

**SCHOOL DISTRICT
OF
LAKELAND REGIONAL**

**Lakeland Regional High School District
Wanaque, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

**Comprehensive Annual
Financial Report**

of the

Lakeland Regional High School District

Wanaque, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

**Lakeland Regional High School District
Board of Education**

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
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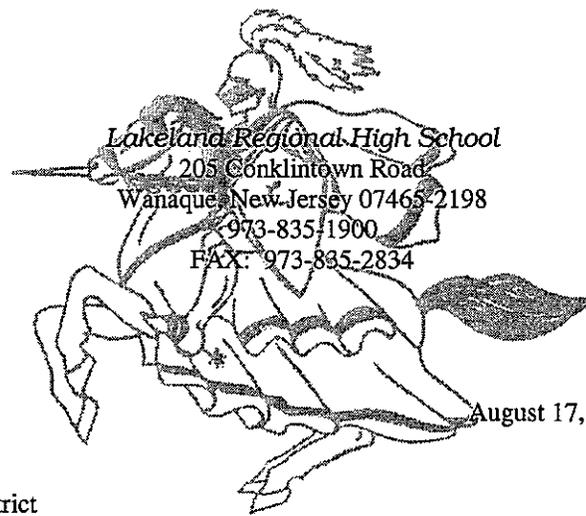
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INTRODUCTORY SECTION



Michael D. Leary
 Business Administrator

August 17, 2012

Honorable President and
 Members of the Board of Education
 Lakeland Regional High School District
 County of Passaic, New Jersey 07465

Dear Board Members:

The comprehensive annual financial report of the Lakeland Regional High School District (the "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 Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations 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 and consultants. The financial section includes the Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, 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 Amendments of 1996 and the 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*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Lakeland Regional High School District is an independent reporting entity within the criteria adopted in Governmental Accounting Standards Board ("GASB") in Codification Section 2100. All funds and account groups of the District are included in this report. The Lakeland Regional High School District Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12. These services include a wide range of academic and elective courses as well as special education for handicapped youngsters. The District completed the 2011/2012 school year with an enrollment of 1,112 students.

2. ECONOMIC CONDITION AND OUTLOOK:

We have seen an increase in the equalized property assessments in Wanaque and Ringwood which resulted in a more equal distribution of the tax rate.

3. MAJOR INITIATIVES:

A. **District Planning Initiatives**

Lakeland Regional High School District

Lakeland Regional High School, serving grades 9-12, is a comprehensive high school district. Students come to the high school from the Ringwood and Wanaque elementary districts and several private schools. The constituent communities have a combined population of approximately 25,000.

As a comprehensive high school, Lakeland offers an extensive curriculum designed to serve the interests and abilities of all students. The high school operates under an intensive scheduling format, consisting of five, 80-minute blocks per day. In the intensive scheduling format, students concentrate in greater depth in longer periods. We will be moving to an A/B full year course schedule to prepare students for end of course testing. To be eligible for graduation each student must acquire 130 credits, meet all state and district course requirements and pass all New Jersey State and Federal NCLB required testing.

The 2011-2012 school year was the 5th year under the District's Strategic Plan **Lakeland Regional High School 2007-2012**. Lakeland Regional will begin to design its new plan in the fall of 2012.

The Strategic Planning process delineated these four district-wide goals:

1. To deliver exemplary educational programs that provide for students of all abilities, backgrounds and interests.
2. To have a safe and secure social and educational environment for all students.
3. To have effective and productive communications between the school and the community.
4. To develop and implement a plan to ensure that Lakeland Regional High School has state of the art facilities and equipment for students and community.

The district has also gone through the Quality Single Accountability Continuum Performance Review (QSAC) process and our district's improvement plan has been accepted by N.J.D.O.E. All five areas of the District Performance Review are satisfactory and we are designated as a high achieving school.

The district has corrected problems in meeting AYP and is now labeled as a high performing district by the State of New Jersey. In an effort to correct problems in meeting AYP the district has been reviewed by and worked in conjunction with Collaborative Assessment for Planning and Achievement (CAPA). The outcome of this review has resulted in improvement plans for the area of Special Education and Mathematics and we no longer are involved in the CAPA process since we have made AYP for two years.

Lakeland Regional High School continues to strive to prepare every student for the postsecondary world of academics and careers by offering an extensive multi-leveled curriculum. Lakeland won its third New Jersey Best Practice Award for our School to Career and College program. The four-year, sequence begins in the freshman year with the S.C.O.P.E (School, Career Orientation and Personal Education) course. As sophomores, each student researches careers in the SEARCH program. Our annual career day is presented to the entire sophomore class to assist them with this career research, as well as the College & Career Day for juniors. Speakers from the community and region present valuable career and educational information to assist students to make informed choices. Juniors take the SOAR course. In SOAR, students work on cover letters, resumes, school and work applications, and complete their required academic portfolio. Each student is also required to complete a written reflection on their educational experience at Lakeland and how this experience relates to their future career plans. During their senior year students have an opportunity to participate in the S.T.E.P. (Students to Experience Professions) program. This experience affords Lakeland's seniors the opportunity to shadow people at work, learn practical career lessons and earn credit towards graduation.

Working closely with the community and elementary sending districts Lakeland provides a variety of informational meetings. During the past school year, the Lakeland Regional High School District with the cooperation of the Ringwood and Wanaque school districts held a series of articulation meetings. The meetings brought the teachers, supervisors and curriculum coordinators of all three districts together to discuss curriculum in the areas of mathematics, science, language arts, social studies, world languages, health and physical education, special education guidance and technology. These ongoing articulation sessions promote a well-coordinated and sequenced educational experience for every child in the district. Through this process a Bi-District initiative involving the Wanaque and Lakeland Districts has developed a K-12 Language Arts curriculum that will be implemented throughout these two districts. This shared effort will assure more continuity for all Wanaque students within this important content area. All Lakeland and Ringwood school districts shared one full day of professional development hosted by Lakeland. Teachers and support staff were engaged in multiple topics dealing with the learning process and student achievement.

Lakeland Regional High School has also continued to develop a comprehensive guidance and counseling program, which highlights the 2011-2012 guidance and counseling accountability report card using the national SPARC model, which Lakeland is the first school in the state of New Jersey to demonstrate this level of accountability for guidance and counseling. The school district has been redesigning curriculum to meet the needs of the Common Core Standards which will be implemented in September 2012 in Language Arts and Mathematics departments also provides an optional individualized student plan for each student beginning in freshman year. An individual student planning committee was also formed in the 2009-2010 school year, and developed a comprehensive individualized student plan template which is a model to other school districts in the state of New Jersey.

The District conducted its annual informational programming which included: two Back to School Nights (one for each semester), a Guidance Informational Night for parents, a meeting for parents of academically talented seventh grade students, a Financial Aid Workshop for parents of seniors, an Open House for incoming freshman students and their parents. Other parent/community contacts included: Individual Student Planning (ISP) committee of students, parents teachers and administrators, partnership with Kaplan test prep, Ringwood and Wanaque libraries, and Passaic County Community College (PCCC). Students were also given the opportunity to take two FREE standardized tests (SAT / ACT practice test & PSAT) to help prepare them for the type of testing conditions and questions, as well as to provide some guidance on their level of current performance. The Superintendent Advisory Committee was implemented during the 2010-2011 school year consisting of Administrators and Parents and continue to review programs, courses and student support for academic and social success. The main focus last year was on changing our semesterized block to A/B block schedule. This committee shares interests of all school activities and functions as a liaison group to the community.

The 2011-2012 Freshman Class was introduced to the Transition Program in August, through a 2 day program where incoming Freshman meet and work with teachers, administrators and Peer Mentors. Parent meetings for students who are at risk took place and students have enrolled in our newly implemented Educational Support Programs (ESP) to assist them in the areas of Language Arts Literature and Mathematics. This ESP Program also runs in the summer.

The Lakeland Website continues to serve as a very valuable tool for communication to the parents, students and the greater Lakeland community. Parent Portal is a principal component for parental/school communication. Parent Portal enables parents, through a password protected connection, to view their child's schedule, grades and attendance and discipline records via Lakeland's website. In addition to Parent Portal, every staff member has an e-mail address and voice mail telephone number. Our new School Messenger allows the District to contact the entire community of Board members, parents, staff and administrators or many subgroups through a broadcast telephone SMS & E-mail. This was used many times during the school year. The community feedback on these two communications systems has been extremely positive.

The Renaissance Program has been introduced to the students and staff at Lakeland. This program is designed to inspire acceptance and excitement for academic success in high school. Through this program Lakeland aims to increase student performance and teacher enthusiasm. At the same time the Renaissance program initiative strives to raise the level of community participation in school activities. The District's (SWAP Speak With A Peer) and LEAP (Leaders Encouraging Adolescent Progress) continued to provide many student to student programs and contacts supporting student success during the year and throughout the summer.

Along with the extensive comprehensive curriculum, Lakeland Regional High School is proud of the 28 athletic teams and more than 40 clubs and activities that are available to the students from Ringwood and Wanaque. Over the past few years student participation in these offerings has increased and as a result the school has enjoyed many county, conference and state championships. This success promotes enthusiasm and pride throughout the entire Lakeland complex.

B. Facilities Improvements

The Board of Education approved several major renovations that have been concluded as of June 30, 2012. The Science Laboratories in the West Building were gutted and renovated with new cabinets and equipment. All East Building lockers from the 1950's were removed and replaced. Air conditioning was installed throughout the district's data closets to cool mission critical equipment. Security cameras were installed throughout both buildings and outside to better secure district property.

Future plans for the 2012-13 school year include repaving of district parking lots, installation of additional security cameras, installation of a wireless network and replacement of computer switching equipment.

C. Test Results

In three key areas, High School Proficiency Assessment (HSPA), Scholastic Aptitude Test (SAT) and Advanced Placement (AP) tests, Lakeland experienced positive results.

The results for the eleventh grade general education population on the HSPA indicated that for the Class of 2012, 99.54% of the general education students passed the Language Arts Literacy Test and 96.7% of the general education students passed the Math Test. Overall, 96.64% of all students passed the Language Arts Literacy Test and 92.14% of all students passed the Math Test. 100% of all students passed the HSPA or AHSA.

The SAT class of 2012 averages are excellent for both the verbal and math sections of the test. The following list 10 years results for comparison:

	Verbal	Math	Writing	Total SAT	% of Class Taking Test
Class of 2012	492	503	499	1,494	81%
Class of 2011	510	521	515	1,546	76%
Class of 2010	508	520	512	1,540	53%
Class of 2009	514	513	509	1,536	65%
Class of 2008	520	516	522	1,558	72%
Class of 2007	503	493	504	1,500	75%
Class of 2006	509	492	509	1,510	79%
Class of 2005	531	520		1,051	79%
Class of 2004	515	504		1,019	76%
Class of 2003	505	516		1,021	79%

D. Implementation of School - Level Plans (N.J.A.C. 6:8-4.4) for the 2009-2010 School Year

During the 2011-20112 school-year we continued to work under the fifth year of our 2007-2012 Strategic Plan. There has been a focus on delivering an exemplary educational program for our students, including the use of additional technology and the implementation of online programs for students and staff. We continue to address the needs within our five-year Facilities Plan with an emphasis on safety. This includes adding to and updating our school security system and focusing on an electrical back-up/support system. In addition, our two Chemistry labs have been redesigned and the entire old building has had all new lockers installed.

In addition, the QSAC plan has been developed for the targeted subgroup to achieve the standard of proficient or better in both Mathematics and Language Arts. These two objectives have been accomplished and the district did make AYP over the last two years. The third building level objective to have 40 freshman and sophomores identified as at risk students make at least 25% improvement in the reduction of their negative behaviors remains in place. These students participated in the district's Renaissance Program that provides a support system for at risk students. The Renaissance Program has now expanded to recognize the growth and achievements of students and staff. The Connections Program is also continuing to guide and assist freshman in adjusting to social and academic requirements in high school.

E. Professional Development Activities (N.J.A.C. 6:8-4.8)

Lakeland Regional has offered various classes to all staff during the school day. These programs included: Update to Power Point, Elements of Excel, Webpage Creation, Linking Homework Hero to Assignments, E-mail cleanup, Photoshop, Smartboard, Video Workshop, Facebook, Adobe Acrobat Forms, and Power School. Many of these programs are used by our staff on a daily basis for grading, parent contact and required maintenance. All of these topics are part of both our Technology Plan and Professional Development Plan. Lakeland Regional High School provides three means for faculty to obtain professional development hours based on our Professional Development Plan.

1. Fifteen teachers signed up for graduate courses in their particular areas with the \$35,000 allocated specifically for graduate level coursework.
2. Faculty members were sent to various workshops in language arts (reading and writing), special education, mathematics, science, and technology.

E. Professional Development Activities (N.J.A.C. 6:8-4.8) (Cont'd)

3. The Administration also brought in outside providers to do onsite training with our entire staff as part of our half-day and whole day programs. In addition, staff members were offered workshops in various areas of technology, common core curriculum, crisis management curriculum development, special education, and student assistance programs and training for the new Harassment & Bullying Law.
4. Teachers are also being trained by various colleges and universities for new college level courses which will become part of our curriculum in September 2012. This includes collaboration with Seton Hall University & Syracuse University.

The following topics were presented to the staff as part of our twenty-five hours of professional development activities:

- Signs & Procedures for Student Substance Abuse
- Right to Know
- Diabetes Training
- Suicide Prevention
- Harassment Intimidation & Bullying
- Bloodborne Pathogens
- Inclusion Teaching
- Using Open Ended Questions
- Diabetes Education
- Curriculum Collaboration
- CAPA Action Plans
- Data Collection Protocol
- Vocational Skills
- Naviance Training
- IEP Goal and Objective Training

F. MULTIMEDIA LAB INSERVICE 2011-12

Lakeland provides three days of new teacher training on a variety of topics including: Class XP, Homework Hero, United Streaming – digital film clips, Turn It In – an anti plagiarism tool, electronic lesson plans, cyber bullying, etc. A staff member conducted these sessions at the end of August to assist new staff members with the various software packages utilized by the district. The guidance director conducted an informational session to the parents at both of our Back to School nights to explain the advantages and provide logon assistance for using the Parent Portal PowerSchool application.

The lab utilization calendars for 2011-12 continues to include a variety of student projects using PowerPoint, Adobe InDesign, reports utilizing the TurnItIn option and other electronic methods for students to create projects, reports and research assignments. Lab opportunities are offered to all staff on a regular basis in order to provide one on one computer sessions for class use.

4. INTERNAL ACCOUNTING CONTROLS

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

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

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

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 municipalities. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements," Note 1.

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. 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.

8. RISK MANAGEMENT:

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

The Board is a member of the Pooled Insurance Program of New Jersey ("PIP"). The PIP is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the PIP is included in Note 11 to the Basic Financial Statements.

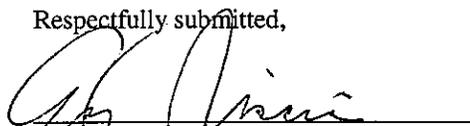
9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *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*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Lakeland Regional High School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

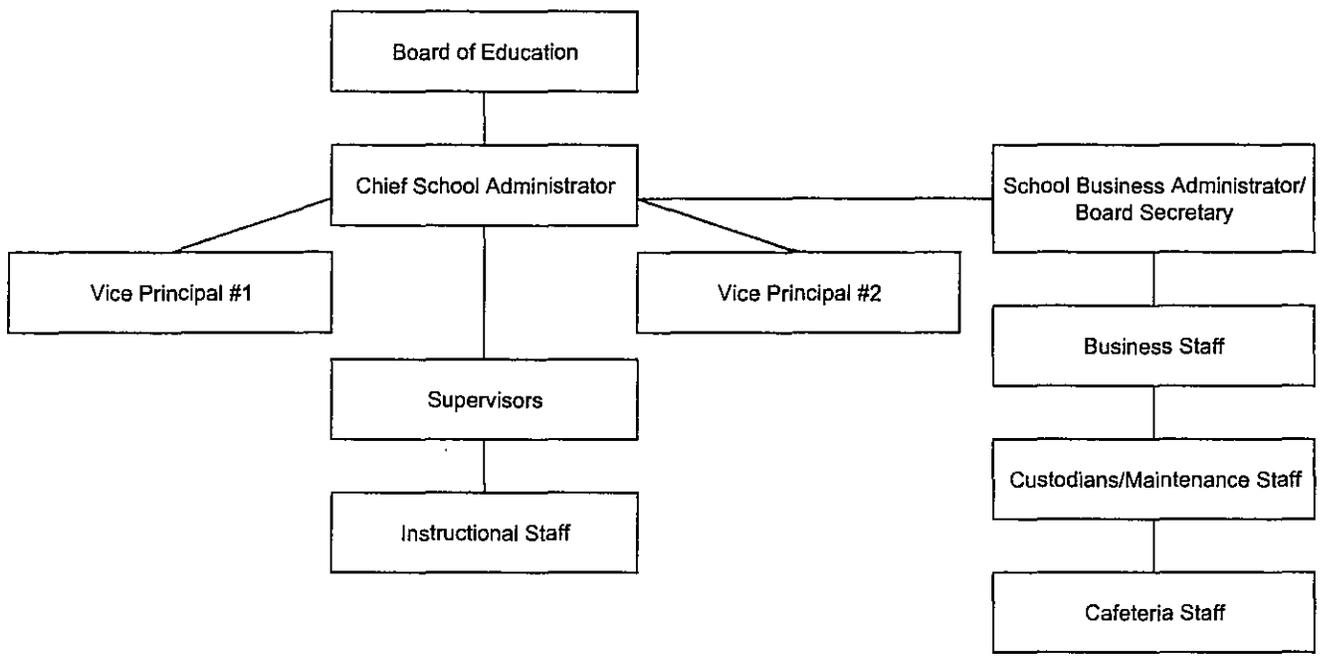
Respectfully submitted,


 Anthony Riscica
 Chief School Administrator


 Michael D. Leary
 Board Secretary/Business Administrator

LAKELAND REGIONAL HIGH SCHOOL DISTRICT

Organizational Chart
(Unit Control)



**LAKELAND REGIONAL HIGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Eileen Lerro, President	2013
Mary Ameen	2014
Bruce Gibson	2013
John Griffin	2014
Dr. Kenneth Koury	2013
Marie Mahler	2012
Carol Preus Gardner	2014
Suzanne Raoul	2012
Joseph Walker	2012

<u>Other Officers</u>	<u>Title</u>
Anthony Riscica	Chief School Administrator
Michael Leary	Board Secretary/School Business Administrator
Alfred LaNeve	Treasurer

**LAKELAND REGIONAL HIGH SCHOOL DISTRICT
Consultants and Advisors**

Architect/Engineer

FKA Architects
306 Ramapo Valley Road
Oakland, NJ 07436

EI Associates
8 Ridgedale Avenue
Cedar Knolls, NJ 07927

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320

Attorney

Phil Stern, Esquire
Adams, Stern, Gutierrez, & Lattiboudere, LLC
744 Broad Street
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Official Depository

Lakeland Bank
94 Ringwood Avenue
Wanaque, NJ 07465

FINANCIAL SECTION



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Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Lakeland Regional High School District
 County of Passaic, 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 Lakeland Regional High School District in the County of Passaic as of and for the fiscal year ended June 30, 2012 which collectively comprise the District's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *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. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Lakeland Regional High School District in the County of Passaic as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

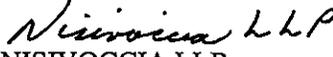
In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2012 on our consideration of the Board of Education of the Lakeland Regional High School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members
of the Board of Education
Lakeland Regional High School District
Page 2

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report, and Budgetary Comparison Information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Lakeland Regional High School District's financial statements. The accompanying supplementary information schedules such as the combining and individual nonmajor fund financial statements and the Schedules of Expenditures of Federal and State Awards, 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, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information such as the combining and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mount Arlington, New Jersey
October 11, 2012


NISIVOCCIA LLP


Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

This discussion and analysis of the Lakeland Regional High School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2012. The intent of this is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2011-2012 school year are as follows:

- The District's financial status improved over the prior year.
- Overall revenue was \$24.65 million.
- Actual revenue was \$662,722 higher than expected primarily in tuition, miscellaneous revenue and state sources.
- Outlays for new capital assets increased as projects previously authorized neared completion.
- The District reduced its outstanding long-term bonded debt by 7.90 percent.

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 that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)
(Continued)**

**Figure A-1
Organization of Lakeland Regional High's Financial Report**

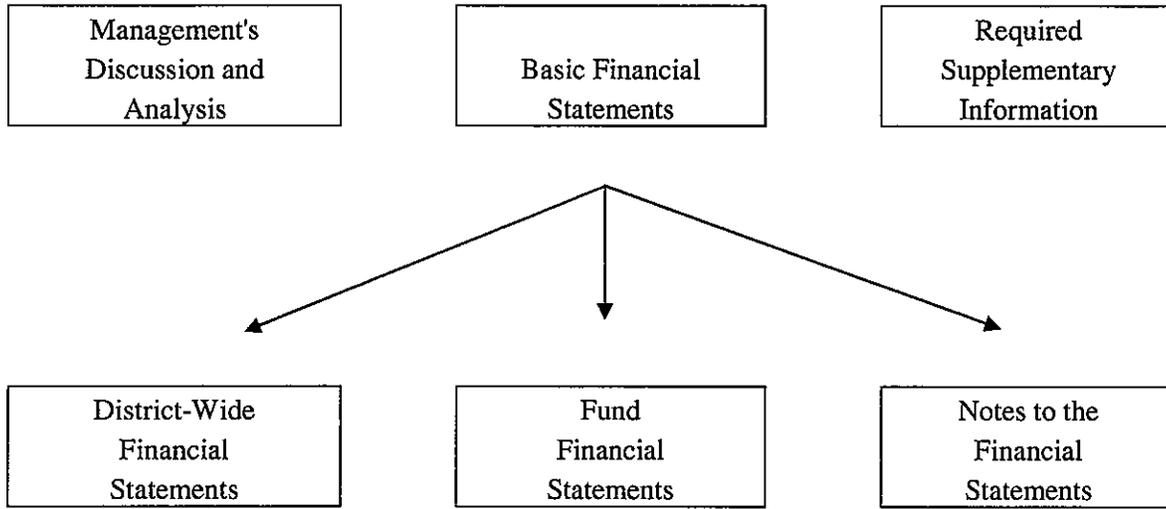


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)
(Continued)**

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and transportation	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)
(Continued)**

District-wide Statements

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

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

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

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)
(Continued)**

Fund Financial Statements

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently maintains an internal service fund for transportation.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Notes to Financial Statements

Provide additional information essential to full understanding of District-wide and fund financial statements.

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)
(Continued)**

Financial Analysis of the District as a Whole

The Statement of Net Assets provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net assets as of June 30, 2012 and 2011. The District's combined net assets were \$15,282,140 on June 30, 2012, \$2,621,925 or 20.71% more than they were the year before. The change in the District's financial position came mainly from its governmental activities, as net assets increased from \$12,434,065 to \$15,036,903. The net assets of the business-type activities increased by \$19,087. A factor affecting the net assets was the pay-down of long-term bonded debt in the amount of \$220,000 that decreased debt and increased net assets.

**Figure A-3
Condensed Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	
Current and Other Assets	\$ 9,548,511	\$ 8,909,429	\$ 224,380	\$ 214,980	\$ 9,772,891	\$ 9,124,409	7.11%
Capital Assets	9,889,846	8,544,476	20,857	11,170	9,910,703	8,555,646	15.84%
Total Assets	<u>19,438,357</u>	<u>17,453,905</u>	<u>245,237</u>	<u>226,150</u>	<u>19,683,594</u>	<u>17,680,055</u>	<u>11.33%</u>
Long-Term Debt Outstanding	3,658,152	3,966,320			3,658,152	3,966,320	-7.77%
Other Liabilities	743,302	1,053,520			743,302	1,053,520	-29.45%
Total Liabilities	<u>4,401,454</u>	<u>5,019,840</u>	<u>-0-</u>	<u>-0-</u>	<u>4,401,454</u>	<u>5,019,840</u>	<u>-12.32%</u>
Net Assets/(Deficit):							
Invested in Capital Assets, Net of Related Debt	7,324,846	5,759,476	20,857	11,170	7,345,703	5,770,646	27.29%
Restricted	7,404,749	4,910,146			7,404,749	4,910,146	50.81%
Unrestricted	<u>307,308</u>	<u>1,764,443</u>	<u>224,380</u>	<u>214,980</u>	<u>531,688</u>	<u>1,979,423</u>	<u>-73.14%</u>
Total Net Assets	<u>\$ 15,036,903</u>	<u>\$ 12,434,065</u>	<u>\$ 245,237</u>	<u>\$ 226,150</u>	<u>\$ 15,282,140</u>	<u>\$ 12,660,215</u>	<u>20.71%</u>

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)
(Continued)**

Changes in Net Assets

Total revenue increased 1.12% to \$24,652,390. Property taxes and federal and state aid/awards accounted for most of the District's revenue, approximately 93.73% of the total. The increase in total revenue is the result of increases in federal aid/awards, state aid/awards and other revenue, offset by decreases in property taxes and charges for services.

**Figure A-4
Changes in Net Assets from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	
Revenue:							
Program Revenue:							
Charges for Services	\$ 720,569	\$ 794,198	\$ 331,433	\$ 379,887	\$ 1,052,002	\$ 1,174,085	-10.40%
Operating Grants and Contributions	3,006,149	2,606,883	145,728	136,641	3,151,877	2,743,524	14.88%
Capital Grants and Contributions		67,001				67,001	-100.00%
General Revenue:							
Property Taxes	16,067,009	16,761,923			16,067,009	16,761,923	-4.15%
State Aid	3,887,436	3,548,553			3,887,436	3,548,553	9.55%
Other	493,191	82,951	875	418	494,066	83,369	492.63%
Total Revenue	24,174,354	23,861,509	478,036	516,946	24,652,390	24,378,455	1.12%
Expenses:							
Instruction	12,004,153	12,043,903			12,004,153	12,043,903	-0.33%
Pupil and Instruction Services	4,668,194	4,260,717			4,668,194	4,260,717	9.56%
Administrative and Business	1,599,609	1,667,995			1,599,609	1,667,995	-4.10%
Maintenance and Operations	1,782,700	2,000,551			1,782,700	2,000,551	-10.89%
Transportation	1,426,083	1,233,285			1,426,083	1,233,285	15.63%
Other	90,777	92,739	458,949	475,672	549,726	568,411	-3.29%
Total Expenses	21,571,516	21,299,190	458,949	475,672	22,030,465	21,774,862	1.17%
Increase/(Decrease) in Net Assets	\$ 2,602,838	\$ 2,562,319	\$ 19,087	\$ 41,274	\$ 2,621,925	\$ 2,603,593	0.70%

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)
(Continued)**

Revenue Sources. The District's total revenue for the 2011/12 school year was \$24,652,390. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$16,067,009 of the total, or 65.17 percent. (See Figure A-5). Another 28.47 percent came from federal and state aid/awards for general and specific programs and the remainder from miscellaneous sources and service charges.

**Figure A-5
Sources of Revenue for Fiscal Year 2012**

	<u>Amount</u>	<u>Percentage</u>
Sources of Income:		
Charges for Services	\$ 1,052,002	4.27%
Operating Grants and Contributions	3,151,877	12.79%
Property Taxes	16,067,009	65.17%
State Aid	3,887,436	15.77%
Other	494,066	2.00%
	<u>\$ 24,652,390</u>	<u>100.00%</u>

The total cost of all programs and services was \$22,030,465. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (82.15 percent). (See Figure A-6). The District's administrative and business activities accounted for 7.26 percent of total costs. The most significant contributors to the cost of maintenance and operations are salaries, energy costs (including fuel), and cleaning, repair and maintenance services.

**Figure A-6
Expenses for Fiscal Year 2012**

	<u>Amount</u>	<u>Percentage</u>
Expense Category:		
Instruction	\$ 12,004,153	54.49%
Pupil and Instruction Services	4,668,194	21.19%
Administrative and Business	1,599,609	7.26%
Maintenance and Operations	1,782,700	8.09%
Transportation	1,426,083	6.47%
Other	549,726	2.50%
	<u>\$ 22,030,465</u>	<u>100.00%</u>

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)
(Continued)**

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Figure A-7 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

As discussed elsewhere in this commentary, the financial position of the District improved. Maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. During the past few years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to offset increased enrollment, increased special education programs and increased health benefit costs.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions during the year were:

- Shared Services with other area school districts to provide transportation routes for Lakeland High School, field trips and to out-of-district special education schools.
- Standard practice has been to maintain lower maintenance costs by seeking competitive proposals each year for these services and performing work in-house.
- Shared Services with Ringwood and Wanaque School Districts to provide for Tri-District positions in the following areas: Special Services Administrator, Substance Abuse Coordinator and Substitute Caller.
- Purchased supplies and services through four purchasing shared services agreements and one insurance pool.

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)
(Continued)**

Governmental Activities

It is crucial that the District examine its expenditures carefully. Figure A-7 presents the cost of six major District activities; instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2011/2012	2010/2011	2011/2012	2010/2011
Instruction	\$ 12,004,153	\$ 12,043,903	\$ 9,064,219	\$ 9,432,290
Pupil and Instruction Services	4,668,194	4,260,717	4,024,064	3,671,747
Administrative and Business	1,599,609	1,667,995	1,541,105	1,621,678
Maintenance and Operations	1,782,700	2,000,551	1,782,700	2,000,551
Transportation	1,426,083	1,233,285	1,341,933	1,012,103
Other	90,777	92,739	90,777	92,739
	<u>\$ 21,571,516</u>	<u>\$ 21,299,190</u>	<u>\$ 17,844,798</u>	<u>\$ 17,831,108</u>

- The net cost of all governmental activities this year was \$17,844,798.
- The federal and state governments subsidized certain programs with grants and contributions (\$3.006 million).
- Most of the District's costs, however, were financed by District taxpayers.
- A portion of governmental activities was financed with \$3.887 million in state aid based on the CEIFA formula.
- The remainder of the funding came from charges for services, investment earnings and miscellaneous revenue.

Business-Type Activities

Net assets from the District's business-type activities increased by \$19,087. (Refer to Figure A-4). Factors contributing to these results included:

- Food services revenues exceeded expenses by \$19,087, accounting for all of the increase in the net assets of the business-type activities. Lakeland's Food Service Manager continues to improve the food quality and variety to the students and faculty, resulting in an increase in participation in the school lunch program.

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)
(Continued)**

Financial Analysis of the District's Funds

The District's financial position improved despite significant changes in the student clientele and difficult economic times. Revenue, as discussed earlier, was realized in excess of budgeted amounts while expenditures were less than the final budget.

The current economy has had a direct impact upon the District's revenue sources. Interest from investments continued to be negatively affected. Ratables in the municipalities have been increasing at a low rate while the Towns' tax collection percentages have remained stable.

These factors are likely to continue for the near future. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

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

Over the course of the year, the District revised the annual operating budget monthly. Revisions in the budget were made to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation.

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires as well as program adjustments necessitated by student population changes.
- Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year, which necessitates transferring funds to the appropriate account to pay these special education costs.
- Property and liability insurance policies were renewed at lower rates than budgeted. This cost is counter to the national trend of the insurance industry.
- Teacher's Pension and Annuity Fund, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the District but is required to be reflected in the financial statements.

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)
(Continued)**

Capital Asset and Debt Administration

**Figure A-8
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	
Site Improvements	\$ 801,372	\$ 866,926			\$ 801,372	\$ 866,926	-7.56%
Buildings and Building Improvements	4,008,129	4,121,258			4,008,129	4,121,258	-2.75%
Equipment and Furniture	977,996	765,154	\$ 20,857	\$ 11,170	998,853	776,324	28.66%
Construction in Progress	4,102,349	2,791,138			4,102,349	2,791,138	46.98%
	<u>\$ 9,889,846</u>	<u>\$ 8,544,476</u>	<u>\$ 20,857</u>	<u>\$ 11,170</u>	<u>\$ 9,910,703</u>	<u>\$ 8,555,646</u>	<u>15.84%</u>

More detailed information about the District's capital assets is presented in Note 7 to the Basic Financial Statements.

Long-term Debt

At year-end, the District had \$2,565,000 in general obligation bonds, a reduction of \$220,000 from last year – as shown in Figure A-9. More detailed information about the District's long-term debt is presented in Note 8 to the Basic Financial Statements.

**Figure A-9
Outstanding Long-Term Debt**

	Total School District		Percentage Change
	2011/12	2010/11	
General Obligation Bonds (Financed with Property Taxes)	\$ 2,565,000	\$ 2,785,000	-7.90%
Other General Obligation Debt	1,093,152	1,181,320	-7.46%
	<u>\$ 3,658,152</u>	<u>\$ 3,966,320</u>	<u>-7.77%</u>

- The District continued to pay down its debt, retiring \$220,000 of its general obligation debt, \$42,714 of its early retirement incentive payable and \$49,071 of its capital lease payable.

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)
(Continued)**

Factors Bearing on the District's Future Revenue/Expense Changes

The economy continued to struggle during the past school year. Unemployment remained high compared with past years. The housing market was still stagnant in both sales and value. Foreclosures rose as banks resumed repossession activity on delinquent homeowners. Consumer confidence remained reserved which translated to less than robust retail activity.

This state of affairs translated into lower revenue collections at all levels of government in New Jersey. Despite this, funding for education remained flat the past year. This was an improvement over the past two years when reductions to aid were experienced and resulted in staff and program reductions. Lakeland was able to retain all programs and people for the past year and for the upcoming school year. In fact, new professional positions were added to address the increasing number of students requiring special services.

Examination of the Tri-District Supervisor of Special Services position is being conducted. This position has overseen special service operations in Lakeland, Wanaque and Ringwood for the past four years. Escalating numbers of students, increased demand for services and the increasing frequency of litigation is forcing the districts to consider hiring a supervisor for each district. While this would impact district finances initially better supervision may lead to cost containment in future years.

A major development for all Boards of Education was legislation allowing the eliminating the annual school budget elections. This action finally placed school districts on the same level of budget planning as state and local governments. Boards choosing this path are limited to a 2% cap on their annual tax levy each year. With no exceptions or waivers to this limit districts will have to carefully manage their fixed costs (personnel, benefits, utilities) in coming years.

The Affordable Health Care Act requirements will become a major issue for school districts next year. New reporting requirements on costs of benefits and new plan descriptions and options will have some impact on business office operations that are as yet undetermined.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator at the Lakeland Regional High School Board of Education, 205 Conklintown Road, Wanaque, NJ 07456.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,934,082	\$ 425,203	\$ 2,359,285
Internal Balances	216,788	(216,788)	
Receivables from Other Governments	292,299	9,337	301,636
Other Receivables, Net	22,045		22,045
Unamortized Bond Issuance Costs, Net	51,687		51,687
Inventory		6,628	6,628
Restricted Assets:			
Capital Reserve Account - Cash	5,253,036		5,253,036
Maintenance Reserve Account - Cash	1,274,589		1,274,589
Prepaid Expenses	503,985		503,985
Capital Assets, Net:			
Site Improvements and Construction in Progress	4,102,349		4,102,349
Depreciable Buildings and Building Improvements and Machinery and Equipment	5,787,497	20,857	5,808,354
Total Assets	<u>19,438,357</u>	<u>245,237</u>	<u>19,683,594</u>
LIABILITIES			
Current Liabilities:			
Payable to Federal Government	66		66
Accounts Payable	497,215		497,215
Accrued Interest Payable	52,637		52,637
Unamortized Bond Premiums, Net	191,565		191,565
Deferred Revenue	1,819		1,819
Noncurrent Liabilities:			
Due Within One Year	326,439		326,439
Due Beyond One Year	3,331,713		3,331,713
Total Liabilities	<u>4,401,454</u>		<u>4,401,454</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	7,324,846	20,857	7,345,703
Restricted for:			
Capital Projects	5,240,992		5,240,992
Other Purposes	2,163,757		2,163,757
Unrestricted	307,308	224,380	531,688
Total Net Assets	<u>\$ 15,036,903</u>	<u>\$ 245,237</u>	<u>\$ 15,282,140</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 8,437,072	\$ 644,224	\$ 1,047,676		\$ (6,745,172)		\$ (6,745,172)
Special Education	2,376,904		1,146,954		(1,229,950)		(1,229,950)
Other Special Instruction	28,071		3,000		(25,071)		(25,071)
Other Instruction	1,162,106		98,080		(1,064,026)		(1,064,026)
Support services:							
Tuition	1,396,772		270,856		(1,125,916)		(1,125,916)
Student & Instruction Related Services	3,271,422		373,274		(2,898,148)		(2,898,148)
General Administrative Services	446,753				(446,753)		(446,753)
School Administrative Services	633,971		58,504		(575,467)		(575,467)
Central Services	359,543				(359,543)		(359,543)
Administrative Information Technology	159,342				(159,342)		(159,342)
Plant Operations and Maintenance	1,782,700				(1,782,700)		(1,782,700)
Pupil Transportation	1,426,083	76,345	7,805		(1,341,933)		(1,341,933)
Interest on Long-Term Debt	90,777				(90,777)		(90,777)
Total Governmental Activities	21,571,516	720,569	3,006,149	\$ -0-	(17,844,798)		(17,844,798)

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 458,949	\$ 331,433	\$ 145,728			\$ 18,212	\$ 18,212
Total Business-Type Activities	458,949	331,433	145,728			18,212	18,212
Total Primary Government	<u>\$ 22,030,465</u>	<u>\$ 1,052,002</u>	<u>\$ 3,151,877</u>	<u>\$ -0-</u>	<u>\$ (17,844,798)</u>	<u>18,212</u>	<u>(17,826,586)</u>
General Revenues:							
Taxes:							
					15,736,378		15,736,378
					330,631		330,631
					3,887,436		3,887,436
					153,007	875	153,882
					340,184		340,184
					<u>20,447,636</u>	<u>875</u>	<u>20,448,511</u>
					2,602,838	19,087	2,621,925
					<u>12,434,065</u>	<u>226,150</u>	<u>12,660,215</u>
					<u>\$ 15,036,903</u>	<u>\$ 245,237</u>	<u>\$ 15,282,140</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 572,953		\$ 363,467	\$ 10,166	\$ 946,586
Interfunds Receivable	297,389				297,389
Receivables from Other Governments	205,984	\$ 86,315			292,299
Other Receivables	22,045				22,045
Restricted Cash and Cash Equivalents	6,527,625				6,527,625
Prepaid Expenses	503,985				503,985
Total Assets	\$ 8,129,981	\$ 86,315	\$ 363,467	\$ 10,166	\$ 8,589,929
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable		\$ 72,834			\$ 72,834
Payable to Federal Government		66			66
Accounts Payable	\$ 455,911	11,596			467,507
Deferred Revenue		1,819			1,819
Total Liabilities	455,911	86,315			542,226
Fund Balances:					
Restricted for:					
Capital Reserve Account	5,253,036				5,253,036
Maintenance Reserve Account	1,274,589				1,274,589
Excess Surplus - Subsequent Year's Expenditures	879,002				879,002
Capital Projects			\$ 127,834		127,834
Debt Service				\$ 10,166	10,166
Committed for Capital Projects			235,633		235,633
Assigned:					
Year-End Encumbrances	125,571				125,571
Unassigned	141,872				141,872
Total Fund Balances	7,674,070		363,467	10,166	8,047,703
Total Liabilities and Fund Balances	\$ 8,129,981	\$ 86,315	\$ 363,467	\$ 10,166	\$ 8,589,929

Amounts Reported for *Governmental Activities* in the Statement of Net Assets (A-1) are Different Because:

Total Fund Balances (Per Above)	\$ 8,047,703
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds. The cost of the assets is \$17,410,055 and the accumulated depreciation is \$7,520,209.	9,889,846
Internal service funds are used by management to charge the costs of transportation to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.	950,021
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(3,658,152)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(52,637)
Bond Issuance costs are reported as expenditures in the Funds. These costs total \$68,918 and the accumulated amortization is \$17,231.	51,687
Bond Premiums are reported as revenue in the Funds. These premiums total \$255,426 and the accumulated amortization is \$63,861.	(191,565)
Net Assets of Governmental Activities	\$ 15,036,903

Exhibit B-2

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 15,736,378			\$ 330,631	\$ 16,067,009
Tuition Charges	644,224				644,224
Miscellaneous	150,381				150,381
Total - Local Sources	16,530,983			330,631	16,861,614
State Sources	6,294,957				6,294,957
Federal Sources	179,293	\$ 419,335			598,628
Total Revenues	23,005,233	419,335		330,631	23,755,199
EXPENDITURES					
Current:					
Regular Instruction	6,192,394				6,192,394
Special Education Instruction	1,678,003	82,155			1,760,158
Other Special Instruction	20,250				20,250
Other Instruction	906,436				906,436
Support Services and Undistributed Costs:					
Tuition	1,125,916	270,856			1,396,772
Student & Instruction Related Services	2,394,395	64,424			2,458,819
General Administrative Services	390,605				390,605
School Administrative Services	477,644				477,644
Central Services	298,655				298,655
Administration Information Technology	153,410				153,410
Plant Operations and Maintenance	1,433,663				1,433,663
Pupil Transportation	1,142,498				1,142,498
Unallocated Benefits	4,507,880				4,507,880
Debt Service:					
Principal				220,000	220,000
Interest and Other Charges				110,631	110,631
Capital Outlay	160,761	1,900	\$ 1,311,211		1,473,872
Total Expenditures	20,882,510	419,335	1,311,211	330,631	22,943,687
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	2,122,723		(1,311,211)		811,512
OTHER FINANCING SOURCES/(USES)					
Accounts Payable Canceled	340,184				340,184
Transfers In			44,964		44,964
Transfers Out	(44,964)				(44,964)
Total Other Financing Sources/(Uses)	295,220		44,964		340,184
Net Change in Fund Balances	2,417,943	-0-	(1,266,247)	-0-	1,151,696
Fund Balance - July 1	5,256,127	-0-	1,629,714	10,166	6,896,007
Fund Balance - June 30	<u>\$ 7,674,070</u>	<u>\$ -0-</u>	<u>\$ 363,467</u>	<u>\$ 10,166</u>	<u>\$ 8,047,703</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Total net change in fund balances - governmental funds (from B-2) \$ 1,151,696

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	\$ (392,606)	
Capital outlays	<u>1,739,222</u>	1,346,616

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed (-). (1,246)

The governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-) (5,743)

The governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+) 21,285

Repayment of debt service 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. 311,785

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. 5,246

Internal service funds are used by management to charge the costs of transportation to individual funds. The revenue and expenses are netted with governmental activities and are included in governmental activities in the statement of net assets. (223,184)

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (3,617)

Change in net assets of governmental activities \$ 2,602,838

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-4

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2012

	Business-Type Activities - Enterprise Funds Food Service	Governmental Activities - Internal Service Fund Transportation
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 425,203	\$ 987,496
Accounts Receivable:		
Other Governments	9,337	
Inventories	6,628	
Total Current Assets	441,168	987,496
Non-Current Assets:		
Capital Assets	79,785	1,552,406
Less: Accumulated Depreciation	(58,928)	(876,106)
Total Non-Current Assets	20,857	676,300
Total Assets	462,025	1,663,796
LIABILITIES:		
Current Liabilities:		
Accounts Payable		29,708
Interfund Payable	216,788	7,767
Total Current Liabilities	216,788	37,475
Total Liabilities	216,788	37,475
NET ASSETS:		
Investment in Capital Assets, Net of Related Debt	20,857	676,300
Unrestricted	224,380	950,021
Total Net Assets	\$ 245,237	\$ 1,626,321

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds Food Service	Governmental Activities - Internal Service Fund Transportation
Operating Revenue:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 255,660	
Daily Sales - Non-Reimbursable Programs	67,138	
Special Events	8,635	
Charges and Fees		\$ 552,801
	331,433	552,801
Total Operating Revenue	331,433	552,801
Operating Expenses:		
Cost of Sales	202,419	
Salaries	216,788	
Contracted Services		196,843
Aid in Lieu		65,323
General Supplies	37,229	
Miscellaneous		198,751
Depreciation Expense	2,513	140,976
	458,949	601,893
Total Operating Expenses	458,949	601,893
Operating Loss	(127,516)	(49,092)
Non-Operating Revenue:		
Federal Sources:		
School Breakfast Program	40,607	
National School Lunch Program	86,858	
Food Distribution Program	14,594	
State Sources:		
School Lunch Program	3,669	
Local Sources:		
Interest Revenue	875	2,626
	146,603	2,626
Total Non-Operating Revenue	146,603	2,626
Change in Net Assets	19,087	(46,466)
Net Assets - Beginning of Year	226,150	1,672,787
Net Assets - End of Year	\$ 245,237	\$ 1,626,321

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 331,433	\$ 557,964
Payments to Employees	(239,292)	
Payments to Suppliers	(225,697)	(480,105)
Net Cash Provided by/(Used for) Operating Activities	(133,556)	77,859
Cash Flows from Capital Financing Activities:		
Acquisition of Capital Assets	(12,200)	(317,694)
Net Cash Used for Capital Financing Activities	(12,200)	(317,694)
Cash Flows from Noncapital Financing Activities:		
State Sources	3,891	
Federal Sources	127,173	
Net Cash Provided by Noncapital Financing Activities	131,064	
Cash Flows from Investing Activities:		
Interest Revenue	875	2,626
Net Cash Provided by Investing Activities	875	2,626
Net Decrease in Cash and Cash Equivalents	(13,817)	(237,209)
Cash and Cash Equivalents, July 1	439,020	1,224,705
Cash and Cash Equivalents, June 30	\$ 425,203	\$ 987,496
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	\$ (127,516)	\$ (49,092)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation	2,513	140,976
Federal Food Distribution Program	14,594	
Changes in Assets and Liabilities:		
Increase in Inventory	(643)	
Decrease in Accounts Payable		(19,188)
Increase/(Decrease) in Interfund Payable	(22,504)	5,163
Net Cash Provided by/(Used for) Operating Activities	\$ (133,556)	\$ 77,859

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$14,594 for the fiscal year ended June 30, 2012.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-7

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2012

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Unemployment Compensation Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 421,644	\$ 716,341	\$ 5,241
Total Assets	<u>421,644</u>	<u>716,341</u>	<u>5,241</u>
LIABILITIES:			
Payroll Deductions and Withholdings	188,749		
Due to Student Groups	<u>232,895</u>		
Total Liabilities	<u>421,644</u>	<u>-0-</u>	<u>-0-</u>
NET ASSETS:			
Held in Trust for:			
Unemployment Compensation Claims		716,341	
Flexible Spending Claims			<u>5,241</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 716,341</u>	<u>\$ 5,241</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 30,353	\$ 2,750
Employer	400,000	3,096
Total Contributions	<u>430,353</u>	<u>5,846</u>
Investment Earnings:		
Interest	1,101	3
Net Investment Earnings	<u>1,101</u>	<u>3</u>
Total Additions	<u>431,454</u>	<u>5,849</u>
DEDUCTIONS:		
Unemployment Compensation Claims	90,833	
Flexible Spending Claims		608
Total Deductions	<u>90,833</u>	<u>608</u>
Change in Net Assets	340,621	5,241
Net Assets - Beginning of the Year	<u>375,720</u>	<u>-0-</u>
Net Assets - End of the Year	<u>\$ 716,341</u>	<u>\$ 5,241</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Lakeland Regional High School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate; tax exempt entities that meet specific criteria should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include a senior high school serving Wanaque and Ringwood. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) 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 NJDOE believes that the presentation of all governmental funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Internal Service Fund: The Internal Service Fund accounts for all revenue and expenses pertaining to the Board's transportation operations. The internal service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting:

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting: (Cont'd)

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. 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 fourth Wednesday 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 23,051,293	\$ 403,681
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the related Revenue is Recognized.		15,654
State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Purposes	385,578	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(431,638)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 23,005,233</u>	<u>\$ 419,335</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 20,882,510	\$ 403,681
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for GAAP Reporting Purposes.		<u>15,654</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 20,882,510</u>	<u>\$ 419,335</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions:

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

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. 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 restricted, committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances: (Cont'd)

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

I. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

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.

J. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	45 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Long Term Liabilities:

In the government-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2012.

M. Compensated Absences:

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

District employees are granted 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.

N. Deferred Revenue:

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

O. Fund Balance Appropriated:

General Fund: Of the \$7,674,070 General Fund balance at June 30, 2012, \$125,571 is assigned for encumbrances; \$5,253,036 is restricted in the capital reserve account; \$1,274,589 is restricted in the maintenance reserve account; \$879,002 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended (\$879,002 is included as anticipated revenue for the year ending June 30, 2013); and \$141,872 is unassigned which is \$431,638 less on the GAAP basis than the calculated maximum unreserved fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2013.

Capital Projects Fund: Of the \$363,467 Capital Projects Fund balance at June 30, 2012, \$235,633 is committed and \$127,834 is restricted.

Debt Service Fund: All of the \$10,166 Debt Service Fund balance at June 30, 2012 is restricted for debt service.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Fund Balance Appropriated: (Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2012 totaling \$879,002.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$431,638 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 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 June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable.

Pursuant to N.J.S.A. 18A:22-44.2, any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action.

The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

P. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the prior fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned. Fund balance restrictions have been established for excess surplus, capital reserve, maintenance reserve, capital projects and encumbrances.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources for capital projects at June 30, 2012.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30.

Q. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Revenue - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

T. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board 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.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

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

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if 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, the Federal Home Loan Bank Board 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 Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

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

	<u>Cash and Cash Equivalents</u>	<u>Capital Reserve Account</u>	<u>Maintenance Reserve Account</u>	<u>Total</u>
Checking Accounts	<u>\$ 3,497,270</u>	<u>\$ 5,253,036</u>	<u>\$ 1,274,589</u>	<u>\$ 10,024,895</u>

During the period ended June 30, 2012, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2012, was \$10,024,895 and the bank balance was \$10,591,441.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution by inclusion of \$1 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$ 2,530,497
Interest Earnings	5,265
Deposits	2,762,238
Withdrawals	<u>(44,964)</u>
Ending Balance, June 30, 2012	<u>\$ 5,253,036</u>

The balance in the capital reserve account at June 30, 2012 does not exceed the balance of local support costs of uncompleted capital projects in the District's LRFP. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's LRFP.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$311,294 was established by Board resolution on June 23, 2008. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be reserved and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$ 1,271,936
Interest Earnings	<u>2,653</u>
Ending Balance, June 30, 2012	<u>\$ 1,274,589</u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2012, the District transferred \$83,044 to the capital outlay accounts for the acquisition of equipment which did not require the approval of the County Superintendent.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 2,791,138	\$ 1,311,211		\$ 4,102,349
Total Capital Assets Not Being Depreciated	<u>2,791,138</u>	<u>1,311,211</u>	\$ -0-	<u>4,102,349</u>
Capital Assets Being Depreciated:				
Site Improvements	1,332,390			1,332,390
Buildings and Building Improvements	9,431,684			9,431,684
Machinery and Equipment	2,218,349	428,011	102,728	2,543,632
Total Capital Assets Being Depreciated	<u>12,982,423</u>	<u>428,011</u>	<u>102,728</u>	<u>13,307,706</u>
Governmental Activities Capital Assets	<u>15,773,561</u>	<u>1,739,222</u>	<u>102,728</u>	<u>17,410,055</u>
Less Accumulated Depreciation for:				
Site Improvements	(465,464)	(65,554)		(531,018)
Buildings and Building Improvements	(5,310,426)	(113,129)		(5,423,555)
Machinery and Equipment	(1,453,195)	(213,923)	(101,482)	(1,565,636)
	<u>(7,229,085)</u>	<u>(392,606)</u>	<u>(101,482)</u>	<u>(7,520,209)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,544,476</u>	<u>\$ 1,346,616</u>	<u>\$ 1,246</u>	<u>\$ 9,889,846</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Equipment and Furniture	\$ 67,585	\$ 12,200		\$ 79,785
Less Accumulated Depreciation	(56,415)	(2,513)		(58,928)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 11,170</u>	<u>\$ 9,687</u>	<u>\$ -0-</u>	<u>\$ 20,857</u>

The increases totaling \$1,751,422 represent current year capitalized expenditures of \$1,311,211 in the capital projects fund, \$428,011 in the general fund and \$12,200 in the food service enterprise fund. The District had active construction projects totaling \$363,467 as of June 30, 2012. The District had outstanding construction encumbrances totaling \$35,850 as of June 30, 2012. Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 43,133
Student and Instruction Related Services	17,746
Operations and Maintenance of Plant	190,751
Student Transportation	140,976
	<u>\$ 392,606</u>

Capital Assets of the Internal Service Fund are included as Governmental Activities in the district-wide financial statements.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the District-wide financial statements:

	<u>Balance</u> <u>6/30/2011</u>	<u>Issued/</u> <u>Accrued</u>	<u>Retired/</u> <u>Defeased</u>	<u>Balance</u> <u>6/30/2012</u>
Compensated Absences Payable	\$ 389,222	\$ 39,960	\$ 36,343	\$ 392,839
Capital Leases Payable	150,841		49,071	101,770
Serial Bonds Payable	2,785,000		220,000	2,565,000
Early Retirement Incentive	<u>641,257</u>		<u>42,714</u>	<u>598,543</u>
	<u>\$ 3,966,320</u>	<u>\$ 39,960</u>	<u>\$ 348,128</u>	<u>\$ 3,658,152</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the debt service fund.

The District had serial bonds outstanding as of June 30, 2012 as follows:

<u>Maturity</u> <u>Date</u>	<u>Interest Rate</u>	<u>Amount</u>
8/1/2021	3.00%-5.00%	<u>\$ 2,565,000</u>

Principal and interest due on serial bonds and loans outstanding are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 230,000	\$ 102,000	\$ 332,000
2014	235,000	94,438	329,438
2015	250,000	85,325	335,325
2016	265,000	74,363	339,363
2017	270,000	63,000	333,000
Thereafter:			
2018-2022	<u>1,315,000</u>	<u>146,350</u>	<u>1,461,350</u>
	<u>\$ 2,565,000</u>	<u>\$ 565,476</u>	<u>\$ 3,130,476</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2012, the Board had no bonds authorized but not issued.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable:

The District has a capital lease payable for computer equipment. The lease is for three years with the final payment occurring in the fiscal year 2013-14. The schedule of the future minimum lease payments under the District's capital lease and the present value of the net minimum lease payments at June 30, 2012 is detailed below.

<u>Year</u>	<u>Amount</u>
2013	\$ 53,641
2014	53,641
	<u>107,282</u>
Less: Amount representing interest	<u>(5,512)</u>
Present value of net minimum lease payments	<u>\$ 101,770</u>

The current portion of capital leases payable at June 30, 2012 is \$49,988 and the long-term portion is \$51,782. The General Fund will be used to liquidate capital leases payable.

D. Early Retirement Incentive Program:

Principal and interest due at 8.75%, financing of ERIP is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 46,451	\$ 52,373	\$ 98,824
2014	50,516	48,308	98,824
2015	54,936	43,888	98,824
2016	59,743	39,081	98,824
2017	64,970	33,854	98,824
Thereafter:			
2018-2021	<u>321,927</u>	<u>73,369</u>	<u>395,296</u>
	<u>\$ 598,543</u>	<u>\$ 290,873</u>	<u>\$ 889,416</u>

The current portion of ERIP payable at June 30, 2012 is \$46,451 and the long-term portion is \$552,092. The ERIP liability will be liquidated through the general fund.

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The liability at June 30, 2012 is \$392,839, all of which is a long-term liability.

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.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. However, if an employee is ineligible to enroll in the TPAF or PERS, the employee may be eligible to enroll in the Defined Contribution Retirement Program (DCRP). These systems are sponsored and administered by the State of New Jersey. The TPAF 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 Board and the system's other noncontribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during the years of creditable service. Vesting occurs after 8 to 10 years of service. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, NJ, 08625-0295.

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 but less than 20 years of service.

The Board elected to participate in the early retirement incentive program (ERIP) during the fiscal year ended June 30, 1994. The District's remaining liability and financing for ERIP is detailed in Note 8.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS and TPAF went from 5.5% to 6.50% of employees' annual compensation, as defined. Employee contributions for DCRP are based on a percentage of 5.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the TPAF and PERS. The actuarially determined employer contribution includes funding for cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution. Under current statute, the District is a noncontributing employer of the TPAF.

District contributions to PERS amounted to \$279,336, \$279,525 and \$213,153 for 2012, 2011 and 2010, respectively.

During the fiscal years ended June 30, 2012, 2011 and 2010 the State of New Jersey contributed \$298,047, \$-0- and \$-0-, respectively, to the TPAF for normal pension benefits on-behalf of the District.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

Employee contributions to the DCRP for the fiscal years ended June 30, 2012 and 2011 were \$1,834 and \$2,489, respectively. Employer contributions to the DCRP for the fiscal years ended June 30, 2012 and 2011 were \$1,000 and \$1,358, respectively. For the fiscal year ended June 30, 2010, no employee or employer contributions to the DCRP were required.

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required the TPAF and 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 receiving 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributed 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 for Fiscal Year 2011.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$599,151, \$622,779 and \$613,051 for 2012, 2011 and 2010, respectively.

NOTE 11. 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, Liability and Health Benefits

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. The District is a member of a joint insurance fund for workers' compensation insurance. Health benefits are provided to employees through Horizon Blue Cross Blue Shield.

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 to the State.

The following is a summary of District contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 400,000	\$ 30,353	\$ 1,101	\$ 90,833	\$ 716,341
2010-2011	400,000	28,260	433	153,893	375,720
2009-2010	120,000	32,849	246	110,247	100,920

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

The Lakeland Regional High School District is a member of the Pooled Insurance Program of New Jersey (the "PIP"). The PIP provides the District with workers' compensation insurance. The PIP is a risk-sharing public entity risk pool that is an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the PIP are elected.

As a member of the PIP, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the PIP were to be exhausted, members would become responsible for their respective shares of the PIP's liabilities.

The PIP can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected, summarized financial information as of June 30, 2011, is as follows:

	Pooled Insurance Program of New Jersey
Total Assets	\$ 20,051,565
Net Assets	\$ 4,980,116
Total Revenue	\$ 7,886,927
Total Expenses and Adjustments	\$ 6,116,398
Net Assets Distribution to Participating Members	\$ 1,184,665
Change in Net Assets for the Year Ended June 30	\$ 585,864

Financial statements for the PIP are available at the Executive Director's Office:

Burton Agency
44 Bergen Street
PO Box 270
Westwood, NJ 07675
(201) 664-0310

NOTE 12. COMMITMENTS AND CONTINGENCIES

The Board is periodically involved in lawsuits arising in the normal course of business, including claims regarding special education, disputes over contract awards and performance, and employment matters. The Board does not believe that the ultimate outcome of these cases will have a material negative effect on the District's financial position.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 12. COMMITMENTS AND CONTINGENCIES (Cont'd)

The District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

Encumbrances

At June 30, 2012, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

Governmental Funds			
General	Special Revenue	Capital Projects	Total
\$ 125,571	\$ 2,008	\$ 35,850	\$ 163,429

In the District's Governmental Funds Balance Sheet as of June 30, 2012, no amount is assigned for encumbrances in the Special Revenue Fund since encumbrances are not recognized on the GAAP basis until they are paid. Actual encumbrances of \$2,008 on the budgetary basis are instead reflected as either a reduction of grants receivable or an increase in deferred revenue on the GAAP basis in the Special Revenue Fund.

NOTE 13. ECONOMIC DEPENDENCY

The Board of Education 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 Board of Education's programs and activities.

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 297,389	
Special Revenue Fund		\$ 72,834
Proprietary Funds		224,555
	\$ 297,389	\$ 297,389

The interfund between the General Fund and the Proprietary Funds represents Food Service Enterprise Fund salaries and benefits for the fiscal year ended June 30, 2012 paid by the General Fund and General Fund unexpended aid in lieu deposits due back from the Transportation Internal Service Fund. The interfund between the General Fund and the Special Revenue Fund is an interfund loan. In addition, interfund transfers during the fiscal year ended June 30, 2012 were comprised of General Fund operating transfers out to the Student Activity Agency Fund for \$144,253 as a Board contribution for student activities and to the Capital Projects Fund for \$44,964 from the Capital Reserve for capital projects.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 15. DEFERRED COMPENSATION

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

Variable Annuity Life Insurance Company
The Vanguard Group

Equitable Life Assurance
Metropolitan Life Insurance Company

NOTE 16. TAX CALENDAR

Property taxes are levied by the District's constituent municipalities as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipalities and are remitted to the School Districts on a predetermined mutually agreed-upon schedule.

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2012:

	Governmental Activities			Total Governmental Activities
	General Fund	Special Revenue Fund	Internal Service Fund Transportation	
Vendors	\$ 429,598	\$ 660	\$ 20,956	451,214
Due to Other Governmental Units	26,313	10,936	8,752	46,001
	<u>\$ 455,911</u>	<u>\$ 11,596</u>	<u>\$ 29,708</u>	<u>\$ 497,215</u>

BUDGETARY COMPARISON SCHEDULES

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 15,736,378		\$ 15,736,378	\$ 15,736,378	
Tuition	459,729		459,729	644,224	\$ 184,495
Interest Earned on Maintenance Reserve	5,883		5,883	2,653	(3,230)
Interest Earned on Capital Reserve	6,454		6,454	5,265	(1,189)
Miscellaneous	70,000		70,000	142,463	72,463
Total - Local Sources	16,278,444		16,278,444	16,530,983	252,539
State Sources:					
Extraordinary Special Education Aid				178,482	178,482
Special Education Categorical Aid	652,347		652,347	652,347	
Equalization Aid	3,712,152		3,712,152	3,932,784	220,632
Nonpublic School Transportation Costs				7,805	7,805
Implementation of Anti-Bullying Bill of Rights Act				3,264	3,264
On-Behalf Contributions:					
TPAF Post Retirement Medical (Non-Budgeted)				599,151	599,151
TPAF Pension (Non-Budgeted)				298,047	298,047
TPAF Social Security (Reimbursed - Non-Budgeted)				669,137	669,137
Total State Sources	4,364,499		4,364,499	6,341,017	1,976,518
Federal Sources:					
Education Jobs Fund	173,897	\$ 5,396	179,293	179,293	
	173,897	5,396	179,293	179,293	
TOTAL REVENUES	20,816,840	5,396	20,822,236	23,051,293	2,229,057

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 5,879,365	\$ (20,604)	\$ 5,858,761	\$ 5,840,258	\$ 18,503
Regular Programs - Home Instruction:					
Salaries of Teachers	36,000	(9,849)	26,151	20,965	5,186
Purchased Professional - Educational Services	12,000		12,000	5,514	6,486
Other Purchased Services (400-500 series)	53,641	(53,641)			
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	10,000	(10,000)			
Purchased Technical Services	35,185	(16,456)	18,729	13,027	5,702
Other Purchased Services (400-500 series)	28,997	51,641	80,638	80,611	27
General Supplies	196,367	(21,408)	174,959	151,117	23,842
Textbooks	75,428	11,201	86,629	79,963	6,666
Other Objects	5,500	(3,289)	2,211	939	1,272
Total Regular Programs - Instruction	6,332,483	(72,405)	6,260,078	6,192,394	67,684
Special Education - Instruction:					
Behavioral Disabilities:					
Salaries of Teachers	180,300	(500)	179,800	178,728	1,072
Other Salaries for Instruction	22,000	500	22,500	22,500	
General Supplies	5,120		5,120		5,120
Textbooks	1,000		1,000		1,000
Total Behavioral Disabilities	208,420		208,420	201,228	7,192

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE					
Multiple Disabilities:					
Salaries of Teachers	\$ 122,060	\$ (1,096)	\$ 120,964	\$ 115,496	\$ 5,468
Other Salaries for Instruction	41,774	1,101	42,875	42,874	1
General Supplies	6,800		6,800	1,253	5,547
Textbooks	1,000		1,000	210	790
Total Multiple Disabilities	171,634	5	171,639	159,833	11,806
Resource Room/Resource Center:					
Salaries of Teachers	754,810	16,180	770,990	766,679	4,311
Other Salaries for Instruction	118,709	3,274	121,983	114,988	6,995
General Supplies	20,000	(11,923)	8,077	7,162	915
Textbooks	1,000	1,800	2,800	2,746	54
Total Resource Room/Resource Center	894,519	9,331	903,850	891,575	12,275
Autism:					
Salaries of Teachers	113,000	5,165	118,165	118,165	
Other Salaries for Instruction	288,500	(7,560)	280,940	210,847	70,093
Purchased Professional - Educational Services	79,501	(384)	79,117	78,244	873
General Supplies	9,100	(1,808)	7,292	4,382	2,910
Textbooks	2,000	(2,000)			
Total Autism	492,101	(6,587)	485,514	411,638	73,876

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE					
Home Instruction:					
Salaries of Teachers	\$ 27,000		\$ 27,000	\$ 13,729	\$ 13,271
Total Home Instruction	27,000		27,000	13,729	13,271
Total Special Education Instruction	1,793,674	\$ 2,749	1,796,423	1,678,003	118,420
Bilingual Education - Instruction:					
Salaries of Teachers	25,275		25,275	20,250	5,025
Total Bilingual Education - Instruction	25,275		25,275	20,250	5,025
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	129,228	11,082	140,310	140,310	
Supplies and Materials	42,000	(38,881)	3,119	3,119	
Transfers to Cover Deficit (Agency Funds)		31,783	31,783	31,783	
Total School-Sponsored Cocurricular Activities - Instruction	171,228	3,984	175,212	175,212	
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	466,761	(8,161)	458,600	458,600	
Purchased Services (300-500 series)	141,560	(99,190)	42,370	40,404	1,966
Supplies and Materials	95,412	(2,921)	92,491	55,808	36,683
Other Objects	25,050	(24,197)	853	853	
Transfers to Cover Deficit (Agency Funds)		112,470	112,470	112,470	
Total School-Sponsored Cocurricular Athletics - Instruction	728,783	(21,999)	706,784	668,135	38,649

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Summer School - Instruction:					
Salaries of Teachers	\$ 25,000		\$ 25,000	\$ 14,170	\$ 10,830
Other Salaries for Instruction	25,000		25,000	18,833	6,167
General Supplies	1,000		1,000		1,000
Total Summer School - Instruction	51,000		51,000	33,003	17,997
Alternative Education Program - Instruction:					
Other Salaries for Instruction	29,496	\$ 590	30,086	30,086	
Total Alternative Education Program - Instruction	29,496	590	30,086	30,086	
Total Instruction	9,131,939	(87,081)	9,044,858	8,797,083	247,775
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	241,368	(8,000)	233,368		233,368
Tuition to County Vocational Schools - Regular		30,693	30,693	30,693	
Tuition to County Vocational Schools - Special	695,805	(671,721)	24,084	287	23,797
Tuition to County Special Services Schools and Regional Day Schools	495,753	(58,237)	437,516	375,916	61,600
Tuition to Private Schools for the Disabled - Within the State		583,077	583,077	526,348	56,729
Tuition to Private Schools for the Disabled and Other LEAs - Special - Outside the State	50,785	124,188	174,973	174,973	
Tuition - State Facilities	17,699		17,699	17,699	
Total Undistributed Expenditures - Instruction	1,501,410		1,501,410	1,125,916	375,494

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE					
Undistributed Expenditures:					
Attendance and Social Work Services:					
Salaries	\$ 39,538	\$ 3,907	\$ 43,445	\$ 43,445	
Salaries of Drop-Out Prevention Officer/Coordinator	92,000	(92,000)			
Salaries of Family Support Teams		99,213	99,213	99,212	\$ 1
Total Attendance and Social Work Services	<u>131,538</u>	<u>11,120</u>	<u>142,658</u>	<u>142,657</u>	<u>1</u>
Health Services:					
Salaries	170,100	(9,517)	160,583	143,341	17,242
Purchased Professional and Technical Services	15,000	(924)	14,076	4,176	9,900
Other Purchased Services (400-500 series)	500		500	253	247
Supplies and Materials	1,500	924	2,424	2,403	21
Total Health Services	<u>187,100</u>	<u>(9,517)</u>	<u>177,583</u>	<u>150,173</u>	<u>27,410</u>
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	68,000	11,027	79,027	79,027	
Purchased Professional - Educational Services	220,000		220,000	211,654	8,346
Total Other Support Services - Speech, OT, PT and Related Services	<u>288,000</u>	<u>11,027</u>	<u>299,027</u>	<u>290,681</u>	<u>8,346</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	116,270		116,270	86,104	30,166
Total Other Support Services - Students - Extraordinary Services	<u>116,270</u>		<u>116,270</u>	<u>86,104</u>	<u>30,166</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Other Support Services - Guidance:					
Salaries of Other Professional Staff	\$ 519,500	\$ (39,949)	\$ 479,551	\$ 470,445	\$ 9,106
Salaries of Secretarial and Clerical Assistants	107,878	5,083	112,961	112,960	1
Purchased Professional - Educational Services	16,060	14,499	30,559	16,708	13,851
Purchased Professional and Technical Services	3,900	(2,098)	1,802	1,801	1
Other Purchased Services (400-500 series)	9,124	(428)	8,696	8,671	25
Supplies and Materials	10,028	1,327	11,355	11,355	
Other Objects	4,000	500	4,500	4,150	350
Total Other Support Services - Guidance	670,490	(21,066)	649,424	626,090	23,334
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	183,100	988	184,088	184,087	1
Salaries of Secretarial and Clerical Assistants	52,494	3,857	56,351	56,351	
Purchased Professional - Educational Services	14,000		14,000	13,284	716
Purchased Professional and Technical Services	3,500	4,600	8,100	1,124	6,976
Miscellaneous Purchased Services	2,800		2,800	2,386	414
Supplies and Materials	8,500	(4,600)	3,900	3,799	101
Other Objects	5,000		5,000	1,344	3,656
Total Other Support Services - Child Study Teams	269,394	4,845	274,239	262,375	11,864
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	530,333		530,333	529,661	672
Salaries of Secretarial and Clerical Assistants	33,094	7,903	40,997	40,996	1
Purchased Professional and Technical Services	12,000		12,000	8,474	3,526
Total Improvement of Instructional Services	575,427	7,903	583,330	579,131	4,199

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 93,697	\$ (1,587)	\$ 92,110	\$ 89,930	\$ 2,180
Salaries of Technology Coordinators	112,610	1,587	114,197	114,196	1
Other Purchased Services (400-500 series)	7,000		7,000	3,018	3,982
Supplies and Materials	46,245		46,245	41,266	4,979
Other Objects	4,000		4,000		4,000
Total Educational Media Services/School Library	263,552		263,552	248,410	15,142
Instructional Staff Training Services:					
Purchased Professional - Educational Services	29,908		29,908	8,774	21,134
Total Instructional Staff Training Services	29,908		29,908	8,774	21,134
Support Services - General Administration:					
Salaries	232,771	3,093	235,864	235,864	
Legal Services	52,000	(611)	51,389	36,067	15,322
Audit Fees	40,000		40,000	38,800	1,200
Architectural/Engineering Services	10,000	(1,426)	8,574	7,757	817
Other Purchased Professional Services	12,000	(1,056)	10,944	1,977	8,967
Communications/Telephone	40,000	(18,759)	21,241	18,178	3,063
BOE Other Purchased Services	3,700		3,700	728	2,972
Other Purchased Services (400-500 series)	43,500	13,702	57,202	15,882	41,320
General Supplies	5,040	(700)	4,340	3,015	1,325
BOE In-House Training/Meeting Supplies	3,000		3,000	1,353	1,647
Miscellaneous Expenditures	22,100		22,100	20,105	1,995
BOE Membership Dues and Fees	16,000	5,757	21,757	10,879	10,878
Total Support Services - General Administration	480,111		480,111	390,605	89,506

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 273,600	\$ 8,400	\$ 282,000	\$ 282,000	
Salaries of Secretarial and Clerical Assistants	104,207	8,666	112,873	112,873	
Purchased Professional and Technical Services	36,970	(8,796)	28,174	28,073	\$ 101
Other Purchased Services (400-500 series)	47,000	(20,793)	26,207	25,913	294
Supplies and Materials	30,687	(12,466)	18,221	17,944	277
Other Objects	8,000	3,800	11,800	10,841	959
Total Support Services - School Administration	500,464	(21,189)	479,275	477,644	1,631
Central Services:					
Salaries	250,589	5,191	255,780	255,779	1
Purchased Professional Services	20,333	(7,064)	13,269	13,269	
Purchased Technical Services	5,955	3,050	9,005	8,030	975
Miscellaneous Purchased Services (400-500 series)	12,120	(1,823)	10,297	10,297	
Supplies and Materials	4,000	4,784	8,784	8,461	323
Miscellaneous Expenditures	5,000	(1,991)	3,009	2,819	190
Total Central Services	297,997	2,147	300,144	298,655	1,489
Administration Information Technology:					
Salaries	24,720	198	24,918	24,918	
Purchased Professional Services	5,620	(220)	5,400	5,400	
Purchased Technical Services	39,686	55,673	95,359	95,359	
Supplies and Materials	24,130	3,674	27,804	27,733	71
Total Administration Information Technology	94,156	59,325	153,481	153,410	71

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE					
Required Maintenance for School Facilities:					
Salaries	\$ 74,810	\$ 9,961	\$ 84,771	\$ 84,770	\$ 1
Cleaning, Repair and Maintenance Services	138,532	55,131	193,663	151,113	42,550
General Supplies	61,100	576	61,676	59,308	2,368
Other Objects	12,000	(3,677)	8,323	8,322	1
Total Required Maintenance for School Facilities	286,442	61,991	348,433	303,513	44,920
Custodial Services:					
Salaries	562,549	(22,991)	539,558	437,139	102,419
Cleaning, Repair and Maintenance Services	15,000	9,674	24,674	24,674	
Other Purchased Property Services	70,984	(2,739)	68,245	66,885	1,360
Insurance	122,720	(10,150)	112,570		112,570
Miscellaneous Purchased Services	3,000	15,767	18,767	7,201	11,566
General Supplies	90,000	(1,057)	88,943	88,943	
Energy (Natural Gas)	190,000	(58,461)	131,539	78,403	53,136
Energy (Electricity)	465,000	(50,426)	414,574	332,730	81,844
Other Objects	3,000		3,000	333	2,667
Total Custodial Services	1,522,253	(120,383)	1,401,870	1,036,308	365,562
Care and Upkeep of Grounds:					
Salaries	53,747	29,065	82,812	82,811	1
Cleaning, Repair and Maintenance Services	10,000	1,420	11,420	11,031	389
General Supplies	10,000	(5,455)	4,545		4,545
Total Care and Upkeep of Grounds	73,747	25,030	98,777	93,842	4,935

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	\$ 60,080	\$ 1,202	\$ 61,282	\$ 61,282	
Between Home and School - Special	590,459	(1,509)	588,950	586,519	\$ 2,431
Other Than Between Home and School - Regular	40,000		40,000		40,000
Between Home and School - Nonpublic Schools	15,288	307	15,595	15,595	
Other Purchased Professional and Technical Services	10,000		10,000	2,646	7,354
Cleaning, Repair and Maintenance Services	72,000		72,000	72,000	
Contracted Services:					
Other Than Between Home and School - Vendors	72,000		72,000	72,000	
Between Home and School - Joint Agreements	185,000		185,000	185,000	
Special Education Students - Joint Agreements	35,000		35,000	35,000	
Special Education Students - ESCs & CTSAs	12,619		12,619	12,619	
Aid in Lieu of Payment for Nonpublic School Students	23,000		23,000	17,837	5,163
Miscellaneous Purchased Services	6,000		6,000	6,000	
Supplies and Materials	76,000		76,000	76,000	
Total Student Transportation Services	1,197,446		1,197,446	1,142,498	54,948
Unallocated Benefits:					
Social Security Contributions	342,000	100	342,100	296,969	45,131
TPAF Contributions - ERIP	98,824	(100)	98,724	95,769	2,955
Other Retirement Contributions - PERS	298,883		298,883	279,336	19,547
Unemployment Compensation	400,000		400,000	400,000	
Workmen's Compensation	144,189	3,000	147,189		147,189
Health Benefits	2,150,322	(4,800)	2,145,522	1,831,224	314,298
Tuition Reimbursement	40,328		40,328	38,247	2,081
Total Unallocated Benefits	3,474,546	(1,800)	3,472,746	2,941,545	531,201

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE					
On-Behalf Contributions:					
TPAF Post Retirement Medical (Non-budgeted)				\$ 599,151	\$ (599,151)
TPAF Pension (Non-budgeted)				298,047	(298,047)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				669,137	(669,137)
Total On-Behalf Contributions				1,566,335	(1,566,335)
Total Personal Services - Employee Benefits	\$ 3,474,546	\$ (1,800)	\$ 3,472,746	4,507,880	(1,035,134)
Total Undistributed Expenses	11,960,251	9,433	11,969,684	11,924,666	45,018
TOTAL GENERAL CURRENT EXPENSE	21,092,190	(77,648)	21,014,542	20,721,749	292,793
CAPITAL OUTLAY					
Regular Programs - Instruction:					
Grades 9-12	60,599	75,091	135,690	132,780	2,910
Undistributed Expenditures:					
Required Maintenance for School Facilities		7,953	7,953	7,953	
Total Equipment	60,599	83,044	143,643	140,733	2,910
Facilities Acquisition and Construction Services:					
Other Objects - Debt Service Assessment	20,028		20,028	20,028	
Total Facilities Acquisition and Construction Services	20,028		20,028	20,028	
TOTAL CAPITAL OUTLAY	80,627	83,044	163,671	160,761	2,910

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL EXPENDITURES	\$ 21,172,817	\$ 5,396	\$ 21,178,213	\$ 20,882,510	\$ 295,703
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(355,977)		(355,977)	2,168,783	2,524,760
Other Financing Sources/(Uses):					
Cancellation of Prior Year Accounts Payable				340,184	340,184
Operating Transfers Out:					
Transfer from Capital Reserve to Capital Projects Fund		(45,914)	(45,914)	(44,964)	950
Total Other Financing Sources/(Uses)		(45,914)	(45,914)	295,220	341,134
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	(355,977)	(45,914)	(401,891)	2,464,003	2,865,894
Fund Balance, July 1	5,641,705		5,641,705	5,641,705	
Fund Balance, June 30	\$ 5,285,728	\$ (45,914)	\$ 5,239,814	\$ 8,105,708	\$ 2,865,894
Recapitulation:					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 879,002	
Capital Reserve				5,253,036	
Maintenance Reserve				1,274,589	
Assigned - Year-End Encumbrances				125,571	
Unassigned				573,510	
				8,105,708	
Reconciliation to Governmental Funds Statement (GAAP):					
June State Aid Payments not Recognized on GAAP Basis				(431,638)	
Fund Balance per Governmental Funds (GAAP)				\$ 7,674,070	

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources		\$ 440,540	\$ 440,540	\$ 403,681	\$ (36,859)
Total Revenues		<u>440,540</u>	<u>440,540</u>	<u>403,681</u>	<u>(36,859)</u>
EXPENDITURES:					
Instruction					
Personal Services - Salaries		75,124	75,124	75,124	
Other Purchased Services		984	984	984	
General Supplies		10,386	10,386	4,703	5,683
Total Instruction		<u>86,494</u>	<u>86,494</u>	<u>80,811</u>	<u>5,683</u>
Support Services					
Tuition		271,443	271,443	270,856	587
Personal Services - Salaries		3,518	3,518	3,518	
Personal Services - Employee Benefits		15,538	15,538	15,538	
Purchased Professional and Technical Services		43,303	43,303	30,537	12,766
Other Purchased Services		1,013	1,013	164	849
Supplies and Materials		5,117	5,117	357	4,760
Total Support Services		<u>339,932</u>	<u>339,932</u>	<u>320,970</u>	<u>18,962</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		14,114	14,114	1,900	12,214
Total Support Services		<u>14,114</u>	<u>14,114</u>	<u>1,900</u>	<u>12,214</u>
Total Expenditures		<u>440,540</u>	<u>440,540</u>	<u>403,681</u>	<u>36,859</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Exhibit C-3

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 23,051,293	\$ 403,681
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the related Revenue is Recognized.		15,654
State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Purposes	385,578	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(431,638)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 23,005,233</u>	<u>\$ 419,335</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 20,882,510	\$ 403,681
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for GAAP Reporting Purposes.		<u>15,654</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 20,882,510</u>	<u>\$ 419,335</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year). Budget amendments during the year ended June 30, 2012 were numerous but not considered significant.

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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

Exhibit E-1

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	No Child Left Behind			IDEA Part B, Basic Regular		Totals June 30, 2012
	Title I 2011-12	Title I - SIA 2010-12	Title II 2011-12	2011-12	ARRA	
REVENUE:						
Federal Sources	\$ 77,452	\$ 844	\$ 24,176	\$ 270,856	\$ 30,353	\$ 403,681
Total Revenue	<u>77,452</u>	<u>844</u>	<u>24,176</u>	<u>270,856</u>	<u>30,353</u>	<u>403,681</u>
EXPENDITURES:						
Instruction:						
Personal Services - Salaries	63,580				11,544	75,124
Other Purchased Services	984					984
General Supplies					4,703	4,703
Total Instruction	<u>64,564</u>				<u>16,247</u>	<u>80,811</u>
Support Services:						
Tuition				270,856		270,856
Personal Services - Salaries					3,518	3,518
Personal Services - Employee Benefits	12,724				2,814	15,538
Purchased Professional and Technical Services		844	24,176		5,517	30,537
Other Purchased Services	164					164
Supplies and Materials					357	357
Total Support Services	<u>12,888</u>	<u>844</u>	<u>24,176</u>	<u>270,856</u>	<u>12,206</u>	<u>320,970</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment					1,900	1,900
Total Facilities Acquisition and Construction Services					<u>1,900</u>	<u>1,900</u>
Total Expenditures	<u>\$ 77,452</u>	<u>\$ 844</u>	<u>\$ 24,176</u>	<u>\$ 270,856</u>	<u>\$ 30,353</u>	<u>\$ 403,681</u>

CAPITAL PROJECTS FUND

Exhibit F-1

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	<u>\$ 44,964</u>
Total Revenue and Other Financing Sources	<u>44,964</u>
Expenditures:	
Construction Services	<u>1,311,211</u>
Total Expenditures	<u>1,311,211</u>
Deficiency of Revenue and Other Financing Sources Under Expenditures	(1,266,247)
Fund Balance - Beginning	<u>1,629,714</u>
Fund Balance - Ending	<u><u>\$ 363,467</u></u>
Recapitulation:	
Restricted	<u>\$ 363,467</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 363,467</u></u>

Exhibit F-1a

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MEDIA CENTER CARPETING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 35,850	\$ 35,850	\$ 36,800
Total Revenue and Other Financing Sources	\$ -0-	35,850	35,850	36,800
Expenditures:				
Construction Services				36,800
Total Expenditures	-0-	-0-	-0-	36,800
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 35,850	\$ 35,850	\$ -0-

Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 36,800
Change Orders	\$ -0-
Revised Authorized Cost	\$ 36,800
Change Order Percentage	0.00%
Percentage Completion	0.00%
Original Target Completion Date	August 30, 2012
Revised Target Completion Date	August 30, 2012

Exhibit F-1b

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
RENOVATIONS AND IMPROVEMENTS TO THE HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 1,364,550		\$ 1,364,550	\$ 1,364,550
Total Revenue and Other Financing Sources	1,364,550	\$ -0-	1,364,550	1,364,550
Expenditures:				
Purchased Professional and Technical Services	83,864		83,864	84,100
Construction Services		1,277,798	1,277,798	1,280,450
Total Expenditures	83,864	1,277,798	1,361,662	1,364,550
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,280,686</u>	<u>\$ (1,277,798)</u>	<u>\$ 2,888</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	2510-050-11-2000
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 1,364,550
Change Orders	\$ -0-
Revised Authorized Cost	\$ 1,364,550
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	September 30, 2011
Revised Target Completion Date	October 31, 2011

Exhibit F-1c

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
SECURITY SYSTEM INSTALLATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 45,002		\$ 45,002	\$ 94,306
Transfer from Capital Reserve	141,458		141,458	141,458
Total Revenue and Other Financing Sources	186,460	\$ -0-	186,460	235,764
Expenditures:				
Purchased Professional and Technical Services	28,500		28,500	28,500
Construction Services	91,206		91,206	207,264
Total Expenditures	119,706	-0-	119,706	235,764
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 66,754	\$ -0-	\$ 66,754	\$ -0-

Additional Project Information:

Project Number	2510-050-09-1002
Grant Date	July 30, 2009
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 235,764
Change Orders	\$ -0-
Revised Authorized Cost	\$ 235,764
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2010
Revised Target Completion Date	September 30, 2011

Exhibit F-1d

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
REPLACEMENT OF EMERGENCY GENERATOR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 111,150		\$ 111,150	\$ 113,046
Transfer from Capital Reserve	169,570		169,570	169,570
Total Revenue and Other Financing Sources	<u>280,720</u>	<u>\$ -0-</u>	<u>280,720</u>	<u>282,616</u>
Expenditures:				
Construction Services	<u>273,286</u>		<u>273,286</u>	<u>282,616</u>
Total Expenditures	<u>273,286</u>	<u>-0-</u>	<u>273,286</u>	<u>282,616</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 7,434</u>	<u>\$ -0-</u>	<u>\$ 7,434</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	2510-050-09-1001
Grant Date	February 26, 2009
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 282,616
Change Orders	\$ -0-
Revised Authorized Cost	\$ 282,616
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2010
Revised Target Completion Date	June 30, 2010

Exhibit F-1e

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
TV STUDIO CLASSROOM RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 181,405	\$ 9,114	\$ 190,519	\$ 312,361
Total Revenue and Other Financing Sources	<u>181,405</u>	<u>9,114</u>	<u>190,519</u>	<u>312,361</u>
Expenditures:				
Construction Services	157,106	33,413	190,519	312,361
Total Expenditures	<u>157,106</u>	<u>33,413</u>	<u>190,519</u>	<u>312,361</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 24,299</u>	<u>\$ (24,299)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	2510-050-07-2000
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 312,361
Change Orders	\$ (121,842)
Revised Authorized Cost	\$ 190,519
Change Order Percentage	-39.01%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2007
Revised Target Completion Date	September 30, 2011

Exhibit F-1f

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HOME ECONOMICS ROOM RENOVATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 147,405		\$ 147,405	\$ 188,412
Total Revenue and Other Financing Sources	147,405	\$ -0-	147,405	188,412
Expenditures:				
Construction Services	123,709		123,709	188,412
Total Expenditures	123,709	-0-	123,709	188,412
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 23,696	\$ -0-	\$ 23,696	\$ -0-

Additional Project Information:

Project Number	2510-050-07-1000
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 188,412
Change Orders	\$ -0-
Revised Authorized Cost	\$ 188,412
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2007
Revised Target Completion Date	January 31, 2011

Exhibit F-1g

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
REPLACEMENT AND RENOVATION OF EXISTING FACILITIES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Final Project Authorization	Adjustment to Project Authorization	Original Project Authorization
Revenue and Other Financing Sources:						
State Sources - SDA Grant	\$ 285,804		\$ 285,804	\$ 338,544	\$ 33,744	\$ 304,800
Transfer from Capital Outlay	341,526		341,526	507,817	50,617	457,200
Total Revenue and Other Financing Sources	627,330	\$ -0-	627,330	846,361	84,361	762,000
Expenditures:						
Construction Services	569,210		569,210	846,361	84,361	762,000
Total Expenditures	569,210	-0-	569,210	846,361	84,361	762,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 58,120	\$ -0-	\$ 58,120	\$ -0-	\$ -0-	\$ -0-

Additional Project Information:

Project Number	2510-050-05-1000
Grant Date	August 2, 2005
Bond Authorization Date	Not Applicable
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 762,000
Increase in Authorized Cost	\$ 84,361
Change Orders	\$ -0-
Revised Authorized Cost	\$ 762,000
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2007
Revised Target Completion Date	June 30, 2007

Exhibit F-1h

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
REHABILITATION AND UPGRADING OF EXISTING FACILITIES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 357,104		\$ 357,104	\$ 357,104
Transfer from Capital Outlay	474,319		474,319	535,655
Total Revenue and Other Financing Sources	<u>831,423</u>	<u>\$ -0-</u>	<u>831,423</u>	<u>892,759</u>
Expenditures:				
Construction Services	<u>790,532</u>		<u>790,532</u>	<u>892,759</u>
Total Expenditures	<u>790,532</u>	<u>-0-</u>	<u>790,532</u>	<u>892,759</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 40,891</u>	<u>\$ -0-</u>	<u>\$ 40,891</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number	SP98436			
Grant Date	March 2004			
Bond Authorization Date	Not Applicable			
Bonds Authorized	\$ -0-			
Bonds Issued	\$ -0-			
Original Authorized Cost	\$ 892,759			
Change Orders	\$ -0-			
Revised Authorized Cost	\$ 892,759			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	August 31, 2005			
Revised Target Completion Date	April 30, 2008			

Exhibit F-1i

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF AN ADDITION TO AND UPGRADING OF EXISTING FACILITIES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 2,656,000		\$2,656,000	\$ 2,656,000
Bond Proceeds and Transfers	4,344,000		4,344,000	4,344,000
Total Revenue and Other Financing Sources	<u>7,000,000</u>	<u>\$ -0-</u>	<u>7,000,000</u>	<u>7,000,000</u>
Expenditures:				
Construction Services	6,872,166		6,872,166	7,000,000
Total Expenditures	<u>6,872,166</u>	<u>-0-</u>	<u>6,872,166</u>	<u>7,000,000</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 127,834</u>	<u>\$ -0-</u>	<u>\$ 127,834</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	SP99279
Grant Date	March 2001
Bond Authorization Date	December 14, 2000
Bonds Authorized	\$ 4,344,000
Bonds Issued	\$ 4,344,000
Original Authorized Cost	\$ 7,000,000
Change Orders	\$ -0-
Revised Authorized Cost	\$ 7,000,000
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	August 31, 2003
Revised Target Completion Date	August 31, 2008

PROPRIETARY FUNDS

Exhibit G-1

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 425,203
Accounts Receivable - Other Governments	9,337
Inventories	<u>6,628</u>

Total Current Assets	<u>441,168</u>
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Non-Current Assets:

Capital Assets	79,785
Less: Accumulated Depreciation	<u>(58,928)</u>

Total Non-Current Assets	<u>20,857</u>
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Total Assets	<u>462,025</u>
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LIABILITIES:

Current Liabilities:

Interfund Payable	<u>216,788</u>
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Total Liabilities	<u>216,788</u>
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NET ASSETS:

Investment in Capital Assets, Net of Related Debt	20,857
Unrestricted	<u>224,380</u>

Total Net Assets	<u>\$ 245,237</u>
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Exhibit G-2

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
School Breakfast Program	\$ 36,226
School Lunch Program	219,434
Total Daily Sales - Reimbursable Programs	<u>255,660</u>
Daily Sales - Non-Reimbursable Programs	67,138
Special Events	<u>8,635</u>
Total Operating Revenue	<u>331,433</u>
Operating Expenses:	
Cost of Sales	202,419
Salaries	216,788
General Supplies	37,229
Depreciation Expense	<u>2,513</u>
Total Operating Expenses	<u>458,949</u>
Operating Loss	<u>(127,516)</u>
Non-Operating Revenue:	
Federal Sources:	
School Breakfast Program	40,607
National School Lunch Program	86,858
Food Distribution Program	14,594
State Sources:	
School Lunch Program	3,669
Local Sources:	
Interest Revenue	<u>875</u>
Total Non-Operating Revenue	<u>146,603</u>
Change in Net Assets	19,087
Net Assets - Beginning of Year	<u>226,150</u>
Net Assets - End of Year	<u><u>\$ 245,237</u></u>

Exhibit G-3

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 331,433
Payments to Employees	(239,292)
Payments to Suppliers	<u>(225,697)</u>
Net Cash Used for Operating Activities	<u>(133,556)</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	<u>(12,200)</u>
Net Cash Used for Capital Financing Activities	<u>(12,200)</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	127,173
State Sources	<u>3,891</u>
Net Cash Provided by Noncapital Financing Activities	<u>131,064</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>875</u>
Net Cash Provided by Investing Activities	<u>875</u>
Net Decrease in Cash and Cash Equivalents	(13,817)
Cash and Cash Equivalents, July 1	<u>439,020</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 425,203</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (127,516)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	2,513
Federal Food Distribution Program	14,594
Changes in Assets and Liabilities:	
Increase in Inventory	(643)
Decrease in Interfund Payable	<u>(22,504)</u>
Net Cash Used for Operating Activities	<u><u>\$ (133,556)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$14,594 for the fiscal year ended June 30, 2012.

Exhibit G-4

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

	<u>Transportation</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 987,496
Total Current Assets	987,496
Non-Current Assets:	
Capital Assets	1,552,406
Less: Accumulated Depreciation	(876,106)
Total Non-Current Assets	676,300
Total Assets	1,663,796
 <u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	29,708
Interfund Payable	7,767
Total Current Liabilities	37,475
Total Liabilities	37,475
 <u>NET ASSETS:</u>	
Investment in Capital Assets Net of Related Debt	676,300
Unrestricted	950,021
Total Net Assets	\$ 1,626,321

Exhibit G-5

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Transportation</u>
Operating Revenue	
Local Sources:	
Charges and Fees	\$ 552,801
Total Operating Revenue	<u>552,801</u>
Operating Expenses:	
Contracted Services	196,843
Aid in Lieu	65,323
Miscellaneous	198,751
Depreciation	<u>140,976</u>
Total Operating Expenses	<u>601,893</u>
Operating Loss	<u>(49,092)</u>
Non-Operating Revenue:	
Interest Revenue	<u>2,626</u>
Total Non-Operating Revenue	<u>2,626</u>
Change in Net Assets	(46,466)
Net Assets - Beginning of Year	<u>1,672,787</u>
Net Assets - End of Year	<u>\$ 1,626,321</u>

Exhibit G-6

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Transportation</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 557,964
Payments to Suppliers	(480,105)
Net Cash Provided by Operating Activities	77,859
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	(317,694)
Net Cash Used for Capital Financing Activities	(317,694)
Cash Flows from Investing Activities:	
Investment Revenue	2,626
Net Cash Flows Provided by Investing Activities	2,626
Net Decrease in Cash and Cash Equivalents	(237,209)
Cash and Cash Equivalents, July 1	1,224,705
Cash and Cash Equivalents, June 30	\$ 987,496
Reconciliation of Operating Income to Net Cash Provided by	
Operating Activities:	
Operating Loss	\$ (49,092)
Adjustment to Reconcile Operating Loss to Net Cash Provided by	
Operating Activities:	
Depreciation	140,976
Changes in Assets and Liabilities:	
Decrease in Accounts Payable	(19,188)
Increase in Interfund Payable	5,163
Net Cash Provided by Operating Activities	\$ 77,859

FIDUCIARY FUNDS

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Agency</u>			<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>		
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 232,895	\$ 188,749	\$ 421,644	\$ 716,341	\$ 5,241
Total Assets	232,895	188,749	421,644	716,341	5,241
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings Due to Student Groups	232,895	188,749	188,749		
Total Liabilities	232,895	188,749	421,644	-0-	-0-
<u>NET ASSETS:</u>					
Held in Trust for:					
Unemployment Compensation Claims				716,341	
Flexible Spending Claims					5,241
Total Net Assets	\$ -0-	\$ -0-	\$ -0-	\$ 716,341	\$ 5,241

Exhibit H-2

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Flexible Spending Trust	Totals
ADDITIONS:			
Contributions:			
Plan member	\$ 30,353	\$ 2,750	\$ 33,103
Employer	400,000	3,096	403,096
Total Contributions	<u>430,353</u>	<u>5,846</u>	<u>436,199</u>
Investment Earnings:			
Interest	<u>1,101</u>	<u>3</u>	<u>1,104</u>
Net Investment Earnings	<u>1,101</u>	<u>3</u>	<u>1,104</u>
Total Additions	<u>431,454</u>	<u>5,849</u>	<u>437,303</u>
DEDUCTIONS:			
Unemployment Compensation Claims	90,833		90,833
Flexible Spending Claims		608	608
Total Deductions	<u>90,833</u>	<u>608</u>	<u>91,441</u>
Change in Net Assets	340,621	5,241	345,862
Net Assets - Beginning of the Year	<u>375,720</u>	<u>-0-</u>	<u>375,720</u>
Net Assets - End of the Year	<u>\$ 716,341</u>	<u>\$ 5,241</u>	<u>\$ 721,582</u>

Exhibit H-3

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED 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>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 167,938	\$ 398,018	\$ 333,061	\$ 232,895
Total Assets	<u>\$ 167,938</u>	<u>\$ 398,018</u>	<u>\$ 333,061</u>	<u>\$ 232,895</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 167,938	\$ 398,018	\$ 333,061	\$ 232,895
Total Liabilities	<u>\$ 167,938</u>	<u>\$ 398,018</u>	<u>\$ 333,061</u>	<u>\$ 232,895</u>

Exhibit H-4

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
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>
Senior High Schools:				
Student Athletic Account	\$ 7,272	\$ 129,103	\$ 85,267	\$ 51,108
General Organization Account	<u>160,666</u>	<u>268,915</u>	<u>247,794</u>	<u>181,787</u>
Total All Schools	<u>\$ 167,938</u>	<u>\$ 398,018</u>	<u>\$ 333,061</u>	<u>\$ 232,895</u>

Exhibit H-5

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED 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>
<u>ASSETS:</u>				
Cash and Cash Equivalents	<u>\$ 7,226</u>	<u>\$ 14,223,617</u>	<u>\$ 14,047,335</u>	<u>\$ 183,508</u>
Total Assets	<u>\$ 7,226</u>	<u>\$ 14,223,617</u>	<u>\$ 14,047,335</u>	<u>\$ 183,508</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	<u>\$ 7,226</u>	<u>\$ 14,223,617</u>	<u>\$ 14,047,335</u>	<u>\$ 183,508</u>
Total Liabilities	<u>\$ 7,226</u>	<u>\$ 14,223,617</u>	<u>\$ 14,047,335</u>	<u>\$ 183,508</u>

LONG-TERM DEBT

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2012		Interest Rate	Balance July 1, 2011	Retired/ Matured	Balance June 30, 2012
			Date	Amount				
High School Bonds	01/15/01	\$ 4,344,000				\$ 215,000	\$ 215,000	
High School Refunding Bonds	04/01/10	2,595,000	08/01/12	\$ 230,000	3.00%			
			08/01/13	235,000	3.50%			
			08/01/14	250,000	4.00%			
			08/01/15	265,000	4.50%			
			08/01/16	270,000	4.00%			
			08/01/17	275,000	4.00%			
			08/01/18	270,000	4.00%			
			08/01/19	270,000	4.50%			
			08/01/20	270,000	4.50%			
			08/01/21	230,000	5.00%			
						2,570,000	5,000	\$ 2,565,000
						\$ 2,785,000	\$ 220,000	\$ 2,565,000

Exhibit I-2

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2011</u>	<u>Retired/ Matured</u>	<u>Balance June 30, 2012</u>
Computer Equipment	3.59%	\$ 150,841	<u>\$ 150,841</u>	<u>\$ 49,071</u>	<u>\$ 101,770</u>

Exhibit I-3

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 330,631		\$ 330,631	\$ 330,631	
Total Revenues	330,631		330,631	330,631	
EXPENDITURES:					
Regular Debt Service:					
Interest	110,631		110,631	110,631	
Redemption of Principal	220,000		220,000	220,000	
Total Regular Debt Service	330,631		330,631	330,631	
Total Expenditures	330,631		330,631	330,631	
Excess of Revenues Over Expenditures	-0-		-0-	-0-	
Fund Balance, July 1	10,166		10,166	10,166	
Fund Balance, June 30	\$ 10,166	\$ -0-	\$ 10,166	\$ 10,166	\$ -0-
Recapitulation of Fund Balance at June 30, 2012:					
Restricted for Subsequent Year's Expenditures				<u>\$ 10,166</u>	

STATISTICAL SECTION

Exhibit J-1

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NET ASSETS BY COMPONENT,
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 4,972,203	\$ 3,550,975	\$ 4,514,317	\$ 4,762,690
Restricted	945,685	1,862,775	953,313	1,904,101
Unrestricted/(Deficit)	(624,666)	(1,000,882)	(774,156)	(565,921)
Total governmental activities net assets	\$ 5,293,222	\$ 4,412,868	\$ 4,693,474	\$ 6,100,870
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 11,866	\$ 9,157	\$ 6,448	\$ 4,245
Unrestricted	38,447	64,805	72,550	92,646
Total business-type activities net assets	\$ 50,313	\$ 73,962	\$ 78,998	\$ 96,891
District-wide:				
Invested in Capital Assets, Net of Related Debt	\$ 4,984,069	\$ 3,560,132	\$ 4,520,765	\$ 4,766,935
Restricted	945,685	1,862,775	953,313	1,904,101
Unrestricted/(Deficit)	(586,219)	(936,077)	(701,606)	(473,275)
Total District Net Assets	\$ 5,343,535	\$ 4,486,830	\$ 4,772,472	\$ 6,197,761
	Fiscal Year Ending June 30,			
	2009	2010	2011	2012
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 4,639,269	\$ 5,599,836	\$ 5,759,476	\$ 7,324,846
Restricted	3,073,219	4,271,254	4,910,146	7,404,749
Unrestricted/(Deficit)	(490,103)	656	1,764,443	307,308
Total governmental activities net assets	\$ 7,222,385	\$ 9,871,746	\$ 12,434,065	\$ 15,036,903
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 5,917	\$ 13,276	\$ 11,170	\$ 20,857
Unrestricted	101,303	171,600	214,980	224,380
Total business-type activities net assets	\$ 107,220	\$ 184,876	\$ 226,150	\$ 245,237
District-wide:				
Invested in Capital Assets, Net of Related Debt	\$ 4,645,186	\$ 5,613,112	\$ 5,770,646	\$ 7,345,703
Restricted	3,073,219	4,271,254	4,910,146	7,404,749
Unrestricted/(Deficit)	(388,800)	172,256	1,979,423	531,688
Total District Net Assets	\$ 7,329,605	\$ 10,056,622	\$ 12,660,215	\$ 15,282,140

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Expenses								
Governmental Activities:								
Instruction:								
Regular	\$ 7,394,281	\$ 7,756,956	\$ 8,221,002	\$ 8,881,408	\$ 8,873,430	\$ 9,922,834	\$ 8,789,802	\$ 8,437,072
Special Education	1,192,587	1,231,601	1,763,106	2,042,127	2,028,873	1,237,410	2,244,478	2,376,904
Other Special Instruction	55,769	61,022	146,413	65,389	68,328	72,887	33,879	28,071
Other Instruction	740,873	739,582	782,390	819,904	844,499	927,655	975,744	1,162,106
Support Services:								
Tuition	1,451,371	1,846,159	1,695,214	1,728,095	1,650,517	1,150,943	1,059,094	1,396,772
Student & Instruction Related Services	2,590,006	2,609,766	2,722,017	2,776,837	2,851,919	3,286,469	3,201,623	3,271,422
General Administrative Services	589,925	631,399	926,855	636,988	701,801	522,360	568,586	446,753
School Administrative Services	847,355	851,495	1,081,469	1,074,355	1,047,411	675,394	601,948	633,971
Plant Operations and Maintenance	1,988,491	1,823,734	2,451,638	2,139,592	2,151,206	2,091,550	2,000,551	1,782,700
Pupil Transportation	1,008,942	1,178,747	1,196,671	1,309,115	1,380,054	1,158,366	1,233,285	1,426,083
Central Services	349,259	386,723	399,416	383,440	343,277	338,878	360,337	359,543
Administration Information Technology	59,593	51,613	79,843	107,216	63,489	124,441	137,124	159,342
Interest on Long-term Debt	185,853	178,896	171,132	162,858	154,109	275,957	92,739	90,777
Total Governmental Activities Expenses	18,454,305	19,347,693	21,637,166	22,127,324	22,158,913	21,785,144	21,299,190	21,571,516
Business-type Activities:								
Food Service	444,258	447,406	474,877	500,714	503,546	473,182	475,672	458,949
Total Business-type Activities Expenses	444,258	447,406	474,877	500,714	503,546	473,182	475,672	458,949
Total District Expenses	18,898,563	19,795,099	22,112,043	22,628,038	22,662,459	22,258,326	21,774,862	22,030,465
Program Revenues								
Governmental Activities:								
Charges for Services:								
Instruction (Tuition)	18,500	16,548		284,856	533,188	494,364	614,856	644,224
Pupil Transportation	95,258	129,433	226,970	399,916	304,681	125,578	179,342	76,345
Operating Grants and Contributions	2,512,278	2,667,778	3,347,536	3,385,266	2,744,121	2,905,901	2,606,883	3,006,149
Capital Grants and Contributions	306,791	247	1,446	357,543	57,986	167,915	67,001	
Total Governmental Activities Program Revenues	2,932,827	2,814,006	3,575,952	4,427,581	3,639,976	3,693,758	3,468,082	3,726,718
Business-type Activities:								
Charges for Services:								
Food Service	360,921	383,923	380,138	402,101	399,142	402,930	379,887	331,433
Operating Grants and Contributions	68,237	82,180	95,772	110,597	111,019	137,012	136,641	145,728
Total Business-type Activities Revenues	429,158	466,103	475,910	512,698	510,161	539,942	516,528	477,161
Total District Program Revenues	3,361,985	3,280,109	4,051,862	4,940,279	4,150,137	4,233,700	3,984,610	4,203,879
Net (Expense)/Revenue								
Governmental Activities	(15,521,478)	(16,533,687)	(18,061,214)	(17,699,743)	(18,518,937)	(18,091,386)	(17,831,108)	(17,844,798)
Business-type Activities	(15,100)	18,697	1,033	11,984	6,615	66,760	40,856	18,212
Total District-wide Net (Expense)/Revenue	(15,536,578)	(16,514,990)	(18,060,181)	(17,687,759)	(18,512,322)	(18,024,626)	(17,790,252)	(17,826,586)
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	12,196,362	13,316,186	14,274,393	14,955,597	15,316,300	15,882,862	16,418,176	15,736,378
Taxes Levied for Debt Service	296,706	336,803	339,397	341,322	342,771	343,747	343,747	330,631
Unrestricted Grants and Contributions	3,593,415	3,590,622	3,595,474	3,727,901	3,980,569	3,826,850	3,548,553	3,887,436
Investment Earnings	44,080	101,348	138,842	115,470	47,352	41,296	8,323	21,324
Miscellaneous Income	30,742	27,476	75,468	38,459	28,460	190,356	74,628	471,867
Change in Valuation of Capital Assets		(1,619,092)						
Transfers	(31,986)	(100,010)	(81,754)	(71,610)	(75,000)	(193,800)		
Total Governmental Activities	16,129,319	15,653,333	18,341,820	19,107,139	19,640,452	20,091,311	20,393,427	20,447,636
Business-type Activities:								
Investment Earnings	3,363	4,952	4,003	5,909	3,714	1,670	418	875
Total Business-type Activities	3,363	4,952	4,003	5,909	3,714	1,670	418	875
Total District-wide	16,132,682	15,658,285	18,345,823	19,113,048	19,644,166	20,092,981	20,393,845	20,448,511

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Change in Net Assets								
Governmental Activities	607,841	(880,354)	280,606	1,407,396	1,121,515	1,999,925	2,562,319	2,602,838
Business-type Activities	(11,737)	23,649	5,036	17,893	10,329	68,430	41,274	19,087
Total District	\$ 596,104	\$ (856,705)	\$ 285,642	\$ 1,425,289	\$ 1,131,844	\$ 2,068,355	\$ 2,603,593	\$ 2,621,925

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

Exhibit J-3

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST EIGHT FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
General Fund:				
Reserved/Restricted	\$ 630,414	\$ 938,874	\$ 844,182	\$ 1,468,067
Assigned				
Unreserved/Unassigned/(Deficit)	475,879	185,584	243,992	228,573
Total General Fund	<u>\$ 1,106,293</u>	<u>\$ 1,124,458</u>	<u>\$ 1,088,174</u>	<u>\$ 1,696,640</u>
All Other Governmental Funds:				
Reserved/Restricted	\$ 127,591	\$ 1,000,302	\$ 49,939	\$ 19,299
Committed				
Designated for Subsequent Year Expenditures	187,680	(76,401)	59,192	416,735
Total All Other Governmental Funds	<u>\$ 315,271</u>	<u>\$ 923,901</u>	<u>\$ 109,131</u>	<u>\$ 436,034</u>
	Fiscal Year Ending June 30,			
	2009	2010	2011	2012
General Fund:				
Reserved/Restricted	\$ 2,596,328	\$ 3,803,945	\$ 4,930,336	\$ 7,406,627
Assigned			122,183	125,571
Unreserved/Unassigned/(Deficit)	(73,515)	124,031	203,608	141,872
Total General Fund	<u>\$ 2,522,813</u>	<u>\$ 3,927,976</u>	<u>\$ 5,256,127</u>	<u>\$ 7,674,070</u>
All Other Governmental Funds:				
Reserved/Restricted		\$ 286,022	\$ 138,000	\$ 138,000
Committed			1,501,880	235,633
Designated for Subsequent Year Expenditures	\$ 476,891	352,249		
Total All Other Governmental Funds	<u>\$ 476,891</u>	<u>\$ 638,271</u>	<u>\$ 1,639,880</u>	<u>\$ 373,633</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST EIGHT FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Revenues								
Tax Levy	\$ 12,493,068	\$ 13,652,989	\$ 14,613,790	\$ 15,296,919	\$ 15,659,071	\$ 16,226,609	\$ 16,761,923	\$ 16,067,009
Tuition Charges	18,500	16,548		284,856	533,188	494,364	614,856	644,224
Interest Earnings	40,618	97,056	137,282	106,762	40,796	37,710	7,023	18,698
Miscellaneous	31,222	30,668	75,468	38,459	28,460	190,356	74,628	131,683
State Sources	6,137,859	6,017,565	6,634,769	7,188,661	6,506,111	5,770,541	5,817,115	6,294,957
Federal Sources	274,145	237,890	309,687	282,049	276,565	1,130,125	405,322	598,628
Total Revenues	18,995,412	20,052,716	21,770,996	23,197,706	23,044,191	23,849,705	23,680,867	23,755,199
Expenditures								
Instruction:								
Regular Instruction	5,741,675	5,974,163	6,074,400	6,555,042	6,650,674	7,357,278	6,342,598	6,192,394
Special Education Instruction	939,574	942,966	1,324,556	1,552,738	1,532,937	942,039	1,673,264	1,760,158
Other Special Instruction	43,093	46,411	106,212	47,889	50,746	53,375	24,743	20,250
Other Instruction	604,488	585,044	581,016	615,851	641,143	692,979	751,255	906,436
Support Services:								
Tuition	1,451,371	1,846,159	1,695,214	1,728,095	1,650,517	1,150,943	1,059,094	1,396,772
Student & Instruction Related Services	2,076,575	2,054,826	2,061,568	2,073,603	2,198,122	2,581,925	2,384,295	2,458,819
General Administrative Services	467,334	553,922	805,461	540,167	598,588	467,898	503,015	390,605
School Administrative Services	658,829	674,070	810,184	789,612	809,997	538,951	462,199	477,644
Plant Operations and Maintenance	1,609,981	1,428,569	1,878,176	1,667,311	1,740,935	1,609,568	1,513,871	1,433,663
Pupil Transportation	843,823	980,593	951,129	1,293,468	1,152,869	1,076,149	994,190	1,142,498
Central Services	281,276	306,465	300,388	289,069	262,681	283,537	298,539	298,655
Administration Information Technology	54,027	45,223	71,763	98,978	55,314	118,944	131,039	153,410
Unallocated Benefits	3,023,566	3,343,848	4,341,305	4,510,574	4,393,901	4,284,535	4,341,186	4,507,880
Capital Outlay	847,303	206,849	1,199,527	87,008	20,966	587,494	689,079	1,473,872
Debt Service:								
Principal	150,000	155,000	165,000	175,000	185,000	195,000	230,000	220,000
Interest and Other Charges	188,665	181,803	174,397	166,322	157,771	148,747	103,581	110,631
Total Expenditures	18,981,580	19,325,911	22,540,296	22,190,727	22,102,161	22,089,362	21,501,948	22,943,687
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	13,832	726,805	(769,300)	1,006,979	942,030	1,760,343	2,178,919	811,512
Other Financing Sources (Uses)								
Capital Leases (non-budgeted)							150,841	
Prior Year Accounts Payable Canceled								340,184
Transfers In		609,000				311,028	1,364,550	44,964
Transfers Out	(31,986)	(709,010)	(81,754)	(71,610)	(75,000)	(504,828)	(1,364,550)	(44,964)
Total Other Financing Sources (Uses)	(31,986)	(100,010)	(81,754)	(71,610)	(75,000)	(193,800)	150,841	340,184
Net Change in Fund Balances	\$ (18,154)	\$ 626,795	\$ (851,054)	\$ 935,369	\$ 867,030	\$ 1,566,543	\$ 2,329,760	\$ 1,151,696
Debt Service as a Percentage of								
Noncapital Expenditures	1.9%	1.8%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

Exhibit J-5

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u>	<u>Total</u>
2003	\$ 46,610	\$ 23,979	\$ 404,858 Z	\$ 475,447
2004	40,019	24,812	202,329 V	267,160
2005	40,618	18,500	30,742	89,860
2006	97,056	16,548	27,476	141,080
2007	137,282	-0-	75,468	212,750
2008	106,762	284,856	38,459	430,077
2009	40,796	533,188	28,460	602,444
2010	37,710	494,364	190,356	722,430
2011	7,023	614,856	74,628	696,507
2012	18,698	644,224	131,683	794,605

Z - Includes Environmental Liability canceled in the amount of \$352,300.

V - Includes Environmental Liability canceled in the amount of \$152,063.

Source: Lakeland Regional High School District records.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST EIGHT YEARS
UNAUDITED

BOROUGH OF RINGWOOD

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 44,012,000	\$ 746,783,660	\$ 3,098,900	\$ 141,130	\$ 28,407,800	\$ 16,220,000	\$ -0-	\$ 838,663,490	\$ 99,092,300	\$ 1,652,700	\$ 840,316,190	\$ 0.89	\$ 1,323,307,580
2005	43,162,200	766,121,860	2,987,500	140,330	28,564,000	16,224,300	-0-	857,200,190	100,180,400	1,439,861	858,640,051	0.98	1,526,656,105
2006	36,491,500	776,476,460	2,590,100	145,130	27,927,400	17,687,900	-0-	861,318,490	100,723,300	1,179,728	862,498,218	1.02	1,680,338,173
2007	34,966,300	784,304,460	2,720,400	133,030	26,239,900	17,824,100	-0-	866,188,190	100,963,300	1,129,473	867,317,663	1.00	1,838,700,889
2008	34,544,900	787,768,560	2,720,400	133,330	26,299,900	17,824,100	-0-	869,291,190	101,177,100	1,084,483	870,375,673	1.02	1,986,231,254
2009*	78,944,500	1,538,576,800	4,731,400	89,300	67,758,300	33,800,900	-0-	1,723,901,200	162,109,600	2,638,490	1,726,539,690	0.53	1,969,028,284
2010	77,893,500	1,534,609,300	5,547,700	91,000	65,443,100	33,014,800	-0-	1,716,599,400	162,472,400	2,386,377	1,718,985,777	0.54	1,849,100,408
2011	76,695,000	1,532,454,400	6,279,300	93,300	65,268,000	32,787,200	-0-	1,713,577,200	163,109,700	-0-	1,713,577,200	0.52	1,788,226,664

BOROUGH OF WANAQUE

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 25,166,700	\$ 413,441,174	\$ 127,300	\$ 13,300	\$ 42,837,720	\$ 13,077,890	\$ 1,600,100	\$ 496,264,184	\$ 290,458,700	\$ 858,318	\$ 497,122,502	\$ 1.02	\$ 858,118,559
2005	25,063,200	413,565,074	127,300	13,300	43,334,120	12,895,390	1,600,100	496,598,484	290,927,700	853,956	497,452,440	1.05	942,085,685
2006	21,801,500	439,711,174	-0-	-0-	42,899,120	12,895,390	1,600,100	518,907,284	290,900,200	686,471	519,593,755	1.12	1,122,087,188
2007	24,877,300	483,491,974	-0-	-0-	42,143,720	10,828,090	1,600,100	562,941,184	292,308,800	637,511	563,578,695	1.17	1,348,849,124
2008	24,025,200	498,917,774	-0-	-0-	40,972,420	10,828,090	1,600,100	576,343,584	293,031,100	677,148	577,020,732	1.18	1,425,532,571
2009	25,113,400	498,394,774	-0-	-0-	40,494,020	10,828,090	1,600,100	576,430,384	291,576,300	726,242	577,156,626	1.23	1,403,083,133
2010	24,185,700	502,053,074	-0-	3,800	41,896,720	10,591,890	1,600,100	580,331,284	291,958,900	-0-	580,331,284	1.30	1,386,159,406
2011	23,389,700	502,533,774	-0-	3,800	41,631,020	10,321,790	1,379,200	579,259,284	292,146,600	-0-	579,259,284	1.22	1,351,251,430

* - Property revaluation became effective in this year.

a - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b - Tax rates are per \$100.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.
 Reassessment occurs when ordered by the County Board of Taxation.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Municipal Tax Assessors.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)
UNAUDITED

BOROUGH OF RINGWOOD

Year Ended December 31,	<u>Lakeland Regional High School District Direct Rate</u>			<u>Overlapping Rates</u>			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Ringwood	Borough of Ringwood Public Schools	Passaic County	
2002	\$ 0.7613	\$ 0.0287	\$ 0.79	\$ 0.80	\$ 1.45	\$ 0.78	\$ 3.82
2003	0.8033	0.0267	0.83	0.80	1.52	0.82	3.97
2004	0.8745	0.0155	0.89	0.83	1.57	0.87	4.16
2005	0.9567	0.0233	0.98	0.85	1.55	0.94	4.32
2006	0.9948	0.0252	1.02	0.90	1.57	1.02	4.51
2007	0.9768	0.0232	1.00	0.98	1.63	1.05	4.66
2008	0.9972	0.0228	1.02	1.02	1.73	1.15	4.92
2009*	0.5184	0.0116	0.53	0.54	0.89	0.57	2.53
2010	0.5286	0.0114	0.54	0.58	0.91	0.58	2.61
2011	0.5093	0.0107	0.52	0.60	0.93	0.60	2.65

BOROUGH OF WANAQUE

Year Ended December 31,	<u>Lakeland Regional High School District Direct Rate</u>			<u>Overlapping Rates</u>			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Wanaque	Borough of Wanaque Public Schools	Passaic County	
2002	\$ 0.8481	\$ 0.0319	\$ 0.88	\$ 0.92	\$ 1.55	\$ 0.84	\$ 4.19
2003	0.8905	0.0295	0.92	1.06	1.66	0.90	4.54
2004	1.0022	0.0178	1.02	1.08	1.77	0.95	4.82
2005	1.0251	0.0249	1.05	1.12	1.87	1.00	5.04
2006	1.0924	0.0276	1.12	1.13	1.88	1.13	5.26
2007	1.1428	0.0272	1.17	1.13	2.03	1.18	5.51
2008	1.1537	0.0263	1.18	1.35	1.91	1.25	5.69
2009	1.2031	0.0269	1.23	1.37	2.01	1.22	5.83
2010	1.2725	0.0275	1.30	1.44	2.07	1.30	6.11
2011	1.1950	0.0250	1.22	1.52	2.22	1.34	6.30

* - Property revaluation became effective in this year.

a - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b - Rates for debt service are based on each year's requirements.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

Source: Municipal Tax Collector and School Business Administrator.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

BOROUGH OF RINGWOOD

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
North Jersey District Water Supply Commission	\$ 59,146,200	1	3.45%	\$ 23,179,000	1	2.80%
Ringwood Plaza, LTD Partnership	12,456,000	2	0.73%	5,237,400	2	0.63%
Ringwood Associates, LTD, c/o Berger L	5,802,000	3	0.34%	2,342,700	3	0.28%
Chs Wks (DE) 16-81 Inc.	5,686,700	4	0.33%			
Serler LLC	5,375,100	5	0.31%			
Ponderosa Group I LLC	3,535,900	6	0.21%	1,941,900	7	0.23%
PSE&G Co.	3,428,100	7	0.20%	1,889,100	8	0.23%
Spring Lake Land LLC	3,045,100	8	0.18%			
Individual Taxpayer #1	3,004,300	9	0.18%	2,189,000	4	0.26%
Ringwood Commons, LLC	2,900,000	10	0.17%			
Individual Taxpayer #2				2,004,400	5	0.24%
Verizon - New Jersey				1,999,100	6	0.24%
Pulte Homes of NJ, Limited Partnership				1,722,300	9	0.21%
GKV Rental, LLC				1,675,800	10	0.20%
Total	\$ 104,379,400		6.10%	\$ 44,180,700		5.32%

BOROUGH OF WANAQUE

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
North Jersey District Water Supply Commission	\$ 16,275,800	1	2.81%	\$ 16,155,800	1	3.25%
Wanaque Convalescent Center	9,240,300	2	1.60%	9,240,300	2	1.86%
Pulte Communities of NJ	8,727,900	3	1.51%	3,889,100	4	0.78%
Di Rubbio, Ruck and McCauley	5,666,200	4	0.98%	5,666,200	3	1.14%
Wanaque Building Assoc.	2,652,200	5	0.46%	3,840,000	5	0.77%
Arrow ACQ c/o Overseas Partners	2,500,000	6	0.43%	3,317,300	6	0.67%
Shree Badha Shivan, LLC	2,268,000	7	0.39%			
Algonquin Gas Trans. Co.	2,086,890	8	0.36%	2,086,890	7	0.42%
Wanaque Realty Corp.	1,939,800	9	0.33%			
Haskell Properties	1,413,300	10	0.24%	1,700,000	9	0.34%
Mountain Lakes Estates, Inc.				1,820,700	8	0.37%
US Aluminum, Inc.				1,300,000	10	0.26%
Total	\$ 52,770,390		9.11%	\$ 49,016,290		9.86%

NOTE: Individual Taxpayers are numbered in the year assessed; however, they may be not be the same individual taxpayers in the two years presented.

Source: Municipal Tax Assessors.

Exhibit J-9

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

BOROUGH OF RINGWOOD

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 6,415,657	\$ 6,415,657	100.00%	\$ -0-
2004	6,890,180	6,890,180	100.00%	-0-
2005	7,442,930	7,442,930	100.00%	-0-
2006	8,439,369	8,439,369	100.00%	-0-
2007	8,823,939	8,823,939	100.00%	-0-
2008	8,709,132	8,709,132	100.00%	-0-
2009	8,869,611	8,869,611	100.00%	-0-
2010	9,164,471	9,164,471	100.00%	-0-
2011	9,220,218	9,220,218	100.00%	-0-
2012	8,976,308	8,976,308	100.00%	-0-

BOROUGH OF WANAQUE

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 4,335,851	\$ 4,335,851	100.00%	\$ -0-
2004	4,576,437	4,576,437	100.00%	-0-
2005	5,050,138	5,050,138	100.00%	-0-
2006	5,213,620	5,213,620	100.00%	-0-
2007	5,789,851	5,789,851	100.00%	-0-
2008	6,587,787	6,587,787	100.00%	-0-
2009	6,789,460	6,789,460	100.00%	-0-
2010	7,062,138	7,062,138	100.00%	-0-
2011	7,541,705	7,541,705	100.00%	-0-
2012	7,090,701	7,090,701	100.00%	-0-

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

Source: Lakeland Regional High School District records, including the Certificate and Report of Report of School Taxes (A4F form).

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT FISCAL YEARS
(dollars in thousands, except per capita)
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2005	\$ 4,743,305	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 4,743,305	0.62%	\$ 208.56
2006	4,562,483	-0-	-0-	-0-	-0-	4,562,483	0.56%	198.78
2007	4,369,401	-0-	-0-	-0-	-0-	4,369,401	0.49%	185.93
2008	4,163,862	-0-	-0-	-0-	-0-	4,163,862	0.43%	173.09
2009	3,945,651	-0-	-0-	-0-	-0-	3,945,651	0.38%	159.88
2010	3,695,534	-0-	-0-	-0-	-0-	3,695,534	0.37%	148.68
2011	3,426,257	-0-	150,841	-0-	-0-	3,577,098	0.36%	153.14
2012	3,163,543	-0-	101,770	-0-	-0-	3,265,313	0.33%	139.67

a - See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b - Includes Early Retirement Incentive Plan (ERIP) refunding.

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

Exhibit J-11

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST EIGHT FISCAL YEARS
(dollars in thousands, except per capita)
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 3,909,000	\$ -0-	\$ 3,909,000	0.292%	\$ 171.88
2006	3,754,000	-0-	3,754,000	0.277%	163.56
2007	3,589,000	-0-	3,589,000	0.260%	152.72
2008	3,414,000	-0-	3,414,000	0.239%	141.92
2009	3,229,000	-0-	3,229,000	0.223%	130.84
2010	3,015,000	-0-	3,015,000	0.131%	121.30
2011	2,785,000	-0-	2,785,000	0.121%	119.23
2012	2,565,000	-0-	2,565,000	0.112%	109.71

a - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

Exhibit J-12

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Ringwood	\$ 9,458,709	100.00%	\$ 9,458,709
Borough of Wanaque	12,181,516	100.00%	12,181,516
Passaic County General Obligation Debt	373,881,844	5.89%	<u>22,005,036</u>
Subtotal, Overlapping Debt			43,645,261
Lakeland Regional High School District Direct Debt			<u>2,565,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 46,210,261</u></u>

a - For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses of Ringwood and Wanaque. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

Sources: Assessed value data used to estimate applicable percentages provided by the Passaic County Board of Taxation; debt outstanding data provided by each governmental unit.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(dollars in thousands)
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2012

Year Ended December 31,	Borough of Ringwood	Borough of Wanaque	Equalized Valuation Basis
2009	\$ 1,853,657,204	\$ 1,372,126,598	\$ 3,225,783,802
2010	1,790,549,077	1,349,293,848	3,139,842,925
2011	1,734,741,041	1,331,630,538	3,066,371,579
	<u>\$ 5,378,947,322</u>	<u>\$ 4,053,050,984</u>	<u>\$ 9,431,998,306</u>
Average Equalized Valuation of Taxable Property			<u>\$ 3,143,999,435</u>
Debt Limit (3% of Average Equalization Value)			94,319,983 ^a
Net Bonded School Debt			<u>2,565,000</u>
Legal Debt Margin			<u>\$ 91,754,983</u>

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt Limit	\$ 51,357,065	\$ 57,538,006	\$ 64,849,801	\$ 73,197,320	\$ 82,322,368
Total Net Debt Applicable to Limit	<u>4,204,000</u>	<u>4,059,000</u>	<u>3,909,000</u>	<u>3,754,000</u>	<u>3,589,000</u>
Legal Debt Margin	<u>\$ 47,153,065</u>	<u>\$ 53,479,006</u>	<u>\$ 60,940,801</u>	<u>\$ 69,443,320</u>	<u>\$ 78,733,368</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.19%	7.05%	6.03%	5.13%	4.36%

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt Limit	\$ 91,682,684	\$ 97,812,782	\$ 99,422,447	\$ 97,180,441	\$ 94,319,983
Total Net Debt Applicable to Limit	<u>3,414,000</u>	<u>3,229,000</u>	<u>3,015,000</u>	<u>2,785,000</u>	<u>2,565,000</u>
Legal Debt Margin	<u>\$ 88,268,684</u>	<u>\$ 94,583,782</u>	<u>\$ 96,407,447</u>	<u>\$ 94,395,441</u>	<u>\$ 91,754,983</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.72%	3.30%	3.03%	2.87%	2.72%

^a - Limit set by NJSA 18A:24-19 for a 9 through 12 district; other % limits would be applicable for other districts.

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

BOROUGH OF RINGWOOD

Year	Population ^a	Personal Income (thousands of dollars) ^b	Passaic County Per Capita Personal Income ^c	Unemployment Rate ^d
2002	12,529	\$ 403,371,155	\$ 32,195	5.9%
2003	12,541	408,648,485	32,585	6.0%
2004	12,508	417,391,960	33,370	4.6%
2005	12,546	442,484,874	35,269	3.7%
2006	12,555	475,395,075	37,865	3.8%
2007	12,561	505,241,103	40,223	3.5%
2008	12,602	523,688,712	41,556	4.6%
2009	12,712	513,895,312	40,426	9.0%
2010	12,236	516,701,808	42,228	9.2%
2011	12,246	517,124,088	42,228 *	9.0%

BOROUGH OF WANAQUE

Year	Population ^a	Personal Income (thousands of dollars) ^b	Passaic County Per Capita Personal Income ^c	Unemployment Rate ^d
2002	10,295	\$ 331,447,525	\$ 32,195	5.9%
2003	10,293	335,397,405	32,585	6.1%
2004	10,235	341,541,950	33,370	4.6%
2005	10,406	367,009,214	35,269	3.5%
2006	10,945	414,432,425	37,865	3.6%
2007	11,495	462,363,385	40,223	3.3%
2008	12,077	501,871,812	41,556	4.3%
2009	12,144	490,933,344	40,426	8.4%
2010	11,123	469,702,044	42,228	8.6%
2011	11,133	470,124,324	42,228 *	8.4%

* - Latest Passaic County per capita personal income available (2010) was used for calculation purposes.

Source:

- a - Population information provided by the US Department of Census - Population Division.
- b - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- c - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Information was not available as of the date of these financial statements.

Exhibit J-16

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS
UNAUDITED

<u>Function/Program</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	86.5	84.5	81	85	83	78	65	62
Special Education	14	14	17	15	16	16	16	12
Other Special Instruction	14.5	14.5	14.5	13.5	15	16	17	16
Support Services:								
Student & Instruction Related Services	11	11	19	19	18	26	30	27
General Administrative Services	6	6	3	4	4	3	2	2
School Administrative Services	11	11	10	10	10	6	5	5
Plant Operations and Maintenance	12	12	11	15	15	16	10	10
Pupil Transportation	3	5	11	15	15	12	14	15
Business and Other Support Services	3	3	3	3	3	4	4	4
Food Service	14	12	12	12	11	7	11	12
Total	<u>175</u>	<u>173</u>	<u>181.5</u>	<u>191.5</u>	<u>190</u>	<u>184</u>	<u>174</u>	<u>165</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST EIGHT FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Senior High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Ratio					
2005	1,164	\$ 17,795,612	\$ 15,288	-3.60%	114	1:10.21		1,164	1,085	10.86%	93.21%
2006	1,192	18,782,259	15,757	3.07%	116	1:10.28		1,192	1,111	2.41%	93.20%
2007	1,118	21,001,372	18,785	19.22%	92	1:12.15		1,118	1,042	-6.21%	93.20%
2008	1,196	21,762,397	18,196	-3.13%	112	1:10.70		1,196	1,137	6.98%	95.07%
2009	1,162	21,738,424	18,708	2.81%	112	1:10.30		1,162	1,085	-2.84%	93.37%
2010	1,167	21,158,121	18,130	-3.09%	110	1:10.60		1,167	1,102	0.43%	94.43%
2011	1,184	20,479,288	17,297	-4.60%	100	1:11.86		1,184	1,139	1.46%	96.20%
2012	1,112	21,139,184	19,010	9.91%	92	1:12.09		1,112	1,057	-6.08%	95.05%

a - Operating expenditures equal total expenditures less debt service and capital outlay.

b - Teaching staff includes only full-time equivalents of certificated staff.

c - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Note: Enrollment based on annual October District count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Lakeland Regional High School District records.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST EIGHT FISCAL YEARS
UNAUDITED

<u>District Building</u>	2005	2006	2007	2008	2009	2010	2011	2012
Lakeland Regional High School (1958):								
Square Feet	208,390	208,390	208,390	208,390	208,390	208,390	208,390	208,390
Capacity (students)	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267
Enrollment	1,164	1,192	1,118	1,196	1,162	1,167	1,184	1,112

Number of Schools at June 30, 2012:

Elementary = 0
Middle School = 0
High School = 1
Other = 0

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October District count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Lakeland Regional High School District Facilities Office.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
For School Facilities - Account #11-000-261-XXX:

<u>School Facilities*</u>	Project # (s)	Fiscal Year Ended June 30,				
		2003	2004	2005	2006	2007
High School	N/A	\$ 325,966	\$ 339,179	\$ 554,458	\$ 429,114	\$ 588,752
Total School Facilities		<u>325,966</u>	<u>339,179</u>	<u>554,458</u>	<u>429,114</u>	<u>588,752</u>
Grand Total		<u>\$ 325,966</u>	<u>\$ 339,179</u>	<u>\$ 554,458</u>	<u>\$ 429,114</u>	<u>\$ 588,752</u>

<u>School Facilities*</u>	Project # (s)	Fiscal Year Ended June 30,				
		2008	2009	2010	2011	2012
High School	N/A	\$ 329,070	\$ 308,905	\$ 245,475	\$ 288,071	\$ 303,513
Total School Facilities		<u>329,070</u>	<u>308,905</u>	<u>245,475</u>	<u>288,071</u>	<u>303,513</u>
Grand Total		<u>\$ 329,070</u>	<u>\$ 308,905</u>	<u>\$ 245,475</u>	<u>\$ 288,071</u>	<u>\$ 303,513</u>

N/A - Not Applicable.

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

Source: Lakeland Regional High School District records.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Zurich Insurance Company:		
Special Multi Peril:		
Property - Blanket Building and Contents (per Building)	\$ 47,975,295	\$ 5,000
Increased Cost of Construction, Combined -		
Per Building, Per Loss	2,000,000	5,000
Earthquake and Volcanic Eruption	5,000,000	5%
Flood - Outside Zones A, B or V	5,000,000	50,000
Flood - Zone B	2,000,000	100,000
Flood - Zone A or V	1,000,000	500,000
Valuable Papers and Records - Per Entity	5,000,000	1,000
EDP Equipment - Catastrophe Limit	2,500,000	5,000
Combined Business Interruption and Extra Expense	5,000,000	5,000
Comprehensive General Liability:		
General Aggregate	2,000,000	
Per Occurrence	1,000,000	
Employee Benefits Liability	1,000,000	
Electronic Data Processing	2,500,000	
Limited Pollution Liability	1,000,000	
Boiler & Machinery: Property Damage - Blanket	100,000,000	1,000
Crime:		
Employee Theft - Per Loss	500,000	5,000
Forgery or Alteration	50,000	1,000
Inside the Premises - Robbery or Safe Burglary	50,000	1,000
Computer Fraud	50,000	1,000
Faithful Performance of Duty - Per Loss	250,000	
Commercial Automobile:		
Comprehensive Automobile Liability	1,000,000	1,000
Additional Personal Injury Protection	10,000	
Medical Payments	5,000	
Uninsured Motorist	1,000,000	
Underinsured Motorist	1,000,000	
American Alternatives Insurance Company:		
Commercial Umbrella (above \$1,000,000):		
Per Occurrence/Aggregate Limit	9,000,000	
Retention	10,000	

Source: Lakeland Regional High School District records.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Fireman's Fund Insurance Company:		
High Excess Liability (above \$10,000,000):		
Per Occurrence/Aggregate	\$ 50,000,000	
Star Insurance Company:		
Excess Liability	1,000,000	
Pooled Insurance Program of New Jersey:		
Worker's Compensation	Statutory	
American Safety Casualty Insurance Company:		
Environmental Impairment Liability:		
Impairment Incident Limit	1,000,000	\$ 15,000
Impairment Aggregate per Named Insured	3,000,000	
Impairment Aggregate Limit	20,000,000	
Gerber Life Insurance Company:		
Accidental Death and Dismemberment:		
Class I and II	100,000	
Aggregate Limit per Conveyance	500,000	
Aggregate Limit per All Other Accidents	500,000	
Darwin National Assurance Company:		
School Board Legal Liability:		
Directors and Officers Policy Per Claim Aggregate	1,000,000	10,000
Selective Insurance Company:		
Public Employees' Faithful Performance Surety Position Bond:		
Treasurer	250,000	
Board Secretary/Business Administrator	250,000	
Monumental Life Insurance Company:		
Student Accident Insurance:		
Maximum Benefit	5,000,000	

Source: Lakeland Regional High School District records.

SINGLE AUDIT SECTION



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Independent Auditors' Report Internal Control over Financial Reporting and on Compliance
 and Other Matters Based on an Audit of Financial Statements Performed in Accordance
 with *Government Auditing Standards*

The Honorable President and Members
 of the Board of Education
 Lakeland Regional High School District
 County of Passaic, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lakeland Regional Board of Education, in the County of Passaic (the "Board") as of, and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

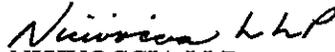
The Honorable President and Members
of the Board of Education
Lakeland Regional High School District
Page 2

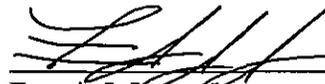
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. However, we noted certain matters that we have reported to the Board in the *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated October 11, 2012.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with 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.

Mount Arlington, New Jersey
October 11, 2012


NISIVOCCIA LLP


Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

The Honorable President and Members
 of the Board of Education
 Lakeland Regional High School District
 County of Passaic, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Lakeland Regional High School District in the County of Passaic (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (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 its major federal and state programs for the fiscal year ended June 30, 2012. The Board's major federal and state programs are identified in the summary of auditors' 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 Board's management. Our responsibility is to express an opinion on the Board'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; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, Federal 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 Board'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 Board's compliance with those requirements.

In our opinion, the Board 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 fiscal year ended June 30, 2012.

The Honorable President and Members
of the Board of Education
Lakeland Regional High School District
Page 2

Internal Control Over Compliance

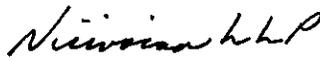
The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control 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 and the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with 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.

Mount Arlington, New Jersey
October 11, 2012


NISIVOCCIA LLP


Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2011			Balance at June 30, 2012			
			From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture - Passed-through State Department of Education:												
Child Nutrition Cluster:												
School Breakfast Program	10.553	N/A	7/1/11	6/30/12	\$ 40,607			\$ 37,688	\$ (40,607)	\$ (2,919)		
School Breakfast Program	10.553	N/A	7/1/10	6/30/11	37,800	\$ (2,631)		2,631				
Federal Food Distribution Program	10.555	N/A	7/1/11	6/30/12	14,594			14,594	(14,594)			
National School Lunch Program	10.555	N/A	7/1/11	6/30/12	86,858			80,693	(86,858)	(6,165)		
National School Lunch Program	10.555	N/A	7/1/10	6/30/11	85,302	(6,161)		6,161				
Subtotal Child Nutrition Cluster						(8,792)		141,767	(142,059)	(9,084)		
Total U.S. Department of Agriculture						(8,792)		141,767	(142,059)	(9,084)		
U.S. Department of Education:												
Passed through State Department of Education:												
General Fund:												
Education Jobs Fund	84.410	N/A	8/10/10	9/30/12	179,293			159,596	(179,293)	(19,697)		
Total General Fund								159,596	(179,293)	(19,697)		
Special Revenue Fund:												
Special Education Cluster:												
I.D.E.A. - Part B, Basic Regular - ARRA	84.391	ARRA-2510-10	7/1/09	8/31/11	246,061	(60,547)		90,900	(30,353)			
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-2510-12	9/1/11	8/31/12	271,443			201,187	(270,856)	(69,669)		
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-2510-11	9/1/10	8/31/11	258,012	(2,538)		2,538				
I.D.E.A. - Part B, Basic Regular - Carryover	84.027	IDEA-2510-08	9/1/07	8/31/09	229,011		\$ 45					\$ 45
Total Special Education Cluster						(63,085)	45	294,625	(301,209)	(69,669)		45
No Child Left Behind:												
Title I - SIA	84.010A	NCLB-2510-10	7/1/09	8/31/11	10,000	(6,632)		7,476	(844)			
Title I	84.010A	NCLB-2510-12	9/1/11	8/31/12	78,340			63,581	(77,452)	(13,871)		
Title I	84.010A	NCLB-2510-11	9/1/10	8/31/11	52,229	(22,543)		22,543				
Title II	84.367A	NCLB-2510-12	9/1/11	8/31/12	24,356			19,393	(24,176)	(4,783)		
Title II	84.367A	NCLB-2510-11	9/1/10	8/31/11	24,283	(10,653)		10,653				
Title II	84.367A	NCLB-2510-08	9/1/07	8/31/08	10,546		21					21
Total Special Revenue Fund						(102,913)	66	418,271	(403,681)	(88,323)		66
Total U.S. Department of Education						(102,913)	66	577,867	(582,974)	(108,020)		66
TOTAL FEDERAL AWARDS						\$ (111,705)	\$ 66	\$ 719,634	\$ (725,033)	\$ (117,104)	\$ -0-	\$ 66

N/A - Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2011	Cash Received	Budgetary Expenditures	Balance at June 30, 2012		MEMO		
		From	To		Budgetary Deferred Revenue/ (Accounts Receivable)			GAAP (Accounts Receivable)	Budgetary Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:												
General Fund:												
Equalization Aid	12-495-034-5120-078	7/1/11	6/30/12	\$ 3,932,784		\$ 3,562,557	\$ (3,932,784)			\$ 370,227	\$ 3,932,784	
Equalization Aid	11-495-034-5120-078	7/1/10	6/30/11	3,491,521	\$ (324,879)	324,879					3,491,521	
Special Education Categorical Aid	12-495-034-5120-089	7/1/11	6/30/12	652,347		590,936	(652,347)			61,411	652,347	
Special Education Categorical Aid	11-495-034-5120-089	7/1/10	6/30/11	652,347	(60,699)	60,699					652,347	
Extraordinary Special Education Aid	12-100-034-5120-473	7/1/11	6/30/12	178,482			(178,482)	\$ (178,482)		178,482	178,482	
Extraordinary Special Education Aid	11-100-034-5120-473	7/1/10	6/30/11	179,210	(179,210)	179,210					179,210	
Nonpublic School Transportation Costs	12-495-034-5120-014	7/1/11	6/30/12	7,805			(7,805)	(7,805)		7,805	7,805	
Nonpublic School Transportation Costs	11-495-034-5120-014	7/1/10	6/30/11	5,421	(5,421)	5,421					5,421	
Anti-Bullying Reimbursement	N/A	7/1/11	6/30/12	3,264		3,264	(3,264)				3,264	
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11	6/30/12	669,137		669,137	(669,137)				669,137	
Total General Fund State Aid					(570,209)	5,396,103	(5,443,819)	(186,287)		617,925	9,772,318	
Enterprise Fund:												
State School Lunch Program	12-100-010-3350-023	7/1/11	6/30/12	3,669		3,416	(3,669)	(253)		253	3,669	
State School Lunch Program	11-100-010-3350-023	7/1/10	6/30/11	3,740	(283)	283					3,740	
State School Lunch Program - Additional	11-100-010-3350-023	7/1/10	6/30/11	192	(192)	192					192	
Total Enterprise Fund					(475)	3,891	(3,669)	(253)		253	7,601	
Schools Development Authority:												
Capital Projects Fund:												
Educational Facilities Construction and Financing	SP-2510-050-09-1002	N/A	N/A	94,306	(22,640)	22,640					45,002	
Total Capital Projects Fund					(22,640)	22,640					45,002	
TOTAL STATE AWARDS					\$ (593,324)	\$ 5,422,634	\$ (5,447,488)	\$ (186,540)	\$ -0-	\$ 618,178	\$ 9,824,921	

N/A - Not Available

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Lakeland Regional School District under programs of the federal and state governments for the fiscal year ended June 30, 2012. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and 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*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(46,060) for the general fund and \$15,654 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Post Retirement Medical Benefit and Pension Contributions revenue of \$599,151 and \$298,047, respectively.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Awards and financial assistance revenue are reported on the Board's financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 179,293	\$6,294,957	\$ 6,474,250
Special Revenue Fund	419,335		419,335
Food Service Enterprise Fund	142,059	3,669	145,728
Total Financial Assistance	<u>\$ 740,687</u>	<u>\$6,298,626</u>	<u>\$ 7,039,313</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

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 6. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District does not have any active grants from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act as of June 30, 2012. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* or federal OMB Circular A-133.
- The District's major programs for the current fiscal year consisted of the following state and federal aid:

	<u>CFDA #/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State Program:</u>				
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$3,932,784	\$ 3,932,784
Special Education				
Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	652,347	652,347
Reimbursed TPAF Social				
Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	669,137	669,137
<u>Federal Program:</u>				
I.D.E.A Part B, Basic:				
Regular - ARRA	84.391	7/1/09-8/31/11	246,061	30,353
Regular	84.027	9/1/11-8/31/12	271,443	270,856

- The threshold for distinguishing Type A and Type B programs was \$300,000.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey OMB's Circular 04-04 was \$500,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the federal Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in Federal OMB Circular A-133.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in Federal OMB Circular A-133 and New Jersey OMB's Circular 04-04.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

Status of Prior Year Findings:

The District had no prior year audit findings.