bergen County districts, and continued participation in collective bids for savings in general supplies through “Educational Data Services”.

- Expanded shared services with the Borough of Oakland receiving additional support for site conditions at all school properties, successfully maintaining ongoing security ID badge program, and exploring possible cost saving initiatives in operational areas.

Special Education remains a significant expense even with a slight decline in enrollment. Many mandated services and requirements such as OT/PT (Occupation and Physical Therapy), speech, resource room, evaluations, one-on-one aides and other related services continue to be in demand.

Capital Assets and Debt Administration. The Oakland Board of Education’s investment in capital assets for its governmental and business type activities as of June 30, 2011 and 2010 amounts to \$6,816,014 and \$7,003,753 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress buildings and building improvements, land improvements, machinery, equipment and vehicles.

Table A-6
Capital Assets at June 30, 2011 and 2010
(Net of Depreciation)

	<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>
Land	\$ 131,987	\$ 131,987			\$ 131,987	\$ 131,987
Land Improvements	10,970	10,970			10,970	
Buildings and Building Improvements	12,764,282	12,746,973			12,764,282	12,746,973
Machinery and Equipment	<u>2,096,868</u>	<u>2,029,946</u>	<u>\$ 98,380</u>	<u>\$ 87,685</u>	<u>2,195,248</u>	<u>2,117,631</u>
 Total	 15,004,107	 14,919,876	 98,380	 87,685	 15,102,487	 15,007,561
 Less: Accumulated Depreciation	 <u>8,219,755</u>	 <u>7,952,851</u>	 <u>66,718</u>	 <u>50,957</u>	 <u>8,286,473</u>	 <u>8,003,808</u>
 Total	 <u>\$ 6,784,352</u>	 <u>\$ 6,967,025</u>	 <u>\$ 31,662</u>	 <u>\$ 36,728</u>	 <u>\$ 6,816,014</u>	 <u>\$ 7,003,753</u>

Additional information on Oakland Board of Education’s capital assets can be found in Note 3 of this report.

OAKLAND BOARD OF EDUCATION

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

Debt Administration. As of June 30, 2011 and 2010 the school district had long-term debt and outstanding long-term liabilities in the amount of \$3,701,953 and \$4,096,527, respectively, as stated in Table A-7.

Table A-7
Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Bonds Payable	\$ 3,140,000	\$ 3,350,000
Capital Leases	253,116	400,056
Compensated Absences Payable	<u>308,837</u>	<u>346,471</u>
Total	<u>\$ 3,701,953</u>	<u>\$ 4,096,527</u>

Additional information on Oakland Board of Education's long-term debt can be found in Note 3 of this report.

For the Future

The Oakland Board of Education lost all of its General Fund state aid applicable to the 2010/11 fiscal year. Although the district remains in good financial condition, the loss of state aid had a material impact on the budget, including a significant reduction in the number of staff as well as other cuts throughout the entire budget. Everyone associated with the Oakland School District is grateful for the continued community support of the schools.

At the same time districts throughout the state find it increasingly difficult to fund capital expenditure debt within tightened operating budgets and diminished state aid. Having recognized this need in the wake of deteriorated buildings and inefficient mechanical/operating systems resulting from continuously deferred capital projects, we have successfully implemented a comprehensive five year facilities capital improvement plan begun in 2004-2005 fiscal year, addressing a wide range of critical systems to include replacements of roofs, boilers, unit ventilation equipment, windows, exterior doors, and electrical upgrades at all schools.

Through direct team member involvement and initiatives, much of the costs associated with maintenance projects have been minimized as a result of in-house labor and expertise in areas such as cabling for security camera installations, demolition, clean up and removal of debris associated with remodeling, electrical, plumbing, landscape design, and painting along with on-site inspection/coordination of construction projects to assure compliance with plan and/or specifications, review of shop drawings, and participation in the selection of potential bidders/contractors through careful review of plans and specifications aimed at decreasing potential change orders.

OAKLAND BOARD OF EDUCATION

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

For the Future (Continued)

In addition to the potential Facilities concern, the district will continue to face budgetary obstacles in the ensuing years resulting from the passage of S-1701 regarding permissible surplus. S-1701 required all districts to reduce surplus to the greater of 2% of expenditures or \$250,000. The law maintained a reduced surplus of 2% in the 2010-2011 fiscal year. In planning budgets, school districts take into the account the possibility of unanticipated costs – ranging from utility increases to the mid-year relocation into the community of those special education students who receive high-cost private school services. For many school districts, these unanticipated costs could outstrip the surplus permitted under S-1701. Since school districts cannot operate at a deficit, the only choice available to meet federal and state requirements and fixed costs (such as special education and heat/utilities) would be to cut other areas, such as regular education programming or maintenance.

The law's surplus restriction runs contrary to sound financial principles, which have served as the basis for previous, long-standing state Department of Education policy. This restriction also undermines needed flexibility for long-term district planning. Until enactment of S-1701, statute permitted non-Abbott school districts to establish surplus accounts that ranged between 3% and 6%. Further, the New Jersey State Department of Education's previous policy and, more recently, administrative code required school districts to obtain state permission to budget surplus below the 3% minimum.

Inadequate reserves place school districts in a precarious financial position as they could find themselves ill prepared to deal with unanticipated expenditures that may lead to budgetary crisis. Furthermore; drawing down district surplus's through forced utilization of budgeted fund balance generates automatic revenue shortfalls in subsequent budgets, and drives the need to offset such shortfalls through increased tax levy.

Given these conditions, the Oakland School District remains committed to financial excellence for many years. Its system for financial planning, budgeted, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the Oakland Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the School Business Administrator/Board Secretary, Oakland Board of Education, 315 Ramapo Valley Road, Oakland, NJ 07436.

BASIC FINANCIAL STATEMENTS

**OAKLAND BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,781,129	\$ 33,418	\$ 1,814,547
Receivables, net			
Receivables from Other Governments	192,986	5,522	198,508
Other	3,604		3,604
Inventory		4,722	4,722
Deferred Charges	50,158		50,158
Capital Assets, net			
Being Depreciated	131,987	31,662	163,649
Not Being Depreciated	<u>6,652,365</u>	<u>-</u>	<u>6,652,365</u>
Total Assets	<u>8,812,229</u>	<u>75,324</u>	<u>8,887,553</u>
LIABILITIES			
Accounts Payable	474,199	10,785	484,984
Payable to Other Governments	26,945		26,945
Accrued Interest Payable	63,799		63,799
Other Payables	23,510		23,510
Unearned Revenue	69,550	730	70,280
Noncurrent Liabilities			
Due Within One Year	437,865		437,865
Due Beyond One Year	<u>3,264,088</u>	<u>-</u>	<u>3,264,088</u>
Total Liabilities	<u>4,359,956</u>	<u>11,515</u>	<u>4,371,471</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	3,465,663	31,662	3,497,325
Restricted for			
Capital Projects	505,577		505,577
Debt Service	60		60
Other Purposes	200,000		200,000
Unrestricted	<u>280,973</u>	<u>32,147</u>	<u>313,120</u>
Total Net Assets	<u>\$ 4,452,273</u>	<u>\$ 63,809</u>	<u>\$ 4,516,082</u>

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

OAKLAND BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 10,915,332		\$ 1,130,842		\$ (9,784,490)	\$	\$ (9,784,490)
Special Education	4,644,511		1,043,694		(3,600,817)		(3,600,817)
Other Instruction	1,143,529		116,127		(1,027,402)		(1,027,402)
School Sponsored Activities and Athletics	135,976				(135,976)		(135,976)
Support Services							
Student and Instruction Related Services	3,366,039		256,721		(3,109,318)		(3,109,318)
School Administrative Services	2,046,884		130,162		(1,916,722)		(1,916,722)
General Administrative Services	703,905		46,146		(657,759)		(657,759)
Plant Operations and Maintenance	2,231,788		9,565		(2,222,223)		(2,222,223)
Pupil Transportation	1,066,892	\$ 76,579	28,736		(961,577)		(961,577)
Central Services	523,739				(523,739)		(523,739)
Interest on Long-Term Debt	149,455				(149,455)		(149,455)
Total Governmental Activities	26,928,050	76,579	2,761,993	-	(24,089,478)	-	(24,089,478)
Business-Type Activities							
Food Service	416,961	345,329	82,792	-	-	\$ 11,160	11,160
Total Business-Type Activities	416,961	345,329	82,792	-	-	11,160	11,160
Total Primary Government	\$ 27,345,011	\$ 421,908	\$ 2,844,785	\$ -	(24,089,478)	11,160	(24,078,318)
General Revenues							
Property Taxes, Levied for General Purposes					24,306,778		24,306,778
Property Taxes, Levied for Debt Service					227,608		227,608
State Aid Restricted for Debt Service					118,174		118,174
Miscellaneous Income					81,542	387	81,929
Total General Revenues					24,734,102	387	24,734,489
Change in Net Assets					644,624	11,547	656,171
Net Assets, Beginning of Year					3,807,649	52,262	3,859,911
Net Assets, End of Year					\$ 4,452,273	\$ 63,809	\$ 4,516,082

FUND FINANCIAL STATEMENTS

OAKLAND BOARD OF EDUCATION
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 AS OF JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,667,124	\$ 89,676	\$ 24,269	\$ 60	\$ 1,781,129
Due from Other Funds	4				4
Receivables from Other Governments	53,789	139,197			192,986
Other Receivables	3,600	-	-	-	3,600
	<u>1,724,517</u>	<u>228,873</u>	<u>24,269</u>	<u>60</u>	<u>1,977,719</u>
Total Assets					
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 341,821	\$ 132,378			\$ 474,199
Payable to State Government		26,945			26,945
Due to Other Funds	23,510				23,510
Deferred Revenue	-	69,550	-	-	69,550
	<u>365,331</u>	<u>228,873</u>	<u>-</u>	<u>-</u>	<u>594,204</u>
Total Liabilities					
Fund Balances					
Restricted					
Capital Reserve	505,577				505,577
Maintenance Reserve	75,000				75,000
Emergency Reserve	125,000				125,000
Excess Surplus	42,848				42,848
Capital Projects			24,269		24,269
Debt Service				60	60
Committed					
Encumbrances	26,200				26,200
Assigned					
Designated for Subsequent Year's Budget	3,758				3,758
Encumbrances	346,083				346,083
Unassigned	234,720	-	-	-	234,720
	<u>1,359,186</u>	<u>-</u>	<u>24,269</u>	<u>60</u>	<u>1,383,515</u>
Total Fund Balances					
Total Liabilities and Fund Balances	<u>\$ 1,724,517</u>	<u>\$ 228,873</u>	<u>\$ 24,269</u>	<u>\$ 60</u>	

Amounts reported for governmental activities 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 \$15,004,107 and the accumulated depreciation is \$8,219,755. 6,784,352

The District has financed capital assets through the issuance of Serial Bonds long-term lease obligations. The interest accrual at year end is: (63,799)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

General Obligation Bonds Payable	\$ 3,140,000
Less: Deferred Charges for Issuance Costs (to be amortized over the life of the debt)	(50,158)
Capital Leases Payable	253,116
Compensated Absences	308,837
	<u>(3,651,795)</u>

Net assets of governmental activities (Exhibit A-1) \$ 4,452,273

**OAKLAND BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
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>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Levy	\$ 24,306,778			\$ 227,608	\$ 24,534,386
Miscellaneous	153,094	\$ 31,522	\$ 5,027	-	189,643
Total - Local Sources	<u>24,459,872</u>	<u>31,522</u>	<u>5,027</u>	<u>227,608</u>	<u>24,724,029</u>
State Sources	1,991,840	175,050		118,174	2,285,064
Federal Sources	-	563,581	-	-	563,581
Total Revenues	<u>26,451,712</u>	<u>770,153</u>	<u>5,027</u>	<u>345,782</u>	<u>27,572,674</u>
EXPENDITURES					
Current					
Regular Instruction	10,770,392	93,575			10,863,967
Special Education Instruction	4,127,332	520,967			4,648,299
Other Instruction	1,143,772	1,760			1,145,532
School-Sponsored Activities and Athletics	136,171				136,171
Support Services					
Student and Instruction Related Services	3,241,624	116,746			3,358,370
School Administrative Services	2,043,546				2,043,546
General Administrative Services	704,713				704,713
Plant Operations and Maintenance	2,080,089				2,080,089
Pupil Transportation	1,045,976				1,045,976
Central Services	522,661				522,661
Debt Service					
Principal	146,940			210,000	356,940
Interest and Other Charges	16,046			137,568	153,614
Capital Outlay	47,126	37,105	-	-	84,231
Total Expenditures	<u>26,026,388</u>	<u>770,153</u>	<u>-</u>	<u>347,568</u>	<u>27,144,109</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>425,324</u>	<u>-</u>	<u>5,027</u>	<u>(1,786)</u>	<u>428,565</u>
Other Financing Sources and (Uses)					
Transfer In				27	27
Transfer Out	-	-	(27)	-	(27)
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>(27)</u>	<u>27</u>	<u>-</u>
Net Change in Fund Balances	425,324	-	5,000	(1,759)	428,565
Fund Balance, Beginning of Year	<u>933,862</u>	<u>-</u>	<u>19,269</u>	<u>1,819</u>	<u>954,950</u>
Fund Balance, End of Year	<u>\$ 1,359,186</u>	<u>\$ -</u>	<u>\$ 24,269</u>	<u>\$ 60</u>	<u>\$ 1,383,515</u>

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

**OAKLAND BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 428,565

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation outlay in the current period.

Capital Outlay	\$ 84,231	
Depreciation Expense	<u>(266,904)</u>	(182,673)

In the statement of activities, certain operating expenses - compensated absences and claims and judgments for self insurance claims - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease in Compensated Absences	37,634
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however has any effect on net assets. Also, 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.

Reduction of Long-Term Debt	356,940
-----------------------------	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The details are as follows:

Decrease in Accrued Interest	8,718	
Amortization of Deferred Charge on Issuance Costs	<u>(4,560)</u>	

Change in net assets of governmental activities (Exhibit A-2) \$ 644,624

**OAKLAND BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2011**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 33,418
Intergovernmental Receivable	
Federal	4,986
State	536
Inventories	<u>4,722</u>
Total Current Assets	<u>43,662</u>
Capital Assets	
Equipment	98,380
Less: Accumulated Depreciation	<u>(66,718)</u>
Total Capital Assets (net of accumulated depreciation)	<u>31,662</u>
Total Assets	<u>75,324</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	10,785
Deferred Revenue	<u>730</u>
Total Liabilities	<u>11,515</u>
NET ASSETS	
Invested in Capital Assets	31,662
Unrestricted	<u>32,147</u>
Total Net Assets	<u>\$ 63,809</u>

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

**OAKLAND BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 343,825
Special Functions	<u>1,504</u>
 Total Operating Revenues	 <u>345,329</u>
OPERATING EXPENSES	
Cost of Sales	183,108
Salaries and Employee Benefits	170,013
Management Fee	23,249
Supplies, Materials and Other Expenses	24,830
Depreciation	<u>15,761</u>
 Total Operating Expenses	 <u>416,961</u>
 Operating Income/(Loss)	 <u>(71,632)</u>
NONOPERATING REVENUES	
Federal Sources	
School Lunch Program	77,183
State Sources	
School Lunch Program	5,609
Interest	<u>387</u>
 Total Nonoperating Revenues	 <u>83,179</u>
 Change in Net Assets	 11,547
 Total Net Assets, Beginning of Year	 <u>52,262</u>
 Total Net Assets, End of Year	 <u>\$ 63,809</u>

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

**OAKLAND BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Fund Food Service
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 355,582
Cash Payments for Employees' Salaries and Benefits	(170,013)
Cash Payments to Suppliers for Goods and Services	<u>(198,530)</u>
Net Cash (Used for) Operating Activities	<u>(12,961)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	62,224
Cash Payments to Other Funds	<u>(5,537)</u>
Net Cash Provided by Noncapital Financing Activities	<u>56,687</u>
Cash Flows from Investing Activities	
Interest Received	<u>387</u>
Net Cash Provided by Investing Activities	<u>387</u>
Cash Flows from Capital and Related Financial Activities	
Purchase of Fixed Assets	<u>(10,695)</u>
Net Cash (Used for) Provided by Capital and Related Financial Activities	<u>(10,695)</u>
Net Increase in Cash and Cash Equivalents	33,418
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ 33,418</u>
Reconciliation of Operating (Loss) to Net Cash Used for Operating Activities	
Operating Income/(Loss)	<u>\$ (71,632)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	15,761
Non-Cash Assistance- Food Distribution Program	20,782
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	10,253
(Increase)/Decrease in Inventory	915
Increase/(Decrease) in Deferred Revenue	175
Increase/(Decrease) in Accounts Payable	<u>10,785</u>
Total Adjustments	<u>58,671</u>
Net Cash (Used for) Operating Activities	<u>\$ (12,961)</u>
Non Cash Non Capital Financial Activities	
Value Received - Food Distribution Program	<u>\$ 20,782</u>

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

**OAKLAND BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2011**

	Unemployment Compensation <u>Trust</u>	Bricks for Education <u>Trust</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 25	\$ 11	\$ 272,249
Due From Other Funds	<u>23,510</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>23,535</u>	 <u>11</u>	 <u>\$ 272,249</u>
 LIABILITIES			
Payroll Deductions and Withholdings			\$ 186,863
Due to Student Groups			68,869
Flex Spending Payable			16,513
Due to Other Funds			4
Due to State of New Jersey	<u>23,510</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>23,510</u>	 <u>-</u>	 <u>\$ 272,249</u>
 NET ASSETS			
Held in Trust for Unemployment Claims	<u>\$ 25</u>		
Held in Trust for Other Purposes		<u>\$ 11</u>	

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

**OAKLAND BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Unemployment Compensation <u>Trust</u>	Bricks for Education <u>Trust</u>
ADDITIONS		
Contributions		
Interest	\$ 140	
District Contributions	137,010	
Employee Contributions	<u>21,467</u>	<u>-</u>
Total Additions	<u>158,617</u>	<u>-</u>
DEDUCTIONS		
Unemployment Claims and Contributions	<u>220,286</u>	<u>-</u>
Total Deductions	<u>220,286</u>	<u>-</u>
Change in Net Assets	(61,669)	-
Net Assets, Beginning of Year	<u>61,694</u>	<u>\$ 11</u>
Net Assets, End of Year	<u>\$ 25</u>	<u>\$ 11</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Oakland Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of five elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental and its enterprise fund to be major funds.

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

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

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

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

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

Additionally, the government reports the following fund type:

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

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

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

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

OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

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

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

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

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

2. *Receivables and Payables*

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

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

Tuition Expenditures - Tuition charges for the fiscal years 2009-2010 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

3. *Inventories*

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

4. *Capital Assets*

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

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

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	20
Heavy Equipment	10
Office Equipment and Furniture	10
Computer Equipment	5

5. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated vacation sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds do not permit the accrual of unused sick leave. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

6. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond issuance costs are deferred and amortized over the life of the bonds using the straight line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Fund Equity*

Beginning with 2010/11 fiscal year, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012/2013 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

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

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

OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. *Fund Equity* (Continued)

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

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

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

8. *Reclassifications*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original budget by \$453,704. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

B. Capital Reserve

A capital reserve account was established by the District on October 12, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Balance, July 1, 2010		\$ 377,740
Increases		
Interest Earnings	\$ 2,837	
Deposits Approved by Board Resolution, June 29, 2011	<u>125,000</u>	
		<u>127,837</u>
Balance, June 30, 2011		<u>\$ 505,577</u>

C. Transfers to Capital Outlay

During the 2010/2011 school year, the district transferred \$62,794 to capital outlay construction services to fund health and safety projects (fire and exit doors and paving/sidewalks). The transfer was approved by the Executive County Superintendent.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2011 is \$42,848. This amount will be appropriated in the 2012/2013 original budget certified for taxes.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$1,766,502 and bank balances of the Board's cash and deposits amounted to \$2,056,940. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 2,056,940</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk.. As of June 30, 2011 the Board's bank balance was not exposed to custodial credit risk.

Investments

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

As of June 30, 2011, the Board had the following investments which are considered cash equivalents.

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities	
M.B.I.A. Class Account	\$ 54,107
Fidelity Investment MM	<u>266,223</u>
	<u>\$ 320,330</u>

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2011, \$320,330 of the Board’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by counterparty's trust department or agent but not in the Board's name	<u>\$ 320,330</u>

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

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

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

B. Receivables

Receivables as of June 30, 2011 for the district’s individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 53,789	\$ 139,197	\$ 5,522	\$ 198,508
Other	<u>3,600</u>	<u>-</u>	<u>-</u>	<u>3,600</u>
Gross Receivables	57,389	139,197	5,522	202,108
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 57,389</u>	<u>\$ 139,197</u>	<u>\$ 5,522</u>	<u>\$ 202,108</u>

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 6,540
Grant Drawdowns Reserved for Encumbrances	<u>63,010</u>
Total Deferred Revenue for Governmental Funds	<u>\$69,550</u>

C. Capital Assets

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

	<u>Balance, July 1, 2010</u>	<u>Increases</u>	<u>Adjustments</u>	<u>Balance, June 30, 2011</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 131,987	-	-	\$ 131,987
Total Capital Assets, Not Being Depreciated	<u>131,987</u>	<u>-</u>	<u>-</u>	<u>131,987</u>
Capital Assets, Being Depreciated:				
Land Improvements	10,970			10,970
Buildings and Building Improvements	12,746,973	\$ 17,309		12,764,282
Machinery and Equipment	2,029,946	66,922	-	2,096,868
Total Capital Assets Being Depreciated	<u>14,787,889</u>	<u>84,231</u>	<u>-</u>	<u>14,872,120</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(6,508,932)	(139,010)		(6,647,942)
Machinery and Equipment	(1,443,919)	(127,894)	-	(1,571,813)
Total Accumulated Depreciation	<u>(7,952,851)</u>	<u>(266,904)</u>	<u>-</u>	<u>(8,219,755)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,835,038</u>	<u>(182,673)</u>	<u>-</u>	<u>6,652,365</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,967,025</u>	<u>\$ (182,673)</u>	<u>\$ -</u>	<u>\$ 6,784,352</u>

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance, <u>July 1, 2010</u>	<u>Increases</u>	<u>Adjustments</u>	Balance, <u>June 30, 2011</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 87,685	\$ 10,695	-	\$ 98,380
Total Capital Assets Being Depreciated	<u>87,685</u>	<u>10,695</u>	-	<u>98,380</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(50,957)</u>	<u>(15,761)</u>	-	<u>(66,718)</u>
Total Accumulated Depreciation	<u>(50,957)</u>	<u>(15,761)</u>	-	<u>(66,718)</u>
Total Capital Assets, Being Depreciated, Net	<u>36,728</u>	<u>(5,066)</u>	-	<u>31,662</u>
Business-Type Activities Capital Assets, Net	<u>\$ 36,728</u>	<u>\$ (5,066)</u>	<u>\$ -</u>	<u>\$ 31,662</u>

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

Governmental Activities:

Instruction	
Regular	\$ 69,315
Special Education	<u>684</u>
Total Instruction	<u>69,999</u>
Support Services	
Student and Instruction Related Services	12,939
School Administration	6,792
Operations and Maintenance of Plant	153,949
Student Transportation	21,274
Central Services	<u>1,951</u>
Total Support Services	<u>196,905</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 266,904</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 15,761</u>

OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Construction Commitments

The District has the following active construction projects as of June 30, 2011:

<u>Project</u>	<u>Remaining Commitment</u>
Fire and Exit Doors; Paving and Sidewalks	\$ 68,793

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Trust Fund	\$ 4
Unemployment Trust Fund	General Fund	<u>23,510</u>
		<u>\$ 23,514</u>

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

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

Interfund Transfers

	<u>Transfer In:</u>	
	<u>Debt Service</u>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	\$ 27	\$ 27
Total Transfers Out	<u>\$ 27</u>	<u>\$ 27</u>

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

Capital Leases

The District is leasing energy upgrades, upgrades to door locks and student transportation totaling \$1,064,288 under capital leases. The leases are for terms of 5 to 10 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 162,986
2013	<u>104,211</u>
Total Minimum Lease Payments	267,197
Less: Amount Representing Interest	<u>14,081</u>
Present Value of Minimum Lease Payments	<u>\$ 253,116</u>

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2011 are comprised of the following issues:

\$2,733,000 School Improvement Bonds, due in annual installments of \$160,000 to \$238,000 through August 1, 2021, interest at 4.00% to 4.50%	\$2,163,000
\$1,152,000, School Improvement Bonds, due in annual installments of \$60,000 to \$102,000 through February 1, 2023, interest at 4.125% to 4.25%	<u>977,000</u>
	<u>\$3,140,000</u>

OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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

Governmental Activities:

Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2012	\$ 220,000	\$ 128,968	\$ 348,968
2013	230,000	119,993	349,993
2014	240,000	110,563	350,563
2015	250,000	100,623	350,623
2016-2020	1,440,000	335,047	1,775,047
2021-2023	<u>760,000</u>	<u>46,358</u>	<u>806,358</u>
	<u>\$ 3,140,000</u>	<u>\$ 841,552</u>	<u>\$ 3,981,552</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 79,781,165
Less: Net Debt	<u>3,141,121</u>
Remaining Borrowing Power	<u>\$ 76,640,044</u>

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Balance, July 1, 2010	Additions	Reductions	Balance, June 30, 2011	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 3,350,000		\$ 210,000	\$ 3,140,000	\$ 220,000
Capital Leases	400,056		146,940	253,116	152,865
Compensated Absences	<u>346,471</u>	\$ 35,296	<u>72,930</u>	<u>308,837</u>	<u>65,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 4,096,527</u>	<u>\$ 35,296</u>	<u>\$ 429,870</u>	<u>\$ 3,701,953</u>	<u>\$ 437,865</u>

Compensated absences and capital leases are liquidated by the general fund.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$ 137,010	\$ 21,467	\$ 220,286	\$ 25
2010	89,569	22,999	80,113	61,694
2009	25,000	22,269	41,811	29,124

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2011, the District has not estimated its arbitrage earnings due to the IRS, if any.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

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

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Significant Legislation

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

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

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

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Year Ended</u> <u>June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2011	\$ 292,173	\$ 35,706	\$ 4,026
2010	210,804	42,970	
2009	190,668	37,284	

During the last three fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$35,706, \$42,970 and \$37,284 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$823,965 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

Basis of Accounting

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

Significant Legislation

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

Investment Valuation

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

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$758,396, \$807,037 and \$711,291, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 24,306,778		\$ 24,306,778	\$ 24,306,778	
Transportation	90,000		90,000	76,579	\$ (13,421)
Miscellaneous	18,500		18,500	76,515	58,015
State Sources					
Non-Public Transportation				10,092	10,092
Extraordinary Aid	263,538		263,538	276,622	13,084
On-Behalf TPAF Pension Contribution (Non-Budgeted)					
Non Contributory Insurance				35,706	35,706
Post-Retirement Medical Contribution				758,396	758,396
TPAF Social Security	-	-	-	823,965	823,965
Total Revenues	<u>24,678,816</u>	<u>-</u>	<u>24,678,816</u>	<u>26,364,653</u>	<u>1,685,837</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	202,327	2,859	205,186	205,185	1
Grades 1-5	3,945,529	\$ (294,285)	3,651,244	3,640,665	10,579
Grades 6-8	3,044,619	(61,832)	2,982,787	2,972,249	10,538
Instruction - Home					
Salaries of Teachers	197,760	(8,000)	189,760	189,760	-
Purchased Professional-Educational Services	7,000	(1,625)	5,375	4,050	1,325
Regular Programs- Undistributed Instruction					
Other Salaries for Instruction	98,018	3,300	101,318	96,671	4,647
Purchased Technical Services	2,500	200	2,700		2,700
Other Purchased Services	51,326	4,627	55,953	54,716	1,237
General Supplies	290,348	271,418	561,766	501,306	60,460
Textbooks	47,404	46,042	93,446	34,838	58,608
Other Objects	7,750	1,110	8,860	7,452	1,408
Total Instruction - Regular	<u>7,894,581</u>	<u>(36,186)</u>	<u>7,858,395</u>	<u>7,706,892</u>	<u>151,503</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	142,718	-	142,718	141,952	766
Other Salaries for Instruction	288,222	(38,500)	249,722	238,742	10,980
Purchased Professional-Educational Services	650		650		650
General Supplies	7,865	-	7,865	3,545	4,320
Textbooks	1,900	-	1,900	1,715	185
Total Learning and/or Language Disabilities	<u>441,355</u>	<u>(38,500)</u>	<u>402,855</u>	<u>385,954</u>	<u>16,901</u>

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Multiple Disabilities					
Other Salaries for Instruction	\$ 26,547	-	\$ 26,547	\$ 26,031	\$ 516
Total Multiple Disabilities	<u>26,547</u>	<u>-</u>	<u>26,547</u>	<u>26,031</u>	<u>516</u>
Resource Room/Resource Center					
Salaries of Teachers	1,024,722	\$ (34,500)	990,222	980,176	10,046
Other Salaries for Instruction	81,665	(3,000)	78,665	72,989	5,676
General Supplies	11,176		11,176	5,241	5,935
Textbooks	5,200	-	5,200	2,412	2,788
Total Resource Room/Resource Center	<u>1,122,763</u>	<u>(37,500)</u>	<u>1,085,263</u>	<u>1,060,818</u>	<u>24,445</u>
Autism					
Salaries of Teachers	161,236	11,760	172,996	171,275	1,721
Other Salaries for Instruction	43,313	-	43,313	34,787	8,526
Purchased Professional-Educational Services	15,279	(15,279)	-	-	-
General Supplies	1,800	-	1,800	938	862
Total Autism	<u>221,628</u>	<u>(3,519)</u>	<u>218,109</u>	<u>207,000</u>	<u>11,109</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	99,087	7,000	106,087	103,941	2,146
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services	2,000	(800)	1,200		1,200
General Supplies	-	-	-	-	-
Total Preschool Disabilities	<u>101,087</u>	<u>6,200</u>	<u>107,287</u>	<u>103,941</u>	<u>3,346</u>
Total Special Education	<u>1,913,380</u>	<u>(73,319)</u>	<u>1,840,061</u>	<u>1,783,744</u>	<u>56,317</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	636,743	24,921	661,664	661,298	366
Total Basic Skills/Remedial - Instruction	<u>636,743</u>	<u>24,921</u>	<u>661,664</u>	<u>661,298</u>	<u>366</u>
Bilingual Education - Instruction					
Salaries of Teachers	130,674	1,084	131,758	131,758	-
General Supplies	3,125	237	3,362	2,600	762
Textbooks	450	-	450	261	189
Total Bilingual Education - Instruction	<u>134,249</u>	<u>1,321</u>	<u>135,570</u>	<u>134,619</u>	<u>951</u>
School Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	66,506	10,909	77,415	77,072	343
Purchased Services		909	909	908	1
Supplies and Materials	2,700	(600)	2,100	575	1,525
Miscellaneous Expenditures	-	300	300	300	-
Total School Sponsored Co/Extra Curricular Activities-Instruc	<u>69,206</u>	<u>11,518</u>	<u>80,724</u>	<u>78,855</u>	<u>1,869</u>
School Sponsored Athletics - Instruction					
Salaries	2,036	(2,036)	-	-	-
Purchased Services	2,000	-	2,000	1,386	614
General Supplies	3,300	300	3,600	-	3,600
Total School Sponsored Athletics - Instruction	<u>7,336</u>	<u>(1,736)</u>	<u>5,600</u>	<u>1,386</u>	<u>4,214</u>

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Other Instructional Programs - Instruction					
Salaries	\$ 26,619	(4,522)	\$ 22,097	\$ 22,097	\$ -
Total Other Instructional Programs - Instruction	<u>26,619</u>	<u>(4,522)</u>	<u>22,097</u>	<u>22,097</u>	<u>-</u>
Total - Instruction	<u>10,682,114</u>	<u>\$ (78,003)</u>	<u>10,604,111</u>	<u>10,388,891</u>	<u>215,220</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	746,611	(238,136)	508,475	508,475	-
Tuition to CSSD & Reg. Day Schools	57,673	67,527	125,200	125,200	-
Tuition to Private School for the Disabled W/ State	824,276	124,322	948,598	942,051	6,547
Tuition Other	-	6,347	6,347	6,347	-
Total Undistributed Expenditures - Instruction	<u>1,628,560</u>	<u>(39,940)</u>	<u>1,588,620</u>	<u>1,582,073</u>	<u>6,547</u>
Health Services					
Salaries	349,240	2,019	351,259	351,259	-
Other Purchased Services	1,000	(159)	841	210	631
Supplies and Materials	7,000	(860)	6,140	5,344	796
Total Health Services	<u>357,240</u>	<u>1,000</u>	<u>358,240</u>	<u>356,813</u>	<u>1,427</u>
Speech, OT, PT & Related Services					
Salaries	348,416	(23,868)	324,548	310,795	13,753
Purchased Professional-Educational Services	2,000	73,129	75,129	68,588	6,541
Supplies and Materials	4,500	-	4,500	2,269	2,231
Total Speech, OT, PT & Related Services	<u>354,916</u>	<u>49,261</u>	<u>404,177</u>	<u>381,652</u>	<u>22,525</u>
Other Support Services - Extra Serv.					
Purchased Professional-Educational Services	34,780	23,790	58,570	57,815	755
Supplies and Materials	-	800	800	-	800
Total Other Support Services - Extra Serv.	<u>34,780</u>	<u>24,590</u>	<u>59,370</u>	<u>57,815</u>	<u>1,555</u>
Guidance					
Salaries of Other Professional Staff	374,453	(39,448)	335,005	328,673	6,332
Supplies and Materials	43,874	(38,259)	5,615	1,388	4,227
Total Guidance	<u>418,327</u>	<u>(77,707)</u>	<u>340,620</u>	<u>330,061</u>	<u>10,559</u>
Child Study Teams					
Salaries of Other Professional Staff	466,481	26,364	492,845	492,845	-
Salaries of Secretarial & Clerical Assist.	99,542	2,600	102,142	102,134	8
Purchased Professional -Educational Services	49,000	280	49,280	49,279	1
Supplies and Materials	6,300	(796)	5,504	5,410	94
Total Child Study Teams	<u>621,323</u>	<u>28,448</u>	<u>649,771</u>	<u>649,668</u>	<u>103</u>
Improvement of Instructional Service					
Salaries of Other Professional Staff	109,770	7,532	117,302	117,302	-
Other Purchased Services	8,000	-	8,000	271	7,729
Supplies and Materials	4,000	-	4,000	1,344	2,656
Total Improvement of Instructional Service	<u>121,770</u>	<u>7,532</u>	<u>129,302</u>	<u>118,917</u>	<u>10,385</u>

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries of Other Professional Staff	\$ 361,606	\$ -	\$ 361,606	\$ 360,481	\$ 1,125
Other Purchased Services	4,400	(1,000)	3,400	3,297	103
Supplies and Materials	68,717	(33,649)	35,068	13,494	21,574
Other Objects	77,760	11,800	89,560	73,971	15,589
Total Educational Media Services/School Library	<u>512,483</u>	<u>(22,849)</u>	<u>489,634</u>	<u>451,243</u>	<u>38,391</u>
Instructional Staff Training Services					
Supplies and Materials	1,259	(350)	909	-	909
Total Instructional Staff Training Services	<u>1,259</u>	<u>(350)</u>	<u>909</u>	<u>-</u>	<u>909</u>
Support Services - General Administration					
Salaries	320,948	(958)	319,990	319,990	-
Legal Services	58,000	(976)	57,024	57,024	-
Audit Fees	27,000	27,578	54,578	28,378	26,200
Other Purchased Professional Services	44,950	33,432	78,382	78,381	1
Purchased Technical Services					
Misc. Purchased Services	12,564	226	12,790	12,789	1
Communications/Telephone	41,400	(9,704)	31,696	30,928	768
BOE - Other Purchased Services	875	(500)	375	50	325
Supplies and Materials	14,200	(2,980)	11,220	9,276	1,944
Miscellaneous Expenditures	33,850	(16,843)	17,007	16,875	132
BOE Membership Dues	-	12,680	12,680	12,680	-
Total Support Services - General Administration	<u>553,787</u>	<u>41,955</u>	<u>595,742</u>	<u>566,371</u>	<u>29,371</u>
Support Services - School Administration					
Salaries of Principals/Asst. Principals	860,727	45,000	905,727	902,588	3,139
Salaries of Secretarial and Clerical Assistants	488,828	(13,798)	475,030	464,573	10,457
Other Purchased Services	37,932	588	38,520	38,103	417
Supplies and Materials	18,300	(719)	17,581	14,776	2,805
Other Objects	26,209	614	26,823	26,593	230
Total Support Services - School Administration	<u>1,431,996</u>	<u>31,685</u>	<u>1,463,681</u>	<u>1,446,633</u>	<u>17,048</u>
Central Services					
Salaries	310,997	(12,885)	298,112	295,082	3,030
Miscellaneous Purchased Services	20,950	209	21,159	12,905	8,254
Supplies and Materials	10,000	(644)	9,356	5,838	3,518
Interest on Lease Purchase Agreements					
Other Objects	3,400	1,815	5,215	4,848	367
Total Central Services	<u>345,347</u>	<u>(11,505)</u>	<u>333,842</u>	<u>318,673</u>	<u>15,169</u>
Admin. Info. Tech.					
Salaries	50,895	-	50,895	50,524	371
Total Admin. Info. Tech.	<u>50,895</u>	<u>-</u>	<u>50,895</u>	<u>50,524</u>	<u>371</u>
Required Maintenance for School Facilities					
Salaries	87,064	-	87,064	84,743	2,321
Cleaning, Repair and Maintenance Service	80,878	55,513	136,391	66,711	69,680
General Supplies	10,300	(3,400)	6,900	6,438	462
Total Required Maintenance for School Facilities	<u>178,242</u>	<u>52,113</u>	<u>230,355</u>	<u>157,892</u>	<u>72,463</u>

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Custodial Services					
Salaries	\$ 833,134	\$ (20,577)	\$ 812,557	\$ 805,642	\$ 6,915
Purchased Professional and Technical Services	6,700	32,510	39,210	31,215	7,995
Cleaning, Repair, and Maintenance Services	80,596	26,240	106,836	90,740	16,096
Rental of Land and Bldgs Other than Lease Pur. Agree.	144,721		144,721	144,721	
Other Purchased Property Services	7,875	425	8,300	7,493	807
Insurance	94,015	(1,104)	92,911	92,104	807
Miscellaneous Purchased Services	7,996	4,775	12,771	9,473	3,298
General Supplies	65,450	5,478	70,928	61,356	9,572
Energy (Natural Gas)	200,000	(40,470)	159,530	159,094	436
Energy (Electricity)	230,000	(16,017)	213,983	213,983	-
Miscellaneous Expenditures	-	800	800	664	136
Total Custodial Services	<u>1,670,487</u>	<u>(7,940)</u>	<u>1,662,547</u>	<u>1,616,485</u>	<u>46,062</u>
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Svc.	10,700	4,506	15,206	12,021	3,185
General Supplies		8,769	8,769	5,320	3,449
Other Objects	-	1,025	1,025	1,025	-
Total Care and Upkeep of Grounds	<u>10,700</u>	<u>14,300</u>	<u>25,000</u>	<u>18,366</u>	<u>6,634</u>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	104,947	10,000	114,947	113,494	1,453
Salaries for Pupil Transportation (Between Home and School) - Special Education	51,368	(21,143)	30,225	28,167	2,058
Salaries for Pupil Transportation (Oth. Than Between Home and School)	6,017	(6,017)			-
Health Benefits	23,688		23,688	23,688	
Other Employee Benefits	2,146		2,146	2,146	
Other Purchased Professional and Technical Services	5,000	160	5,160	4,532	628
Cleaning, Repair, and Maintenance Services	12,000	11,735	23,735	23,157	578
Rental Payments - School Buses	1,200	12,308	13,508	13,259	249
Lease Purchase Payments - School Buses	18,266		18,266	18,265	1
Contracted Services - Aid-in-Lieu Payments-Non-Public	57,000	(16,349)	40,651	39,780	871
Contracted Services (Between Home and School) - Vendors	357,917	(51,101)	306,816	305,004	1,812
Contracted Services (Other Than Between Home and School) - Vendors	9,000	3,000	12,000	8,082	3,918
Contracted Services (Special Education Students) - Vendors	334,629	70,838	405,467	405,333	134
Miscellaneous Purchased Services - Transportation	13,595	29	13,624	13,624	
Supplies and Materials	5,655	2,896	8,551	2,525	6,026
Other Objects	2,800	(1,200)	1,600	325	1,275
Total Student Transportation Services	<u>1,005,228</u>	<u>15,156</u>	<u>1,020,384</u>	<u>1,001,381</u>	<u>19,003</u>
Employee Benefits - Unallocated					
Social Security Contributions	329,000	(30,785)	298,215	292,166	6,049
Other Retirement Contributions - Regular	235,000	61,373	296,373	296,199	174
Unemployment Compensation	25,000	119,306	144,306	137,010	7,296
Workmen's Compensation					-
Insurance	158,909	(3,305)	155,604	154,545	1,059
Other Employee Benefits	79,900	8,554	88,454	88,450	4
Tuition Reimbursement	70,000	(9,332)	60,668	37,255	23,413
Employee Benefits	4,064,522	(174,088)	3,890,434	3,862,112	28,322
Total Employee Benefits - Unallocated	<u>4,962,331</u>	<u>(28,277)</u>	<u>4,934,054</u>	<u>4,867,737</u>	<u>66,317</u>

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
On-Behalf TPAF Pension Contributions (Non-Budgeted)					
Non Contributory Insurance				\$ 35,706	\$ (35,706)
Post-Retirement Medical Contribution				758,396	(758,396)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	823,965	(823,965)
Total	-	-	-	1,618,067	(1,618,067)
Total Undistributed Expenditures	\$ 14,259,671	\$ 77,472	\$ 14,337,143	15,590,371	(1,253,228)
Total Current Expenditures	24,941,785	(531)	24,941,254	25,979,262	(1,038,008)
CAPITAL OUTLAY					
Equipment					
Grades 6-8	2,400	9,304	11,704		11,704
Undistributed					
Support Serv. - Inst. Staff		31,697	31,697	20,383	11,314
Central Services		3,360	3,360	3,360	-
Admin. Info. Tech.		20,218	20,218	6,074	14,144
Security		4,110	4,110	4,109	1
Operation and Maintenance of Plant	-	6,770	6,770	6,770	-
Total Undistributed Expenditures	2,400	75,459	77,859	40,696	37,163
Total Equipment	2,400	75,459	77,859	40,696	37,163
Facilities Acquisition and Construction Services					
Construction Services	6,000	69,224	75,224	6,430	68,794
Total Facilities Acquis. and Const. Services	6,000	69,224	75,224	6,430	68,794
Total Capital Outlay	8,400	144,683	153,083	47,126	105,957
Total Expenditures - General Fund	24,950,185	144,152	25,094,337	26,026,388	(932,051)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(271,369)	(144,152)	(415,521)	338,265	753,786
Other Financing Sources and (Uses)					
Transfer In From Capital Projects	51,000	-	51,000	-	51,000
Total Other Financing Sources and Uses	51,000	-	51,000	-	51,000
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources	(220,369)	(144,152)	(364,521)	338,265	702,786
Fund Balances, Beginning of Year	1,297,543	-	1,297,543	1,297,543	-
Fund Balances, End of Year	\$ 1,077,174	\$ (144,152)	\$ 933,022	\$ 1,635,808	\$ 702,786

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Actual</u>
Recapitulation of Fund Balances	
Restricted	
Capital Reserve	\$ 505,577
Maintenance Reserve	75,000
Emergency Reserve	125,000
Excess Surplus	42,848
Committed	
Encumbrances	26,200
Assigned	
Designated for Subsequent Year's Budget	3,758
Encumbrances	346,083
Unassigned	<u>511,342</u>
 Fund Balance (Budgetary Basis)	 1,635,808
 Reconciliation to Government Funds Statements (GAAP)	
Extraordinary Aid Payment Not Recognized on GAAP Basis	<u>(276,622)</u>
 Fund Balances Per Governmental Funds (GAAP Basis)	 <u>\$ 1,359,186</u>

**OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 94,832	\$ 94,832	\$ 94,532	\$ 300
State	\$ 178,443	23,552	201,995	175,050	26,945
Federal	454,044	191,168	645,212	574,024	71,188
Total Revenues	<u>632,487</u>	<u>309,552</u>	<u>942,039</u>	<u>843,606</u>	<u>98,433</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	4,222	44,995	49,217	49,217	
Purchased Professional - Educational Svcs	168,063	(23,301)	144,762	127,450	17,312
Tuition	346,218	(12,443)	333,775	333,775	
Supplies and Materials	10,516	109,427	119,943	97,791	22,152
Textbooks	18,553	(3,093)	15,460	8,699	6,761
Other Objects	413	(413)	-	-	-
Total Instruction	<u>547,985</u>	<u>115,172</u>	<u>663,157</u>	<u>616,932</u>	<u>46,225</u>
Support Services					
Personal Services - Employee Benefits		14,501	14,501	14,501	-
Purchased Professional & Technical Services	52,272	83,861	136,133	84,780	51,353
Other Purchased Services		10,892	10,892	10,892	-
Travel		5,392	5,392	5,392	
Supplies and Materials	32,230	(30,194)	2,036	1,181	855
Total Support Services	<u>84,502</u>	<u>84,452</u>	<u>168,954</u>	<u>116,746</u>	<u>52,208</u>
Facilities Acquisition and Construction					
Buildings		10,056	10,056	10,056	-
Instructional Equipment	-	99,872	99,872	99,872	-
Total Facilities Acquisition and Construction	<u>-</u>	<u>109,928</u>	<u>109,928</u>	<u>109,928</u>	<u>-</u>
Total Expenditures	<u>632,487</u>	<u>309,552</u>	<u>942,039</u>	<u>843,606</u>	<u>98,433</u>
Excess Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**OAKLAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 26,364,653	(C-2) \$ 843,606
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - June 30, 2011		(73,453)
State Aid (2009/2010) recognized for GAAP purposes and not recognized for budgetary statements.	363,681	
State Aid (2010/2011) recognized for budgetary purposes and not recognized for GAAP statements	<u>(276,622)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>26,451,712</u>	(B-2) \$ <u>770,153</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 26,026,388	(C-2) \$ 843,606
Difference - Budget to GAAP:		
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and services are received for financial reporting purposes - June 30, 2011	<u>-</u>	<u>(73,453)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>26,026,388</u>	(B-2) \$ <u>770,153</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Non-Public Auxiliary			Non-Public Handicapped			Non-Public Textbook	Non-Public Nursing	Total Exhibit E/A	Totals
	Comp. Ed	ESL	Home Instruction	Exam/ Classification	Corrective Speech	Suppl. Instruction				
REVENUES										
Intergovernmental										
Local										
State	\$ 62,377	\$ 6,404	\$ 5,100	\$ 38,901	\$ 23,548	\$ 12,576	\$ 8,699	\$ 17,445	\$ 94,532	\$ 175,050
Federal	-	-	-	-	-	-	-	-	574,024	574,024
Total Revenues	\$ 62,377	\$ 6,404	\$ 5,100	\$ 38,901	\$ 23,548	\$ 12,576	\$ 8,699	\$ 17,445	\$ 668,556	\$ 843,606
EXPENDITURES										
Instruction										
Salaries of Teachers										
Purchased Professional - Educational Svcs.	\$ 62,377	\$ 6,404	\$ 5,100	\$ -	\$ 23,548	\$ 12,576	\$ -	\$ 17,445	\$ 49,217	\$ 127,450
Tuition	-	-	-	-	-	-	-	-	333,775	333,775
Supplies and Materials	-	-	-	-	-	-	\$ 8,699	-	97,791	97,791
Textbooks	-	-	-	-	-	-	-	-	-	8,699
Total Instruction	62,377	6,404	5,100	-	23,548	12,576	8,699	17,445	480,783	616,932
Support Services										
Personal Services - Employee Benefits									14,501	14,501
Purchased Professional & Technical Services				38,901					45,879	84,780
Other Purchased Services									10,892	10,892
Travel									5,392	5,392
Supplies and Materials									1,181	1,181
Total Support Services	-	-	-	38,901	-	-	-	-	77,845	116,746
Facilities Acquisition and Construction										
Buildings									10,056	10,056
Instructional Equipment									99,872	99,872
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-	109,928	109,928
Total Expenditures	\$ 62,377	\$ 6,404	\$ 5,100	\$ 38,901	\$ 23,548	\$ 12,576	\$ 8,699	\$ 17,445	\$ 668,556	\$ 843,606

OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Local PTO	IDEA Part B Preschool	IDEA Part B Preschool ARRA	IDEA Part B Basic	IDEA Part B-Basic ARRA	NCLB TITLE IIA	Total Exhibit E-1A
REVENUES							
Intergovernmental	\$ 94,532						\$ 94,532
Local	-	\$ 20,024	\$ 3,663	\$ 366,604	\$ 174,042	\$ 9,691	\$ 574,024
State							
Federal							
Total Revenues	\$ 94,532	\$ 20,024	\$ 3,663	\$ 366,604	\$ 174,042	\$ 9,691	\$ 668,556
EXPENDITURES							
Instruction							
Salaries of Teachers		\$ 14,108		\$ 319,667	\$ 47,457	\$ 1,760	\$ 49,217
Tuition	\$ 13,867				83,924		333,775
General Supplies							97,791
Total Instruction	13,867	14,108		319,667	131,381	1,760	480,783
Support Services							
Personal Services- Employee Benefits					14,501		14,501
Purchased Professional & Technical Services		5,916		39,605		358	45,879
Other Purchased Services	2,560			7,332		1,000	10,892
Travel						5,392	5,392
Supplies and Materials						1,181	1,181
Total Support Services	2,560	5,916		46,937	14,501	7,931	77,845
Facilities Acquisition and Construction							
Buildings	10,056						10,056
Instructional Equipment	68,049		3,663		28,160		99,872
Non-Instructional Equipment							
Total Facilities Acquisition and Construction	78,105		3,663		28,160		109,928
Total Expenditures	\$ 94,532	\$ 20,024	\$ 3,663	\$ 366,604	\$ 174,042	\$ 9,691	\$ 668,556

**OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**OAKLAND BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Issue/Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2011</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Renovations of The Valley Middle School and The Manito School (A)	\$ 2,733,135	\$ 2,733,082	\$ (5,000) *	\$ 5,053
Fire Alarm Replacement at Valley Middle School and Electrical Upgrades at Valley Middle School, Manito, Heights and Dogwood Hills Elementary Schools (A)	<u>1,152,986</u>	<u>1,132,649</u>	<u>-</u>	<u>20,337</u>
Totals	<u>\$ 3,886,121</u>	<u>\$ 3,865,731</u>	<u>\$ (5,000)</u>	<u>\$ 25,390</u>
Reconciliation to Fund Balance				
Project Appropriation Balance, June 30, 2011				\$ 25,390
Less: Bonds Authorized but not Issued				<u>1,121</u>
Fund Balance, June 30, 2011 (GAAP Basis)				<u>\$ 24,269</u>

* Cancelled Accounts Payable

**OAKLAND BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Revenues and Other Financing Sources	
Cancelled Accounts Payable	\$ 5,000
Interest Earned	<u>27</u>
Total Revenues and Other Financing Sources	<u>5,027</u>
Expenditures and Other Financing Uses	
Transfer to Debt Service	<u>27</u>
Total Expenditures and Other Financing Uses	<u>27</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	5,000
Fund Balance, Beginning of Year	<u>19,269</u>
Fund Balance, End of Year	<u>\$ 24,269</u>

**OAKLAND BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND PROJECT BALANCES
BUDGETARY BASIS
RENOVATIONS OF THE VALLEY MIDDLE SCHOOL AND THE MANITO SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Serial Bonds Issued	\$ 2,733,000	-	\$ 2,733,000	\$ 2,733,000
Total Revenues	2,733,000	-	2,733,000	2,733,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	212,806		212,806	212,806
Construction Services	2,520,276	(5,000)	2,515,276	2,520,276
Total Expenditures	2,733,082	(5,000)	2,728,082	2,733,082
Excess (Deficiency) or Revenues over (under) Expenditures	\$ (82)	\$ 5,000	\$ 4,918	\$ (82)
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	4/18/2006			
Bonds Authorized	\$ 2,733,135			
Bonds Issued	N/A			
Original Authorized Cost	2,733,135			
Additional (Reduced) Authorized Cost	(53)			
Revised Authorized Cost	2,733,082			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	100%			
Original Target Completion Date	6/30/2007			
Revised Target Completion Date	6/30/2008			

**OAKLAND BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND PROJECT BALANCES
BUDGETARY BASIS**

**FIRE ALARM REPLACEMENT AT VALLEY MIDDLE SCHOOL AND ELECTRICAL UPGRADES
AT VALLEY MIDDLE SCHOOL, MANITO, HEIGHTS AND DOGWOOD HILLS ELEMENTARY SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing				
Sources				
Serial Bonds Issued	\$ 1,152,000		\$ 1,152,000	\$ 1,152,000
Total Revenues	1,152,000	-	1,152,000	\$ 1,152,000
Expenditures and Other				
Financing Uses				
Purchased Professional and Technical Services	121,135		121,135	118,935
Construction Services	1,011,514	\$ -	1,011,514	1,034,051
Total Expenditures	1,132,649	-	1,132,649	1,152,986
Excess (Deficiency) or Revenues over (under) Expenditures	\$ 19,351	\$ -	\$ 19,351	\$ (986)

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	4/17/2007
Bonds Authorized	\$ 1,152,986
Bonds Issued	1,152,000
Original Authorized Cost	1,152,986
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original Target Completion Date	12/31/2008
Revised Target Completion Date	12/31/2008

PROPRIETARY FUNDS

EXHIBIT G-1

**OAKLAND BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

EXHIBIT G-4

**OAKLAND BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-5

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

**INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**OAKLAND BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET ASSETS
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 68,869	\$ 203,380	\$ 272,249
Total Assets	<u>\$ 68,869</u>	<u>\$ 203,380</u>	<u>\$ 272,249</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 186,863	\$ 186,863
Due to Student Groups	\$ 68,869		68,869
Flex Spending Payable		16,513	16,513
Due to Other Funds	<u>-</u>	<u>4</u>	<u>4</u>
Total Liabilities	<u>\$ 68,869</u>	<u>\$ 203,380</u>	<u>\$ 272,249</u>

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

NOT APPLICABLE

**OAKLAND BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Balance, July 1, <u>2010</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2011</u>
SCHOOLS				
Dogwood Hills	\$ 3,789	\$ 7,269	\$ 7,915	\$ 3,143
Heights	11,025	12,504	11,829	11,700
Manito	3,298	15,618	17,441	1,475
Valley Middle	14,969	146,377	147,739	13,607
General Organization, Account	<u>40,329</u>	<u>18,928</u>	<u>20,313</u>	<u>38,944</u>
Total All Schools	<u>\$ 73,410</u>	<u>\$ 200,696</u>	<u>\$ 205,237</u>	<u>\$ 68,869</u>

EXHIBIT H-4

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

	Balance, July 1, <u>2010</u>	Cash <u>Receipt</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2011</u>
Payroll Deductions and Withholdings	\$ 138,229	\$ 6,902,448	\$ 6,853,814	\$ 186,863
Accrued Salaries and Wages		9,114,424	9,114,424	
Flex Spending Payable	34,979	65,056	83,522	16,513
Due to Other Funds	<u>4</u>	<u>2,285</u>	<u>2,285</u>	<u>4</u>
Total	<u>\$ 173,212</u>	<u>\$ 16,084,213</u>	<u>\$ 16,054,045</u>	<u>\$ 203,380</u>

LONG-TERM DEBT

EXHIBIT I-2

OAKLAND BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Description</u>	<u>Interest Rate</u>	<u>Amount of Original Obligation</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2011</u>
2003 Energy System Equipment/ Upgrades	3.95%	\$ 793,016	\$ 289,470		\$ 92,777	\$ 196,693
2007 Door Locks	4.17%	133,290	54,337		26,613	27,724
2007 Lighting	4.17%	53,680	21,883		10,718	11,165
2008 Student Transportation	4.17%	84,302	34,366	-	16,832	17,534
			<u>\$ 400,056</u>	<u>\$ -</u>	<u>\$ 146,940</u>	<u>\$ 253,116</u>

**OAKLAND PUBLIC SCHOOLS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 227,608	-	\$ 227,608	\$ 227,608	-
State Sources					
State Aid	118,174	-	118,174	118,174	-
Total Revenues	<u>345,782</u>	<u>-</u>	<u>345,782</u>	<u>345,782</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Redemption of Principal	210,000		210,000	210,000	
Interest	137,568	-	137,568	137,568	-
Total Expenditures	<u>347,568</u>	<u>-</u>	<u>347,568</u>	<u>347,568</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>(1,786)</u>	<u>-</u>	<u>(1,786)</u>	<u>(1,786)</u>	<u>-</u>
Other Financing Sources and (Uses)					
Transfer In	-	-	-	27	\$ 27
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>27</u>
Excess of Revenues Over Expenditures Financing Sources Over Expenditures	(1,786)	-	(1,786)	(1,759)	27
Fund Balance, Beginning of Year	<u>1,819</u>	<u>-</u>	<u>1,819</u>	<u>1,819</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ 60</u>	<u>\$ 27</u>

Analysis of Restricted Fund Balance

Designated for Subsequent Year's Budget	\$ 33
Available for Debt Service	<u>27</u>
	<u>\$ 60</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

OAKLAND BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ 859,184	\$ 485,230	\$ 472,404	\$ 1,236,022	\$ 2,093,548	\$ 2,136,381	\$ 2,679,617	\$ 3,290,956	\$ 3,465,663
Restricted	1,008	429,613	345,803	168,545	175,599	279,995	401,985	379,559	705,637
Unrestricted	(7,388)	(9,498)	850,019	884,503	571,564	799,023	478,277	137,134	280,973
Total Governmental Activities Net Assets	\$ 852,804	\$ 905,345	\$ 1,668,226	\$ 2,289,070	\$ 2,840,711	\$ 3,215,399	\$ 3,559,879	\$ 3,807,649	\$ 4,452,273
Business-Type Activities									
Invested in Capital Assets	\$ 11,845	\$ 9,871	\$ 7,897	\$ 21,922	\$ 18,992	\$ 26,757	\$ 41,004	\$ 36,728	\$ 31,662
Restricted									
Unrestricted	43,570	62,392	57,769	60,195	61,480	70,026	26,889	15,534	32,147
Total Business-Type Activities Net Assets	\$ 55,415	\$ 72,263	\$ 65,666	\$ 82,117	\$ 80,472	\$ 96,783	\$ 67,893	\$ 52,262	\$ 63,809
District-Wide									
Invested in Capital Assets, Net of Related Debt	\$ 871,029	\$ 495,101	\$ 480,301	\$ 1,257,944	\$ 2,112,540	\$ 2,163,138	\$ 2,720,621	\$ 3,327,684	\$ 3,497,325
Restricted	1,008	429,613	345,803	168,545	175,599	279,995	401,985	379,559	705,637
Unrestricted	36,182	52,894	907,788	944,698	633,044	869,049	505,166	152,668	313,120
Total District Net Assets	\$ 908,219	\$ 977,608	\$ 1,733,892	\$ 2,371,187	\$ 2,921,183	\$ 3,312,182	\$ 3,627,772	\$ 3,859,911	\$ 4,516,082

Source: District's Financial Records

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

OAKLAND BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental Activities									
Instruction									
Regular	\$ 9,989,223	\$ 10,734,755	\$ 9,659,418	\$ 10,865,582	\$ 11,296,717	\$ 12,007,085	\$ 11,392,432	\$ 11,434,244	\$ 10,915,332
Special Education	2,544,358	2,597,592	3,273,996	2,690,361	3,806,029	3,965,860	3,940,882	4,636,266	4,644,511
Other Instruction	723,282	853,670	898,665	1,213,989	1,178,446	1,080,196	1,143,596	1,053,860	1,143,529
School Sponsored Activities And Athletics	90,501	78,019	117,060	130,892	159,033	149,942	143,175	115,105	135,976
Support Services:									
Student & Instruction Related Services	1,974,212	2,243,546	2,639,055	2,957,276	3,263,208	3,376,824	3,405,387	3,347,440	3,366,039
School Administrative Services	1,386,031	1,571,575	919,213	1,604,154	1,737,937	1,819,559	1,814,113	2,029,477	2,046,884
General Administration	529,868	896,326	1,518,568	794,865	656,437	703,446	655,409	695,851	703,905
Central Services			408,734	406,150	485,907	516,275	505,830	529,887	523,739
Plant Operations And Maintenance	1,573,096	1,452,389	1,823,063	1,993,547	2,059,701	2,089,468	2,140,268	2,451,387	2,231,788
Pupil Transportation	678,744	795,614	822,181	835,122	936,539	975,503	996,221	1,063,089	1,066,892
Other Support Services	388,734	350,342							
Interest On Long-Term Debt	2,829	71,091	39,582	53,104	104,366	191,421	181,936	163,761	149,455
Total Governmental Activities Expenses	19,880,878	21,644,919	22,119,535	23,545,042	25,684,320	26,875,579	26,319,249	27,520,367	26,928,050
Business-Type Activities:									
Food Service									
	336,115	348,598	413,758	398,795	434,503	401,628	466,428	448,841	416,961
Total Business-Type Activities Expense	336,115	348,598	413,758	398,795	434,503	401,628	466,428	448,841	416,961
Total District Expenses	\$ 20,216,993	\$ 21,993,517	\$ 22,533,293	\$ 23,943,837	\$ 26,118,823	\$ 27,277,207	\$ 26,785,677	\$ 27,969,208	\$ 27,345,011
Program Revenues									
Governmental Activities:									
Charges For Services:									
Pupil Transportation	\$ 35,169	\$ 61,260	\$ 64,074	\$ 82,964	\$ 84,313	\$ 81,747	\$ 81,241	\$ 92,437	\$ 76,579
Operating Grants And Contributions	484,908	3,254,115	3,294,695	3,462,972	4,319,136	4,426,097	3,237,328	3,801,833	2,761,993
Capital Grants And Contributions	-	-	31,358	292,838	-	-	-	34,144	-
Total Governmental Activities Program Revenues	520,077	3,315,375	3,390,127	3,838,774	4,403,449	4,507,844	3,318,569	3,928,414	2,838,572
Business-Type Activities:									
Charges For Services									
Food Service	312,713	325,127	350,098	356,722	371,347	357,638	364,580	344,450	345,329
Operating Grants And Contributions	39,625	40,319	57,063	58,524	61,511	60,301	72,958	88,455	82,792
Total Business Type Activities Program Revenues	352,338	365,446	407,161	415,246	432,858	417,939	437,538	432,905	428,121
Total District Program Revenues	\$ 872,415	\$ 3,680,821	\$ 3,797,288	\$ 4,254,020	\$ 4,836,307	\$ 4,925,783	\$ 3,756,107	\$ 4,361,319	\$ 3,266,693
Net (Expense)/Revenue									
Governmental Activities	\$ (19,360,801)	\$ (18,329,544)	\$ (18,729,408)	\$ (19,706,268)	\$ (21,280,871)	\$ (22,367,735)	\$ (23,000,680)	\$ (23,591,953)	\$ (24,089,478)
Business-Type Activities	16,223	16,848	(6,597)	16,451	(1,645)	16,311	(28,890)	(15,936)	11,160
Total District-Wide Net Expense	\$ (19,344,578)	\$ (18,312,696)	\$ (18,736,005)	\$ (19,689,817)	\$ (21,282,516)	\$ (22,351,424)	\$ (23,029,570)	\$ (23,607,889)	\$ (24,078,318)
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Property Taxes	\$ 16,630,028	\$ 18,342,838	\$ 19,405,798	\$ 20,102,523	\$ 21,459,443	\$ 22,363,595	\$ 23,142,022	\$ 23,662,652	\$ 24,534,386
Unrestricted Grants And Contributions	2,202,760			127,438	128,213	157,656	44,325		
Investment Earnings	12,170								
State Aid Restricted for Debt Service						121,072	148,430	140,348	118,174
Miscellaneous Income	13,335	39,247	86,491	97,151	244,856	100,100	10,383	39,723	81,542
Federal & State Aid - Capital Outlay	61,399	-	-	-	-	-	-	-	-
Total Governmental Activities	18,919,692	18,382,085	19,492,289	20,327,112	21,832,512	22,742,423	23,345,160	23,842,723	24,734,102
Business-Type Activities:									
Investment Earnings									
	-	-	-	-	-	-	-	305	387
Total Business-Type Activities	-	305	387						
Total District-Wide	\$ 18,919,692	\$ 18,382,085	\$ 19,492,289	\$ 20,327,112	\$ 21,832,512	\$ 22,742,423	\$ 23,345,160	\$ 23,843,028	\$ 24,734,489
Change in Net Assets									
Governmental Activities	\$ (441,109)	\$ 52,541	\$ 762,881	\$ 620,844	\$ 551,641	\$ 374,688	\$ 344,480	\$ 250,770	\$ 644,624
Business-Type Activities	16,223	16,848	(6,597)	16,451	(1,645)	16,311	(28,890)	(15,631)	11,547
Total District	\$ (424,886)	\$ 69,389	\$ 756,284	\$ 637,295	\$ 549,996	\$ 390,999	\$ 315,590	\$ 235,139	\$ 656,171

Source: District's Financial Records

Note:

GAAP requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**OAKLAND BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS**
(Una audited)
(modified accrual basis of accounting)

	Fiscal Year Ended, June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 133,811	\$ 598,102	\$ 519,211	\$ 1,203,128	\$ 720,941	\$ 915,303	\$ 933,248	\$ 619,696	
Unreserved Restricted	381,667	558,515	908,660	256,768	425,658	430,287	264,430	314,166	
Committed									\$ 748,425
Assigned									26,200
Unassigned									349,841
Total General Fund	<u>\$ 515,478</u>	<u>\$ 1,156,617</u>	<u>\$ 1,427,871</u>	<u>\$ 1,459,896</u>	<u>\$ 1,146,599</u>	<u>\$ 1,345,590</u>	<u>\$ 1,197,678</u>	<u>\$ 933,862</u>	<u>\$ 1,359,186</u>
All Other Governmental Funds									
Reserved									
Unreserved Restricted	\$ (321)	-	\$ 682,147	\$ 2,270,854	\$ 839,973	\$ 62,456	\$ 61,395	\$ 21,088	
			(337,375)	(2,341,326)	(565,188)	188,139	28,343		
Total All Other Governmental Funds	<u>\$ (321)</u>	<u>\$ -</u>	<u>\$ 344,772</u>	<u>\$ (70,472)</u>	<u>\$ 274,785</u>	<u>\$ 250,595</u>	<u>\$ 89,738</u>	<u>\$ 21,088</u>	<u>\$ 24,329</u>

Source: District's Financial Records

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
Tax Levy	\$ 16,630,028	\$ 18,342,838	\$ 19,405,798	\$ 20,102,523	\$ 21,459,443	\$ 22,363,595	\$ 23,142,022	\$ 23,662,652	\$ 24,534,386
Interest Earnings	12,170								
Miscellaneous	48,504	100,507	150,565	180,115	329,169	292,347	153,032	163,154	189,643
State Sources	2,446,972	2,918,487	2,967,422	3,507,491	4,039,686	4,178,049	2,959,530	3,316,475	2,285,064
Federal Sources	302,095	335,628	358,631	375,757	407,663	416,276	409,145	628,856	563,581
Total Revenue	19,439,769	21,697,460	22,882,416	24,165,886	26,235,961	27,250,267	26,663,729	27,771,137	27,572,674
Expenditures									
Instruction									
Regular Instruction	7,677,216	10,486,661	9,700,331	10,860,566	11,233,924	11,872,320	11,293,485	11,356,810	10,863,967
Special Education Instruction	1,864,582	2,552,857	3,283,996	2,689,188	3,791,480	3,936,494	3,914,772	4,631,449	4,648,299
Other Instruction	532,879	834,605	898,665	1,213,381	1,171,557	1,067,962	1,132,710	1,052,093	1,145,532
School Sponsored Activities and Athletics	72,845	77,043	117,060	130,809	158,278	148,534	141,442	114,909	136,171
Support Services:									
Student and Inst. Related Services	1,521,263	2,198,072	2,678,237	2,951,075	3,243,741	3,341,576	3,373,905	3,329,952	3,358,370
General Administration	443,198	653,677	919,213	790,443	653,954	1,798,279	650,780	695,061	704,713
School Administrative Services	1,083,727	1,534,512	1,514,977	1,603,338	1,728,040	698,081	1,795,779	2,017,179	2,043,546
Central Services	326,960	345,978	406,266	401,826	481,470	511,123	500,657	528,328	522,661
Plant Operations And Maintenance	1,384,790	1,437,853	1,697,890	1,979,321	2,045,506	2,076,220	2,126,359	2,285,592	2,080,089
Pupil Transportation	658,737	794,185	804,286	833,587	934,835	973,729	994,203	1,041,432	1,045,976
Employee Benefits	3,859,766								
Capital Outlay	1,059,529	131,948	191,295	872,738	3,339,836	1,528,318	489,988	518,063	84,231
Bond Issuance Costs						32,967			
Debt Service:									
Principal		97,448	99,209	241,730	123,695	320,591	353,714	364,408	356,940
Interest and Other Charges	-	43,109	39,614	40,082	30,685	192,544	204,704	168,327	153,614
Total Expenditures	20,485,492	21,187,948	22,351,039	24,608,084	28,937,001	28,498,738	26,972,498	28,103,603	27,144,109
Excess (Deficiency) of Revenues									
Over (Under) Expenditures	(1,045,723)	509,512	531,377	(442,198)	(2,701,040)	(1,248,471)	(308,769)	(332,466)	428,565
Other Financing Sources (Uses)									
Proceeds From Borrowing	880,016								
Proceed From Sale of Bonds					2,733,000	1,152,000			
Capital Leases (Non-Budgeted)		131,948	84,649	58,979		271,272			
Transfers In			424,958	67,303	64,131	29,944	49,066	11,600	27
Transfers Out	-	-	(424,958)	(67,303)	(64,131)	(29,944)	(49,066)	(11,600)	(27)
Total Other Financing Sources (Uses)	880,016	131,948	84,649	58,979	2,733,000	1,423,272	-	-	-
Net Change in Fund Balances	\$ (165,707)	\$ 641,460	\$ 616,026	\$ (383,219)	\$ 31,960	\$ 174,801	\$ (308,769)	\$ (332,466)	\$ 428,565
Debt Service as a Percentage of									
Noncapital Expenditures	0.00%	0.67%	0.63%	1.19%	0.60%	1.90%	2.11%	1.93%	1.89%

Source: District's Financial Records

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

OAKLAND BOARD OF EDUCATION
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 UNAUDITED

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Tuition	\$ 10,999									
Transportation Fees	35,167	\$ 35,169	\$ 61,260	\$ 64,074	\$ 82,964	\$ 84,313	\$ 81,747	\$ 81,241	\$ 92,437	\$ 76,579
Interest Earnings	32,719	12,167	17,214	52,191	76,627	93,747	55,583	8,597		20,902
Interest Capital Reserve	5	3	7	16	3,471	7,053			2,094	2,837
Prior Years Refunds				13,385					23,439	48,231
Rentals	2,700	3,000	3,000	3,000	3,001	3,000	3,000		4,000	4,525
Miscellaneous	994	10,335	19,026	17,899	8,279		11,573		10,158	20
Contributions/Donations	-	-	-	-	-	76,925	-	-	-	-
	\$ 82,584	\$ 60,674	\$ 100,507	\$ 150,565	\$ 174,342	\$ 265,038	\$ 151,903	\$ 89,838	\$ 132,128	\$ 153,094

Source: District Financial Records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2002	\$ 34,202,800	\$ 922,573,400	\$ 2,647,200	\$ 41,200	\$ 101,750,700	\$ 108,995,500		\$ 1,170,210,800	\$ 3,026,719	\$ 1,173,237,519	\$ 1,698,929,623	1.363
2003	30,988,900	931,936,700	2,491,200	41,200	104,120,500	103,994,500		1,173,573,000	2,932,001	1,176,505,001	1,691,841,204	1.486
2004	29,915,900	936,779,700	2,609,900	33,100	102,739,300	102,303,400		1,174,381,300	2,594,717	1,176,976,017	1,878,168,264	1.604
2005	57,551,100	2,113,284,400	4,855,200	29,400	174,470,800	172,170,700		2,522,361,600	2,286,750	2,524,648,350	2,105,103,439	0.782
2006	50,027,500	2,120,500,400	3,578,600	25,800	174,877,400	172,195,400		2,521,205,100	3,708,659	2,524,913,759	2,390,253,357	0.823
2007	45,082,600	2,128,715,000	3,578,600	25,800	172,988,100	172,016,600		2,522,406,700	4,588,960	2,526,995,660	2,540,298,167	0.871
2008	44,786,500	2,135,944,700	3,578,600	65,800	173,664,700	174,344,700		2,532,385,000	4,422,455	2,536,807,455	2,671,143,488	0.896
2009	42,396,400	2,141,264,100	3,305,200	65,800	176,488,900	173,344,700		2,536,865,100	5,707,334	2,542,572,434	2,775,734,176	0.921
2010	42,187,500	2,142,909,700	2,982,300	22,700	182,765,500	174,344,700		2,545,212,400	5,049,895	2,550,262,295	2,678,697,472	0.946
2011 b	28,272,400	1,798,418,500	2,557,300	25,900	173,457,800	168,479,300		2,171,211,000	100	2,171,211,100	2,370,838,202	1.147

Source: County Abstract of Rentals

^a Tax rates are per \$100

^b Borough undertook a re-assessment of property in 2011

**OAKLAND BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
TEN FISCAL YEARS
(Unaudited)**

<u>Assessment Year</u>	<u>Oakland School District</u>	<u>Borough of Oakland</u>	<u>Regional H.S. District</u>	<u>Bergen County</u>	<u>Total</u>
2002	\$ 1.363	\$ 0.631	\$ 0.585	\$ 0.321	\$ 2.900
2003	1.486	0.677	0.642	0.305	3.110
2004	1.604	0.731	0.689	0.326	3.350
2005	0.782	0.371	0.340	0.157	1.650
2006	0.823	0.427	0.632	0.168	2.050 *
2007	0.871	0.464	0.379	0.196	1.910
2008	0.896	0.510	0.382	0.195	1.983
2009	0.921	0.531	0.390	0.210	2.052
2010	0.946	0.537	0.398	0.217	2.098
2011	1.147	0.612	0.465	0.227	2.451 **

*- The Borough has experienced a revaluation of real property which became effective for the 2005 year.

** - The Borough undertook a re-assessment of property in 2011

Source: Abstract of Ratables, County Board of Taxation.

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

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Washington Square Owner, LLC	\$ 14,858,400	0.68%		
Jayare Associates, LLC	15,848,000	0.73%		
40 Potash Road Associates, LLC	12,084,100	0.56%		
Shiseido America, Inc	11,511,700	0.53%		
Oakland Care Ctr Real Estate Co, LLC	9,725,000	0.45%		
5 Thornton Road Associates, LLC	9,908,200	0.46%		
The Realty Associates Fund	10,216,600	0.47%		
Public Service & Electric	6,679,600	0.31%		
1 Raritan Road Realty LLC	6,235,900	0.29%		
Ramapo Valley Resources Ltd	6,087,700	0.28%		
	<u>\$ 103,155,200</u>	<u>4.75%</u>		
			NOT AVAILABLE	
			-	

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 15,345,427	\$ 15,345,427	100.00%	-
2003	16,630,028	16,630,028	100.00%	-
2004	18,342,838	18,342,838	100.00%	-
2005	19,405,798	19,405,798	100.00%	-
2006	20,102,523	20,102,523	100.00%	-
2007	21,459,443	21,459,443	100.00%	-
2008	22,363,595	22,363,595	100.00%	-
2009	23,142,022	23,142,022	100.00%	-
2010	23,662,652	23,662,652	100.00%	-
2011	24,534,386	24,534,386	100.00%	-

Source: District's Financial Records

**OAKLAND BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2005		\$ 935,943		\$ 935,943	13,459	\$ 70
2006		753,192	\$ 2,733,000	3,486,192	13,331	262
2007	\$ 2,733,000	629,497		3,362,497	13,315	252
2008	3,750,000	715,178		4,465,178	13,312	335
2009	3,555,000	556,464		4,111,464	13,312	309
2010	3,350,000	400,056		3,750,056	13,293	282
2011	3,140,000	253,116		3,393,116	12,754	266

Source: District's Financial Records and Dept. of Education

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only six years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

OAKLAND BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2005	-				
2006	-				
2007	\$ 2,733,000		\$ 2,733,000	0.11%	\$ 205
2008	3,750,000		3,750,000	0.10%	282
2009	3,555,000		3,555,000	0.14%	267
2010	3,350,000		3,350,000	0.13%	252
2011	3,140,000		3,140,000	0.14%	246

Source: District Financial Records and Apportionment of Taxes

Note:

GASB requires that ten years of statistical data be presented, only six years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present. In 2007 the district sold general obligation bonds.

**OAKLAND BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2010
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of Oakland	\$ 16,722,789
Borough of Oakland School District	3,200,000
Ramapo Valley Regional High School	<u>5,394,070</u>
	25,316,859
Overlapping debt Apportioned to the Municipality:	
Bergen County (2);(A):	<u>9,847,763</u>
 Total Direct and Overlapping Debt	 <u>\$ 35,164,622</u>

(A) The debt for this entity was apportioned to the Borough of Oakland by dividing the Municipality's 2010 equalized value by the total 2010 equalized value for Bergen County.

Sources:

- (1) Borough of Oakland 2010 Annual Debt Statement
- (2) Bergen County 2010 Annual Debt Statement

OAKLAND BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 45,693,970	\$ 50,755,236	\$ 50,755,236	\$ 56,172,479	\$ 63,161,366	\$ 70,397,150	\$ 76,208,945	\$ 79,978,732	\$ 80,650,042	\$ 79,781,165
Total Net Debt Applicable to Limit	-	-	-	-	2,733,135	3,886,121	3,751,121	3,556,121	3,351,121	3,141,121
Legal Debt Margin	\$ 45,693,970	\$ 50,755,236	\$ 50,755,236	\$ 56,172,479	\$ 60,428,231	\$ 66,511,029	\$ 72,457,824	\$ 76,422,611	\$ 77,298,921	\$ 76,640,044
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	4.33%	5.52%	4.92%	4.45%	4.16%	3.94%

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized Valuation Basis	
2010	\$2,561,864,519
2009	2,658,563,901
2008	2,757,688,119
	<u>\$7,978,116,539</u>
Average Equalized Valuation of Taxable Property	\$2,659,372,180
Debt Limit (3 % of Average Equalization Value)	79,781,165
Total Net Debt Applicable to Limit	3,141,121
Legal Debt Margin	<u>\$ 76,640,044</u>

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

**OAKLAND BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (1)</u>	<u>Population</u>
2001	2.50%	\$ 52,102	12,897
2002	3.40%	51,931	13,205
2003	3.30%	51,291	13,510
2004	2.70%	54,669	13,548
2005	2.60%	56,963	13,459
2006	2.80%	63,021	13,331
2007	2.50%	67,113	13,315
2008	3.30%	68,541	13,312
2009	5.96%	64,388	13,293
2010	6.10%	NA	12,754

Source: U.S. Department of Commerce
U.S. Bureau of the Census, Population Division
N.J. Department of Labor, Bureau of Labor Force Statistics

(1) Represents County information

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

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

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction											
Regular	121.0	121.6	122.6	122.6	122.6	124.6	124.6	124.6	126.6	114.8	115.5
Special Education	42.0	42.0	43.5	44.5	46.0	47.0	47.0	47.0	47.0	50.5	50.0
Support Services:											
Student and Instruction Related Services	19.2	19.2	20.2	20.2	21.2	21.2	21.2	21.2	21.2	35.5	33.5
General Administration	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
School Administrative Services	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Central Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Administrative Information Technology	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant Operations And Maintenance	19.3	19.3	19.3	20.3	20.3	20.3	20.3	20.3	20.3	20.6	18.5
Pupil Transportation	2.6	2.6	3.6	3.6	3.6	3.6	3.6	4.0	4.0	5.0	4.0
Total	227.1	227.7	232.2	234.2	236.7	240.7	240.7	241.1	243.1	249.4	244.5

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School					
2002	1,586	\$ 17,859,158	\$ 11,261	3.16%	236	11.4:1	10.5:1	1,552	1,486	3.11%	95.77%	
2003	1,613	19,503,114	12,091	7.38%	247	11.4:1	12.2:1	1,571	1,502	1.26%	95.60%	
2004	1,648	21,016,931	12,753	5.47%	240	11.7:1	12.0:1	1,600	1,528	1.82%	95.51%	
2005	1,713	22,059,373	12,878	0.98%	244	11.8:1	11.3:1	1,655	1,580	3.43%	95.49%	
2006	1,692	23,735,346	14,028	8.93%	248	11.7:1	10.4:1	1,675	1,599	1.23%	95.47%	
2007	1,724	25,597,165	14,848	5.84%	152	N/A	N/A	1,724	1,655	2.93%	96.00%	
2008	1,648	26,424,318	16,034	7.99%	152	11.6:1	10.2:1	1,648	1,570	-4.41%	95.27%	
2009	1,672	25,924,092	15,505	-3.30%	154	11.5:1	10.1:1	1,679	1,608	1.88%	95.77%	
2010	1,697	27,052,805	15,942	2.82%	152	11.9:1	9.9:1	1,699	1,633	1.19%	96.12%	
2011	1,718	26,549,524	15,454	-3.06%	154	11.8:1	9.8:1	1,692	1,625	-0.41%	96.04%	

Sources: District records

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

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>District Building</u>										
<u>Elementary</u>										
<u>Dogwood Hill</u>										
Square Feet	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180
Capacity (students)	286	286	286	286	286	286	286	286	286	286
Enrollment	301	311	314	291	305	305	305	320	319	314
<u>Heights</u>										
Square Feet	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548
Capacity (students)	418	418	418	418	418	418	418	418	418	418
Enrollment	353	359	395	433	422	422	422	435	459	465
<u>Manito</u>										
Square Feet	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162
Capacity (students)	324	324	324	324	324	324	324	324	324	324
Enrollment	393	415	430	413	400	400	400	367	347	331
<u>Middle School</u>										
<u>Valley</u>										
Square Feet	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557
Capacity (students)	648	648	648	648	648	648	648	648	648	648
Enrollment	560	546	562	559	594	594	594	570	573	582
Number of Schools at June 30, 2010										
Elementary =	3	3	3	3	3	3	3	3	3	3
Middle School =	1	1	1	1	1	1	1	1	1	1
Senior High School =	N/A									
Other =	0	0	0	0	0	0	0	0	0	0

Source: District Records

OAKLAND BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 FOR THE TEN FISCAL YEARS ENDED JUNE 30,
 (Unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
School Facilities										
Dogwood Hill School	\$ 33,937	\$ 31,275	\$ 22,466	\$ 34,090	\$ 38,277	\$ 43,117	\$ 40,567	\$ 54,274	\$ 27,398	\$ 28,177
Heights School	49,347	45,876	32,950	43,007	48,289	54,395	52,266	69,925	39,067	32,946
Manito School	36,668	41,309	29,955	34,528	38,768	43,670	41,438	55,439	30,295	23,379
Valley Middle School	75,090	84,604	63,953	71,259	80,010	90,127	90,102	120,544	124,333	73,390
Grand Total	\$ 195,042	\$ 203,064	\$ 149,324	\$ 182,884	\$ 205,344	\$ 231,309	\$ 224,373	\$ 300,182	\$ 221,093	\$ 157,892

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2011
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Utica Mutual Insurance Co.		
Property - Blanket Building & Contents	\$ 46,375,401	\$ 1,000
Comprehensive General Liability	1,000,000	1,000
Comprehensive Automobile Liability	1,000,000	
School District/ Educators Legal Liability	1,000,000	7,500
Computer and Scheduled Equipment Utica Mutual Insurance Co.		
Data Processing Equipment	230,000	100
Equipment Breakdown- Utica Mutual Ins. Company	Included	
Umbrella Liability - Utica Mutual Ins. Co.	10,000,000	10,000
Cap Excess Umbrella - Fireman's Fund	50,000,000	
Public Employees' Faithful Performance		
Position Bond - Utica Mutual Ins. Co. - Treasurer	231,000	
Position Bond - Utica Mutual Ins. Co. - Business Administrator	210,000	
Workers Compensation - ERIC/NJSBA	2,000,000	
Workers Compensation Supplemental - NJSBA	Included	
Student Accident Policy - Bollinger	5,000,000	

Source: District Records

Source: School District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, CPA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Oakland Board of Education's basic financial statements and have issued our report thereon dated December 2, 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 audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Oakland Board of Education'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Oakland Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

We noted certain matters that we have reported to management of the Oakland Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 2, 2011.

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


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


 Paul J. Lerch
 Public School Accountant
 PSA Number CS01118

Fair Lawn, New Jersey
 December 2, 2011

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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

Independent Auditor's Report

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

Compliance

We have audited the Oakland Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Oakland Board of Education's major federal and state programs for the fiscal year ended June 30, 2011. Oakland Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Oakland Board of Education's management. Our responsibility is to express an opinion on Oakland Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Oakland Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Oakland Board of Education's compliance with those requirements.

In our opinion, Oakland Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

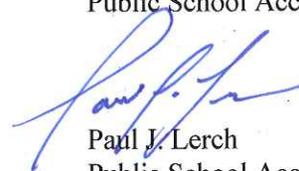
Management of Oakland Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Oakland Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program 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 New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis.

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.

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


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


 Paul J. Lerch
 Public School Accountant
 PSA Number CS01118

Fair Lawn, New Jersey
 December 2, 2011

OAKLAND BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal CFDA Number	Federal/Grantor/Pass-Through Grantor/ Program Title	Grant Period	Award Amount	Balance July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Year's Balances	Balance, June 30, 2011		Memo GAAP Receivable	
										(Account Receivable)	Deferred Revenue		Due to Grantor
U.S. Department of Education													
Passed-through State Department of Education													
10.550	7/1/10-6/30/11	\$ 20,728	\$ 19,998			\$ 730							
10.550	7/1/09-6/30/10	30,145	555										
10.555	7/1/10-6/30/11	56,401	56,401										
10.555	7/1/09-6/30/10	52,288	(5,165)										
	Total U.S. Department of Agriculture		(4,610)			77,308	76,954				(4,986)	730	(4,986)
U.S. Department of Education													
Passed-through State Department of Education													
84.367A	9/1/09-8/31/10	26,639	(6,612)			6,269					(343)		(343)
84.367A	9/1/10-8/31/11	38,346				9,187	9,691				(29,159)	28,655	(504)
84.318X	9/1/10-8/31/11	142									(142)	142	
84.318X	9/1/09-8/31/10	341	(213)			213							
84.365A	9/1/10-8/31/11	18,835									(18,835)	18,835	
84.365A	9/1/09-8/31/10	23,338	(4,503)			4,503							
84.365A	9/1/07-8/31/08	14,492	9,231										
84.184	9/1/09-8/31/10	962	(80)			5							
84.184	9/1/10-8/31/11	882											
84.298A	9/1/07-8/31/08	2,304	347										
84.027	9/1/10-8/31/11	366,604				355,637	366,604				(10,967)		(10,967)
84.027	9/1/09-8/31/10	363,761	(84,202)			84,202							
84.027	9/1/08-8/31/09	357,353	316										
84.391	9/1/09-8/31/10	404,031	(23,222)			68,195	174,042				(146,844)	17,775	(122,283)
84.392	9/1/09-8/31/10	14,619	6				3,663				(4,782)	1,125	
84.175	9/1/09-8/31/10	19,441	208									208	
84.175	9/1/10-8/31/11	20,024				20,024	20,024						
	Total U.S. Department of Education		(108,724)			548,235	574,024	75	9,894		(211,954)	67,622	(134,097)
	Total		\$ (113,334)			\$ 625,543	\$ 650,978	\$ 75	\$ 9,894		\$ (216,940)	\$ 68,352	\$ (139,083)

**OAKLAND BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Oakland Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$87,059 for the general fund and a decrease of \$73,454 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,991,840	\$ 1,991,840
Special Revenue Fund	\$ 563,581	175,050	738,631
Debt Service Fund		118,174	118,174
Food Service Fund	<u>77,183</u>	<u>5,609</u>	<u>82,792</u>
Total Financial Assistance	<u>\$ 640,764</u>	<u>\$ 2,290,673</u>	<u>\$ 2,931,437</u>

**OAKLAND BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$823,965 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$35,706 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$758,396 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

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

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

OAKLAND BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over compliance

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

2) Significant deficiencies identified that were not considered to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance for major programs Unqualified

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEIA Basic</u>
<u>84.173</u>	<u>IDEIA Preschool</u>
<u>84.392</u>	<u>IDEIA Preschool ARRA</u>
<u>84.391</u>	<u>IDEIA Basic ARRA</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes X no

OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I - Summary of Auditor's Results

State Awards Section

Internal Control over compliance:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report on compliance for major programs: Unqualified

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

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>495-034-5095-002</u>	<u>TPAF Social Security</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to determine Type A programs: \$ 300,000

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

OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part 2 - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

CURRENT YEAR STATE AWARDS

There are none.

**OAKLAND BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.