

SCHOOL DISTRICT

OF

LAKEHURST



**LAKEHURST BOARD OF EDUCATION
LAKEHURST, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

LAKEHURST BOARD OF EDUCATION

LAKEHURST, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

PREPARED BY

**LAKEHURST BOARD OF EDUCATION
FINANCE DEPARTMENT**

LAKEHURST SCHOOL DISTRICT

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INTRODUCTORY SECTION

Lakehurst Board of Education
401 Union Avenue
Lakehurst, New Jersey 08733
(732) 657-5751
Fax (732) 657-9023

Mark C. DeMareo, Interim Superintendent

Board Members:

Joann Septor, President
 Kevin Oliver, Vice President
 April Chillemi
 Joseph Hanily
 Mary Welch

December 3, 2012

Honorable President and Members
 Of the Board of Education
 Lakehurst School District
 Lakehurst, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Lakehurst School District for the fiscal year ended June 30, 2012 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 Lakehurst Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES: Lakehurst School District is an independent reporting entity within the criteria adopted by GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report.

The District provides a full range of educational services appropriate to grade levels PK through 8. These include regular, vocational as well as special education for handicapped youngsters. On October 15, 2011 the District reported an enrollment of 585 students. The Lakehurst Board of Education has a sending relationship with Manchester Township Board of Education for the High School grades 9 through 12 and began the 2011-2012 fiscal year with sending 161 students to Manchester Township Board of Education (161 of our 585 students). Lakehurst District also completed the school year with 6 out-of-district students that are sent to various special schools. The following details the changes in the student enrollment of the District over the last ten years.

To: Honorable President and Members

<i>FISCAL YEAR</i>	<i>STUDENT ENROLLMENT</i>	<i>PERCENT CHANGE</i>
2011-2012	585	
2010-2011	582	0.52
2009-2011	561	(5.25)
2008-2009	592	(4.56)
2007-2008	619	0.0
2006-2007	619	(9.35)
2005-2006	677	4.00
2004-2005	651	9.79
2003-2004	593	(.07)
2002-2003	597	(3.1)

2) ECONOMIC CONDITION AND OUTLOOK: The Lakehurst Borough area is basically a residential community of single and double family units. The population has remained relatively stable since 1970 or has had a slight downward trend. The community has been at maximum land utilization for several years as currently zoned. The maximum land utilization is expected to continue which suggests that Lakehurst will remain the same with slight or no growth.

3) MAJOR INITIATIVES: Lakehurst School District directly services students grades PK – 8, and the result of the Spring 2012 Standardized test Scores are listed below:

<u>Grade 8 – NJ ASK 8 Total Students</u>		<u>Grade 7 - ASK 7 Total Students</u>		<u>Grade 6 – ASK 6 Total Students</u>	
Language Arts Literacy	72.7%	Language Arts Literacy	39.4%	Language Arts Literacy	61.9%
Mathematics	61.3%	Mathematics	69.7%	Math	92.9%
Science	81.9%				
<u>Grade 5 – ASK 5 Total Students</u>		<u>Grade 4 - ASK 4 Total Students</u>		<u>Grade 3 – ASK 3 Total Students</u>	
Language Arts Literacy	45.2%	Language Arts Literacy	31.8%	Language Arts Literacy	50%
Mathematics	85.7%	Mathematics	56.8%	Math	78.3%
		Science	90.9%		

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 assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

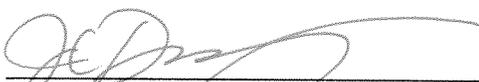
As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District Management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

To: Honorable President and Members

- 5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project funds. The final budget amount as amended for the fiscal year is reflected in the financial section.
- 6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Government on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.
- 7) DEBT ADMINISTRATION: The Board of Education has completed paying a lease purchase note for AC/Electrical upgrade in 2003-2004. The Borough of Lakehurst passed a Referendum in April 2011 approving a roofing project and mechanical upgrades for the heating and electric systems. As of 06/30/10, \$1,171,000 bonds were issued for the upcoming \$4,754,897 of which \$3,583,210 is being paid by the State.
- 8) CASH MANAGEMENT: The investment policy of the district is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 9) RISK MANAGEMENT: The Board carries various forms of insurance including but not limited to general liability, automobile liability, hazard and theft insurance on property and contents and fidelity bonds.
- 10) OTHER INFORMATION:
- INDEPENDENT AUDIT - State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Co. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and State OMB Circular Letter 04-04. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
- 11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Lakehurst School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully Submitted,



Jill Dobrowansky
Superintendent 08/20/12



Barry J. Parlman
School Business Administrator

LAKEHURST BOARD OF EDUCATION

LAKEHURST, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2012

MEMBERS OF THE BOARD OF EDUCATION TERM EXPIRES

Joann Septor	President	2014
Kevin Oliver	Vice President	2012
April Chillemi	Member	2013
Joseph Hanily	Member	2014
Mary Welch	Member (Resigned June 25, 2012)	2012

OTHER OFFICIALS

Mark C. DeMareo, Interim Superintendent

Barry J. Parliman, School Business Administrator/Board Secretary

Elizabeth Sarantinoudis, Treasurer

Steven Zabarsky, Attorney

LAKEHURST BOARD OF EDUCATION**CONSULTANTS AND ADVISORS****Audit Firm**

Robert A. Hulsart and Company
P.O. Box 1409
Wall, New Jersey 07719

Attorney

Citta, Holzapfel & Zabarsky
248 Washington Street
P.O. Box 4
Toms River, NJ 08754

Official Depositories

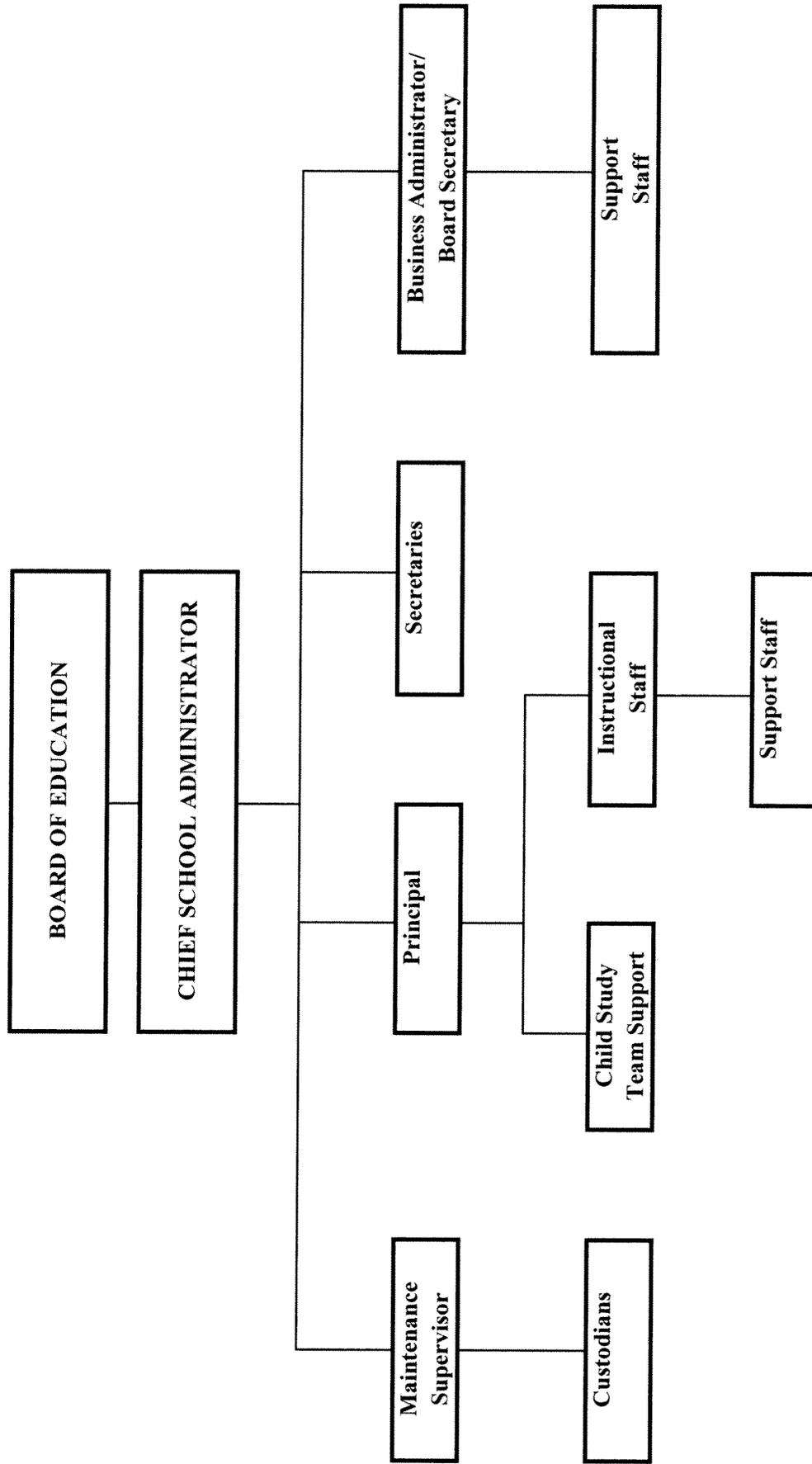
Wachovia Bank
40 Main Street
Toms River, New Jersey 08753

TD Bank
2570 Route 37
Manchester, NJ 08759

PNC Bank Corp.
2001 Highway 70
Lakehurst, New Jersey 08733

New Jersey Arm
Asset & Rebate Management Program
224 Strawbridge Drive
Suite 104
Moorestown, NJ 08057

**LAKEHURST BOARD OF EDUCATION
ORGANIZATIONAL CHART
(UNIT CONTROL)**



FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)

ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.

ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Lakehurst School District
County of Ocean
Lakehurst, 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 Board of Education of the Lakehurst School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lakehurst 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Lakehurst Board of Education, in the County of Ocean, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the 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 3, 2012, on our consideration of the Lakehurst Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this 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. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 9 through 15 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lakehurst Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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 respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

December 3, 2012

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

LAKEHURST SCHOOL DISTRICT
BOROUGH OF LAKEHURST
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The discussion and analysis of Lakehurst School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2011-2012 fiscal year is as follows:

- General revenues accounted for \$9,008,819 in revenue or 90% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$948,017 or 10% percent to total revenues.
- Total assets of governmental activities decreased by \$2,570,305.
- The School District had \$12,532,782 in expenses; only \$948,017 of these expenses was offset by program specific charges for services, grants or contributions. General revenues of \$9,008,819 were adequate to provide for these programs.
- The General Fund had \$9,121,587 in revenues and \$8,140,767 in expenditures. The General Fund's balance increased \$980,820 from 2011.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Lakehurst School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Using this Comprehensive Annual Financial Report (CAFR) – (Continued)

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Lakehurst School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2011-2012 fiscal year?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- **Governmental activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on exhibit A-1. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The School District's activities are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Table 1 provides a summary of the School District's net assets for the fiscal years ended 2012 and 2011.

	Table 1	
	Net Assets	
	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current and Other Assets	\$ 5,151,866	4,733,335
Capital Assets, Net	<u>534,101</u>	<u>564,928</u>
Total Assets	<u>\$ 5,685,967</u>	<u>5,298,263</u>
<u>Liabilities</u>		
Other Liabilities	\$ 3,105,483	93,858
Long-Term Liabilities	<u>1,066,425</u>	<u>1,114,400</u>
Total Liabilities	<u>\$ 4,171,908</u>	<u>1,208,258</u>

Table 1
Net Assets (Continued)

	<u>2012</u>	<u>2011</u>
<u>Net Assets</u>		
Invested in Capital Assets, Net of Debt	\$ 534,101	564,928
Restricted	1,092,946	4,534,203
Unrestricted	<u>(112,988)</u>	<u>(1,009,126)</u>
Total Net Assets	<u>\$ 1,514,059</u>	<u>4,090,005</u>

Table 2 shows the changes in net assets for fiscal years ended 2012 and 2011.

Table 2
Changes in Net Assets

	<u>2012</u>	<u>2011</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 53,980	64,699
Operating Grants and Contributions	894,037	708,048
General Revenues		
Property Taxes	1,146,791	1,147,664
Grants and Entitlements	7,770,798	6,828,035
Other	<u>91,230</u>	<u>13,236</u>
Total Revenues	<u>9,956,836</u>	<u>8,761,682</u>
<u>Program Expenses</u>		
Instruction	2,483,364	2,471,698
Support Services		
Pupils and Instructional Staff	3,095,412	3,047,053
General Administration, School Administration,		
Business	609,850	593,555
Operations and Maintenance of Facilities	384,572	380,498
Pupil Transportation	223,570	305,733
Miscellaneous	5,549,330	2,233,323
Food Service	<u>186,684</u>	<u>221,149</u>
Total Expenses	<u>12,532,782</u>	<u>9,253,009</u>
Change in Net Assets	<u>\$ (2,575,946)</u>	<u>(491,327)</u>

Business-Type Activities

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

- Food service expenses exceeded revenues by \$5,641.
- Charges for services represent \$53,980 of revenue. This represents amount paid by patrons for daily food services.
- Federal and State reimbursements for meals were \$117,526.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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

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

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

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

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Other includes unallocated depreciation and amortization.

School Board Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Lakehurst's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2012, it reported a combined net asset balance of \$1,514,059. The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

Capital Assets

At June 30, 2012, the School Board had approximately \$1,964,417 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2012 fiscal year.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Table II		
Capital Assets at June 30, 2012		
Land	\$ 51,090	
Buildings	481,894	
Machinery and Equipment	<u>717</u>	<u>400</u>
Total	<u>\$ 533,701</u>	<u>400</u>

Debt Administration

At June 30, 2012, the School District had \$1,131,425 as outstanding debt. This amount represents compensated absences of \$80,425 and bonds payable of \$1,051,000.

Economic Factors and Next Year's Budget

The Lakehurst School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The \$(88,611) in unrestricted net assets for all governmental activities represent the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a surplus of \$(88,611).

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Barry J. Parlman, School Business Administrator/Board Secretary at Lakehurst Board of Education, 401 Union Avenue, Lakehurst, NJ 08733.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

STATEMENT OF NET ASSETS

Exhibit A-1

JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,185,986		1,185,986
Accounts Receivables	1,606,901	6,659	1,613,560
Inventory		256	256
Restricted Assets:			
Cash and Cash Equivalents	2,352,064		2,352,064
Capital Assets, Not Being Depreciated	51,090		51,090
Capital Assets, Net	482,611	400	483,011
Total Assets	5,678,652	7,315	5,685,967
<u>Liabilities</u>			
Accounts Payable	3,009,191	31,292	3,040,483
Noncurrent Liabilities:			
Due Within One Year	65,000		65,000
Due Beyond One Year	1,066,425		1,066,425
Total Liabilities	4,140,616	31,292	4,171,908
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	533,701	400	534,101
Restricted For:			
Capital Projects	436,552		436,552
Debt Service	10,357		10,357
Special Revenue	(26,546)		(26,546)
Other Purposes	672,583		672,583
Unrestricted	(88,611)	(24,377)	(112,988)
Total Net Assets	\$ 1,538,036	(23,977)	1,514,059

The accompanying notes to financial statements are an integral part of this statement.

LAKEHURST SCHOOL DISTRICT

Exhibit A-2
Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental Activities:						
Instruction:						
Regular	\$ 1,605,434		110,136	(1,495,298)		(1,495,298)
Special Education	872,930		417,013	(455,917)		(455,917)
Other Instruction	5,000			(5,000)		(5,000)
Support Services:						
Tuition	2,501,349			(2,501,349)		(2,501,349)
Student & Instruction Related Services	594,063		139,178	(454,885)		(454,885)
School Administrative Services	609,850			(609,850)		(609,850)
Plant Operations and Maintenance	384,572			(384,572)		(384,572)
Pupil Transportation	223,570			(223,570)		(223,570)
Unallocated Depreciation	30,560			(30,560)		(30,560)
Unallocated Benefits	1,568,363		100,647	(1,467,716)		(1,467,716)
Capital Outlay	3,701,909			(3,701,909)		(3,701,909)
Education Jobs	210,783			(210,783)		(210,783)
Interest on Long-Term Debt	37,715			(37,715)		(37,715)
Total Government Activities	12,346,098	-	766,974	(11,579,124)	-	(11,579,124)
Business-Type Activities:						
Food Service	186,684	53,980	127,063		(5,641)	(5,641)
Total Business-Type Activities	186,684	53,980	127,063	-	(5,641)	(5,641)
Total Primary Government	12,532,782	53,980	894,037	(11,579,124)	(5,641)	(11,584,765)

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose,	1,048,776		1,048,776
Property Taxes, Levied for Debt Service	98,015		98,015
Federal and State Aid Not Restricted	7,770,798		7,770,798
Miscellaneous Income	91,230		91,230
Total General Revenues	<u>9,008,819</u>	<u>-</u>	<u>9,008,819</u>
Change in Net Assets	<u>(2,570,305)</u>	<u>(5,641)</u>	<u>(2,575,946)</u>
Net Assets - Beginning	<u>4,108,341</u>	<u>(18,336)</u>	<u>4,090,005</u>
Net Assets - Ending	<u>\$ 1,538,036</u>	<u>(23,977)</u>	<u>1,514,059</u>

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

FUND FINANCIAL STATEMENTS – B

LAKEHURST SCHOOL DISTRICT

BALANCE SHEET

Exhibit B-1

GOVERNMENTAL FUNDS

JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>Assets</u>					
Cash and Cash Equivalents	\$ 1,185,986	-	2,331,405	20,659	3,538,050
Interfund Receivable	299,671		17,487		317,158
Accounts Receivable	246,129	273,362	1,087,410		1,606,901
Total Assets	\$ 1,731,786	273,362	3,436,302	20,659	5,462,109
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Interfund Payable	\$ 7,185	299,671		10,302	317,158
Accounts Payable	-	237	2,999,750		2,999,987
Total Liabilities	7,185	299,908	2,999,750	10,302	3,317,145
Fund Balance:					
Reserved for:					
Assigned by:					
Reserved for Excess Surplus	32,583				32,583
Designated for Subsequent Years Expenditures	640,000			10,357	650,357
Unassigned	1,052,018	(26,546)	436,552		1,462,024
Total Fund Balances	1,724,601	(26,546)	436,552	10,357	2,144,964
Total Liabilities and Fund Balance	\$ 1,731,786	273,362	3,436,302	20,659	
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 \$1,952,683 and the accumulated depreciation is \$1,418,982.					
					533,701
Accrued Interest					(9,204)
Long-term liabilities, including bond payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)					
					(1,131,425)
Net assets of governmental activities					\$ 1,538,036

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 1,048,776			98,015	1,146,791
Miscellaneous	91,230				91,230
Total Local Sources	1,140,006	-		98,015	1,238,021
State Sources	6,389,968	225,718			6,615,686
Federal Sources	1,591,613	330,473			1,922,086
Total Revenues	9,121,587	556,191	-	98,015	9,775,793
<u>Expenditures</u>					
Current:					
Regular Instruction	1,588,409				1,588,409
Special Education Instruction	455,917	417,013			872,930
Other Instruction	5,000				5,000
Support Services and Undistributed Costs:					
Tuition	2,501,349				2,501,349
Student and Instruction Related Services	438,253				438,253
School Administrative Services	609,850				609,850
Plant Operations and Maintenance	384,572				384,572
Pupil Transportation	223,570				223,570
Unallocated Benefits	1,568,363				1,568,363
Capital Outlay	154,701		3,547,208		3,701,909
Education Jobs	210,783				210,783
Debt Service:					
Interest				38,015	38,015
Principal				60,000	60,000
Total Expenditures	8,140,767	572,823	3,547,208	98,015	12,358,813

LAKEHURST SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	980,820	(16,632)	(3,547,208)	-	(2,583,020)
Net Change in Fund Balances	980,820	(16,632)	(3,547,208)	-	(2,583,020)
Fund Balance - July 1	743,781	(9,914)	3,983,760	10,357	4,727,984
Fund Balance - June 30	<u>\$ 1,724,601</u>	<u>(26,546)</u>	<u>436,552</u>	<u>10,357</u>	<u>2,144,964</u>

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

LAKEHURST SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

Exhibit B-3

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ (2,583,020)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	(30,560)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities	60,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.	300
Compensated Absences	<u>(17,025)</u>
Change in Net Assets of Governmental Activities	<u>\$ (2,570,305)</u>

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

STATEMENT OF NET ASSETS

Exhibit B-4

PROPRIETARY FUNDS

JUNE 30, 2012

	<u>Business-Type Activities Enterprise Funds Food Service</u>
Assets:	
Current Assets:	
Accounts Receivable:	
State	\$ 113
Federal	6,546
Inventory	256
Total Current Assets	<u>6,915</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	11,734
Less: Accumulated Depreciation	<u>(11,334)</u>
Total Noncurrent Assets	<u>400</u>
Total Assets	<u>\$ 7,315</u>
Liabilities:	
Accounts Payable	<u>\$ 31,292</u>
Net Assets:	
Invested in Capital Assets Net of Related Debt	\$ 400
Unrestricted	<u>(24,377)</u>
Total Net Assets	<u>\$ (23,977)</u>

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

LAKEHURST SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit B-5

IN FUND NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2012

	<u>Business-Type Activities Enterprise Funds Food Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales	\$ 53,980
Total Operating Revenue	<u>53,980</u>
Operating Expenses:	
Cost of Sales	177,755
Miscellaneous	8,662
Depreciation	267
Total Operating Expenses	<u>186,684</u>
Operating Income (Loss)	(132,704)
Non-Operating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,155
Federal Sources:	
National School Lunch Program	79,764
National School Breakfast Program	35,607
USDA Commodities	9,537
Total Non-Operating Revenues	<u>127,063</u>
Change in Net Assets	(5,641)
Net Assets, July 1	<u>(18,336)</u>
Net Assets, June 30	<u>\$ (23,977)</u>

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

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDS

JUNE 30, 2012

	<u>Business-Type Activities Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 53,980
Payments to Suppliers	(171,506)
Net Cash Used by Operating Activities	<u>(117,526)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	2,155
Federal Sources	115,371
Net Cash Provided by Noncapital Financing Activities	<u>117,526</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	-
Balance Beginning of Year	<u>-</u>
Balance End of Year	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (132,704)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	267
Federal Commodities	9,537
Changes in Assets/Liabilities:	
(Increase)/Decrease in Inventory	(256)
(Increase)/Decrease in Accounts Receivables	(1,545)
Increase/(Decrease) in Accounts Payables	7,175
Net Cash Used by Operating Activities	<u>\$ (117,526)</u>

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

STATEMENT OF FIDUCIARY NET ASSETS

Exhibit B-7

FIDUCIARY FUNDS

JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
Assets:		
Cash and Cash Equivalents	\$ 2,706	4,927
Total Assets	<u>\$ 2,706</u>	<u>4,927</u>
Liabilities:		
Payroll Deductions and Withholdings		\$ 4,927
Total Liabilities		<u>\$ 4,927</u>
Net Assets:		
Reserved - Unemployment Benefits	\$ 2,706	
Total Net Assets	<u>\$ 2,706</u>	

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Exhibit B-8

FIDUCIARY FUNDS

JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Deposits	\$ 5,916
Total Contributions	<u>5,916</u>
Investment Earnings:	
Interest	<u>7</u>
Net Investments Earnings	<u>7</u>
Total Additions	<u>5,923</u>
Deductions:	
Unemployment Claims	<u>14,543</u>
Total Deductions	<u>14,543</u>
Change in Net Assets	(8,620)
Net Assets - Beginning of Year	<u>11,326</u>
Net Assets - End of Year	<u>\$ 2,706</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
LAKEHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Borough of Lakehurst School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Lakehurst School District is a Type II district located in the County of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Lakehurst School District had an approximate enrollment at June 30, 2012 of 585 students.

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

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

B. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

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

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Types

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g). All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2012 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control (Continued):

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

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

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

F. Encumbrances:

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

G. Short-Term Interfund Receivables/Payables:

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

NOTE 1: Summary of Significant Accounting Policies (Continued)

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

I. Capital Assets and Depreciation

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company during the 2012 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2011-2012 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2011, fiscal year 2012 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

The District is currently in the process of obtaining and installing software that will maintain proper capital asset and depreciation records.

NOTE 1: Summary of Significant Accounting Policies (Continued)**I. Capital Assets and Depreciation – (Continued)**

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012
Governmental Activities:				
Construction in Progress	\$ 51,090	_____	_____	51,090
Total	<u>51,090</u>	_____	_____	<u>51,090</u>
Depreciable Assets:				
Buildings	1,845,692	_____	_____	1,845,692
Equipment	55,901	_____	_____	55,901
Total	<u>1,901,593</u>	_____	_____	<u>1,901,593</u>
Less: Accumulated Depreciation:				
Buildings	(1,333,524)	(30,274)	_____	(1,363,798)
Equipment	<u>(54,898)</u>	<u>(286)</u>	_____	<u>(55,184)</u>
Total Accumulated Depreciation	<u>(1,388,422)</u>	<u>(30,560)</u>	_____	<u>(1,418,982)</u>
Net Depreciable Assets	<u>513,171</u>	<u>(30,560)</u>	_____	<u>482,611</u>
Net Capital Assets	<u>\$ 564,261</u>	<u>(30,560)</u>	_____	<u>533,701</u>

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012
Business-Type Activities:				
Equipment	\$ 11,734	_____	_____	11,734
Less: Accumulated Depreciation:				
Equipment	<u>(11,067)</u>	<u>(267)</u>	_____	<u>(11,334)</u>
Business-Type Activities Capital Assets (Net)	<u>\$ 667</u>	<u>(267)</u>	_____	<u>400</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 30,560</u>
-------------	------------------

NOTE 1: Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

K. Deferred Revenue

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 9).

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)

Deposits (Continued)

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking, Money Market Accounts	<u>\$ 3,540,301</u>

During the period ended June 30, 2012, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2012 was \$3,540,301 and the bank balance was \$4,412,805. Of the bank balance, \$581,216 was covered by federal depository insurance and \$3,831,589 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Credit Risk Categories**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Insured:		
FDIC	\$ 581,216	330,685
GUDPA	<u>3,831,589</u>	<u>987,609</u>
	<u>\$ 4,412,805</u>	<u>1,318,294</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u>			<u>Balance</u>	<u>Due</u>	<u>Long-Term</u>
	<u>June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>June 30, 2012</u>	<u>Within</u>	<u>Portion</u>
					<u>One Year</u>	
Compensated Absences Payable	\$ 63,400	17,025		80,425		80,425
Bonds Payable	<u>1,111,000</u>		<u>60,000</u>	<u>1,051,000</u>	<u>65,000</u>	<u>986,000</u>
	<u>\$ 1,174,400</u>	<u>17,025</u>	<u>60,000</u>	<u>1,131,425</u>	<u>65,000</u>	<u>1,066,425</u>

NOTE 3: General Long-Term Debt (Continued)**A. Bonds Payable**

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 65,000	36,815	101,815
2014	65,000	35,515	100,515
2015	70,000	33,890	103,890
2016	70,000	31,790	101,790
2017	75,000	29,690	104,690
2017-2021	420,000	107,400	527,400
2022-2025	<u>286,000</u>	<u>23,320</u>	<u>309,320</u>
	<u>\$ 1,051,000</u>	<u>298,420</u>	<u>1,349,420</u>

NOTE 4: Pension Plans

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

Teachers’ Pension and Annuity Fund (TPAF) – The Teachers’ Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers’ Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system’s other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees’ Retirement System (PERS) – The Public Employees’ Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

NOTE 4: Pension Plans (Continued)

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

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

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

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

NOTE 4: Pension Plans (Continued)

Funding Policy (Continued) - Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2012, the State of New Jersey contributed \$281,436 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$176,354 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/12	\$ None	100%	\$ 0
6/30/11	None	100%	0
6/30/10	None	100%	0

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/12	\$ 281,436	100%	0
6/30/11	199,877	100%	0
6/30/10	181,460	100%	0

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

NOTE 5: Post-Retirement Benefits (Continued)

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

NOTE 6: Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group (or current and long-term liabilities). The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the Food Service Fund.

NOTE 7: Risk Management

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

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

NOTE 7: Risk Management (Continued)

New Jersey Unemployment Compensation Insurance – 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 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 expendable trust fund for the current year and previous year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2011-2012	\$ 5,923	0	14,543	2,706
2010-2011	6,035	0	11,507	11,326
2009-2010	6,437	0	9,199	16,798

NOTE 8: Tuition Adjustments

Regulations specify that tuition adjustments for any given school year shall be remitted/ received in the two following years after the tuition rate is certified.

NOTE 9: Economic Dependency

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

NOTE 10: Contingent Liabilities

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

NOTE 11: Subsequent Event

The District on August 7, 2012 issued \$800,000 in temporary notes at 1.75% interest rate with a maturity date of August 8, 2013. The temporary notes were issued in anticipation of a state grant for the renovation of the Lakehurst Elementary School.

NOTE 12: Equity Balance

At June 30, 2012, the General Fund equity balance was as follows:

Unreserved - Designated for Subsequent Year's Expenditures	\$ 640,000
Reserved Fund Balance – Excess Surplus	32,583
Unreserved	<u>1,642,827</u>
	<u>\$ 2,315,410</u>

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget.

2% Calculation of Excess Surplus

2011-12 Total General Fund Expenditures Per the CAFR	\$ 8,140,767
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>457,790</u>
Adjusted 2011-12 General Fund Expenditures	<u>\$ 7,682,977</u>
2% of Adjusted 2011-12 General Fund Expenditures	<u>\$ 153,660</u>
Maximum Allowed	\$ 250,000
Increased by: Allowable Adjustment	<u>1,392,827</u>
Maximum Unassigned Fund Balance	<u>\$ 1,642,827</u>
Total General Fund – Fund Balance @ 6-30-12	\$ 2,315,410
Decreased by:	
Unreserved – Designated for Subsequent Year's Expenditures	<u>(640,000)</u>
Total Unassigned Fund Balance	<u>\$ 1,675,410</u>
Maximum Unassigned Fund Balance	<u>\$ 1,642,827</u>
Restricted Fund Balance – Excess Surplus	<u>\$ 32,583</u>
<u>Detail of Allowable Adjustments</u>	
Non-Public Transportation Aid	\$ 1,310
Extraordinary Aid	34,036
Impact Aid	<u>1,357,481</u>
Total Allowable Adjustments	<u>\$ 1,392,827</u>

NOTE 13: Fair Values of Financial Instruments

The following methods and assumptions were used by the Lakehurst Board of Education in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

NOTE 14: Fund Balance Appropriated

General Fund – Of the \$2,315,410 General Fund fund balance at June 30, 2012, \$640,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2014; \$32,583 is excess surplus and \$1,642,827 is unassigned.

NOTE 15: Deficit Fund Balances

The District has a deficit fund balance of \$26,546 in the Special Revenue Fund as of June 30, 2012 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school year budget. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need or corrective action. The District deficit in the GAAP fund statements of \$26,546 is equal to the last state aid payment.

NOTE 16: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2012. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

NOTE 16: Significant Accounting Pronouncements (Continued)

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2012 through December 3, 2012.

NOTE 17: Interfund Receivables and Payables

There were interfund balances on the balance sheet at June 30, 2012 as follows:

	<u>To</u>	<u>From</u>
General Fund	\$ 299,671	7,185
Special Revenue Fund		299,671
Capital Projects Fund	17,487	
Debt Service Fund	<u> </u>	<u>10,302</u>
	<u>\$ 317,158</u>	<u>317,158</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

LAKEHURST SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<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	\$ 1,048,776		1,048,776	1,048,776	-
Unrestricted Miscellaneous Revenue	5,000		5,000	91,230	86,230
Total Local Sources	<u>1,053,776</u>	<u>-</u>	<u>1,053,776</u>	<u>1,140,006</u>	<u>86,230</u>
State Sources:					
Equalization Aid	5,337,116		5,337,116	5,337,116	-
Special Education Aid	283,022		283,022	283,022	-
Categorical Security Aid	132,833		132,833	132,833	-
Transportation Aid	77,012		77,012	125,479	48,467
Adjustment Aid				35,913	35,913
Extraordinary Aid			-	34,036	34,036
Non-Public Transportation Aid				1,310	1,310
TPAF Pension (On Behalf Non-Budgeted)			-	281,436	281,436
TPAF Social Security (Reimbursed Non-Budgeted)			-	176,354	176,354
Total State Sources	<u>5,829,983</u>	<u>-</u>	<u>5,829,983</u>	<u>6,407,499</u>	<u>577,516</u>
Federal Sources:					
Impact Aid	550,000		550,000	1,357,481	807,481
Education Jobs Fund	204,380	6,403	210,783	210,783	-
Medicaid Reimbursement	20,000		20,000	23,349	3,349
Total Federal Sources	<u>774,380</u>	<u>6,403</u>	<u>780,783</u>	<u>1,591,613</u>	<u>810,830</u>
Total Revenues	<u>7,658,139</u>	<u>6,403</u>	<u>7,664,542</u>	<u>9,139,118</u>	<u>1,474,576</u>

LAKEHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 9

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Expenditures</u>					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Kindergarten	159,605	25,000	184,605	184,514	91
Grades 1 - 5	883,450	(85,909)	797,541	776,909	20,632
Grades 6 - 8	565,000	(76,437)	488,563	433,164	55,399
Regular Programs - Home Instruction:	4,000		4,000		4,000
Salaries of Teachers					
Regular Programs - Undistributed - Instruction:					
Other Salaries for Instruction	39,342	46,913	86,255	85,977	278
Other Purchased Services	28,500		28,500	20,861	7,639
General Supplies	56,075	(5,570)	50,505	47,003	3,502
Textbooks	15,096	4,270	19,366	19,299	67
Other Objects	36,000	(3,600)	32,400	20,682	11,718
Total Regular Programs Instruction	<u>1,787,068</u>	<u>(95,333)</u>	<u>1,691,735</u>	<u>1,588,409</u>	<u>103,326</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	52,605	20,064	72,669	72,669	-
Other Salaries for Instruction	37,822	(29,721)	8,101	5,930	2,171
General Supplies	1,000		1,000	749	251
Textbooks	500		500		500
Total Learning and/or Language Disabilities	<u>91,927</u>	<u>(9,657)</u>	<u>82,270</u>	<u>79,348</u>	<u>2,922</u>
Multiple Disabilities:					
Salaries of Teachers	111,558		111,558	109,370	2,188
Other Salaries for Instruction	20,860	(20,857)	3	-	3
Total Multiple Disabilities	<u>132,418</u>	<u>(20,857)</u>	<u>111,561</u>	<u>109,370</u>	<u>2,191</u>

LAKEHURST SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	283,908	(22,470)	261,438	246,249	15,189
Other Salaries for Instruction	19,839	1,200	21,039	20,950	89
General Supplies	1,000		1,000		1,000
Textbooks	500		500		500
Total Resource Room/Resource Center	305,247	(21,270)	283,977	267,199	16,778
Total Special Education - Instruction	529,592	(51,784)	477,808	455,917	21,891
School Sponsored Co-Curricular Activities - Instruction:					
Supplies and Materials	13,000		13,000	5,000	8,000
Total School Sponsored Co-Curricular Activities	13,000	-	13,000	5,000	8,000
Total Instruction	2,329,660	(147,117)	2,182,543	2,049,326	133,217
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEA Within State - Regular	1,610,000	11,769	1,621,769	1,618,219	3,550
Tuition - Other LEA Within State - Special	824,383	(115,569)	708,814	647,387	61,427
Tuition - County Voc. School Dist. - Regular	3,000		3,000		3,000
Tuition - Co. Spec. Serv. & Reg. Day Schools	254,374		254,374	235,743	18,631
Total Undistributed Expenditures - Instruction	2,691,757	(103,800)	2,587,957	2,501,349	86,608
Attendance and Social Work Services:					
Salaries	4,376	-	4,376	4,333	43
Total Attendance and Social Work Services	4,376	-	4,376	4,333	43

LAKEHURST SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Health Services:					
Salaries	56,701		56,701	55,589	1,112
Purchased Professional and Technical Services	8,410		8,410	8,410	-
Supplies and Materials	900		900	900	900
Total Health Services	66,011	-	66,011	63,999	2,012
Other Support Services-Speech, OT, PT & Related Services:					
Salaries	42,000	6,000	48,000	44,551	3,449
Total Other Support Services-Speech, OT, PT & Related Services	42,000	6,000	48,000	44,551	3,449
Other Support Services - Students - Extra Services:					
Purchased Professional Educational Services	56,000		56,000	49,406	6,594
Total Other Support Services-Students-Extra Services	56,000	-	56,000	49,406	6,594
Child Study Teams					
Salaries of Other Professional Staff	194,412		194,412	194,136	276
Salaries of Secretarial and Clerical Assistants	49,697	1,900	51,597	51,596	1
Purchased Professional Educational Services	5,000		5,000	1,827	3,173
Supplies and Materials	2,000		2,000	1,238	762
Total Other Support Services - Students - Special	251,109	1,900	253,009	248,797	4,212
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	21,583	831	22,414	22,413	1
Educational Media Services/Library:					
Other Purchased Services (400-500 Series)	3,536		3,536	960	2,576
Supplies and Materials	4,000	(600)	3,400	1,209	2,191
Total Educational Media Services/Library	7,536	(600)	6,936	2,169	4,767

LAKEHURST SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Instructional Staff Training Services:					
Purchased Professional Educational Services	5,000		5,000	2,425	2,575
Other Purchased Prof./Tech. Services	1,000		1,000	160	840
Total Instructional Staff Training Services	6,000	-	6,000	2,585	3,415
Support Services - General Administration:					
Salaries	147,960	(900)	147,060	147,045	15
Legal Services	9,000	13,551	22,551	22,495	56
Audit Fees	10,300		10,300	10,300	-
Communications/Telephone	15,000	9,861	24,861	23,347	1,514
BOE Other Purchased Services	3,000	4,000	7,000	5,053	1,947
Other Purchased Services (400-500 Series)	9,000	4,900	13,900	13,362	538
General Supplies	2,000		2,000	1,662	338
BOE In-House Training/Meeting Supplies	1,500	-	1,500	1,213	1,500
Miscellaneous Expenditures	1,500	236	1,736	1,213	523
BOE Membership Dues and Fees	8,000		8,000	7,999	1
Total Support Services - General Administration	207,260	31,648	238,908	232,476	6,432
Support Services School Administration:					
Salaries of Principals/Assistant Principals	74,460		74,460	72,918	1,542
Salaries of Secretarial and Clerical Assistants	14,200	350	14,550	14,547	3
Other Salaries	12,600		12,600	12,600	-
Purchased Prof. & Technical Services	10,000	2,500	12,500	12,409	91
Other Purchased Services	20,000		20,000	19,999	1
Supplies and Materials	4,000		4,000	3,978	22
Total Support Services School Administration	135,260	2,850	138,110	136,451	1,659

LAKEHURST SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Central Services:					
Salaries	223,887	6,901	230,788	230,788	-
Purchased Professional Services	5,000		5,000	4,987	13
Supplies and Materials	1,000		1,000		1,000
Total Central Services	<u>229,887</u>	<u>6,901</u>	<u>236,788</u>	<u>235,775</u>	<u>1,013</u>
Administrative Information Tech.					
Purchased Technical Services	10,000	(1,319)	8,681	5,148	3,533
Required Maintenance for School Facilities:					
Salaries	89,053		89,053	86,310	2,743
Cleaning, Repair, and Maintenance Services	17,600	(1,700)	15,900	13,570	2,330
General Supplies	18,200	1,700	19,900	18,467	1,433
Other Objects	6,000		6,000	5,097	903
Total Required Maintenance For School Facilities	<u>130,853</u>	<u>-</u>	<u>130,853</u>	<u>123,444</u>	<u>7,409</u>
Custodial Services					
Salaries	92,057	4,900	96,957	96,721	236
Purchased Professional & Technical Services	11,500		11,500	9,214	2,286
Cleaning, Repairs and Maintenance Services	9,000		9,000	8,939	61
Other Purchased Property Services	15,000	(1,500)	13,500	9,431	4,069
Insurance	32,000	(3,200)	28,800	28,030	770
Miscellaneous Purchased Services	5,000		5,000		5,000
General Supplies	2,000		2,000	77	1,923
Energy (Electricity)	68,000	891	68,891	68,891	-
Other Objects	1,000		1,000	240	760
Energy (Natural Gas)	72,000	(7,200)	64,800	34,245	30,555
Total Custodial Services	<u>307,557</u>	<u>(6,109)</u>	<u>301,448</u>	<u>255,788</u>	<u>45,660</u>

LAKEHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 7 of 9

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Care and Upkeep of Grounds	5,000		5,000		5,000
Purchased Professional & Technical Services	1,000		1,000		1,000
Cleaning, Repairs and Maintenance Services	1,000		1,000		1,000
General Supplies	7,000	-	7,000	-	7,000
Total Care and Upkeep of Grounds					
Security:					
Salaries	5,340		5,340	5,340	-
Purchased Professional & Technical Services	2,000		2,000		2,000
General Supplies	3,000		3,000		3,000
Total Security	10,340	-	10,340	5,340	5,000
Total Expenditures - Operations & Maintenance of Plant Services	455,750	(6,109)	449,641	384,572	65,069
Student Transportation Services:					
Contracted Services (Other Than Between Home and School) Vendors	9,500		9,500	9,155	345
Contracted Services (Between Home and School) Jointure Agreements	265,000	(26,500)	238,500	206,701	31,799
Contracted Services (Special Education Students) - Jointure Agreements	77,000	(7,700)	69,300	7,714	61,586
Contracted Services - Aid in Lieu of Payments	3,000		3,000		3,000
Total Student Transportation Services	354,500	(34,200)	320,300	223,570	96,730

LAKEHURST SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Unallocated Benefits:					
Social Security Contributions	65,000	5,879	70,879	70,879	-
Other Retirement Contributions - PERS	62,000	44,107	106,107	105,226	881
Other Retirement Contributions - ERIP	11,900	(1,248)	10,652	10,652	-
Unemployment Compensation	85,000	(8,491)	76,509	29,074	47,435
Workmen's Compensation	48,000	(4,736)	43,264	40,328	2,936
Health Benefits	958,000	(111,199)	846,801	829,914	16,887
Tuition Reimbursement	16,000	8,500	24,500	24,500	-
Total Unallocated Benefits	<u>1,245,900</u>	<u>(67,188)</u>	<u>1,178,712</u>	<u>1,110,573</u>	<u>68,139</u>
On Behalf TPAF Pension Contributions (Non-Budgeted)				281,436	(281,436)
Reimbursement TPAF Social Security Contributions (Non-Budgeted)				176,354	(176,354)
Total Undistributed Expenditures	<u>5,784,929</u>	<u>(163,086)</u>	<u>5,621,843</u>	<u>5,725,957</u>	<u>(104,114)</u>
Total Expenditures - Current Expense	<u>8,114,589</u>	<u>(310,203)</u>	<u>7,804,386</u>	<u>7,775,283</u>	<u>29,103</u>
Capital Outlay:					
Equipment:					
Grades 1-5	15,000		15,000	7,000	8,000
Grades 6-8	12,000		12,000	10,503	1,497
Facilities Acquisition and Construction Services:					
Legal Services	10,000		10,000		10,000
Architectural/Engineering Services	5,000		5,000	3,773	1,227
Other Purchased Professional and Technical Services	5,000		5,000	2,702	2,298
Construction Services	41,161	99,420	140,581	130,723	9,858
Other Objects	5,389		5,389		5,389
Total Capital Outlay	<u>93,550</u>	<u>99,420</u>	<u>192,970</u>	<u>154,701</u>	<u>38,269</u>

LAKEHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 9

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Education Jobs		210,783	210,783	210,783	
Total Expenditures	8,208,139	-	8,208,139	8,140,767	67,372
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(550,000)	6,403	(543,597)	998,351	1,541,948
Fund Balance July 1	1,317,059		1,317,059	1,317,059	-
Fund Balance June 30	\$ 767,059	6,403	773,462	2,315,410	1,541,948
Recapitulation:					
Assigned Fund Balances:				\$ 640,000	
Designated for Subsequent Year's Expenditures by the BOE				32,583	
Reserved Fund Balance - Excess Surplus				1,642,827	
Unassigned Fund Balance				2,315,410	
Reconciliation to Governmental Fund Statements (GAAP):				(590,809)	
Final State Payments not Recognized on GAAP Basis					
Fund Balance per Governmental Funds (GAAP)				\$ 1,724,601	

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1b

EDUCATION JOBS FUND

	<u>Adjusted Budget</u>	<u>Expended</u>	<u>Funds Available</u>
Salaries of Teachers-Grades 6-8			
18-130-100-101	\$ 48,355	48,355	
Language and or Learning Disabilities-Other Salaries for Instruction			
18-204-100-106	19,245	19,245	
Multiple Disabilities-Salaries of Teachers			
18-212-100-106	42,536	42,536	
Employee Benefits:			
18-000-291-270	<u>100,647</u>	<u>100,647</u>	<u> </u>
Total Education Jobs	<u>\$ 210,783</u>	<u>210,783</u>	<u> </u>

LAKEHURST SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ 264,550	(22,200)	242,350	242,350	
Federal Sources	252,161	78,312	330,473	330,473	
Total Revenues	<u>\$ 516,711</u>	<u>56,112</u>	<u>572,823</u>	<u>572,823</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 157,671	8,976	166,647	166,647	
Other Salaries for Instruction	41,119		41,119	41,119	
Other Purchased Services	144,000		144,000	144,000	
General Supplies	20,781	44,466	65,247	65,247	
Total Instruction	<u>363,571</u>	<u>53,442</u>	<u>417,013</u>	<u>417,013</u>	<u>-</u>
Support Services:					
Salaries of Other Professional Staff	12,000		12,000	12,000	
Personal - Services - Benefits	83,000	14,190	97,190	97,190	
Purchased Professional Technical Services	13,140		13,140	13,140	
Contr. Serv-Trans. (Between Home & School)	45,000	(22,200)	22,800	22,800	
Other Purchased Services		225	225	225	
Supplies and Materials		10,455	10,455	10,455	
Total Support Services	<u>153,140</u>	<u>2,670</u>	<u>155,810</u>	<u>155,810</u>	<u>-</u>
Total Expenditures	<u>\$ 516,711</u>	<u>56,112</u>	<u>572,823</u>	<u>572,823</u>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET-TO-GAAP RECONCILIATION

NOTE TO RSI

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary basis) "revenue" from budgetary comparison schedule	\$ 9,139,118	572,823
Difference - budget to GAAP		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	573,278	9,914
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(590,809)</u>	<u>(26,546)</u>
Total Revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 9,121,587</u>	<u>556,191</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 8,140,767</u>	<u>572,823</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,140,767</u>	<u>572,823</u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	N.C.L.B.						I.D.E.A.		Total
	Preschool Education Aid	Title I	Title IIA	Title I	Carryover		Basic	Preschool	
					Title IIA	Title IID			
Revenues:									
State Sources	\$ 242,350	89,188	15,220	42,961	9,404	225	166,775	6,700	242,350
Federal Sources									330,473
Total Revenues	242,350	89,188	15,220	42,961	9,404	225	166,775	6,700	572,823
Expenditures:									
Instruction:									
Salaries of Teachers	82,754	64,986	12,683					6,224	166,647
Other Salaries for Instruction	41,119								41,119
Other Purchased Services							144,000		144,000
General Supplies	12,677	1,025		41,400			10,145		65,247
Total Instruction	136,550	66,011	12,683	41,400	-	-	154,145	6,224	417,013
Support Services:									
Salaries of Other Professional Staff	12,000								12,000
Personal Services - Benefits	11,177		2,537	1,561	9,404		2,175	476	97,190
Purchased Professional Technical Services									13,140
Contr. Serv-Trans (Bet. Home and School)	22,800								22,800
Other Purchased Services						225			225
Supplies and Materials	105,800	23,177	2,537	1,561	9,404	225	10,455	476	10,455
Total Support Services							12,630		155,810
Total Expenditures	\$ 242,350	89,188	15,220	42,961	9,404	225	166,775	6,700	572,823

LAKEHURST SCHOOL DISTRICTSPECIAL REVENUE FUND

Exhibit E-2

PRESCHOOL EDUCATION AIDSCHEDULE OF EXPENDITURESBUDGETARY BASISFOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 82,754	82,754	-
Other Salaries for Instruction	41,119	41,119	-
General Supplies	12,677	12,677	-
Total Instruction	<u>136,550</u>	<u>136,550</u>	<u>-</u>
Support Services:			
Personal Services - Employee Benefits	83,000	83,000	-
Contr Serv-Trans (Bet. Home & School)	45,000	22,800	22,200
Total Support Services	<u>128,000</u>	<u>105,800</u>	<u>22,200</u>
Total Expenditures	<u>\$ 264,550</u>	<u>242,350</u>	<u>22,200</u>

Calculation of Budget and Carryover

Total 2011-2012 Preschool Education Aid Allocation	\$ 264,550
Actual ECPA Carryover (June 30, 2011)	
Total Funds available for 2011-2012 Budget	<u>\$ 264,550</u>
Less: Budgeted 2011-2012 Preschool Education Aid	<u>264,550</u>
Available and Unbudgeted at June 30, 2012 Preschool Education Aid	\$ -
Add: 2011-2012 Unexpended Preschool Education Aid	<u>22,200</u>
2011-2012 Actual Carryover Preschool Education Aid	<u>\$ 22,200</u>
2011-2012 Carryover Budgeted in 2012-2013 Preschool Education Aid	<u>\$ 22,200</u>

CAPITAL PROJECTS FUND – F

LAKEHURST SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF PROJECT EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2012

Issue/Project Title	Approval Date	Appropriations	Expenditures to Date		Unexpended Balance
			Prior Year	Current Year	
Roof Repairs	1/15/2009	\$ 1,464,672	508,797	755,952	199,923
H.V.A.C Improvements	1/15/2009	3,290,225	262,340	2,791,256	236,629
		<u>\$ 4,754,897</u>	<u>771,137</u>	<u>3,547,208</u>	<u>436,552</u>

LAKEHURST SCHOOL DISTRICT

61.

CAPITAL PROJECTS FUND

Exhibit F-2

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2012

Expenditures

Purchased Professional and Technical Services	\$	174,843
Other		60
Construction Services		3,372,305
Total Expenditures		<u>3,547,208</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		(3,547,208)
Fund Balance - Beginning		<u>3,983,760</u>
Fund Balance - Ending	\$	<u><u>436,552</u></u>

LAKEHURST SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,

AND PROJECT STATUS - BUDGETARY BASIS

H.V.A.C. IMPROVEMENTS

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 2,479,458		2,479,458	2,479,458
Bond Proceeds	810,400		810,400	810,400
Local Share - Budget	367		367	367
Total Revenues	<u>3,290,225</u>	<u>-</u>	<u>3,290,225</u>	<u>3,290,225</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	137,295	104,906	242,201	225,000
Construction Services	125,045	2,686,350	2,811,395	3,065,225
Total Expenditures	<u>262,340</u>	<u>2,791,256</u>	<u>3,053,596</u>	<u>3,290,225</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 3,027,885</u>	<u>(2,791,256)</u>	<u>236,629</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number		SCC #2500-050-09-1001		
Grant Date		1/15/2009		
Original Authorized Cost	\$ 3,290,225			
Percentage Increase Over Original Authorized Cost		0		
Percentage Completion		90%		
Original Target Completion Date		6/30/2011		
Revised Target Completion Date		12/31/2012		

LAKEHURST SCHOOL DISTRICT

63.

Exhibit F-2b

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,

AND PROJECT STATUS - BUDGETARY BASIS

ROOF REPLACEMENT

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 1,103,752		1,103,752	1,103,752
Bond Proceeds	360,600		360,600	360,600
Local Share - Budget	320		320	320
Total Revenues	<u>1,464,672</u>	<u>-</u>	<u>1,464,672</u>	<u>1,464,672</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	156,652	69,937	226,589	316,572
Construction Services	352,145	685,955	1,038,100	1,138,100
Other		60	60	10,000
Total Expenditures	<u>508,797</u>	<u>755,952</u>	<u>1,264,749</u>	<u>1,464,672</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 955,875</u>	<u>(755,952)</u>	<u>199,923</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number		SCC #2500-050-09-1002		
Grant Date		1/15/2009		
Original Authorized Cost	\$ 1,464,672			
Percentage Increase Over Original Authorized Cost		0		
Percentage Completion		90%		
Original Target Completion Date		6/30/2011		
Revised Target Completion Date		12/31/2012		

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

LAKEHURST SCHOOL DISTRICT

Exhibit H-1

TRUST AND AGENCY FUND

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AS OF JUNE 30, 2012

	<u>Student Activities</u>	<u>Net Payroll</u>	<u>Payroll Agency</u>	<u>Unemployment Compensation Expendable Trust</u>	<u>Total 2012</u>
Assets:					
Cash and Cash Equivalents	\$ 16,771	9,138	4,927	2,706	33,542
Total Assets	\$ 16,771	9,138	4,927	2,706	33,542
Liabilities:					
Due to Student Groups	\$ 16,771				16,771
Accounts Payable		6,138			6,138
Payroll Deductions and Withholdings		3,000	4,927		7,927
Total Liabilities	\$ 16,771	9,138	4,927		30,836
Net Assets:					
Reserved - Unemployment Benefits				2,706	2,706
Total Net Assets				2,706	2,706

EXPENDABLE TRUST FUND

Exhibit H-2

STATEMENT OF CHANGES

IN FIDUCIARY NET ASSETS

JUNE 30, 2012

	<u>Unemployment Compensation Insurance Trust Fund</u>
Additions:	
Local Sources:	
Deposits	\$ 5,916
Interest on Investments	7
Total Additions	<u>5,923</u>
Deductions:	
Unemployment Claims	<u>14,543</u>
Total Deductions	<u>14,543</u>
Change in Net Assets	(8,620)
Net Assets, July 1	<u>11,326</u>
Net Assets, June 30	<u>\$ 2,706</u>

LAKEHURST SCHOOL DISTRICT

STUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Elementary School: Lakehurst Elementary	<u>\$ 19,586</u>	<u>18,712</u>	<u>21,527</u>	<u>16,771</u>

LAKEHURST SCHOOL DISTRICT

PAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Assets:				
Cash and Cash Equivalents	<u>\$ 8,444</u>	<u>3,686,205</u>	<u>3,689,722</u>	<u>4,927</u>
Total Assets	<u><u>\$ 8,444</u></u>	<u><u>3,686,205</u></u>	<u><u>3,689,722</u></u>	<u><u>4,927</u></u>
Liabilities:				
Payroll Deductions, Withholdings	<u>\$ 8,444</u>	<u>3,686,205</u>	<u>3,689,722</u>	<u>4,927</u>
Total Liabilities	<u><u>\$ 8,444</u></u>	<u><u>3,686,205</u></u>	<u><u>3,689,722</u></u>	<u><u>4,927</u></u>

LONG-TERM DEBT - I

LAKEHURST SCHOOL DISTRICT

LONG-TERM DEBT

SCHEDULE OF SERIAL BONDS PAYABLE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Exhibit I-1

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount Of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>				
Improvements to Elementary School	3/4/2010	\$ 1,171,000	3/1/2013	\$ 65,000	2.00%	\$ 1,111,000	60,000	1,051,000
			3/1/2014	65,000				
			3/1/2015	70,000	2.50%			
			3/1/2016	70,000	3.00%			
			3/1/2017	75,000				
			3/1/2018	80,000	3.50%			
			3/1/2019	80,000				
			3/1/2020	85,000	4.00%			
			3/1/2021	85,000				
			3/1/2022	90,000				
			3/1/2023	90,000				
		3/1/2024	95,000					
		3/1/2025	101,000					

LAKEHURST SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

Exhibit I-3

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Fund to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 98,015		98,015	98,015	
Total Revenues	98,015	-	98,015	98,015	-
Expenditures:					
Regular Interest	38,015		38,015	38,015	
Redemption of Principal	60,000		60,000	60,000	
Total Expenditures	98,015	-	98,015	98,015	-
Excess of Revenues over Expenditures	-	-	-	-	-
Fund Balance July 1	10,357	-	10,357	10,357	-
Fund Balance June 30	\$ 10,357	-	10,357	10,357	-

STATISTICAL SECTION

(Unaudited)

BOROUGH OF LAKEHURST SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
UNAUDITED

Exhibit J-1

	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities									
Invested in Capital Assets, net of related Debt	\$ 533,701	564,261	594,821	625,527	431,380	498,965	738,484	781,264	2,677,217
Restricted	1,092,946	4,534,203	5,209,115	495,000	525,000	791,240	1,062,010	1,126,812	609,618
Unrestricted	(88,611)	(990,123)	(1,255,385)	82,693	180,221	28,588	28,248	407,692	442,822
Total Governmental Activities	\$ 1,538,036	4,108,341	4,548,551	1,203,220	1,136,601	1,318,793	1,828,742	2,315,768	3,729,657
Business Type Activities									
Invested in Capital Assets, net of related Debt	\$ 400	667	934	1,200	1,466	1,733	2,000	2,267	2,726
Unrestricted	(24,377)	(19,003)	31,847	32,848	15,666	8,473	12,772	518	8,189
Total Business Type Activities	\$ (23,977)	(18,336)	32,781	34,048	17,132	10,206	14,772	2,785	10,915
District-wide									
Invested in Capital Assets, net of related Debt	\$ 534,101	564,928	595,755	626,727	432,846	500,698	740,484	783,531	2,679,943
Restricted	1,092,946	4,534,203	5,209,115	495,000	525,000	791,240	1,062,010	1,126,812	609,618
Unrestricted	(112,988)	(1,009,126)	(1,223,538)	115,541	195,887	37,061	41,020	408,210	451,011
Total District Assets	\$ 1,514,059	4,090,005	4,581,332	1,237,268	1,153,733	1,328,999	1,843,514	2,318,553	3,740,572

BOROUGH OF LAKEHURST SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
UNAUDITED

	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:									
Governmental Activities	\$ 12,346,098	9,031,860	8,857,663	8,627,492	8,953,218	8,321,802	7,977,524	7,695,358	7,372,921
Business Type Activities	186,684	221,149	186,570	164,071	150,482	149,987	148,937	161,705	121,739
Total District Expenses	<u>12,532,782</u>	<u>9,253,009</u>	<u>9,044,233</u>	<u>8,791,563</u>	<u>9,103,700</u>	<u>8,471,789</u>	<u>8,126,461</u>	<u>7,857,063</u>	<u>7,494,660</u>
Program Revenues:									
Governmental Activities	766,974	602,715	456,318	375,334	1,125,732	764,059	765,924	765,763	783,030
Business Type Activities	181,043	170,032	168,652	165,996	136,255	130,421	136,663	153,575	132,654
Total District Program Revenues	<u>948,017</u>	<u>772,747</u>	<u>624,970</u>	<u>541,330</u>	<u>1,261,987</u>	<u>894,480</u>	<u>900,587</u>	<u>919,338</u>	<u>915,684</u>
Net (Expense):									
Governmental Activities	(11,579,124)	(8,429,145)	(8,401,345)	(8,252,158)	(7,827,486)	(7,557,743)	(7,213,600)	(6,929,595)	(6,589,891)
Business Type Activities	(5,641)	(51,117)	(17,918)	1,925	(14,227)	(19,566)	(12,274)	(8,130)	10,915
Total District-wide Net Expense	<u>(11,584,765)</u>	<u>(8,480,262)</u>	<u>(8,419,263)</u>	<u>(8,250,233)</u>	<u>(7,841,713)</u>	<u>(7,577,309)</u>	<u>(7,225,874)</u>	<u>(6,937,725)</u>	<u>(6,578,976)</u>
General Revenues and Other Changes in Net Assets:									
Governmental Activities	9,008,819	7,988,935	13,120,236	8,368,724	7,675,597	7,071,790	6,818,957	7,607,800	6,603,828
Business Type Activities			16,651	14,991	14,959	15,000	24,261	-	-
Total District-wide	<u>9,008,819</u>	<u>7,988,935</u>	<u>13,136,887</u>	<u>8,383,715</u>	<u>7,690,556</u>	<u>7,086,790</u>	<u>6,843,218</u>	<u>7,607,800</u>	<u>6,603,828</u>
Change in Net Assets:									
Governmental Activities	(2,570,305)	(440,210)	4,718,891	116,566	(151,889)	(485,953)	(394,643)	678,205	13,937
Business Type Activities	(5,641)	(51,117)	(1,267)	16,916	732	(4,566)	11,987	(8,130)	10,915
Total District	<u>\$ (2,575,946)</u>	<u>(491,327)</u>	<u>4,717,624</u>	<u>133,482</u>	<u>(151,157)</u>	<u>(490,519)</u>	<u>(382,656)</u>	<u>670,075</u>	<u>24,852</u>

BOROUGH OF LAKEHURST SCHOOL DISTRICT
FUND BALANCES, GOVERNMENT FUNDS
LAST NINE FISCAL YEARS
UNAUDITED

	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund:									
Reserved	\$ 672,583	550,000	650,000	495,000	525,000	791,240	1,062,010	1,126,812	1,051,143
Unreserved	1,052,018	193,781	115,982	280,598	206,255	49,232	247,347	581,458	-
Total General Fund	\$ 1,724,601	743,781	765,982	775,598	731,255	840,472	1,309,357	1,708,270	1,051,143
All Other Governmental Funds:									
Reserved - Capital Projects	\$ 436,552	3,983,760	4,557,737						
Unreserved, Reported in:									
Debt Service Fund	10,357	10,357	1,378						
Special Revenue Fund	(26,546)	(9,914)	(10,027)	(9,905)	(26,034)	(20,644)	(20,799)	(20,595)	1,296
Total All Other Government Funds	\$ 420,363	3,984,203	4,549,088	(9,905)	(26,034)	(20,644)	(20,799)	(20,595)	1,296

BOROUGH OF LAKEHURST SCHOOL DISTRICT
NET CHANGES IN FUND BALANCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-4

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Local Tax Levy	\$ 1,146,791	1,147,664	1,048,776	1,048,776	1,048,776	1,018,796	1,018,776	1,018,776	1,018,776	1,032,776
Other Local Revenue	91,230	22,236	1,265,475	133,870	53,942	95,222	152,056	796,135	28,363	52,617
State Revenue	6,615,686	6,324,486	9,172,904	6,334,735	6,626,377	5,994,558	5,713,859	5,776,977	5,445,735	5,298,661
Federal Revenue	1,922,086	1,097,264	2,106,050	1,254,840	1,087,193	742,273	698,190	781,675	896,406	800,304
Total Revenues	9,775,793	8,591,650	13,593,205	8,772,221	8,816,288	7,850,849	7,582,881	8,373,563	7,389,280	7,184,358
Expenditures:										
Instruction:										
Regular	1,588,409	1,643,066	1,015,283	1,841,052	1,357,386	1,448,784	1,617,516	1,609,458	1,619,755	1,686,953
Special	455,917	512,600	638,173	671,562	570,765	576,163	574,632	577,568	587,276	538,156
Other	5,000	3,992	58,753	11,195	9,523	10,106	31,106	16,458	22,800	14,152
Total Instruction	2,049,326	2,159,658	1,712,209	2,523,809	1,937,674	2,035,053	2,223,254	2,203,484	2,229,831	2,239,261
Undistributed:										
Instruction	2,501,349	2,409,064	3,341,144	2,517,220	2,348,111	2,267,440	1,853,841	1,601,235	1,669,709	1,584,719
Support Service - Students/Staff	438,253	473,727	481,977	463,448	424,216	370,571	384,504	394,674	311,008	280,906
General Administration	609,850	483,965	435,357	475,631	200,371	446,802	250,251	275,272	387,726	355,540
School Administration	384,572	109,590	119,372	85,366	357,130	119,256	280,696	286,771	145,454	126,819
Operations and Maintenance	223,570	380,498	404,393	435,023	414,281	415,928	471,276	429,693	408,510	390,723
Student Transportation	1,568,363	305,733	283,830	302,713	199,844	215,937	171,168	167,973	151,896	162,588
Unallocated Benefits	5,725,957	400,755	412,941	1,057,661	1,095,480	896,642	956,698	943,010	920,454	790,603
TPAF Pension & Social Security	16,610	5,736,001	6,655,968	376,986	7,792,822	727,624	518,462	417,055	373,335	187,278
Total Undistributed	154,701	16,610	5,400	49,947	30,303	23,996	68,302	100,000	89,173	121,202
Capital Outlay:	210,783			36,577	24,015	21,426	15,157	14,776	14,760	14,802
Special Schools/Education Jobs	8,140,767	7,912,269	8,373,577	8,324,381	7,784,814	7,540,675	7,193,609	6,833,943	6,701,856	6,254,441
Total General Fund Expenditures	572,823	593,602	456,440	359,205	1,131,122	763,904	764,128	765,549	781,733	738,432
Special Revenue:	572,823	593,602	456,440	359,205	1,131,122	763,904	764,128	765,549	781,733	738,432
Federal & State										
Total Special Revenue Expenditures	3,547,208	573,977	197,160							
Capital Projects	98,015	98,888								
Debt Service	12,358,813	9,178,736	9,027,177	8,683,586	8,915,936	8,304,579	7,957,737	7,599,492	7,483,589	6,992,873
Total Governmental Fund Expenditures	(2,583,020)	(587,086)	4,549,377	60,472	(114,607)	(468,730)	(399,117)	759,071	(94,309)	191,485
Other Financing Sources (Uses)			(16,651)	(28,163)	(14,959)	(15,000)	(24,261)	(15,000)	-	-
Net Changes in Fund Balance										
	\$ (2,583,020)	(587,086)	4,549,377	60,472	(114,607)	(468,730)	(399,117)	759,071	(94,309)	191,485

Source: District Records

**BOROUGH OF LAKEHURST SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE**

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30

	<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>	<u>2012</u>
Interest	\$ 11,928	\$ 6,993	\$ 16,635	\$ 48,021	\$ 48,793	\$ 22,761	\$ 5,856	\$ -	\$ 8,979	\$ 796.00
Reimbursements	\$ 12,750	\$ 9,300	\$ 12,000	\$ 29,257	\$ 44,656	\$ 17,926	\$ 90,400	\$ 81,000	\$ 9,000	\$ 56,751.00
Miscellaneous	\$ 13,510	\$ 12,793	\$ 9,305	\$ 74,778	\$ 1,773	\$ 13,255	\$ 37,614	\$ 11,410	\$ 4,257	\$ 33,683.00
	<u>\$ 38,188</u>	<u>\$ 29,086</u>	<u>\$ 37,940</u>	<u>\$ 152,056</u>	<u>\$ 95,222</u>	<u>\$ 53,942</u>	<u>\$ 133,870</u>	<u>\$ 92,410</u>	<u>\$ 22,236</u>	<u>\$ 91,230.00</u>

Source: District Records

BOROUGH OF LAKEHURST SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

<u>Total Tax Year</u>	<u>Net Assessed Valuation Taxable</u>	<u>Net Valuation</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2002	73,857,117	80,969,845	91.21%
2003	74,454,653	89,429,489	83.25%
2004	74,545,307	104,660,091	71.23%
2005	75,035,610	123,638,007	60.68%
2006	186,125,105	151,203,175	81.24%
2007	186,708,124	177,524,099	100.51%
2008	187,500,617	187,550,617	100.10%
2009	191,280,472	196,726,579	97.49%
2010	190,755,237	202,841,339	94.25%
2011	190,477,370	191,980,613	99.49%

Source: Abstract of Ratables, County Board of Taxation

**BOROUGH OF LAKEHURST SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED**

<u>Year Ending Dec. 31st</u>	<u>Total Direct School Tax Rate</u>	<u>Municipality of Lakehurst</u>	<u>Ocean County</u>	<u>Total Direct and Overlapping Tax Rate</u>
2002	1.370	1.690	0.514	3.570
2003	1.368	1.798	0.583	3.749
2004	1.366	1.819	0.546	3.731
2005	1.842	1.849	0.629	4.320
2006	0.538	0.540	0.280	1.358
2007	0.553	0.803	0.296	1.652
2008	0.550	0.840	0.310	1.700
2009	0.540	0.920	0.320	1.780
2010	0.600	0.980	0.350	1.930
2011	0.600	1.040	0.340	1.980

Source: Abstract of Ratables, Ocean

**BOROUGH OF LAKEHURST SCHOOL DISTRICT
SCHEDULE OF PRINCIPAL TAXPAYERS
CURRENT YEAR
UNAUDITED**

2011

<u>Taxpayer</u>	<u>Assessed Valuation 2011</u>	<u>Rank Optional</u>	<u>As a Percentage of District's Net Assessed Valuation</u>
Lakehurst Circle Assoc. II c/o S. Silver	\$ 2,306,300.00		1.21%
Landmark Associates, L.L.C.	\$ 1,517,100.00		0.80%
Lakehurst Circle Assoc. I c/o S. Silver	\$ 1,400,000.00		0.73%
Garden Homes Vermont LP	\$ 1,271,700.00		0.67%
Lakehurst Circle Assoc. I c/o S. Silver	\$ 1,271,700.00		0.67%
Bove Enterprises, LLC	\$ 1,050,900.00		0.55%
Pierris Ploumitsakos	\$ 1,044,300.00		0.55%
McDonald's Corporation	\$ 979,800.00		0.51%
PDR Enterprises, LLC	\$ 873,800.00		0.46%
Chambers Self Storage, L.L.C.	\$ 867,000.00		0.45%
 Total Net Taxable Value	 \$ 12,582,600.00		 6.60%

Source: Lakehurst Borough Tax Assessor

Information for Nine Years ago was not available at the time of the audit

**BOROUGH OF LAKEHURST SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED**

Collected within the Fiscal Year of the Levy

Year Ended <u>Dec. 31</u>	Taxes Levied for <u>the Year</u>	<u>Amount Collected</u>	<u>Percentage of Levy</u>	Collections in Sub <u>Years</u>
2002	\$ 2,700,824	2,602,949	96.38%	0
2003	2,802,697	2,736,387	97.63%	0
2004	2,841,908	2,758,813	97.08%	0
2005	2,866,333	2,806,613	98.12%	0
2006	2,942,992	2,871,359	97.59%	0
2007	3,095,507	3,032,850	97.98%	0
2008	3,274,608	3,172,320	96.88%	0
2009	3,412,164	3,310,925	97.03%	0
2010	3,672,705	3,566,640	97.11%	0
2011	3,783,298	3,683,874	97.37%	0

Note: Dollar amounts are rounded to the nearest whole dollar.

Source: Municipal Tax Collector

BOROUGH OF LAKEHURST SCHOOL DISTRICT
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended <u>June 30</u>	General Obligation <u>Bonds</u>	<u>Capital Leases</u>	Bonded Debt Anticipation Notes (<u>BANs</u>)	Total District <u>Debt</u>	Percentage of Personal <u>Income</u>
2003	0	77,657	0	77,657	0.2%
2004	0	0	0	0	0.1%
2005	0	0	0	0	0%
2006	0	0	0	0	0%
2007	0	0	0	0	0%
2008	0	0	0	0	0%
2009	0	0	0	0	0%
2010	1,171,000	0	0	1,171,000	1.2%
2011	1,111,000	0	0	1,111,000	1.1%
2012	1,051,000	0	0	1,051,000	1.0%

Source: Abstract of Ratables, Ocean County

**BOROUGH OF LAKEHURST SCHOOL DISTRICT
RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED**

Governmental Activities

Fiscal Year Ended June 30	General Obligation		Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value # of Property	Net Bonded Debt Per Capita
	Bonds					
2003	0		0	0	0.00%	0
2004	0		0	0	0.00%	0
2005	0		0	0	0.00%	0
2006	0		0	0	0.00%	0
2007	0		0	0	0.00%	0
2008	0		0	0	0.00%	0
2009	0		0	0	0.00%	0
2010	1,171,000		0	1,171,000	0.61%	431
2011	1,111,000		0	1,111,000	0.58%	409
2012	1,051,000		0	1,051,000	0.54%	394

Note: Dollars rounded to the nearest whole dollar
Source: Municipal Tax Collector

**BOROUGH OF LAKEHURST SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

Net Direct Debt of School District as of December 31, 2011	\$	1,111,000.00
Net Overlapping Debt of School District:		
Lakehurst Borough:	\$	4,518,491.00
County (Boro Share):	\$	<u>824,875.00</u>
Total Direct and Overlapping Bonded Debt As of December 31, 2011	\$	<u>6,454,366.00</u>

Source: Lakehurst Borough Tax Assessor

**BOROUGH OF LAKEHURST SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN YEARS
UNAUDITED**

<u>Year Ended December 31</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	2,522	\$ 82,156,672	32576	4.3%
2003	2,522	\$ 83,299,138	33029	4.5%
2004	2,690	\$ 90,295,230	33567	6.1%
2005	2,690	\$ 92,796,930	34497	4.3%
2006	2,690	\$ 98,919,370	36773	4.3%
2007	2708	\$ 106,191,512	39214	6.4%
2008	2717	\$ 111,329,075	40975	8.2%
2009	2719	\$ 106,940,989	39331	13.4%
2010	2660	\$ 107,174,060	40291	14.0%
2011	2668	unavailable	unavailable	14.6%

Source: NJ Dept. of Ed Website

**BOROUGH OF LAKEHURST SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED**

2012

DATA NOT AVAILABLE

2003

DATA NOT AVAILABLE

**BOROUGH OF LAKEHURST SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	<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>	<u>2012</u>
Instruction										
Regular	24	22	23	24	23	23	23.5	23.5	19	21.5
Spec Ed	11	9	9	9	9.5	10	11.25	11.75	10.5	10
Other Spec Ed										
Vocational										
Other Instruction	5.2	5.4	7	7	5.2	5	5.25	5.25	4.75	4.5
Nonpublic school programs										
Adult/continuing education programs										
Support Services										
Student & Instruction related services	6.4	4.4	4	4	4	4	4	4	4	3.5
General administration	3	3	3	3	3	3	4	4	4	4
School administrative services						2	2	2	2	2
Other administrative services	1	1	1	1	1	1	1	1	1	1
Central Services	2	2	2	2	2	2.3	2.3	2.3	2.3	2.3
Administrative Information Technology	1	1	1	1		0.5	0.5	0.5	0.5	1
Plant Operation & Maintenance	5	5	5	5	5	6	5.5	5.5	4.5	4.5
Pupil transportation										
Other support services	10	9	9	8	10	11	10	10	7.5	11
Special Schools										
Food Service										
Child Care										
Total	<u>68.6</u>	<u>61.8</u>	<u>64</u>	<u>64</u>	<u>62.7</u>	<u>67.8</u>	<u>69.3</u>	<u>69.8</u>	<u>60.05</u>	<u>65.3</u>

Source: District Personnel Records

**BOROUGH OF LAKEHURST SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED**

PUPIL/TEACHER RATIO

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentile Change</u>	<u>Teaching Staff</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>% Change in ADE</u>	<u>Student Attendance Percentage</u>
2003	473.5	6,013,378	12,700	10%	45.1	462.7	435.7	11.8%	94.1%
2004	467.0	6,217,038	13,313	2%	46.6	478.6	451.3	3.2%	94.3%
2005	476.0	6,701,855	14,080	-2%	41.8	487.8	461.4	1.9%	94.6%
2006	484.5	6,699,408	13,827	-2%	44.0	475.2	451.5	2.5%	95.0%
2007	488.0	6,828,051	13,992	0%	44.0	461.3	438	2.9%	95.0%
2008	446.0	6,992,066	15,677	12%	41.7	448	424	2.8%	94.8%
2009	439.0	8,683,586	19,780	24%	44.0	445.5	423.2	0.3%	95.0%
2010	437.0	9,027,177	20,657	4%	45.0	434.8	413.7	2.2%	95.1%
2011	435.0	9,178,736	21,101	2%	39.0	437	409.5	0.95%	93.7%
2012	585.0	8,140,767	13,916	0%	37.5	421.1	399.5	2.00%	94.9%

Source: District Records

**BOROUGH OF LAKEHURST SCHOOL DISTRICT
BUILDINGS
LAST TEN FISCAL YEARS
UNAUDITED**

Fiscal Year Ended June 30

	<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>	<u>2012</u>
Lakehurst Elementary School										
Square Feet	55,790	55,790	55,790	55,790	55,790	55,790	55,790	55,790	55,790	55,790
Capacity (Students)	521	521	521	521	521	521	521	521	521	521
Enrollment	467	476	484.5	470	470	455	439	430	435	585
Other										
Administration Building:										
Square Feet	1180	1180	1180	1180	1180	1180	1180	1180	1180	1180

Source: District Records

**BOROUGH OF LAKEHURST SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
FOR THE LAST TEN FISCAL YEARS
UNAUDITED**

**UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXXX**

<u>School Facilities</u>		<u>Lakehurst Elementary</u>	<u>Total School Facilities</u>
2003	\$	51,634	51,634
2004		65,526	65,526
2005		45,422	45,422
2006		76,000	76,000
2007		50,214	50,214
2008		49,448	49,448
2009		128,395	128,395
2010		113,418	113,418
2011		124,667	124,667
2012		123,444	123,444

School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and
Source: District Records

**BOROUGH OF LAKEHURST SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy – S.A.I.F.		
Property – Blanket Building & Contents	7,700,000	1,000
Extra Expense Section - All Risks Coverage	7,700,000	
Electronic Data Processing Equipment	7,700,000	
Contractors Equipment	7,700,000	
Musical Instruments Floater	7,700,000	
Monies and Security	50,000	500
Comprehensive General Liability	5,000,000	
Employers Non-Owned & Hired Auto Liability	5,000,000	
Employee Benefits Liability	5,000,000	1,000 Per Claim
Nurses Professional Liability	5,000,000	
 Workers Compensation – NJSBAIG		
Covered Payrolls	2,000,000	
 Boiler Insurance Extra Expense Section	1,000,000	1,000 Per Occurrence
 Fidelity Bond - S.A.I.F.		
All Employees	100,000 Per Person	
Treasurer - Western Surety Co.	175,000	
SBA/ Board Secretary - Selective Ins. Co.	85,000	
 School Board Legal Liability - NJSBAIG	1,000,000	5,000
 Student Accident - AIG		
Accidental Death	1,000,000	
Medical		
Dental Limit	1,000,000	

Source: School Records

SINGLE AUDIT SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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 (NO MATERIAL
WEAKNESSES IDENTIFIED, NO SIGNIFICANT DEFICIENCIES IDENTIFIED,
NO REPORTABLE INSTANCES OF NONCOMPLIANCE OR
OTHER MATTERS IDENTIFIED

K-1

Honorable President and Members
of the Board of Education
Lakehurst School District
County of Ocean
Lakehurst, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Lakehurst School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. 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 Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Lakehurst Board of Education is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered the Lakehurst 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 Lakehurst Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lakehurst 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Lakehurst Board of Education's general-purpose 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 general-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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

Robert A. Hulsart

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

December 3, 2012

Robert A. Hulsart and Company
 CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
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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 (UNQUALIFIED OPINION ON COMPLIANCE;
 NO MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES IN
 INTERNAL CONTROL OVER COMPLIANCE IDENTIFIED)**

K-2

Honorable President and Members
 of the Board of Education
 Lakehurst School District
 County of Ocean
 Lakehurst, New Jersey

Compliance

We have audited the Board of Education of the Lakehurst School District, in the County of Ocean, State of New Jersey, with the types of compliance requirements described in the *(OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Lakehurst Board of Education's major federal and state programs for the year ended June 30, 2012. Lakehurst 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 requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Lakehurst Board of Education's management. Our responsibility is to express an opinion on the Lakehurst 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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB 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*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Lakehurst 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 the Lakehurst Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Lakehurst School District, in the County of Ocean, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Board of Education of the Lakehurst School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Lakehurst 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 in order to determine our 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, 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 Lakehurst Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 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 would not necessarily identify all deficiencies in internal control that might be 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. Lakehurst Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Lakehurst Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Lakehurst Board of Education, 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.

Robert A. Hulsart

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

December 3, 2012

LAKEHURST SCHOOL DISTRICT

Schedule A

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2012	
				From	To					(Accounts Receivable)	Deferred Revenue
U.S. Department of Education:											
General Fund:											
Medicaid Reimbursement	93.778		\$ 23,349	7/1/11	6/30/12		23,349	(23,349)			
Education Jobs Fund	84.410A		210,783	7/1/11	6/30/12			(210,783)		(210,783)	
Impact Aid	84.041		1,357,481	9/1/11	8/31/12		1,357,481	(1,357,481)			
Total General Fund							1,380,830	(1,591,613)		(210,783)	
U.S. Department of Education											
Passed Through State Department of Education:											
Special Revenue Fund:											
I.D.E.A.:											
Basic	84.027		162,961	9/1/10	8/31/11		162,961			(166,775)	
Basic	84.027		166,775	9/1/11	8/31/12			(166,775)			
Preschool	84.173		6,688	9/1/10	8/31/11		6,688				
Preschool	84.173		6,700	9/1/11	8/31/12			(6,700)			
ARRA:											
Title I	84.389		40,329	7/1/09	6/30/11		34,875				
Basic	84.391		138,951	7/1/09	6/30/11		66,293				
No Child Left Behind:											
Title I	84.010A	NCLB	125,703	9/1/07	8/31/08						237
Title I	84.010A	NCLB	242,750	9/1/09	8/31/10		152,520	(1,561)			
Title I	84.010A	NCLB	115,327	9/1/10	8/31/11		97,648	(41,400)		(17,679)	
Title I	84.010A	NCLB	116,144	9/1/11	8/31/12			(89,188)		(89,188)	
Title IIA	84.367	NCLB	20,653	9/1/09	8/31/10		4,222				
Title IIA	84.367	NCLB	11,459	9/1/10	8/31/11		11,459	(9,404)			
Title IIA	84.367	NCLB	19,220	9/1/11	8/31/12			(15,220)		(15,220)	
Title IID	84.318	NCLB	225	9/1/10	8/31/11		225	(225)			
Total Special Revenue							536,891	(330,473)		(295,562)	237
U.S. Department of Agriculture											
Passed Through Department of Education:											
Enterprise Fund:											
National School Lunch Program	10.555	N/A	70,947	9/1/10	8/31/11		2,670				
National School Lunch Program	10.555	N/A	79,764	9/1/11	8/31/12		75,556	(79,764)		(4,208)	
School Breakfast Program	10.553	N/A	33,412	9/1/10	8/31/11		2,363				
School Breakfast Program	10.553	N/A	35,607	9/1/11	8/31/12		33,269	(35,607)		(2,338)	
U.S.D.A. Commodities	10.550	N/A	9,537	9/1/11	8/31/12		9,537	(9,537)			
Total Enterprise Fund							123,395	(124,908)		(6,546)	
Total Federal Financial Awards							2,041,116	(2,046,994)		(512,891)	237

See accompanying notes to Schedules of Federal Awards and State Financial Assistance.

LAKEHURST SCHOOL DISTRICT

Schedule B

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2012		Due to Grantor	MEMO	
			From	To				(Accounts Receivable)	Deferred Revenue		Budgetary Receivable	Cumulative Total Expenditures
General Fund:												
Categorical Special Education Aid	12-495-034-5120-089	\$ 283,022	7-1-11	6-30-12	-	283,022	(283,022)				29,540	283,022
Equalization Aid	12-495-034-5120-078	5,337,116	7-1-11	6-30-12	-	5,337,116	(5,337,116)				531,728	5,337,116
Categorical Security Aid	12-495-034-5120-084	132,833	7-1-11	6-30-12	-	132,833	(132,833)				14,181	132,833
Transportation Aid	12-495-034-5120-014	125,479	7-1-11	6-30-12	-	125,479	(125,479)				11,816	125,479
Adjustment Aid	12-495-034-5120-085	35,913	7-1-11	6-30-12	-	35,913	(35,913)				3,544	35,913
Extraordinary Aid	11-495-034-5120-044	33,283	7-1-10	6-30-11	(33,283)	33,283						
Extraordinary Aid	12-495-034-5120-044	34,036	7-1-11	6-30-12		146	(34,036)					34,036
Non-Public Transportation Aid	11-495-034-5120-014	146	7-1-10	6-30-11	(146)							
Non-Public Transportation Aid	12-495-034-5120-014	1,310	7-1-11	6-30-12			(1,310)					1,310
Reimbursed TPAF Social Security Contribution (Non-Budgeted)	12-100-034-5095-002	176,354	7-1-11	6-30-12	(33,429)	176,354	(176,354)				590,809	176,354
Total General Fund						6,124,146	(6,126,063)	(35,346)	-	-	26,546	6,126,063
Special Revenue:												
Preschool Education Aid	12-495-034-5120-086	264,550	7-1-11	6-30-12	-	242,350	(242,350)				26,546	242,350
Total Special Revenue						242,350	(242,350)	-	-	-	26,546	242,350
Capital Projects Fund												
EDA Grant - Building Program	2500-050-09-1001	2,479,458	2010	2012	(2,479,458)	1,827,012		(652,446)				
EDA Grant - Building Program	2500-050-09-1002	1,103,752	2010	2012	(1,103,752)	668,788		(434,964)				
Total Capital Projects Fund					(3,583,210)	2,495,800		(1,087,410)				
Enterprise Fund:												
National School Lunch Program (State Share)	11-100-010-3350-023	1,964	7-1-10	6-30-11	(81)	81						
National School Lunch Program (State Share)	12-100-010-3350-023	2,155	7-1-11	6-30-12	(81)	2,042	(2,155)	(113)				2,155
Total Enterprise Fund						2,123	(2,155)	(113)				2,155
Total State Financial Assistance					\$ (3,616,720)	8,864,419	(6,370,568)	(1,122,869)	-	-	617,355	6,370,568

See accompanying Notes to Schedules of Federal Awards and State Financial Assistance.

LAKEHURST SCHOOL DISTRICT

NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

JUNE 30, 2012

NOTE 1: General

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

NOTE 2: Basis of Accounting

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the National School Lunch Program and the Special Milk Program. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 6,126,063	242,350	2,155	6,370,568
Difference – Budget to “GAAP”				
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized				
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	281,436			281,436
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>(17,531)</u>	<u>(16,632)</u>	<u> </u>	<u>(34,163)</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 6,389,968</u>	<u>225,718</u>	<u>2,155</u>	<u>6,617,841</u>

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 1,591,613	330,473	124,908	2,046,994
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized	_____	_____	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances	<u>\$ 1,591,613</u>	<u>330,473</u>	<u>124,908</u>	<u>2,046,994</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2012.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Part 1 - Summary of Auditor's Results

Financial Statement Section

Unqualified

Type of auditor's report issued:

Internal control over financial reporting:

1) Material weakness(es) identified? Yes x No

2) Reportable conditions(s) identified that are not considered to be material weaknesses? Yes x None Reported

Noncompliance material to general purpose financial statements noted? Yes x No

Federal Awards

Internal control over compliance:

1) Material weakness(es) identified? Yes x No

2) Reportable condition(s) identified that are 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 programs:

CFDA Number(s)

Name of Federal Program or Cluster

Table with 2 columns: CFDA Number(s) and Name of Federal Program or Cluster. Rows include 84.041 Impact Aid, 84.027 I.D.E.A. Basic, and 84.173 I.D.E.A. Preschool.

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

Auditee qualified as low-risk auditee? x Yes No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Part 1 - Summary of Auditor's Results (Continued)

State Awards

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

Auditee qualified as low-risk auditee? x Yes No

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

Internal Control over major programs:

(1) Material Weakness(es) identified? Yes x No

(2) Reportable condition(s) identified that are not considered to material weaknesses? Yes x None Reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04? Yes x No

Identification of major programs:

GMIS Number(s)

12-495-034-5120-078

Name of State Program

Equalization Aid

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Part 2 - Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

FEDERAL AWARDS

Finding: NONE

Information on the Federal Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

STATE AWARDS

Finding: NONE

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs (Continued)

STATE AWARDS (Continued)

Recommendation: N/A

Management's response: N/A

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prior Audit Findings:

There were no prior year audit findings.