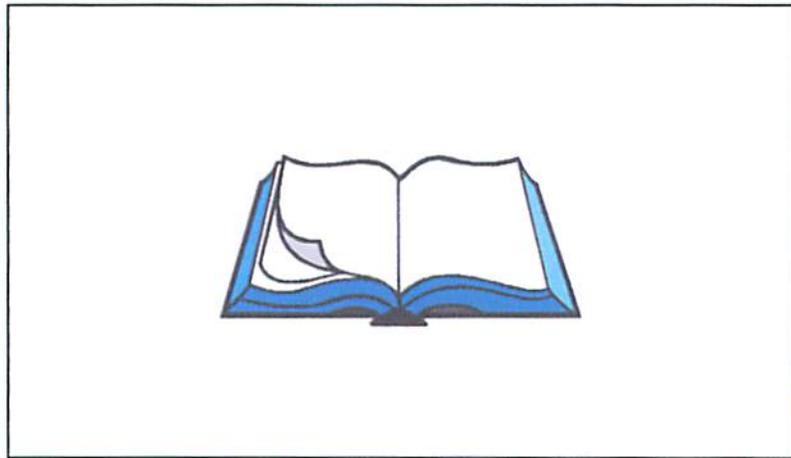


SCHOOL DISTRICT
OF
LAWNSIDE



Lawnside Board of Education
Lawnside, New Jersey

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

**Comprehensive Annual
Financial Report**

of the

Lawnside Board of Education

Lawnside, New Jersey

For the Fiscal Year Ended June 30, 2012

**Prepared by
Lawnside Board of Education
Finance Department**

LAWNSIDE SCHOOL DISTRICT

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Introductory Section

LAWNSIDE SCHOOL DISTRICT

BOARD OF EDUCATION
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LAWNSIDE, NEW JERSEY 08045

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THERESA TUTT
BOARD SECRETARY
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The Pride and Respect School

November 26, 2012

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

Dear Board Members:

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

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

1. REPORT ENTITY AND ITS SERVICES: Lawnside School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Lawnside 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 Pre-K through eight. These include regular as well as special education for handicapped students. In addition to the classroom teachers, other professional and support staff are employed to meet the needs of the pupils we serve. The District completed the 2011-2012 fiscal year with an enrollment of 277 students, which is 12 students more than the previous year's enrollment. The following details the changes in student enrollment over the past ten years.

AVERAGE DAILY ENROLLMENT

<u>FISCAL YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>PERCENT CHANGE</u>
2011-2012	277	4.53
2010-2011	265	5.16
2009-2010	252	(15.43)
2008-2009	298	(1.65)
2007-2008	303	(2.31)
2006-2007	310	(6.06)
2005-2006	330	20.50
2004-2005	274	2.62
2003-2004	267	(4.64)
2002-2003	280	(4.70)

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

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

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

3. MAJOR INITIATIVES: During the 2011-2012 school year, the district concentrated on the following areas:

- Professional Development
- Student Achievement
- Technology
- Parent Involvement

A variety of professional development opportunities were made available to the staff throughout the 2011-2012 school year. Those opportunities, included but were not limited to, a series of workshops conducted by an outside consultant, Global Institute for Maximizing Potential, Inc. The workshops focused on an analysis of data to drive the decision-making process for improving instruction throughout the Mathematics and Language Arts curriculums. Additionally, staff members and administrators were encouraged to attend workshops conducted on the county and state levels. Teachers and administrators utilized a collaborative approach in identifying best practices aimed at implementing successful instructional methodologies in preparation for the state-mandated assessments. Common planning periods for staff members allowed for collaboration among the various grade levels. An annual review of the K-8 "Pacing Charts" was conducted to ensure proper alignment in the areas of Mathematics and Language Arts to the New Jersey Core Curriculum Content Standards. Professional Development opportunities addressing the newly proposed Common Core State Standards were also conducted during the 2011-2012 school year. Additional educational collaboration occurred between the Lawnside, Haddon Heights, and Barrington School Districts.

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

All instructional staff members were required to use technology in their classrooms to enhance daily lessons. Teachers were required to submit their lesson plans via e-mail during the 2011-2012 school year. Additionally, the Response To Intervention (RTI) program READ 180 implementation within the district in grades 3-8 was utilized to address the reading needs of students. Furthermore, the district utilized the Study Island, and Write To Learn on-line assessment programs in the areas of Mathematics and Language Arts during the school year.

Parental involvement continued to be a key factor in the quest to improve student achievement. Several parent oriented activities occurred in collaboration with the local and state PTA including but not limited to McDonald's & Wendy's nights, Family Arts Night, Health and Wellness Fair and the Annual June Jamboree. Activities such as; Open House, Back To School Night, Awards assemblies, Mock Test Night, Public Speaking Contests, Back To School Bonanza and Parents' Night Out were conducted throughout the school year to improve parental involvement and community relations. The district's Parent-Teacher Association was instrumental in strengthening the relationship between to school and the community at-large. The staff will work collaboratively with the PTA by actively offering presentations/workshops during the monthly Parent-Teacher Association meetings. Furthermore, district staff was trained for full implementation of the state-wide Positive Behavior Supports In Schools (PBSIS) initiative

to provide support in addressing the need to decrease discipline referrals and encourage a highly effective academic environment. This initiative seeks to improve school climate and increase parental involvement.

During the 2011-2012 school year, the district offered the following extra-curricular activities; Junior Honor Society, Yearbook, Safety Patrol, Art Club, and various eighth grade activities. The district continued to be a recipient of the 21st Century Community Learning Centers Grant for the 2011-2012 school year which focuses on Science, Technology, Engineering, and Mathematics (STEM). Additional collaboration has been implemented between the school district and a local faith-based organization to focus on Language Arts achievement. Participants in the program were selected on the basis of academic, social, and emotional needs. All supplemental educational programs focused on improving student achievement on the state-mandated assessments. Other volunteer oriented programs will be sought for the 2012-2013 school year.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure statements in conformity with generally accepted accounting principles (GAAP).

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as 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 Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

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

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

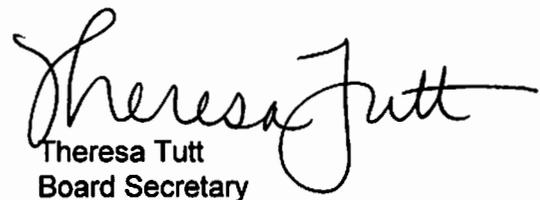
9. OTHER INFORMATION: State statutes require an annual audit by independent certified public accounts or registered municipal accounts. The accounting firm of Inverso & Stewart, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 98-07 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



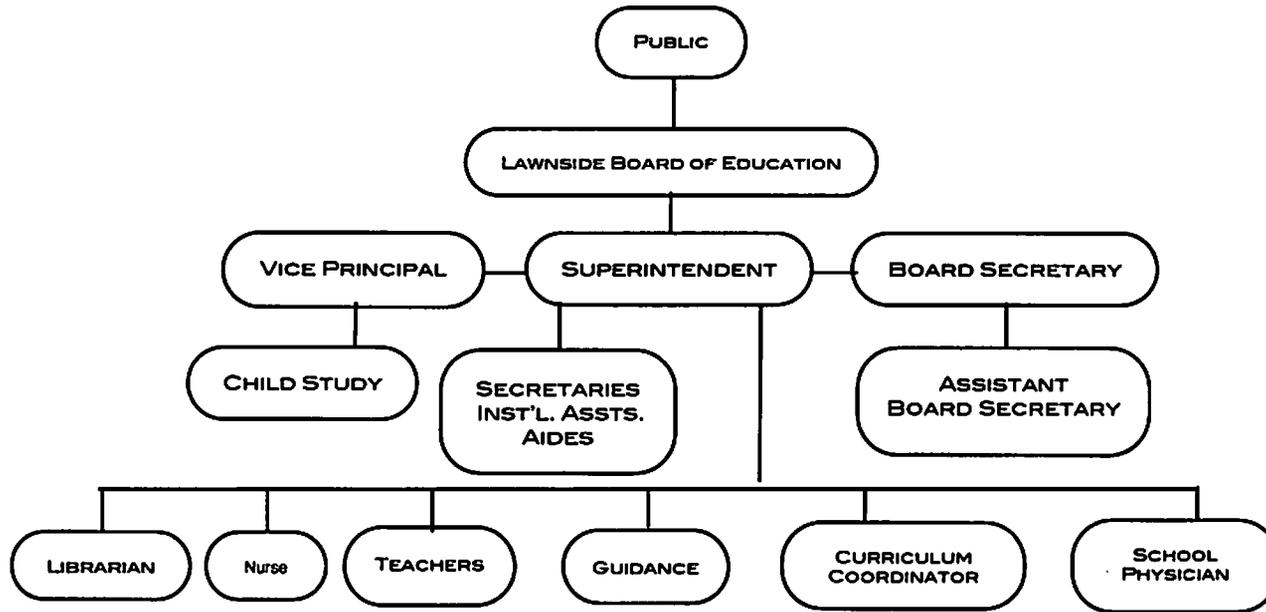
Dr. Ronn H. Johnson
Superintendent



Theresa Tutt
Board Secretary

Lawnside School District

Organizational Chart



LAWNSIDE SCHOOL DISTRICT

Roster of Officials June 30, 2012

Members of the Board of Education:

Term Expires

Donica Venable, President	2013
Sabrina Forrest, Vice President	2012
Lovelle Kendall	2013
Amy Pierce	2014
Ronald A. DeAbreu	2014
Priscilla Solomon	2012
Tiffany Banks	2012
Dawn Wright-McLeod	2013
Michael Worlds	2012

Other Officials:

Ronn H. Johnson, Superintendent
Theresa Tutt, Business Administrator/Board Secretary
Elva B. Mitchell, Treasurer
Carl Tanksley, Jr., Esq. Solicitor

**LAWNSIDE SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Inverso & Stewart, LLC
12000 Lincoln Drive West, Suite 402
Marlton, NJ 08053

Attorney

Carl Tanksley Jr., Esquire
C/O Parker McCay
1009 Lenox Drive
Building Four East, Suite 102A
Lawrenceville, NJ 08648

Broker of Record

Public Risk Group, LLC
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Southampton, NJ 08088

Official Depository

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

Financial Section

INVERSO & STEWART, LLC

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Registered Municipal Accountants**

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New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 Lawnside School District, in the County of Camden, State of New Jersey, 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 November 9, 2012 on our consideration of the Lawnside School District, in the County of Camden, State of New Jersey's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
November 9, 2012

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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**-Member of-
American Institute of CPAs
New Jersey Society of CPAs**

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

The Honorable President and Members
of the Board of Education
Lawnside School District
County of Camden
Lawnside, 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 Lawnside School District (School District), in the County of Camden, State of New Jersey, 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 November 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified the following deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting: Finding no. #2012-1. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

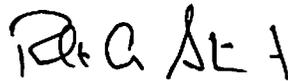
As part of obtaining reasonable assurance about whether the Lawnside School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

We noted certain matters that we reported to management of the Lawnside School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 5, 2012.

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
November 9, 2012

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Lawnside School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

As management of the Board of Education of the Borough of Lawnside, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$4,921,527 (*net assets*).
- Governmental activities have an unrestricted net assets deficit of \$140,837. The accounting treatments in the governmental funds for compensated absences payable, accrued interest payable, the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net assets of the School District increased by \$1,084,279, or a 28.3% increase from the prior fiscal year-end balance. The majority of the increase is attributable to the school district's capital projects program.
- Fund balance of the School District's governmental funds increased by \$6,188 resulting in an ending fund balance of \$1,111,051.
- Business-type activities have unrestricted net assets of \$53,680, which may be used to meet the School District's ongoing obligations of the enterprise-related activities.
- The School District's long-term obligations decreased by \$114,960 which is the net result of current year payments on existing debt obligations (\$117,552) offset by the increase in compensated absences (\$2,592).

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net assets and the statement of activities.

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

The *statement of activities* presents information showing how the net assets of the School District changed during the current fiscal year. Changes in net assets are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities include the Food Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains one type of proprietary fund - the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the district-wide financial statements, only in more detail.

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

District-wide Financial Analysis

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements and equipment. Capital assets are discussed in greater detail in the section titled, *Capital Assets and Debt Administration*, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2012. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2012.

The assets of the primary government activities exceeded liabilities by \$4,863,142 with an unrestricted deficit balance of \$140,837. As mentioned earlier, deficit unrestricted net assets are primarily due to the accounting treatment for compensated absences payable, accrued interest payable, the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

The net assets of the primary government do not include internal balances.

A net investment of \$3,821,027 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's students, accounts for 77.63% of the total net assets of the District. Net assets of \$1,187,657 have been restricted as follows:

Restricted for Future Budget Appropriations	\$ 344,949
Restricted for Encumbrances	3,635
Restricted for Future Debt Service Costs	6,193
Restricted for Future Capital Projects	605,321
Restricted for Subsequent Year's Budget	<u>227,559</u>
Total	<u><u>\$ 1,187,657</u></u>

**Lawnside School District
Comparative Summary of Net Assets
As of June 30, 2012 and 2011**

	Governmental Activities		Business-Type Activities		District-Wide	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current assets	\$ 4,837,861	\$ 5,805,419	\$ 53,725	\$ 43,714	\$ 4,891,586	\$ 5,849,133
Capital assets	6,806,577	5,883,742	4,705	5,094	6,811,282	5,888,836
Total assets	<u>11,644,438</u>	<u>11,689,161</u>	<u>58,430</u>	<u>48,808</u>	<u>11,702,868</u>	<u>11,737,969</u>
LIABILITIES						
Current liabilities	3,830,107	4,827,614	45	5,269	3,830,152	4,832,883
Noncurrent liabilities	2,951,189	3,067,838			2,951,189	3,067,838
Total liabilities	<u>6,781,296</u>	<u>7,895,452</u>	<u>45</u>	<u>5,269</u>	<u>6,781,341</u>	<u>7,900,721</u>
Net Assets	<u>\$ 4,863,142</u>	<u>\$ 3,793,709</u>	<u>\$ 58,385</u>	<u>\$ 43,539</u>	<u>\$ 4,921,527</u>	<u>\$ 3,837,248</u>
Net Assets Consist of:						
Invested in Capital Assets	\$ 3,816,322	\$ 2,775,935	\$ 4,705	\$ 5,094	\$ 3,821,027	\$ 2,781,029
Restricted Assets	1,187,657	1,146,667			1,187,657	1,146,667
Unrestricted Assets	<u>(140,837)</u>	<u>(128,893)</u>	<u>53,680</u>	<u>38,445</u>	<u>(87,157)</u>	<u>(90,448)</u>
Net Assets	<u>\$ 4,863,142</u>	<u>\$ 3,793,709</u>	<u>\$ 58,385</u>	<u>\$ 43,539</u>	<u>\$ 4,921,527</u>	<u>\$ 3,837,248</u>

**Lawnside School District
Comparative Schedule of Changes in Net Assets
As of and for the Fiscal Year Ended June 30, 2012 and 2011**

	Governmental Activities		Business-Type Activities		District-Wide	
	2012	2011	2012	2011	2012	2011
Revenues:						
Charges for services			\$ 38,465	\$ 38,666	\$ 38,465	\$ 38,666
Operating grants and contributions	\$ 1,059,028	\$1,002,970	137,657	119,705	1,196,685	1,122,675
Property taxes	4,226,545	4,614,338			4,226,545	4,614,338
State aid - unrestricted	3,677,849	3,451,836			3,677,849	3,451,836
State aid - restricted	595,823	2,899,050			595,823	2,899,050
Other revenues	218,697	9,814	132	141	218,829	9,955
Total Revenues	9,777,942	11,978,008	176,254	158,512	9,954,196	12,136,520
Expenses:						
Governmental Activities:						
Instruction	2,415,610	2,276,087			2,415,610	2,276,087
Tuition	3,646,023	4,362,830			3,646,023	4,362,830
Related services	859,430	783,890			859,430	783,890
Administrative services	465,661	494,974			465,661	494,974
Operations and Maintenance	421,106	436,250			421,106	436,250
Transportation	321,026	306,217			321,026	306,217
Employee benefits	343,226	289,624			343,226	289,624
Special schools	66,757	92,300			66,757	92,300
Interest on debt	108,511	18,285			108,511	18,285
Other	59,621	45,250			59,621	45,250
Loss on disposal of capital assets	1,538				1,538	-
Business-Type Activities:						
Food Service			161,408	161,569	161,408	161,569
Total Expenses	8,708,509	9,105,707	161,408	161,569	8,869,917	9,267,276
Increase (Decrease) in Net Assets before transfers	1,069,433	2,872,301	14,846	(3,057)	1,084,279	2,869,244
Transfers						
Change in Net Assets	1,069,433	2,872,301	14,846	(3,057)	1,084,279	2,869,244
Net Assets, July 1	3,793,709	921,408	43,539	46,596	3,837,248	968,004
Net Assets, June 30	\$ 4,863,142	\$3,793,709	\$ 58,385	\$ 43,539	\$ 4,921,527	\$ 3,837,248

Governmental Activities

Governmental activities increased the net assets of the School District by \$1,069,433 during the current fiscal year, thereby accounting for most all of the total increase in the net assets of the School District. Key elements of the increase in net assets for governmental activities are as follows:

- Restricted state aid for the capital projects program in the amount of \$595,823 was realized during the year.
- Long-term debt was reduced by \$117,552 for repayment of principal.

Business-type Activities

Business-type activities increased the School District's net assets by \$14,846. Key elements of the decrease in net assets for business-type activities are as follows:

- The operating revenues increased by \$17,742.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$1,111,051, an increase of \$6,188 in comparison with the prior year.

The unassigned fund balance for the School District at the end of the fiscal year represents the unassigned deficit fund balance for the General Fund of \$76,606. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed, 1) to liquidate contracts and purchase orders of the prior period (\$3,635), 2) restricted cash reserved for future capital outlay expenditures (\$605,321), 3) restricted for future debt service payments (\$6,193), 4) restricted for future budget appropriations (\$344,949) and 5) appropriated as a revenue source in the subsequent year's budget (\$227,559).

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unassigned fund balance is due, primarily, to the accounting treatment of the June state aid payments and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

Revenue is generally recognized at the time that the outlays are identified; therefore no fund balances are normally generated in the special revenue fund.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$36,110, and represents prior year encumbrances carried over to the current year.

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$250,000, while total fund balance (budgetary basis) was \$826,143. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$7,831,533. Unassigned fund balance (budgetary basis) represents 3.19% of expenditures while total fund balance (budgetary basis) represents 10.54% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2012, totaled \$6,811,282 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total increase in the School District's investment in capital assets for the current fiscal year was \$922,446.

Major capital assets events during the current fiscal year included the following:

- Depreciation expense for the current fiscal year was \$77,193.
- Because of the capital projects program the district had \$1,001,566 in new capital assets during the year.

Lawnside School District Capital Asset (net of accumulated depreciation) June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		District-Wide	
	2012	2011	2012	2011	2012	2011
Land	\$ 11,903	\$ 11,903			\$ 11,903	\$ 11,903
Const. in Progress	5,511,249	4,811,651			5,511,249	4,811,651
Site Improvements					-	-
Building and Building Improvements	1,008,461	1,053,710			1,008,461	1,053,710
Equipment	274,964	6,478	\$ 4,705	\$ 5,094	279,669	11,572
Net Assets	<u>\$ 6,806,577</u>	<u>\$ 5,883,742</u>	<u>\$ 4,705</u>	<u>\$ 5,094</u>	<u>\$ 6,811,282</u>	<u>\$ 5,888,836</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 4) of this report.

Long-term debt – During the fiscal year ended June 30, 2012, the School District had total bonded debt outstanding of \$2,990,255 backed by the full faith and credit of the School District.

General Obligation Bonds for the School District decreased by \$117,552 which represent the annual debt service payments made during the year.

The School District continues to maintain its AA rating from Standard & Poor's Corporation for its general obligation bond issues.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$7,858,950 and the legal debt margin was \$4,868,695.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 6) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2012-13 fiscal year.

- The tax levy needed to support the 2012-13 operating budget increased \$40,000 or 1% over the previous year. New in this budget was an afterschool program for students in grades K through 3 as well as funding for additional school personnel which included a Dean of Students, a Behavior Specialist and a School Resource Officer. The incorporation of aforementioned items in the budget did not increase the school rate; the rate decreased for the second consecutive year. The decrease in large part was realized because of a reduction in prior year tuition payable for our high school students, a slight increase in state aid and the required use of excess surplus.
- The Lawnside School District has committed itself to strong financial controls. The School District spends a lot of time monitoring its budget, scrutinizing spending requests. The School District commits itself to constantly reviewing the ways in which it conducts business, and making improvements whenever possible, in order to meet future challenges and maximize instructional spending.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Lawnside School District Business Administrator, 426 Charleston Avenue, Lawnside, New Jersey, 08021, telephone number (856) 547-2585.

Basic Financial Statements

District-Wide Financial Statements

LAWNSIDE SCHOOL DISTRICT
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 164,386	\$ 39,146	\$ 203,532
Receivables, net	4,125,406	8,794	4,134,200
Inventory		5,785	5,785
Restricted Assets:			
Cash and Cash Equivalents	497,080		497,080
Deferred Bond Issuance Costs - net	50,989		50,989
Capital Assets, net (Note 4)	<u>6,806,577</u>	<u>4,705</u>	<u>6,811,282</u>
Total Assets	<u>11,644,438</u>	<u>58,430</u>	<u>11,702,868</u>
LIABILITIES:			
Accounts Payable	1,027,645	45	1,027,690
Intergovernmental Payable:			
Federal	2,483		2,483
Loan Payable	2,600,000		2,600,000
Deferred Revenue	45,693		45,693
Accrued Interest Payable	35,045		35,045
Noncurrent Liabilities (Note 6):			
Due within one year	119,241		119,241
Due beyond one year	<u>2,951,189</u>		<u>2,951,189</u>
Total Liabilities	<u>6,781,296</u>	<u>45</u>	<u>6,781,341</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	3,816,322	4,705	3,821,027
Restricted for:			
Capital Projects	605,321		605,321
Debt Service Payments	6,193		6,193
Other Purposes	576,143		576,143
Unrestricted	<u>(140,837)</u>	<u>53,680</u>	<u>(87,157)</u>
Total Net Assets	<u>\$ 4,863,142</u>	<u>\$ 58,385</u>	<u>\$ 4,921,527</u>

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

LAWNSIDE 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	\$ 1,668,159				\$ (1,668,159)		\$ (1,668,159)
Special Education	743,259		\$ 392,213		(351,046)		(351,046)
Other instruction	4,192				(4,192)		(4,192)
Support Services:							
Tuition	3,646,023				(3,646,023)		(3,646,023)
Student & instruction related services	859,430		298,347		(561,083)		(561,083)
General administrative services	227,883				(227,883)		(227,883)
School administrative services	83,395				(83,395)		(83,395)
Central services	154,383				(154,383)		(154,383)
Plant operations and maintenance	421,106				(421,106)		(421,106)
Pupil transportation	321,026				(321,026)		(321,026)
Unallocated employee benefits	343,226		338,226		(5,000)		(5,000)
Transfer to charter schools	66,757				(66,757)		(66,757)
Interest on long-term debt	108,511		30,242		(78,269)		(78,269)
Unallocated depreciation and amortization	59,621				(59,621)		(59,621)
Total Governmental Activities	8,706,971		1,059,028		(7,647,943)		(7,647,943)
Business-Type Activities:							
Food service	161,408	\$ 38,465	137,657			\$ 14,714	14,714
Total Business-Type Activities	161,408	38,465	137,657			14,714	14,714
Total Primary Government	\$ 8,868,379	\$ 38,465	\$ 1,196,685	\$ -	(7,647,943)	14,714	(7,633,229)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					4,000,589		4,000,589
Taxes levied for debt service					225,956		225,956
Federal and State aid not restricted					3,677,849		3,677,849
State aid restricted for capital projects					595,823		595,823
Investment Earnings						132	132
Miscellaneous Income					218,697		218,697
Special Items:							
(Loss) on disposal of capital assets					(1,538)		(1,538)
Total general revenues, special items, extraordinary items and transfers					8,717,376	132	8,717,508
Change in Net Assets					1,069,433	14,846	1,084,279
Net Assets - July 1, 2011					3,793,709	43,539	3,837,248
Net Assets - June 30, 2012					\$ 4,863,142	\$ 58,385	\$ 4,921,527

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

Fund Financial Statements

LAWNSIDE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2012

ASSETS	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 344,053	\$ (185,860)		\$ 6,193	\$ 164,386
Receivables, net:					
District tax levy	199,645				199,645
State aid	26,238		\$ 3,494,873		3,521,111
Federal aid		404,359			404,359
Interfund	291				291
Restricted assets:					
Cash and cash equivalents			497,080		497,080
Total Assets	<u>\$ 570,227</u>	<u>\$ 218,499</u>	<u>\$ 3,991,953</u>	<u>\$ 6,193</u>	<u>\$ 4,786,872</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 70,690	\$ 170,323	\$ 786,632		\$ 1,027,645
Loan payable			2,600,000		2,600,000
Intergovernmental payable:					
Federal		2,483			2,483
Deferred revenue		45,693			45,693
Total Liabilities	<u>70,690</u>	<u>218,499</u>	<u>3,386,632</u>		<u>3,675,821</u>
Fund Balances:					
Restricted for:					
Excess surplus	344,949				344,949
Assigned to:					
Year-end encumbrances	3,635				3,635
Designated to subsequent year's budget	227,559		605,321	\$ 2,417	835,297
Unassigned	(76,606)			3,776	(72,830)
Total Fund Balances	<u>499,537</u>		<u>605,321</u>	<u>6,193</u>	<u>1,111,051</u>
Total Liabilities and Fund Balances	<u>\$ 570,227</u>	<u>\$ 218,499</u>	<u>\$ 3,991,953</u>	<u>\$ 6,193</u>	

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$8,313,807 and the accumulated depreciation is \$1,507,230. 6,806,577

Bond issuance costs are amortized over the life of the bonds on the statement of net assets. 50,989

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:

General Obligation Bonds	\$ (2,990,255)	
Accrued Interest Payable	(35,045)	
Compensated Absences Payable	(80,175)	
		<u>(3,105,475)</u>

Net assets of governmental activities \$ 4,863,142

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

LAWNSIDE SCHOOL DISTRICT
Statement of Revenues, 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	\$ 4,000,589			\$ 225,956	\$ 4,226,545
Miscellaneous	214,916		\$ 3,781		218,697
Total local sources	4,215,505		3,781	225,956	4,445,242
State sources	3,886,297	\$ 37,062	595,823	30,242	4,549,424
Federal sources	129,778	653,498			783,276
Total Revenues	8,231,580	690,560	599,604	256,198	9,777,942
EXPENDITURES:					
Current expense:					
Regular instruction	1,650,109				1,650,109
Special education instruction	351,046	392,213			743,259
Other instruction	4,192				4,192
Support services and undistributed costs:					
Tuition	3,643,431				3,643,431
Student & instruction related services	557,244	302,186			859,430
General administrative services	223,678				223,678
School administrative services	83,395				83,395
Central services	154,383				154,383
Plant operations and maintenance	421,106				421,106
Pupil transportation	321,026				321,026
Unallocated employee benefits	343,226				343,226
Transfer to Charter School	66,757				66,757
Capital outlay	11,940	2,588	987,038		1,001,566
Debt service:					
Principal				117,552	117,552
Interest and other charges				138,644	138,644
Total Expenditures	7,831,533	696,987	987,038	256,196	9,771,754
Excess (Deficiency) of Revenues over (under) Expenditures	400,047	(6,427)	(387,434)	2	6,188
Other Financing Sources (Uses):					
Transfers in				3,774	3,774
Transfers out			(3,774)		(3,774)
Total Other Financing Sources (Uses)			(3,774)	3,774	
Net Change in Fund Balances	400,047	(6,427)	(391,208)	3,776	6,188
Fund Balances - July 1, 2011	99,490	6,427	996,529	2,417	1,104,863
Fund Balances - June 30, 2012	\$ 499,537	\$ -	\$ 605,321	\$ 6,193	\$ 1,111,051

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

LAWNSIDE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	6,188
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Depreciation expense	\$ (77,193)	
Fixed assets additions	<u>1,001,566</u>	924,373
<p>Repayment of long-term debt 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.</p>		
		117,552
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., disposals and donations) is to decrease net assets.</p>		
		(1,538)
<p>Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.</p>		
		(4,683)
<p>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. This amount is the net effect of the difference in the treatment of interest on long-term debt.</p>		
		30,133
<p>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 (+)</p>		
		<u>(2,592)</u>
Change in Net Assets of Governmental Activities	\$	<u>1,069,433</u>

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

LAWNSIDE SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities Enterprise Funds
	<u>Food Service</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 39,146
Intergovernmental receivables:	
State	116
Federal	6,643
Other	2,035
Inventories	<u>5,785</u>
Total current assets	<u>53,725</u>
Noncurrent assets:	
Machinery and equipment (net of accumulated depreciation)	<u>4,705</u>
Total noncurrent assets	<u>4,705</u>
Total Assets	<u>58,430</u>
 LIABILITIES:	
Current liabilities:	
Accounts payable	<u>45</u>
Total current liabilities	<u>45</u>
 NET ASSETS:	
Invested in capital assets	4,705
Unrestricted	<u>53,680</u>
Total Net Assets	<u>\$ 58,385</u>

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

LAWNSIDE SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	Business-Type Activities Enterprise Funds
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 18,168
Daily sales - non-reimbursable programs	20,297
Total Operating Revenues	38,465
Operating expenses:	
Salaries and fringe benefits	59,630
Repairs and maintenance	6,393
Supplies	6,648
Direct Expense	4,283
Management Fee	10,710
Depreciation	389
Cost of sales	73,355
Total Operating Expenses	161,408
Operating Income (Loss)	(122,943)
Nonoperating Revenues:	
State sources:	
State school lunch program	2,263
Federal sources:	
National school lunch program	98,127
National school breakfast program	27,310
Food distribution program	9,957
Local sources:	
Interest earned	132
Total Nonoperating Revenues	137,789
Income (Loss) before Contributions and Transfers	14,846
Operating Transfers In	
Change in Net Assets	14,846
Net Assets - July 1, 2011	43,539
Net Assets - June 30, 2012	\$ 58,385

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

LAWNSIDE SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	Business-Type Activities Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 38,465
Cash payments to employees for services	(59,630)
Cash payments to suppliers for goods and services	(108,721)
Net cash used by Operating Activities	(129,886)
Cash Flows from Noncapital Financing Activities:	
Cash received from state sources	2,297
Cash received from federal sources	137,099
Cash received from operating transfer in	
Net cash provided by Noncapital Financing Activities	139,396
Cash Flows Used by Capital and Related Financing Activities:	
Purchase of equipment	
Cash Flow Provided by Investing Activities:	
Interest on cash equivalents	132
Net increase (decrease) in cash and cash equivalents	9,642
Cash and cash equivalents - July 1, 2011	29,504
Cash and cash equivalents - June 30, 2012	\$ 39,146
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Operating income (loss)	\$ (122,903)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Depreciation	389
Change in assets and liabilities:	
(Increase) decrease in inventory	(1,300)
(Increase) decrease in accounts receivable	(808)
Increase (decrease) in accounts payable	(5,224)
Net Cash Provided by (used for) Operating Activities	\$ (129,846)
Noncash Noncapital Financing Activities:	
During the year the District received \$9,957 of food commodities from the U.S. Department of Agriculture.	

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

LAWNSIDE SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Trust Funds	Agency Funds
	Unemployment Compensation Trust	
ASSETS:		
Cash and cash equivalents	\$ 80,912	\$ 27,203
Total Assets	80,912	\$ 27,203
LIABILITIES:		
Payroll deductions and withholdings		\$ 16,869
Interfund payable		291
Due to student groups		10,043
Total Liabilities		\$ 27,203
NET ASSETS:		
Held in trust for unemployment claims and other purposes	\$ 80,912	

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

LAWNSIDE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2012

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Employee	\$ 7,724
Employer	5,000
Investment earnings:	
Interest	302
	<hr/>
Total Additions	13,026
DEDUCTIONS:	
Unemployment claims	11,306
	<hr/>
Change in Net Assets	1,720
Net Assets - July 1, 2011	<hr/> 79,192
Net Assets - June 30, 2012	<u><u>\$ 80,912</u></u>

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

Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Lawnside School District ("School District") is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 8. Students in grades 9 through 12 attend, on a tuition basis, the Haddon Heights School District. The Lawnside School District has an approximate enrollment at June 30, 2012 of 281 students.

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

Basis of Presentation

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 to its governmental and business-type activities and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

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

Government-wide Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

**Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General Fund - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

In addition to the capital outlay sub-fund, the School District is accountable for an additional sub-fund, the Education Jobs Fund ("Ed Jobs"), resulting from federal legislation signed into law on August 10, 2010. The Ed Jobs program was created to provide funding assistance to states in order to save or create education jobs for the period from the September 30, 2010 through September 30, 2012. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education. Ed Jobs revenues and expenditures are recorded in the general fund (fund 18) on a reimbursement basis. As such, revenue is not included in the fiscal year surplus, and no portion of general fund balance at June 30, 2012 is considered to be attributable to Ed Jobs. Ed Jobs expenditures are included as a component of overall general fund expenditures, and are also included in general fund expenditures for purposes of the excess surplus calculation.

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

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

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.

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

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

The School District's enterprise funds are:

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

**Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: trust funds and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds (i.e. payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has three fiduciary funds; an unemployment compensation trust fund, a student activity fund, and a payroll fund.

Measurement Focus

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

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

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

Basis of Accounting

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

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

**Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Budgets/Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23A-16.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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

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

The budget, as detailed on Exhibit C-1, Exhibit C-2 and Exhibit I-3, includes all amendments to the adopted budget, if any.

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

Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2012 and 2011 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed, and is not recorded since any amounts are considered immaterial to the basic financial statements.

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

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

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

**Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land and Improvements	10-20 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	12 years
Vehicles	5-10 years	4-6 years

Accrued Salaries and Wages - Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2012, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absence liability is reported on the government-wide financial statements.

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

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

Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2012.

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

Committed - This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.

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

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

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

**Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses

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

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

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17.9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. Banks that qualify as public depositories under New Jersey statutes hold cash deposits, with bank balances totaling \$1,111,883 at June 30, 2012.

3. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2012 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2012 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Fund	Total
Intergovernmental					
State	\$ 26,238		\$ 3,494,873	\$ 116	\$ 3,521,227
Federal		\$ 404,359		6,643	411,002
Other	199,936			2,035	201,971
Total	\$ 226,174	\$ 404,359	\$ 3,494,873	\$ 8,794	\$ 4,134,200

**Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

4. CAPITAL ASSETS

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

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Governmental Activities:				
Land	\$ 11,903			\$ 11,903
Construction in Progress	4,811,651	\$ 699,598		5,511,249
Total Capital Assets not being Depreciated	4,823,554	699,598	-	5,523,152
Land Improvements	140,300			140,300
Building and Improvements	2,262,516			2,262,516
Equipment	123,246	301,968	\$ (37,375)	387,839
Total Historical Cost	<u>7,349,616</u>	<u>1,001,566</u>	<u>(37,375)</u>	<u>8,313,807</u>
Less Accumulated Depreciation:				
Land Improvements	(140,300)			(140,300)
Building and Improvements	(1,208,806)	(45,250)		(1,254,056)
Equipment	(116,768)	(31,943)	35,837	(112,874)
Total Accumulated Depreciation	<u>(1,465,874)</u>	<u>(77,193)</u>	<u>35,837</u>	<u>(1,507,230)</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 5,883,742</u></u>	<u><u>\$ 924,373</u></u>	<u><u>\$ (1,538)</u></u>	<u><u>\$ 6,806,577</u></u>
Business-Type Activities:				
Equipment	\$ 89,982			\$ 89,982
Less - Accumulated Depreciation	(84,888)	\$ (389)		(85,277)
Business-Type Activities Capital Assets, Net	<u><u>\$ 5,094</u></u>	<u><u>(389)</u></u>	<u><u>-</u></u>	<u><u>\$ 4,705</u></u>

Depreciation expense in the amount of \$77,193 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 18,050
General Administration	4,205
Unallocated	54,938
Total depreciation expense	<u><u>\$ 77,193</u></u>

5. INVENTORY

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	\$ 3,341
Supplies	2,444
	<u><u>\$ 5,785</u></u>

**Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2012, the following changes occurred in long-term obligations:

Governmental Activities:	<u>Principal Outstanding June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2012</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 77,583	\$ 2,592		\$ 80,175	
General Obligation Bonds	<u>3,107,807</u>		<u>\$ 117,552</u>	<u>2,990,255</u>	<u>\$ 119,241</u>
	<u>\$ 3,185,390</u>	<u>\$ 2,592</u>	<u>\$ 117,552</u>	<u>\$ 3,070,430</u>	<u>\$ 119,241</u>

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

1993 Safe School Loan dated August 18, 1993 in the amount of \$58,991 due in annual installments through July 15, 2014, bearing interest rate of 1.50%.

1993 Small Project Loan dated August 18, 1993 in the amount of \$81,264 due in annual installments through July 15, 2014, bearing interest rate of 5.288%.

2010 School Bonds dated September 1, 2010 in the amount of \$2,850,000 due in annual installments through September 1, 2027, bearing interest rate of 3.000% to 4.000%.

As of June 30, 2012, principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 119,241	\$ 101,816	\$ 221,057
2014	121,014	97,725	218,739
2015	125,000	93,781	218,781
2016	125,000	90,031	215,031
2017	125,000	86,281	211,281
2018-2022	975,000	354,766	1,329,766
2023-2027	1,150,000	166,438	1,316,438
2023-2027	<u>250,000</u>	<u>5,000</u>	<u>255,000</u>
	<u>\$ 2,990,255</u>	<u>\$ 995,838</u>	<u>\$ 3,986,093</u>

As of June 30, 2012 the School District had no authorizations to issue additional bonded debt.

Compensated Absences

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

**Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

7. OPERATING LEASES

At June 30, 2012, the School District had operating lease agreements in effect for copy machines. Total rental payments for such leases were \$11,940 for the fiscal year ended June 30, 2012. The future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 11,940
2014	11,940
2015	11,940
2016	1,990
	<u>\$ 37,810</u>

8. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years.

**Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

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

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2012	\$ 10,932	\$ 21,863	\$ 2,089	\$ 34,884
2011	13,102	20,878	2,581	36,561
2010	10,874	13,972	3,445	28,291

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the School District's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

There were no School District employees enrolled in the DCRP for the fiscal years ended June 30, 2012, 2011 and 2010.

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the School District.

**Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

9. POST-RETIREMENT BENEFITS

The School District contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established to provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

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

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

The State establishes the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contribution to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the year ended June 30, 2012 was \$118,151, which equaled the required contributions. The State's contribution to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2012, the School District has recognized as revenues and expenditures \$58,773 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$161,302 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

11. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

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

Joint Insurance Pool - The School District is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained www.njsbaig.com.

**Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

11. RISK MANAGEMENT (Continued)

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 5,302	\$ 7,724	\$ 11,306	\$ 80,912
2011	26,853	6,504	25,399	79,192
2010	60,110	7,402	32,597	71,234

12. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, available to all permanent School District employees, permit participants to defer a portion of their current salary to future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

13. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2012, the liability for compensated absences in the governmental activities fund type was \$80,175.

14. INTERFUND BALANCES AND TRANSFERS

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2013. The following interfund balances were recorded on the various balance sheets as of June 30, 2012:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General Fiduciary	\$ 291	\$ 291
Total	<u>\$ 291</u>	<u>\$ 291</u>

**Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

15. CONTINGENCIES

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2012, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

16. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$76,606 in the General Fund as of June 30, 2012 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, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute 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 payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

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 School District deficit in the GAAP funds statements of \$76,606 is equal to or less than the June state aid payment.

17. DEFICIT UNRESTRICTED NET ASSETS

As of June 30, 2012, a deficit of \$140,837 existed in the Unrestricted Net Assets of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Assets reported on Exhibited A-1 as follows:

Balances, June 30, 2012:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Unassigned	\$ (76,606)
Add - Unamortized Bond Issuance Costs	50,989
Liabilities:	
Accrued Interest Payable	(35,045)
Compensated Absences	(80,175)
	<hr/>
Unrestricted Net Assets (Deficit)	<u>\$ (140,837)</u>

**Lawnside School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

18. FUND BALANCES

RESTRICTED

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

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to 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 years' budget. The excess fund balance at June 30, 2012 is \$344,949 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$126,435 of excess fund balance generated during the 2010-2011 fiscal year has been restricted and designated for utilization in the 2012-2013 budget.

Capital Projects Fund – As of June 30, 2012, the restricted fund balance amount was \$605,321 all of which is designated for subsequent year's expenditures.

Debt Service Fund – As of June 30, 2012, the restricted fund balance amount was \$6,193 of which \$2,417 has been designated for utilization in the 2012-2013 budget and \$3,776 is restricted for future debt service expenditures.

ASSIGNED

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

General Fund:

Other Purposes – At June 30, 2012 the School District has \$3,635 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2013, \$227,559 of general fund balance at June 30, 2012.

UNASSIGNED

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

General Fund – As of June 30, 2012, the fund balance of the general fund was a deficit of \$76,606, thus resulting in the fund balance classification of unassigned. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 16).

Required Supplementary Information - Part II

Budgetary Comparison Schedules

LAWNSIDE SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	\$ 4,000,589		\$ 4,000,589	\$ 4,000,589	
Unrestricted misc. revenues	5,000		5,000	214,916	\$ 209,916
Total local sources	4,005,589		4,005,589	4,215,505	209,916
State sources:					
Categorical special education aid	248,669		248,669	248,669	
Equalization aid	3,213,585		3,213,585	3,236,128	22,543
Security aid		\$ 61,273	61,273	61,273	
Extraordinary aid		10,000	10,000	14,797	4,797
Nonpublic transportation aid		7,308	7,308	4,698	(2,610)
On-behalf TPAF pension contrib. (non-budgeted)				176,924	176,924
Reimbursed TPAF social security contribution (non-budgeted)				161,302	161,302
Total state sources	3,462,254	78,581	3,540,835	3,903,791	362,956
Federal sources:					
Education jobs fund	125,836		125,836	129,778	3,942
Total federal sources	125,836		125,836	129,778	3,942
TOTAL REVENUES	7,593,679	78,581	7,672,260	8,249,074	576,814
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool	26,345	496	26,841	26,680	161
Kindergarten	146,798	(453)	146,345	146,122	223
Grades 1-5	662,867	3,309	666,176	665,902	274
Grades 6-8	428,873	(22,043)	406,830	406,322	508
Regular Programs - Home Instruction:					
Salaries of teachers	2,450	(2,450)			
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	16,408	269	16,677	16,677	
Social security contributions	7,500		7,500	7,500	
Other retirement contributions - PERS	7,300		7,300	7,300	
Workmen's compensation	4,605	(439)	4,166	4,166	
Health benefits	305,700	(16,709)	288,991	288,121	870
Tuition reimbursement	11,000	(6,136)	4,864	3,732	1,132
Other employee benefits		875	875	875	
Purchased professional educational services	5,000	3,630	8,630	8,630	
Travel expenses		750	750	710	40
General supplies	50,000	(21)	49,979	47,274	2,705
Textbooks	20,000	1,047	21,047	19,989	1,058
Other objects	600	(250)	350	109	241
Total - Regular Programs - Instruction	1,695,446	(38,125)	1,657,321	1,650,109	7,212

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

LAWNSIDE SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education Instruction:					
Resource room/resource center:					
Salaries of teachers	\$ 240,363	\$ (11,775)	\$ 228,588	\$ 228,587	\$ 1
Other salaries for instruction	53,412	5,730	59,142	59,142	
Other retirement contributions - PERS	7,300		7,300	7,300	
Worken's compensation	4,605		4,605	4,166	439
Health benefits	49,264	(2,611)	46,653	46,284	369
General supplies	1,000	(1,000)			
Textbooks	800	(800)			
Total resource room/resource center	356,744	(10,456)	346,288	345,479	809
Home Instruction:					
Salaries of teachers	4,200	1,368	5,568	5,567	1
Total home instruction	4,200	1,368	5,568	5,567	1
Total Special Education - Instruction	360,944	(9,088)	351,856	351,046	810
School-Sponsored Cocurricular Act - Instruction:					
Salaries	3,800	393	4,193	4,192	1
Total school-sponsored cocurr. act. - instruct.	3,800	393	4,193	4,192	1
Total Instruction	2,060,190	(46,820)	2,013,370	2,005,347	8,023
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	2,487,215		2,487,215	2,487,215	
Tuition to other LEAs within the state - spec	161,930	54,306	216,236	214,956	1,280
Tuition to County Vocational Districts - reg.	11,400	11,400	22,800	22,800	
Tuition to County Vocational - special	14,250		14,250	14,250	
Tuition to CSSD & Regional Day Schools	337,950	(63,565)	274,385	274,384	1
Tuition to priv. sch. for the disabled w/in state	574,395	32,660	607,055	602,555	4,500
Tuition - state facilities	22,771	4,500	27,271	27,271	
Total undistributed expenditures - instruction	3,609,911	39,301	3,649,212	3,643,431	5,781
Attendance and Social Work Services:					
Salaries	3,000	(1,800)	1,200	1,162	38
Total attendance and social work services	3,000	(1,800)	1,200	1,162	38

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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LAWNSIDE SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Health Services:					
Salaries	\$ 63,407		\$ 63,407	\$ 63,390	\$ 17
Social security contributions	4,000		4,000	4,000	
Workmen's compensation	4,605		4,605	4,166	439
Health benefits	12,589	\$ (522)	12,067	11,993	74
Purchased professional and technical services	6,000		6,000	3,205	2,795
Supplies and materials	4,000	2,149	6,149	6,109	40
Other objects	500		500	84	416
Total health services	95,101	1,627	96,728	92,947	3,781
Speech, OT, PT & Related Services:					
Purchased professional - educational services	1,800	20,200	22,000	15,665	6,335
Total Speech, OT, PT & Related Services	1,800	20,200	22,000	15,665	6,335
Child Study Teams:					
Salaries of other professional staff	59,445	38,597	98,042	97,292	750
Salaries of secretarial & clerical assistants	21,287	(400)	20,887	20,856	31
Social security contributions	6,500		6,500	6,500	
Other retirement contributions - PERS	7,300		7,300	7,300	
Workmen's compensation	4,605		4,605	4,166	439
Health benefits	27,394	(4,430)	22,964	22,780	184
Other employee benefits		3,125	3,125	3,125	
Purchased professional - educational services	45,925	35,170	81,095	80,035	1,060
Other purchased professional technical services	675		675		675
Supplies and materials	300		300	278	22
Total child study teams	173,431	72,062	245,493	242,332	3,161
Improvement of Instructional Services:					
Salaries of supervisor of instruction	35,000	2,887	37,887	37,887	
Other salaries	35,000	3,871	38,871	38,871	
Salaries of secretarial and clerical assistants	6,354	(6,354)			
Social security contributions	6,500		6,500	6,500	
Other retirement contributions - PERS	7,300		7,300	7,300	
Workmen's compensation	4,605		4,605	4,166	439
Health benefits	37,312	(5,942)	31,370	31,111	259
Other employee benefits		3,125	3,125	3,125	
Total improvement of instructional services	132,071	(2,413)	129,658	128,960	698

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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LAWNSIDE SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational Media Services/School Library:					
Purchased professional and technical services	\$ 1,000		\$ 1,000		\$ 1,000
Supplies and materials	1,000		1,000		1,000
Total educational media services/school library	2,000		2,000		2,000
Instructional Staff Training Services:					
Salaries of other professional staff	63,668		64,865	\$ 64,865	
Salaries of secretarial and clerical ass'ts.	10,644		6,446	2,317	4,129
Purch professional - educational services	3,000		3,000	1,173	1,827
Supplies and materials	3,000	\$ 5,065	8,065	7,823	242
Total instructional staff training services	80,312	5,065	82,376	76,178	6,198
General Administration:					
Salaries	76,236	3,065	79,301	78,304	997
Workmen's compensation	3,500		3,500	3,175	325
Health benefits	27,394	(1,305)	26,089	25,905	184
Legal services	25,000	5,730	30,730	27,684	3,046
Audit fees	22,500	(800)	21,700	21,700	
Other purchased professional services	11,750	3,250	15,000	10,160	4,840
Purchased technical services	10,000	6,650	16,650	11,105	5,545
Communications / telephone	13,000		13,000	8,451	4,549
BOE other purchased services	500	(500)			
Misc. purchased services	8,500	2,050	10,550	10,525	25
General supplies	5,000	1,559	6,559	6,339	220
BOE in-house training/meeting supplies	250	(50)	200	105	95
Miscellaneous expenditures	11,000	3,146	14,146	13,944	202
BOE membership dues and fees	6,255	50	6,305	6,281	24
Total general administration	220,885	22,845	243,730	223,678	20,052
School Administration:					
Salaries of principals/assist. Principals/prog. Dir.	58,363		58,363	57,500	863
Salaries of other professional staff	8,400		8,400	6,046	2,354
Salaries of secretarial and clerical assistants	18,081	420	18,501	18,500	1
Purchased professional and technical serv.	5,400	(1,349)	4,051		4,051
Other purchased services	2,000		2,000		2,000
Travel		1,349	1,349	1,349	
Total school administration	92,244	420	92,664	83,395	9,269
Central Services:					
Salaries	96,259	6,500	102,759	101,485	1,274
Workmen's compensation	3,700		3,700	3,375	325
Health benefits	27,394		27,394	25,905	1,489
Purchased professional services	6,000	250	6,250	5,166	1,084
Misc. purchased services	300		300		300
Supplies and materials	2,000	1,400	3,400	2,496	904
Miscellaneous expenditures	1,000		1,000	784	216
Adjustment for Fund 20 expenses disallowed				15,172	(15,172)
Total central services	136,653	8,150	144,803	154,383	(9,580)

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

LAWNSIDE SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Required Maintenance School Facilities:					
Cleaning, repair and maintenance services	\$ 40,000	\$ 1,172	\$ 41,172	\$ 36,553	\$ 4,619
Total required maintenance school facilities	40,000	1,172	41,172	36,553	4,619
Custodial Services:					
Salaries	105,400	10,000	115,400	115,078	322
Social security contributions	10,000	1,100	11,100	10,242	858
Other retirement contributions - PERS	7,300	(1,470)	5,830	5,684	146
Workmen's compensation	3,920		3,920	2,878	1,042
Health benefits	56,388	(20,211)	36,177	35,919	258
Cleaning, repair and maintenance services	60,000	12,544	72,544	70,711	1,833
Other purchased property services	13,000	(2,300)	10,700	10,516	184
Insurance	23,800	(7,805)	15,995	15,995	
Travel	250	50	300	247	53
General supplies	12,000	5,795	17,795	17,154	641
Energy (Electricity)	125,500	(26,467)	99,033	99,030	3
Other objects	1,000	99	1,099	1,099	
Total custodial services	418,558	(28,665)	389,893	384,553	5,340
Total operation & maint. of plant services	458,558	(27,493)	431,065	421,106	9,959
Student Transportation Services:					
Management fee - ESC & CTSA Transp. programs	12,280		12,280	6,271	6,009
Contr. Serv. - aid in lieu of - Nonpublic	46,852	(2,719)	44,133	35,360	8,773
Contr. serv. (between home & sch) - vendors	55,433	931	56,364	56,361	3
Contr. serv. (not between home & sch) - vendors		13,140	13,140	13,067	73
Contr. Serv. (Regular Students) - ESC & CTSA	5,800	14,250	20,050	19,802	248
Contr. Serv. (Spl. Ed. Students) - ESC & CTSA	293,618	(67,000)	226,618	190,165	36,453
Total student transportation services	413,983	(41,398)	372,585	321,026	51,559
On-behalf TPAF pension contr. (non-budgeted)				176,924	(176,924)
Reimbursed TPAF social security contr. (non-budgeted)				161,302	(161,302)
Unallocated Benefits - Employee Benefits:					
Unemployment Compensation	10,000	(5,000)	5,000	5,000	
Total Undistributed Expenditures	5,429,949	91,566	5,518,514	5,747,489	(228,975)
Total General Current Expense	7,490,139	44,746	7,531,884	7,752,836	(220,952)
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures - Non. Instr. Serv.	11,940		11,940	11,940	
Total Capital Outlay	11,940		11,940	11,940	
Transfer to Charter Schools	91,600	(8,636)	82,964	66,757	16,207
TOTAL EXPENDITURES	7,593,679	36,110	7,626,788	7,831,533	(204,745)

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

LAWNSIDE SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

(Continued from prior page)	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	\$ -	\$ 42,471	\$ 45,472	\$ 417,541	\$ 372,069
Other Financing Sources: Operating transfers out	_____	_____	_____	_____	_____
Total Other Financing Sources	_____	_____	_____	_____	_____
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	-	42,471	45,472	417,541	372,069
Fund Balance - July 1, 2011	<u>408,602</u>	_____	<u>408,602</u>	<u>408,602</u>	_____
Fund Balance - June 30, 2012	<u>\$ 408,602</u>	<u>\$ 42,471</u>	<u>\$ 454,074</u>	<u>\$ 826,143</u>	<u>\$ 372,069</u>
Recapitulation of Fund Balance:					
Excess surplus				\$ 344,949	
Assigned Fund Balance:					
Year-end encumbrances				3,635	
Designated for subsequent year's budget				227,559	
Unassigned Fund Balance				<u>250,000</u>	
				826,143	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(326,606)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 499,537</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

LAWNSIDE SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Education Jobs Fund
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 125,836	\$ 3,942	\$ 129,778	\$ 129,778	\$ -
Total Revenues	<u>125,836</u>	<u>3,942</u>	<u>129,778</u>	<u>129,778</u>	
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	11,322		11,322	11,322	
Grades 1-5	60,451		60,451	60,451	
Grades 6-8	34,830		34,830	34,830	
Regular Programs - Undistributed Instruction:					
Other salaries for instruction		2,055	2,055	2,055	
Total - Regular Programs - Instruction	<u>106,603</u>	<u>2,055</u>	<u>108,658</u>	<u>108,658</u>	
Undistributed Expenditures					
Custodial Services					
Salaries	19,233	1,887	21,120	21,120	
Total Expenditures	<u>125,836</u>	<u>3,942</u>	<u>129,778</u>	<u>129,778</u>	
Total outflows	<u>125,836</u>	<u>3,942</u>	<u>129,778</u>	<u>129,778</u>	
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

LAWNSIDE SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources					
State sources	\$ 37,062		\$ 37,062	\$ 37,062	
Federal sources	699,191		699,191	653,498	\$ (45,693)
Total Revenues	736,253		736,253	690,560	(45,693)
EXPENDITURES:					
Instruction:					
Salaries of teachers	203,056		203,056	190,329	12,727
Other salaries for instruction	33,632		33,632	33,505	127
Purchased prof. - technical services	74,451		74,451	71,135	3,316
Other purchased services	800		800		800
General supplies	89,576		89,576	87,305	2,271
Tuition	6,233		6,233	6,233	
Other objects	4,300		4,300	3,706	594
Total Instruction	412,048		412,048	392,213	19,835
Support Services:					
Salaries of program director	104,312		104,312	104,312	
Other salaries for instruction	61,597		61,597	57,342	4,255
Personal services - employee benefits	43,358		43,358	34,849	8,509
Purchased prof. - technical services	57,153		57,153	52,193	4,960
Purchased prof. - educational services	30,179		30,179	29,754	425
Other purchased services	13,807		13,807	11,563	2,244
Travel	3,274		3,274	1,358	1,916
Supplies and materials	7,932		7,932	4,388	3,544
Total Support Services	321,612		321,612	295,759	25,853
Facilities Acquisition and Construction Services:					
Instructional equipment	2,593		2,593	2,588	5
Total Facilities Acq. and Const. Services	2,593		2,593	2,588	5
Total Expenditures	736,253		736,253	690,560	45,693
Total Outflows	736,253		736,253	690,560	45,693
Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)	---	---	---	---	---

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

LAWNSIDE SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2012

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP
Revenues and Expenditures**

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 8,249,074	\$ 690,560
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	309,112	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(326,606)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 8,231,580	\$ 690,560
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 7,831,533	\$ 690,560
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		6,427
Current Year Encumbrances		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 7,831,533	\$ 696,987

Other Supplementary Information

Special Revenue Fund

LAWNSIDE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year ended June 30, 2012

	IDEA Basic	Title II A	Title I	IDEA Preschool	21st Century	21st Century Carryover	21st Century Supplemental	Preschool Education	Total
REVENUES:									
State sources								\$ 37,062	\$ 37,062
Federal sources	\$ 124,561	\$ 22,573	\$ 183,455	\$ 6,233	\$ 290,840	\$ 3,187	\$ 22,649		653,498
Total Revenues	124,561	22,573	183,455	6,233	290,840	3,187	22,649	37,062	690,560
EXPENDITURES:									
Instruction:									
Salaries of teachers			72,691		71,474		9,102	37,062	190,329
Other salaries for instruction	16,832		16,673						33,505
Purchased prof. - tech. services			13,432		54,516	3,187			71,135
General supplies	8,390		29,757		39,241		9,917		87,305
Tuition				6,233					6,233
Other objects					3,706				3,706
Total Instruction	25,222		132,553	6,233	168,937	3,187	19,019	37,062	392,213
Support Services:									
Salaries of program director			13,542		90,770				104,312
Other salaries for instruction	57,342								57,342
Personal services - employee benefits	10,171		14,718		9,264		698		34,849
Purchased prof. - educ. services	29,754								29,754
Purchased prof. - tech. services		22,295	19,498		10,400				52,193
Other purchased services	1,452				10,111				11,563
Travel					1,358				1,358
Supplies and materials	620	278	3,144				346		4,388
Total Support Services	99,339	22,573	50,902		121,903		1,042		295,759
Facilities Acquisition and Const. Serv.:									
Instructional equipment							2,588		2,588
Total Facilities Acq. and Const. Serv.							2,588		2,588
Total Expenditures	124,561	22,573	183,455	6,233	290,840	3,187	22,649	37,062	690,560
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---	---	---

**LAWNSIDE SCHOOL DISTRICT
 Special Revenue Fund
 Statement of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2012**

DISTRICT WIDE TOTAL

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 37,062	\$ 37,062	
	<u>37,062</u>	<u>37,062</u>	
Total instruction			
Support Services:			
	<u> </u>	<u> </u>	
Total support services			
	<u> </u>	<u> </u>	
Total Expenditures	<u>\$ 37,062</u>	<u>\$ 37,062</u>	<u>\$ -</u>

SUMMARY OF LOCATION TOTALS

Total revised 2011-2012 Preschool Education Aid allocation	\$ 37,062
Add: Actual ECPA Carryover (June 30, 2011)	
Add: Budgeted transfer from the General Fund 2011-12	
Total Preschool Education Aid Funds available for 2011-2012 budget	<u>37,062</u>
Less: 2011-2012 Budgeted Preschool Education Aid (including prior year budgeted carryover)	<u>(37,062)</u>
Available & unbudgeted Preschool Education Aid Funds as of June 30, 2011	
Add: June 30, 2012 Unexpended Preschool Education Aid	<u> </u>
2011-2012 Actual Carryover - Preschool Education Aid	<u>\$ -</u>
2011-2012 Preschool Education Aid Carryover Budgeted in 2012-13	<u>\$ -</u>

Capital Projects Fund

LAWNSIDE SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2012

Revenues and Other Financing Sources:

Prior year payables canceled	\$ 7
Interest earned on investments	<u>3,774</u>
Total revenues	<u>3,781</u>

Expenditures and Other Financing Uses:

Purchased professional services	137,755
Construction services	846,690
Equipment	2,593
Transfer to debt service fund	<u>3,774</u>
	<u>990,812</u>

Excess (deficiency) or revenues over (under) expenditures (987,031)

Fund Balance - July 1, 2011 2,514,275

Fund Balance - June 30, 2012 \$ 1,527,244

LAWNSIDE SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
HVAC Upgrades and Various Renovations to Elementary School
From Inception and for the Fiscal Year ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ 4,416,796		\$ 4,416,796	\$ 4,416,796
Prior year payables canceled		\$ 7	7	7
Proceeds from sale of serial bonds	<u>2,900,000</u>		<u>2,900,000</u>	<u>2,900,000</u>
Total revenues	<u>7,316,796</u>	<u>7</u>	<u>7,316,803</u>	<u>7,316,803</u>
 Expenditures and Other Financing Uses:				
Purchased professional services	636,285	137,755	774,040	774,040
Construction services	4,166,236	846,690	5,012,926	5,012,926
Equipment		<u>2,593</u>	<u>2,593</u>	<u>2,593</u>
		<u>987,038</u>	<u>5,789,559</u>	<u>5,789,559</u>
 Excess (deficiency) or revenues over (under) expenditures				
	<u>\$ 7,316,796</u>	<u>\$ (987,031)</u>	<u>\$ 1,527,244</u>	<u>\$ 1,527,244</u>
 Additional project information:				
Project Number	2560-060-09-1001			
Grant Date	08/06/10			
Bond Authorization Date	09/01/10			
Bonds Authorized	\$ 2,900,000			
Bonds Issued	\$ 2,900,000			
Original Authorized Cost	\$ 7,316,796			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 7,316,796			
 Percentage Increase over Original Authorized Cost				
	0.00%			
Percentage Completion				
	95.00%			
Original target completion date				
	10/31/10			
Revised target completion date				
	10/31/10			

Proprietary Funds

LAWNSIDE SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Assets
June 30, 2012

	<u>Food Service Fund</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 39,146
Accounts receivable:	
State	116
Federal	6,643
Other	2,035
Inventories	<u>5,785</u>
Total Current Assets	<u>53,725</u>
Noncurrent Assets:	
Equipment	89,982
Less - accumulated depreciation	<u>(85,277)</u>
Total Noncurrent Assets	<u>4,705</u>
Total Assets	<u>58,430</u>
 LIABILITIES:	
Current Liabilities:	
Accounts payable	45
Total Current Liabilities	<u>45</u>
 NET ASSETS:	
Invested in capital assets	4,705
Unrestricted	<u>53,680</u>
Total Net Assets	<u>\$ 58,385</u>

LAWNSIDE SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2012

	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily sales reimbursable programs:	
School lunch	\$ 18,168
Daily sales non-reimbursable programs	
Adult and a la carte sales	20,297
	38,465
Total Operating Revenues	38,465
OPERATING EXPENSES:	
Salaries and fringe benefits	59,630
Repairs and maintenance	6,393
Supplies	6,648
Direct Expense	4,283
Management Fee	10,710
Depreciation	389
Cost of sales	73,355
	161,408
Total Operating Expenses	161,408
Operating Income (Loss)	(122,943)
Non-Operating Revenues:	
State sources:	
State school lunch program	2,263
Federal sources:	
National school lunch program	98,127
National school breakfast program	27,310
Food distribution program	9,957
Local sources:	
Interest earned	132
	137,789
Total Non-Operating Revenues	137,789
Income (Loss) before Contributions and Transfers	14,846
Operating Transfer In	14,846
Changes in Net Assets	14,846
Net Assets - July 1, 2011	43,539
Net Assets - June 30, 2012	\$ 58,385

LAWNSIDE SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2012

	<u>Food Service Fund</u>
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 38,465
Cash payments to employees for services	(59,630)
Cash payments to suppliers for goods and services	<u>(108,721)</u>
Net cash provided by (used for) operating activities	<u>(129,886)</u>
Cash Flows from Noncapital Financing Activities:	
Cash received from state sources	2,297
Cash received from federal sources	137,099
Operating transfer in	<u> </u>
Net cash provided by noncapital financing activities	<u>139,396</u>
Cash Flows Used by Capital and Related Financing Activities:	
Purchase of equipment	<u> </u>
Cash Flow Provided by Investing Activities:	
Interest on cash equivalents	<u>132</u>
Net increase (decrease) in cash and cash equivalents	9,642
Cash and cash equivalents - July 1, 2011	<u>29,504</u>
Cash and cash equivalents - June 30, 2012	<u>\$ 39,146</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)	
Operating Activities:	
Operating income (loss)	\$ (122,943)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Depreciation	389
Change in assets and liabilities:	
(Increase) decrease in accounts receivables	(1,300)
(Increase) decrease in inventories	(808)
Increase (decrease) in accounts payable	<u>(5,224)</u>
Net cash provided by (used for) operating activities	<u>\$ (129,886)</u>
Noncash Noncapital Financing Activities:	
During the year the District received \$9,957 of food commodities from the U.S. Department of Agriculture.	

Fiduciary Funds

LAWNSIDE SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2012

	<u>Trust Funds</u>	<u>Agency Funds</u>		
	<u>Unemployment Compensation</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:				
Cash and cash equivalents	\$ 80,912	\$ 10,043	\$ 17,160	\$ 108,115
	<u>80,912</u>	<u>\$ 10,043</u>	<u>\$ 17,160</u>	<u>108,115</u>
Total Assets	<u>80,912</u>	<u>\$ 10,043</u>	<u>\$ 17,160</u>	<u>108,115</u>
 LIABILITIES:				
Liabilities:				
Payroll deductions payable			\$ 16,869	16,869
Interfund payable			291	291
Due to student groups		<u>\$ 10,043</u>		<u>10,043</u>
Total Liabilities		<u>\$ 10,043</u>	<u>\$ 17,160</u>	<u>27,203</u>
 NET ASSETS:				
Held in trust for unemployment claims	\$ 80,912			80,912
	<u>80,912</u>			<u>80,912</u>
Total Net Assets	<u>\$ 80,912</u>			<u>\$ 80,912</u>

LAWNSIDE SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2012

	<u>Unemployment Compensation Insurance Trust Fund</u>
Additions:	
Interest on investments	\$ 302
Employee withholdings	7,724
Employer contribution	<u>5,000</u>
Total Additions	<u>13,026</u>
 Deductions:	
Unemployment compensation insurance claims	<u>11,306</u>
Total Deductions	<u>11,306</u>
Change in Net Assets	1,720
Net Assets - July 1, 2011	<u>79,192</u>
Net Assets - June 30, 2012	<u><u>\$ 80,912</u></u>

LAWNSIDE SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2012

	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable</u>	<u>Balance June 30, 2012</u>
Elementary/Middle School	\$ 10,317	\$ 20,813	\$ 21,087		\$ 10,043
Total all schools	<u>\$ 10,317</u>	<u>\$ 20,813</u>	<u>\$ 21,087</u>	<u>\$ -</u>	<u>\$ 10,043</u>

LAWNSIDE SCHOOL DISTRICT
Fiduciary Funds
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>
ASSETS:				
Cash and cash equivalents	<u>\$ 14,386</u>	<u>\$ 2,997,219</u>	<u>\$ 2,994,445</u>	<u>\$ 17,160</u>
Total Assets	<u><u>\$ 14,386</u></u>	<u><u>\$ 2,997,219</u></u>	<u><u>\$ 2,994,445</u></u>	<u><u>\$ 17,160</u></u>
 LIABILITIES:				
Net payroll	\$ 2,725	\$ 1,728,225	\$ 1,728,190	\$ 2,760
Interfund payable	1,660	291	1,660	291
Payroll deductions and withholdings	<u>10,001</u>	<u>1,268,703</u>	<u>1,264,595</u>	<u>14,109</u>
Total Liabilities	<u><u>\$ 14,386</u></u>	<u><u>\$ 2,997,219</u></u>	<u><u>\$ 2,994,445</u></u>	<u><u>\$ 17,160</u></u>

Long-Term Debt Schedules

**LAWNSIDE SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2012**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
Small Projects	8/18/93	\$ 560,415	7/15/12 7/15/13	\$ 39,745 41,518	5.288%	\$ 119,321		\$ 38,057	\$ 81,264
Small Facilities Loan	8/18/93	560,415	7/15/12 to 07/15/13	29,496	1.500%	88,486		29,495	58,991
School Bonds	09/01/10	2,900,000	9/01/12 - 13 9/01/14 - 16 9/01/17 9/01/18 - 19 9/01/20 - 25 9/01/26 - 27	50,000 125,000 150,000 175,000 225,000 250,000	3.000% 3.000% 3.000% 3.000% 3.125% 4.000%	2,900,000		50,000	2,850,000
						<u>\$ 3,107,807</u>	<u>\$ -</u>	<u>\$ 117,552</u>	<u>\$ 2,990,255</u>

LAWNSIDE SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 225,956		\$ 225,956	\$ 225,956	
State sources:					
Debt Service Aid Type II	30,242		30,242	30,242	
Total Revenues	<u>256,198</u>		<u>256,198</u>	<u>256,198</u>	
EXPENDITURES:					
Regular debt service:					
Interest	138,645		138,645	138,644	\$ 1
Redemption of principal	117,553		117,553	117,552	1
Total Expenditures	<u>256,198</u>		<u>256,198</u>	<u>256,196</u>	<u>2</u>
Excess (Deficiency) of revenues over (under) expenditures				2	2
Other Financing Sources (Uses):					
Transfers in				3,774	3,774
Net Change in Fund Balance				3,776	3,776
Fund Balance - July 1, 2011	<u>2,417</u>		<u>2,417</u>	<u>2,417</u>	
Fund Balance - June 30, 2012	<u>\$ 2,417</u>	<u>\$ -</u>	<u>\$ 2,417</u>	<u>\$ 6,193</u>	<u>\$ 3,776</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,776</u>	<u>\$ 3,776</u>

Statistical Section

Lawnside School District
 Net Assets by Component,
 Last Nine Fiscal Years
 (accrual basis of accounting)

J-1

Fiscal Year Ending June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:									
Invested in capital assets, net of related debt	\$ 900,576	\$ 895,765	\$ 1,842,444	\$ 1,849,006	\$ 1,840,177	\$ 869,079	\$ 846,126	\$ 2,775,935	\$ 3,816,322
Restricted for:									
Capital projects	13,037	13,798	50,850	17,624	18,582	18,642	18,642	996,529	605,321
Special revenue fund								6,427	
Debt service	1	24,204	24,204	3	2	5,935	5,935	2,417	6,193
Other purposes	188,238	344,545	554,988	323,394	104,374	146,138	269,040	141,294	576,143
Unrestricted	40,296	(82,344)	(122,297)	(89,719)	(57,882)	(273,992)	(218,335)	(128,893)	(140,837)
Total governmental activities net assets	\$ 1,142,148	\$ 1,195,988	\$ 2,350,189	\$ 2,100,308	\$ 1,905,253	\$ 765,802	\$ 921,408	\$ 3,793,709	\$ 4,863,142
Business-type activities:									
Invested in capital assets, net of related debt	\$ 683			\$ 2,648				\$ 5,094	\$ 4,705
Unrestricted	20,300	\$ 20,342	\$ 32,146	39,710	\$ 58,412	\$ 45,302	\$ 48,596	38,445	53,680
Total business-type activities net assets	\$ 20,983	\$ 20,342	\$ 32,146	\$ 42,358	\$ 58,412	\$ 45,302	\$ 48,596	\$ 43,539	\$ 58,385
District-wide:									
Invested in capital assets, net of related debt	\$ 901,259	\$ 895,765	\$ 1,842,444	\$ 1,851,654	\$ 1,840,177	\$ 869,079	\$ 846,126	\$ 2,781,029	\$ 3,821,027
Restricted:									
Capital projects	13,037	13,798	50,850	17,624	18,582	18,642	18,642	996,529	605,321
Special revenue fund								6,427	-
Debt service	1	24,204	24,204	3	2	5,935	5,935	2,417	6,193
Other purposes	188,238	344,545	554,988	323,394	104,374	146,138	269,040	141,294	576,143
Unrestricted	60,596	(62,002)	(90,151)	(50,009)	530	(228,690)	(171,739)	(90,448)	(87,157)
Total district net assets	\$ 1,163,131	\$ 1,216,310	\$ 2,382,335	\$ 2,142,666	\$ 1,963,665	\$ 811,104	\$ 968,004	\$ 3,837,248	\$ 4,921,527

District was not required to follow GASB 34 reporting format until fiscal year 2004.

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Lawnside School District
 Changes in Net Assets, Last Nine Fiscal Years
 (accrual basis of accounting)

Fiscal Year Ending June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:									
Governmental activities:									
Instruction:									
Regular	\$ 1,933,640	\$ 1,958,296	\$ 1,661,041	\$ 1,845,762	\$ 1,793,477	\$ 1,864,626	\$ 1,958,524	\$ 1,955,182	\$ 1,668,159
Special education	288,692	292,020	288,441	282,880	323,072	300,738	311,853	318,229	743,259
Other instruction	42,224	45,085	29,248	26,609	64,475	78,974	2,675	2,676	4,192
Support Services:									
Tuition	2,087,023	2,433,474	2,866,195	3,418,358	3,700,849	4,084,093	4,404,640	4,362,830	3,646,023
Student & instruction related services	540,991	728,059	720,371	896,603	812,810	709,007	638,517	783,890	859,430
School administrative services	200,344	74,956	62,768	66,439	86,496	81,874	84,895	99,702	83,395
General and business administrative services	192,530	300,620	314,466	345,237	362,514	398,117	383,363	395,272	382,266
Plant operations and maintenance	311,056	408,691	392,895	448,910	450,243	431,737	445,561	436,250	421,106
Pupil transportation	326,854	349,287	369,607	439,770	426,420	394,268	314,887	306,217	321,026
Business and other support services	118,465								
Unallocated employee benefits			276,082	417,944	433,394	305,158	337,095	289,624	343,226
Transfer to Charter Schools								92,300	66,757
Interest on long-term debt	23,666	21,795	17,186	16,843	14,701	12,487	10,200	18,285	108,511
Unallocated depreciation	52,400	51,813	46,626	46,626	42,570	46,624	46,624	45,250	59,621
Total governmental activities expenses	<u>6,117,885</u>	<u>6,664,096</u>	<u>7,044,926</u>	<u>8,251,981</u>	<u>8,511,021</u>	<u>8,707,703</u>	<u>8,938,834</u>	<u>9,105,707</u>	<u>8,706,971</u>
Business-type activities:									
Food service	166,264	147,792	145,025	154,514	155,464	167,624	165,292	161,569	161,408
Total business-type activities expense	<u>166,264</u>	<u>147,792</u>	<u>145,025</u>	<u>154,514</u>	<u>155,464</u>	<u>167,624</u>	<u>165,292</u>	<u>161,569</u>	<u>161,408</u>
Total district expenses	<u>\$ 6,284,149</u>	<u>\$ 6,811,888</u>	<u>\$ 7,189,951</u>	<u>\$ 8,406,495</u>	<u>\$ 8,666,485</u>	<u>\$ 8,875,327</u>	<u>\$ 9,104,126</u>	<u>\$ 9,267,276</u>	<u>\$ 8,868,379</u>
Program Revenues:									
Governmental activities:									
Operating grants and contributions	\$ 1,156,599	\$ 1,138,434	\$ 1,174,826	\$ 1,476,276	\$ 1,206,911	754,507	920,269	1,002,970	1,059,028
Capital grants and contributions		12,863							
Total governmental activities program revenues	<u>1,156,599</u>	<u>1,151,297</u>	<u>1,174,826</u>	<u>1,476,276</u>	<u>1,206,911</u>	<u>754,507</u>	<u>920,269</u>	<u>1,002,970</u>	<u>1,059,028</u>

(Continued)

Lawnside School District
 Changes in Net Assets, Last Nine Fiscal Years
 (accrual basis of accounting)

Fiscal Year Ending June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:									
Charges for services:									
Food service	\$ 35,808	\$ 30,632	\$ 37,711	\$ 43,805	\$ 42,704	\$ 49,782	\$ 42,793	\$ 38,666	\$ 38,465
Operating grants and contributions	63,756	75,744	88,040	89,160	97,507	104,245	118,177	119,705	137,657
Capital grants and contributions									
Total business type activities program revenues	<u>99,564</u>	<u>106,376</u>	<u>125,751</u>	<u>132,965</u>	<u>140,211</u>	<u>154,027</u>	<u>160,970</u>	<u>158,371</u>	<u>176,122</u>
Total district program revenues	<u>\$ 1,256,163</u>	<u>\$ 1,257,673</u>	<u>\$ 1,300,577</u>	<u>\$ 1,609,241</u>	<u>\$ 1,347,122</u>	<u>\$ 908,534</u>	<u>\$ 1,081,239</u>	<u>\$ 1,161,341</u>	<u>\$ 1,235,150</u>
Net (Expense)/Revenue:									
Governmental activities	\$ (4,961,286)	\$ (5,512,799)	\$ (5,870,100)	\$ (6,775,705)	\$ (7,304,110)	\$ (7,953,196)	\$ (8,018,565)	\$ (8,102,737)	\$ (7,647,943)
Business-type activities	(66,700)	(41,416)	(19,274)	(21,549)	(15,253)	(13,597)	(4,322)	(3,198)	14,714
Total district-wide net expense	<u>\$ (5,027,986)</u>	<u>\$ (5,554,215)</u>	<u>\$ (5,889,374)</u>	<u>\$ (6,797,254)</u>	<u>\$ (7,319,363)</u>	<u>\$ (7,966,793)</u>	<u>\$ (8,022,887)</u>	<u>\$ (8,105,935)</u>	<u>\$ (7,633,229)</u>
General Revenues and Other Changes in Net Assets:									
Governmental activities:									
Property taxes levied for general purposes, net	\$ 2,333,160	\$ 2,637,946	\$ 3,029,515	\$ 3,561,644	\$ 4,026,627	\$ 4,120,078	\$ 4,417,977	\$ 4,594,696	\$ 4,000,589
Taxes levied for debt service	41,863	42,439	52,138	16,363	40,135	45,642	39,258	19,642	225,956
Unrestricted grants and contributions	2,738,105	2,883,700	2,892,959	2,914,281	3,069,229	3,570,652	3,774,430	3,451,836	3,677,849
State aid restricted for capital projects	44,550	20,948	1,000,000					2,899,050	595,823
Investment earnings	422	761	2,380	1,445	958	60			
Miscellaneous income	8,325	33,311	77,329	62,091	2,106	26,518	22,877	9,814	218,697
Cancellation of prior year A/R							(41,575)		(1,538)
Transfers	(80,087)	(40,340)	(30,000)	(30,000)	(30,000)				
Total governmental activities	<u>5,086,338</u>	<u>5,578,765</u>	<u>7,024,321</u>	<u>6,525,824</u>	<u>7,109,055</u>	<u>7,762,950</u>	<u>8,212,967</u>	<u>10,975,038</u>	<u>8,717,376</u>
Business-type activities:									
Investment earnings	161	435	1,078	1,761	1,307	487	133	141	132
Transfers	80,087	40,340	30,000	30,000	30,000				
Total business-type activities	<u>80,248</u>	<u>40,775</u>	<u>31,078</u>	<u>31,761</u>	<u>31,307</u>	<u>487</u>	<u>133</u>	<u>141</u>	<u>132</u>
Total district-wide	<u>\$ 5,166,586</u>	<u>\$ 5,619,540</u>	<u>\$ 7,055,399</u>	<u>\$ 6,557,585</u>	<u>\$ 7,140,362</u>	<u>\$ 7,763,437</u>	<u>\$ 8,213,100</u>	<u>\$ 10,975,179</u>	<u>\$ 8,717,508</u>
Change in Net Assets:									
Governmental activities	\$ 125,052	\$ 65,966	\$ 1,154,221	\$ (249,881)	\$ (195,055)	\$ (190,246)	\$ 194,402	\$ 2,872,301	\$ 1,069,433
Business-type activities	13,548	(641)	11,804	10,212	16,054	(13,110)	(4,189)	(3,057)	14,846
Total district-wide	<u>\$ 138,600</u>	<u>\$ 65,325</u>	<u>\$ 1,166,025</u>	<u>\$ (239,669)</u>	<u>\$ (179,001)</u>	<u>\$ (203,356)</u>	<u>\$ 190,213</u>	<u>\$ 2,869,244</u>	<u>\$ 1,084,279</u>

District was not required to follow GASB 34 reporting format until fiscal year 2004.

Lawnside School District
Fund Balances, Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)

J-3

Fiscal Year Ending June 30,

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund:									
Restricted for:									
Capital reserve	\$ 13,037	\$ 13,798	\$ 16,178	\$ 17,624	\$ 18,582	\$ 18,642	\$ 18,642		
Excess surplus	100,410	193,992	310,662					\$ 126,435	\$ 344,949
Assigned to:									
Encumbrances	55,487	13,300	17,923	12,732	18,980	9,744	27,344	27,344	3,635
Designated for subsequent year's budget	115,841	137,253	226,403	310,662	85,394	136,394	241,696		227,559
Unassigned	32,341	28,024	(1,842)	23,274	52,979	(187,285)	(135,188)	(41,804)	(76,606)
Total general fund	<u>\$ 317,116</u>	<u>\$ 386,367</u>	<u>\$ 569,324</u>	<u>\$ 364,292</u>	<u>\$ 175,935</u>	<u>\$ (22,505)</u>	<u>\$ 152,494</u>	<u>\$ 111,975</u>	<u>\$ 499,537</u>
All Other Governmental Funds									
Unreserved, reported in:									
Special revenue fund				\$ (18,580)	\$ (22,280)	\$ (3,586)	\$ (3,706)	\$ 6,427	
Capital projects fund			\$ 34,672					996,529	605,321
Debt service fund	\$ 2	\$ 24,204	24,204	3	2	5,935	5,935	2,417	6,193
Total all other governmental funds	<u>\$ 2</u>	<u>\$ 24,204</u>	<u>\$ 58,876</u>	<u>\$ (18,577)</u>	<u>\$ (22,278)</u>	<u>\$ 2,349</u>	<u>\$ 2,229</u>	<u>\$ 1,005,373</u>	<u>\$ 611,514</u>

District was not required to follow GASB 34 reporting format until fiscal year 2004.

Lawnside School District
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

J-4

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax levy	\$ 2,428,617	\$ 2,375,023	\$ 2,680,385	\$ 3,081,653	\$ 3,578,007	\$ 4,066,762	\$ 4,165,720	\$ 4,457,235	\$ 4,614,338	\$ 4,226,545
Interest earnings	49	422	761	2,380	1,445	958	60			
Miscellaneous	14,952	8,325	33,311	77,329	62,091	2,106	26,518	22,877	9,814	218,697
State sources	3,278,494	3,500,103	3,544,488	4,610,768	3,792,638	3,974,555	3,994,192	3,537,837	6,682,148	4,549,424
Federal sources	259,301	439,151	498,594	457,017	597,919	301,585	330,967	1,156,862	671,708	783,276
Total revenue	<u>5,981,413</u>	<u>6,323,024</u>	<u>6,757,539</u>	<u>8,229,147</u>	<u>8,032,100</u>	<u>8,345,966</u>	<u>8,517,457</u>	<u>9,174,811</u>	<u>11,978,008</u>	<u>9,777,942</u>
Expenditures										
Instruction										
Regular instruction	1,499,270	1,505,236	1,789,030	1,614,212	1,836,766	1,767,624	1,820,976	1,959,348	1,954,545	1,650,109
Special education instruction	253,349	220,411	269,126	288,441	282,880	323,072	300,738	311,853	318,229	743,259
Other instruction	76,117	34,098	42,122	29,248	26,609	64,475	78,974	2,675	2,676	4,192
Support Services:										
Tuition	2,087,872	2,087,023	2,433,474	2,847,390	3,408,469	3,690,616	4,064,815	4,284,342	4,362,830	3,643,431
Student & instruction related services	484,754	455,729	686,300	720,371	896,603	812,810	709,007	638,517	783,890	859,430
School administrative services	155,233	153,239	168,289	62,788	66,439	86,496	81,874	84,895	99,702	83,395
General and business admin. services	271,582	259,234	179,222	306,699	337,470	355,462	397,992	383,238	395,147	378,061
Plant operations and maintenance	326,683	275,360	396,644	392,895	448,910	450,243	431,737	445,561	436,250	421,106
Pupil transportation	320,520	326,854	349,287	369,607	439,770	426,420	394,268	314,887	306,217	321,026
Other support services	604,914	679,671	210,615	276,082	417,944	433,394	305,158	337,095	289,624	343,226
Charter Schools				18,805	9,889	10,233	19,278	120,298	92,300	66,757
Capital outlay	39,768	52,785	30,854	976,028	34,672	9,840	9,935		4,811,651	1,001,566
Debt service:										
Principal	55,941	57,000	45,224	59,216	60,455	61,743	63,106	64,492	65,984	117,552
Interest and other charges	25,534	23,666	11,413	19,756	17,709	15,596	13,412	11,156	8,823	138,644
Total expenditures	<u>6,201,537</u>	<u>6,130,306</u>	<u>6,611,600</u>	<u>7,981,518</u>	<u>8,284,585</u>	<u>8,508,024</u>	<u>8,691,270</u>	<u>8,958,357</u>	<u>13,927,868</u>	<u>9,771,754</u>
Excess (Deficiency) of revenues over (under) expenditures	(220,124)	192,718	145,939	247,629	(252,485)	(162,058)	(173,813)	216,454	(1,949,860)	6,188
Other Financing sources (uses)										
Bond sale proceeds									2,900,000	
Transfers in									21,059	3,774
Cancellation of prior year A/R								(41,575)		
Transfers out	(39,999)	(80,087)	(40,340)	(30,000)	(30,000)	(30,000)	-	-	(21,059)	(3,774)
Total other financing sources (uses)	<u>(39,999)</u>	<u>(80,087)</u>	<u>(40,340)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>(41,575)</u>	<u>2,900,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (260,123)</u>	<u>\$ 112,631</u>	<u>\$ 105,599</u>	<u>\$ 217,629</u>	<u>\$ (282,485)</u>	<u>\$ (192,058)</u>	<u>\$ (173,813)</u>	<u>\$ 174,879</u>	<u>\$ 950,140</u>	<u>\$ 6,188</u>
Debt service as a percentage of noncapital expenditures	1.32%	1.33%	0.86%	1.13%	0.95%	0.91%	0.88%	0.84%	0.82%	2.92%

Source: District records

District was not required to follow GASB 34 reporting format until fiscal year 2004.

Note: Noncapital expenditures are total expenditures less capital outlay.

Lawnside School District
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

J-5

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Energy Savings</u>	<u>Prior Year Refunds</u>	<u>Rentals</u>	<u>Write Off Receivable</u>	<u>Miscellaneous</u>	<u>Total</u>
2003	\$ 11,248		\$ 1,618	\$ 2,135			\$ 15,001
2004	5,890		2,857				8,747
2005	23,015		10,395	662			34,072
2006	74,147		5,023	539			79,709
2007	53,732		9,025	51		\$ 728	63,536
2008	15,818		3,194		\$ (15,990)	42	3,064
2009	6,161		19,917			500	26,578
2010	3,100		17,807	300		1,670	22,877
2011	4,566		5,165			83	9,814
2012	1,937	\$ 57,573	159,102			85	218,697
	<u>\$ 199,614</u>	<u>\$ 57,573</u>	<u>\$ 234,103</u>	<u>\$ 3,687</u>	<u>\$ (15,990)</u>	<u>\$ 3,108</u>	<u>\$ 482,095</u>

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Source: District records

**Lawnside School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2003	\$ 4,031,900	\$ 79,420,800	\$ 40,300,700	\$ 11,500,000	\$ 3,241,600	\$ 138,495,000	\$ 319,911	\$ 138,814,911	\$ 15,155,100	\$ 1.731	\$ 138,889,672
2004	4,981,100	80,974,700	40,300,700	11,500,000	3,241,600	140,998,100	279,290	141,277,390	15,155,200	1.789	149,627,617
2005	3,948,600	86,211,800	39,191,200	11,250,000	3,241,600	143,843,200	264,689	144,107,889	15,263,000	2.000	157,124,380
2006	4,228,600	89,588,100	39,388,700	11,250,000	3,241,600	147,697,000	194,240	147,891,240	14,751,400	2.251	194,132,884
2007	3,744,000	96,116,300	39,808,600	11,250,000	3,241,600	154,160,500	211,982	154,372,482	15,214,900	2.476	226,579,223
2008	2,924,000	102,282,000	39,830,200	12,203,200	3,241,600	160,481,000	247,432	160,728,432	14,928,700	2.561	249,239,255
2009	3,035,500	103,367,000	40,437,900	11,953,200	3,241,600	162,035,200	264,831	162,300,031	14,928,700	2.597	260,360,980
2010	3,021,400	103,162,500	40,379,500	11,878,600	3,241,600	161,683,600	343,074	162,026,674	15,264,400	2.850	263,000,307
2011	3,007,500	101,005,400	39,976,300	11,728,600	3,241,600	158,959,400	249,741	159,209,141	15,391,700	2.784	264,984,836
2012 R	3,046,500	100,607,600	39,976,300	11,728,600	3,241,600	158,600,600	249,741	158,850,341	15,483,500	1.940	Not Available

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Source:
Municipal Tax Assessor

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

a Taxable Value of Machinery, Improvements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100 of assessed valuation.

R Revaluation

Lawnside School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

J-7

Fiscal Year Ended June 30,	Lawnside School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Lawnside	Camden County	
2003	\$ 1.697	\$ 0.034	\$ 1.731	\$ 0.660	\$ 0.969	\$ 3.360
2004	1.759	0.030	1.789	0.659	0.938	3.386
2005	1.970	0.030	2.000	0.659	0.905	3.564
2006	2.222	0.029	2.251	0.689	1.065	4.005
2007	2.440	0.036	2.476	0.820	0.941	4.237
2008	2.521	0.040	2.561	0.918	0.985	4.464
2009	2.577	0.020	2.597	0.929	0.996	4.522
2010	2.830	0.020	2.850	1.187	1.060	5.097
2011	2.644	0.140	2.784	1.367	1.185	5.336
2012	R 1.800	0.140	1.940	0.964	0.912	3.816

Source: Municipal Tax Collector

R Revaluation

Lawnside School District
Principal Property Tax Payers,
Current Year and Nine Years Ago

J-8

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Taxpayer	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value
BT-Newyo LLC Tax Dept.	\$ 14,605,200	9.19%
Vornado Realty Trust	12,344,900	7.77%
The Four B's Partnership	12,297,300	7.74%
K Mart	7,363,100	4.64%
WE App Lawnside LLC	4,820,000	3.03%
Streamwood Assoc/Lawnside LLC	4,155,400	2.62%
Storage Portfolio Bravo II, LLC	3,012,600	1.90%
EBL & S Prop MGM Lawnside Two Assoc.	1,939,400	1.22%
Vineland Construction	1,264,800	0.80%
Patidar International, Inc.	996,600	0.63%
Total	\$ 62,799,300	39.53%

Taxpayer	2003	
	Taxable Assessed Value	% of Total District Net Assessed Value
BT-Newyo LLC Tax Dept.	\$ 11,250,000	8.10%
Vornado Realty Trust	8,500,000	6.12%
Lowes Home Improvement	8,150,000	5.87%
K Mart	5,500,000	3.96%
Trauts-South Plansfield	3,369,100	2.43%
Susa Partnership	1,949,900	1.40%
Sarshik, Harold D.	1,696,000	1.22%
EBL S Prop MGM Lawnside Two Assoc.	1,165,000	0.84%
Sarshik, Harold D. T/A Lawnside Gardens	1,067,000	0.77%
Vineland Construction	890,800	0.64%
Total	\$ 43,537,800	31.36%

Source: Municipal Tax Assessor

**Lawnside School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 2,428,617	\$ 2,428,617	100.00%	-
2004	2,375,023	2,375,023	100.00%	-
2005	2,680,385	2,680,385	100.00%	-
2006	3,081,653	3,081,653	100.00%	-
2007	3,578,007	3,578,007	100.00%	-
2008	4,066,762	4,066,762	100.00%	-
2009	4,165,720	4,165,720	100.00%	-
2010	4,457,235	4,457,235	100.00%	-
2011	4,614,338	4,614,338	100.00%	-
2012	4,226,545	4,226,545	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statutes, 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.

Lawnside School District
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 (dollars in thousands, except per capita)

J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^b	Per Capita ^c
	General Obligation Bonds ^a	Bonds Authorized but not Issued	Capital Leases	Capital Leases	Total District		
2003	\$ 697,890		\$ 7,895	\$ -	\$ 705,785	0.80%	\$ 261
2004	640,891				640,891	0.70%	236
2005	582,803				582,803	0.61%	212
2006	523,587				523,587	0.52%	189
2007	463,132				463,132	0.43%	165
2008	401,389				401,389	0.35%	141
2009	338,282				338,282	0.28%	119
2010	273,790	\$ 2,900,000			3,173,790	2.70%	1,118
2011	3,107,807				3,107,807	2.47%	1,055
2012	2,990,255				2,990,255	Unavailable	1,016

Sources:

- a District Records
- b Personal Income has been estimated based upon the municipal population and per capita personal income.
- c Per Capita Personal Income Data provided by the NJ Dept. of Labor and Workforce.

Lawnside School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable ^b	Per Capita ^c
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding ^a		
2003	\$ 697,890		\$ 697,890	0.50%	\$ 258
2004	640,891		640,891	0.45%	236
2005	582,803		582,803	0.40%	212
2006	523,587		523,587	0.35%	189
2007	463,132		463,132	0.30%	165
2008	401,389		401,389	0.25%	141
2009	338,282		338,282	0.21%	119
2010	3,173,790		3,173,790	1.96%	1,118
2011	3,107,807		3,107,807	1.95%	1,055
2012	2,990,255		2,990,255	1.88%	1,016

Sources:

- a District Records
- b Net Assessed Valuation provided by Anstract of Ratables, County Board of Taxation
- c Per Capita Personal Inome Data provided by the NJ Dept. of Labor and Workforce.

Lawnside School District
 Ratios of Overlapping Governmental Activities Debt
 As of December 31, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>		<u>Estimated Percentage Applicable</u>		<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:					
Borough of Lawnside	\$ 1,500,909	(1)	100.000%		\$ 1,500,909
Camden County General Obligation Debt	211,014,203	(1)	0.514%	(2)	1,084,882
					<hr/>
Subtotal, overlapping debt					2,585,791
Lawnside School District Direct Debt					<hr/> 2,990,255
Total direct and overlapping debt					<hr/> \$ 5,576,046 <hr/>

Sources:

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Borough's share of the 2011 Equalized Valuation. The source for this computation was the 2011 County Abstract of Ratables, provided by the County Board of Taxation.

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis (1)	
2011	\$ 256,344,783
2010	267,865,474
2009	261,684,755
	<u>\$ 785,895,012</u>

Average equalized valuation of taxable property \$ 261,965,004

Debt limit (3% of average equalized valuation) (2)	7,858,950
Net bonded school debt (3)	<u>2,990,255</u>
Legal debt margin	<u>\$ 4,868,695</u>

Fiscal Year

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 3,809,589	\$ 4,019,139	\$ 4,307,012	\$ 4,854,514	\$ 5,370,537	\$ 6,224,887	\$ 6,910,137	\$ 7,556,640	\$ 7,856,642	\$ 7,858,950
Total net debt applicable to limit (3)	<u>697,890</u>	<u>640,891</u>	<u>582,803</u>	<u>523,587</u>	<u>463,132</u>	<u>401,389</u>	<u>338,282</u>	<u>3,173,790</u>	<u>3,107,807</u>	<u>2,990,255</u>
Legal debt margin	<u>\$ 3,111,699</u>	<u>\$ 3,378,248</u>	<u>\$ 3,724,209</u>	<u>\$ 4,330,927</u>	<u>\$ 4,907,405</u>	<u>\$ 5,823,498</u>	<u>\$ 6,571,855</u>	<u>\$ 4,382,850</u>	<u>\$ 4,748,835</u>	<u>\$ 4,868,695</u>
Total net debt applicable to the limit as a percentage of debt limit	18.32%	15.95%	13.53%	10.79%	8.62%	6.45%	4.90%	42.00%	39.56%	38.05%

Sources:

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

**Lawnside School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemploymen t Rate ^d</u>
2002	2,706	\$ 88,034,298	\$ 32,533	9.5%
2003	2,721	91,893,612	33,772	9.8%
2004	2,745	95,951,475	34,955	8.8%
2005	2,776	100,766,024	36,299	7.2%
2006	2,807	108,549,497	38,671	7.8%
2007	2,842	114,418,920	40,260	7.2%
2008	2,841	119,299,272	41,992	9.4%
2009	2,838	117,510,228	41,406	14.5%
2010	2,945	125,810,400	42,720	15.2%
2011	2,943	e	e	15.0%

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been established based upon the municipal population and per capita personal income presented.
- ^c Per Capita personal income provided by the NJ Dept. of Labor and Workforce Development.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development
- ^e Information not available

**Lawnside School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

J-16

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular	29.5	26.5	26.5	24.0	27.0	25.5	24.5	24.5	23.0	22.0
Special education	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	7.0	8.0
Support Services:										
Student & instruction related services	4.7	4.7	5.5	6.0	8.5	10.5	10.5	7.0	5.0	5.5
School administrative services	4.0	4.0	2.0	2.0	2.0	2.5	2.5	2.5	2.5	2.0
Plant operations and maintenance	4.0	4.0	3.4	3.4	3.0	3.0	3.0	3.0	2.0	2.5
Business and other support services	2.0	2.0	1.6	1.6	1.0	1.5	1.5	1.5	1.5	2.0
Food Service	3.5	3.5	3.0	2.5	2.0					
Total	52.7	49.7	47.0	44.5	48.5	48.0	47.0	44.5	41.0	42.0

Source:
District Personnel Records

**Lawnside School District
Operating Statistics,
Last Ten Fiscal Years**

J-17

<u>Fiscal Year</u>	<u>Resident Enrollment</u>	<u>Operating Expenditures ^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff ^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE) ^c</u>	<u>Average Daily Attendance (ADA) ^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2003	279	\$ 6,080,294	\$ 21,793.17	12.05%	35	1:10	293.2	279.1	-4.67%	95.19%
2004	267	5,996,855	22,460.13	3.06%	32	1:09	267.4	252.2	-8.80%	94.32%
2005	273	6,554,963	24,010.85	6.90%	31	1:10	273.8	258.5	2.39%	94.41%
2006	330	6,926,518	20,989.45	-12.58%	29	1:12	321.0	303.6	17.24%	94.58%
2007	305	8,171,749	26,792.62	27.65%	31	1:10	309.7	294.6	-3.52%	95.12%
2008	294	8,410,612	28,607.52	6.77%	31	1:10	294.2	280.2	-5.00%	95.24%
2009	292	8,604,817	29,468.55	3.01%	27	1:11	286.0	273.8	-2.79%	95.73%
2010	264	8,882,709	33,646.63	14.18%	26	1:10	252.1	236.1	-11.85%	93.65%
2011	265	9,041,410	34,118.53	1.40%	24	1:11	262.6	247.7	4.17%	94.33%
2012	281	8,513,992	30,298.90	-11.20%	25	1:11	260.9	246.7	-0.65%	94.56%

Sources: District records

Note: Enrollment based on annual October district count.

- 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).

**Lawnside School District
School Building Information
Last Ten Fiscal Years**

J-18

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Building</u>										
<u>Elementary</u>										
Lawnside Elementary (1974)										
Square Feet	57,266	57,266	57,266	57,266	57,266	57,266	57,266	57,266	57,266	60,110
Capacity (students)	436	436	436	436	436	436	436	436	436	496
Enrollment	276	292	257	324	305	305	292	292	265	281

Number of Schools at June 30, 2012

Elementary = 1

Middle School = 0

Senior High School = 0

Other = 0

Source: District Facilities Office

Lawnside School District
 Schedule of Required Maintenance
 Last Ten Fiscal Years

J-19

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
* School Facilities												
Elementary School	\$ 41,227	\$ 28,931	\$ 9,048	\$ 53,378	\$ 27,221	\$ 48,601	\$ 40,875	\$ 38,749	\$ 42,233	\$ 43,996	\$ 39,640	\$ 413,899
Total School Facilities	<u>\$ 41,227</u>	<u>\$ 28,931</u>	<u>\$ 9,048</u>	<u>\$ 53,378</u>	<u>\$ 27,221</u>	<u>\$ 48,601</u>	<u>\$ 40,875</u>	<u>\$ 38,749</u>	<u>\$ 42,233</u>	<u>\$ 43,996</u>	<u>\$ 39,640</u>	<u>\$ 413,899</u>

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

Source: District records

Lawnside School District
 Insurance Schedule
 June 30, 2012

J-20

	<u>Coverage</u>	<u>Self-Insured Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Building and Contents (All Locations)			
Limits of liability per occurrence	\$ 12,747,454		\$ 1,000
General Liability	6,000,000		
Automobile Liability	6,000,000		
Employee Benefits Program	6,000,000		1,000
Workers' Compensation	Statutory		
Errors and Omissions	6,000,000		5,000
Crime Coverage	100,000		500
Student Accident (1)	1,000,000		
Surety Bonds (1)			
Treasurer	200,000		
Board Secretary	90,000		

(1) New Jersey School Boards Association Insurance Group

Source: District records

Single Audit Section

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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American Institute of CPAs
New Jersey Society of CPAs

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

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

Compliance

We have audited Lawnside School District (School District), in the County of Camden, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2012. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the Lawnside School District, in the County of Camden, State of New Jersey complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB and which are described in the accompanying Schedule of Findings and Questioned Costs as items #2012-2, #2012-3 and #2012-4.

Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Public School Accountant

Marlton, New Jersey
November 9, 2012

LAWNSIDE 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	Program or Award Amount	Grant Period From - To	Balance June 30, 2011			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2012		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education:														
General Fund														
Education Jobs Fund	84.410A	Not available	\$ 129,778	7/1/11 - 6/30/12				\$ 129,778	\$ (129,778)					
Special Revenue Fund														
Title I:														
Fiscal Year 2012	84.010A	NCLB256012	190,828	9/1/11 - 8/31/12				79,409	(183,455)			\$ (111,219)	\$ 7,173	
Fiscal Year 2010	84.010A	NCLB256010	149,722	9/1/09 - 8/31/10	\$ (3,409)			3,409						
Fiscal Year 2011	84.010A	NCLB256011	151,698	9/1/10 - 8/31/11	(119,402)	\$ 18,119	\$ (231)	101,514						
ARRA	84.389	ARRA256010	71,905	9/1/09 - 8/31/11	(401)	382	18	19					\$ 18	
Title I - School Improvement:														
Fiscal Year 2010	84.010A	NCLB2560010	100,000	9/1/09 - 8/31/10	(26,218)			26,218						
Fiscal Year 2011	84.010A	NCLB2560011	100,000	9/1/10 - 8/31/11	(76,148)	159	46	75,943						
Title II A:														
Fiscal Year 2012	84.367A	NCLB256012	22,573	9/1/11 - 8/31/12				22,000	(22,573)			(573)		
Fiscal Year 2010	84.367A	NCLB256010	26,681	9/1/09 - 8/31/10	(718)			718						
Fiscal Year 2011	84.367A	NCLB256011	25,280	9/1/10 - 8/31/11	(260)	182		98						
Title II D:														
Fiscal Year 2012	84.318X	NCLB256012	222	9/1/11 - 8/31/12								(222)	222	
Fiscal Year 2010	84.318X	NCLB256010	1,451	9/1/09 - 8/31/10	(210)			210						
Fiscal Year 2011	84.318X	NCLB256011	388	9/1/10 - 8/31/11	(607)	222		385						
Title IV:														
Fiscal Year 2010	84.188A	NCLB256010	2,085	9/1/09 - 8/31/10	(2,188)			2,188						
Fiscal Year 2011	84.188A	NCLB256011	2,085	9/1/10 - 8/31/11	(1,835)			1,835						
I.D.E.A. Part B - Basic:														
Fiscal Year 2012	84.027	FT256012	136,508	9/1/11 - 8/31/12				56,208	(124,561)			(80,300)	11,947	
Fiscal Year 2010	84.027	FT256010	176,186	9/1/09 - 8/31/10	(18,686)			18,686						
Fiscal Year 2011	84.027	FT256011	112,315	9/1/10 - 8/31/11	(128,228)	12,510	15,182	103,001						2,465
ARRA	84.391	N/A	121,864	9/1/09 - 8/31/11	(72,607)	49		72,558						
I.D.E.A. Part B - Preschool:														
Fiscal Year 2012	84.173	PS256012	6,233	9/1/11 - 8/31/12	(3,143)	3,143		1,739	(6,233)			(4,494)		
21st Century Community Grant:														
Fiscal Year 2011	84.287C	11000045	300,000	9/1/10 - 8/31/11	(142,045)	65,436	988	78,808	(3,187)			(167,711)	9,160	
Fiscal Year 2012	84.287C	11000045	300,000	9/1/11 - 8/31/12				132,289	(290,840)			(39,840)	17,191	
Fiscal Year 2012 - Supplemental	84.287C	11000045	39,840	9/1/11 - 8/31/12					(22,649)					
Total U.S. Department of Education					(596,125)	100,202	\$ -	\$ 16,003	907,013	(783,278)		(404,359)	45,693	2,483
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Food Distribution Program:														
Fiscal Year 2012	10.550	N/A	9,957	7/1/11 - 6/30/12				9,957	(9,957)					
National School Breakfast Program														
Fiscal Year 2011	10.553	N/A	23,717	7/1/10 - 6/30/11	(1,832)			1,832						
Fiscal Year 2012	10.553	N/A	27,310	7/1/11 - 6/30/12				25,921	(27,310)			(1,389)		
National School Lunch Program														
Fiscal Year 2011	10.555	N/A	88,790	7/1/10 - 6/30/11	(6,516)			6,516						
Fiscal Year 2012	10.555	N/A	98,127	7/1/11 - 6/30/12				92,872	(98,127)			(5,255)		
Total U.S. Department of Agriculture					(8,348)			137,098	(135,394)			(6,644)		
Total Federal Awards					\$ (604,473)	\$ 100,202	\$ -	\$ 16,003	\$ 1,044,111	\$ (918,670)	\$ -	\$ (411,003)	\$ 45,693	\$ 2,483

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

LAWNSIDE SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2012

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2011			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2012		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Deferred Revenue	Due to Grantor
State Department of Education												
General Fund:												
Equization Aid	12-495-034-5120-078	\$3,236,128	7/1/11- 6/30/12				\$ 2,909,522	\$ (3,236,128)		\$ (326,606)		
Equization Aid	11-495-034-5120-078	3,236,128	7/1/10- 6/30/11	\$ (309,112)			309,112					
Special Education Categorical Aid	12-495-034-5120-089	248,669	7/1/11- 6/30/12				248,669	(248,669)				
Security Aid	12-495-034-5120-084	61,273	7/1/11- 6/30/12				61,273	(61,273)				
Nonpublic Transportation Aid	11-495-034-5120-014	7,308	7/1/10- 6/30/11	(7,308)			7,308					
Nonpublic Transportation Aid	12-495-034-5120-014	4,698	7/1/11- 6/30/12					(4,698)		(4,698)		
Extraordinary Special Education Cost Aid	11-100-034-5120-473	10,000	7/1/10- 6/30/11	(10,000)			10,000					
Extraordinary Special Education Cost Aid	12-100-034-5120-473	14,797	7/1/11- 6/30/12					(14,797)		(14,797)		
On-behalf TPAF Pension Contribution	12-495-034-5095-001	176,924	7/1/11- 6/30/12				176,924	(176,924)				
Reimbursed TPAF Social Security Contr.	12-495-034-5095-002	161,302	7/1/11- 6/30/12				154,559	(161,302)		(6,743)		
Total General Fund				(326,420)			3,677,367	(3,603,791)		(352,844)		
Special Revenue Fund:												
NJ Nonpublic Aid												
Textbook Aid	11-100-034-5120-064	341	7/1/10- 6/30/11				\$ 341		\$ (341)			
Nursing Aid	11-100-034-5120-070	539	7/1/10- 6/30/11				5		(5)			
Handicapped Services:												
Supplemental Instruction	11-100-034-5120-066	695	7/1/10- 6/30/11				695		(695)			
Examination and Classification	11-100-034-5120-066	2,551	7/1/10- 6/30/11				2,551		(2,551)			
Corrective Speech	11-100-034-5120-066	3,912	7/1/10- 6/30/11				3,912		(3,912)			
Preschool Education Aid	12-495-034-5120-086	37,062	7/1/11- 6/30/12				37,062	(37,062)				
Preschool Education Aid	11-495-034-5120-086	37,062	7/1/10- 6/30/11	(3,706)			3,706					
Total Special Revenue Fund				(3,706)			40,768	(37,062)		(7,504)		
Debt Service Fund:												
Debt Service Aid Type II												
Debt Service Aid Type II	12-495-034-5120-017	30,242	7/1/11- 6/30/12				30,242	(30,242)				
Total State Department of Education				(330,126)			3,948,377	(3,971,095)		(7,504)		
NJ Economic Development Authority:												
Capital Projects Fund												
EDA Educational Facilities Construction and Financing Act - Section 15: 2010 Allotment:												
HVAC & various renovations	#2560-060-09-1001	4,416,796	7/1/10- 6/30/12	(2,699,050)				(595,823)		(3,494,873)		
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program (State Share)												
Fiscal Year 2011	11-100-010-3350-023	1,855	7/1/10- 6/30/11	(150)			150					
Fiscal Year 2012	12-100-010-3350-023	2,263	7/1/11- 6/30/12				2,147	(2,263)		(116)		
Total Enterprise Fund				(150)			2,297	(2,263)		(116)		
Total State Financial Assistance				\$ (3,229,326)	\$ -	\$ 7,504	\$ 3,950,674	\$ (4,569,181)	\$ (7,504)	\$ (3,647,833)	\$ -	\$ -

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

**Lawnside School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2012**

I. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$17,494) for the general fund and \$0 for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 129,778	\$ 3,886,297	\$ 4,016,075
Special Revenue	653,498	37,062	690,560
Capital Projects		595,823	595,823
Debt Service		30,242	30,242
Food Service	135,394	2,263	137,657
Total	<u>\$ 918,670</u>	<u>\$ 4,551,687</u>	<u>\$ 5,470,357</u>

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.

**Lawnside School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2012
(Continued)**

5. OTHER

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

6. MAJOR PROGRAMS

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

7. ADJUSTMENTS

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

	<u>Federal</u>
Prior Year Adjustments	\$ 16,003
Total	<u>\$ 16,003</u>

**LAWNSIDE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section 1 – Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: UNQUALIFIED

Internal control over financial reporting:

Material weaknesses identified? _____ yes X no

Significant deficiencies identified that are not considered to be a material weakness? X yes _____ none reported

Noncompliance material to general purpose financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

Material weaknesses identified? _____ yes X no

Significant deficiencies identified that are not considered to be a material weakness? _____ yes X none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>I.D.E.A. - Basic</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>84.287C</u>	<u>21st Century</u>
<u>84.410A</u>	<u>Education Jobs Fund</u>
_____	_____

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

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

**LAWNSIDE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section 2 -- Schedule of Financial Statement Findings

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

Finding #2012-1

Criteria or specific requirement:

The Board Secretary's Financial Report should properly reflect true balances for all balance sheet accounts, budgetary revenues and budgetary expenditures.

Condition:

Various adjustments were required to the balance sheet accounts and budgetary line accounts to reflect the proper charges to the general fund and, special revenue fund financial statements. The adjustments to budgetary line items created an overexpenditure at June 30, 2012.

Context:

Inadequate controls over financial statement preparation.

Effect:

Improper financial decisions may be taken by the Board of Education if financial reports do not properly reflect true balances.

Cause:

Time constraints placed on the business office.

Recommendation:

The School District should take care in recording all assets, liabilities, revenues and expenditures and all expenditures should be properly classified.

View of responsible officials and planned corrective action:

The management agrees with the finding and will take better care in recording all transactions.

**LAWNSIDE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

***Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs***

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

FEDERAL AWARDS

Finding #2012-2

Information on the federal program:

IDEA Part B - Basic - CFDA No. 84.027; U. S. Department of Education; Passed-through State of New Jersey, Department of Education

Criteria or specific requirement:

Federal regulations pursuant to OMB Circular A-87 and New Jersey Department of Education regulations require that all costs charged to a program be documented and supported.

Condition:

The final close out report for the IDEA Part B, Basic 2010-2011 program did not agree to the school district's accounting records.

Questioned Costs:

None

Context:

The school district did not include all costs on the final close-out reports that were attributable to the program.

Effect:

The expenditures reported in the final close-out report for the IDEA Part B, Basic 2010-2011 were understated by \$15,182.

Cause:

The final close out report expenditures were not agreed to the financial records of the school district prior to filing the report.

Recommendation:

The School District should properly prepare the final program close-out reports and agree the total expenditures and unexpended balances with the financial records.

Management's response:

Management agrees with the above finding and will address the matter as part of their corrective action plan.

**LAWNSIDE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs
(Continued)**

FEDERAL AWARDS

Finding #2012-3

Information on the federal program:

IDEA Part B - Basic - CFDA No. 84.027; 21st Century – CFDA No. 84.287C; Education Jobs Fund – CFDA No. 84-410A; U. S. Department of Education; Passed-through State of New Jersey, Department of Education

Criteria or specific requirement:

Federal regulations pursuant to OMB Circular A-87 and New Jersey Department of Education regulations require school districts to document all program related costs. To achieve compliance with these requirements, the designation of all federal employees, their salaries, assigned school and funding percentage must be documented in the board minutes to provide a public record of approval for these expenditures.

Condition:

Certain employees charged to the IDEA grant, 21st Century grant and the Education Jobs grant, and their related salaries, were not documented in the minutes of the Board of Education. In addition time sheets for the 21st Century Grant are not approved by the program supervisor.

Questioned Costs:

None

Context:

Time constraints placed on the business office limits the procedures needed to comply with the required regulations.

Effect:

Violation of OMB Circular A-87, Attachment B, Section 8(h) and New Jersey Department of Education regulations.

Cause:

Oversight on part of the school officials.

Recommendation:

The School District should document, in the minutes of the Board of Education, board approval for all employees charged to a federal program, their related salaries, assigned school and funding percentage.

Management's response:

Management agrees with the above finding and will address the matter as part of their corrective action plan.

**LAWNSIDE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

***Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs
(Continued)***

STATE AWARDS

Finding #2012-2 (See Federal Findings #2012-2)

Information on state program:

Equalization Aid; GMIS No. 12-495-034-5120-078; State Department of Education.

Criteria or specific requirement:

N.J.A.C. 6A:23A-16.10(a)(1) states that a district shall only approve an encumbrance or expenditure that, when added to the total of existing encumbrances and expenditures, does not exceed the amount appropriated by the board of education in the applicable line item account established pursuant to the minimum chart of accounts.

Condition:

There was one budget line item overexpended at June 30th totaling \$15,172.

Questioned Costs:

None.

Context:

The School District did not include certain costs totaling \$15,172 in the final 2010-2011 close-out reports for the IDEA program. These costs were reclassified to Central Services – Other Objects.

Effect:

Violation of N.J.A.C. 6A:23A-16.10(a)(1).

Cause:

The School District did not agree the costs charged to the federal programs with the final close-out reports prior to filing the reports.

Recommendation:

That controls be implemented to avoid overexpenditures of appropriations.

View of responsible officials and planned corrective action:

Management agrees with the above finding and will address the matter as part of their corrective action plan.

**LAWNSIDE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs
(Continued)**

STATE AWARDS

Finding #2012-4

Information on state program:

Equalization Aid; GMIS No. 12-495-034-5120-078; State Department of Education.

Criteria or specific requirement:

N.J.S.A. 18A:18A-10 requires that any goods or services purchased by the board pursuant to a contract entered into on behalf of the State by the Division of Purchase and Property be awarded by Board resolution.

Condition:

Various computer supplies and equipment purchased pursuant to a state contract were not recorded in the minutes as being awarded by the board of education.

Questioned Costs:

None

Context:

The business office did not realize that this was required to be board approved.

Effect:

Violation of N.J.S.A. 18A:18A-10.

Cause:

Oversight on part of business administrator.

Recommendation:

All contracts entered into pursuant to a state contract should be awarded by board resolution and documented in the board minutes.

Management's response:

Management agrees with the above finding and will address the matter as part of their corrective action plan.

**LAWNSIDE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENED JUNE 30, 2012**

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

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings.

FEDERAL AWARDS

Finding #2011-1

Condition:

The final close out report for the IDEA Part B, Basic 2010-2011 program did not agree to the school district's accounting records.

Current Status:

This condition remains unchanged as reported in Finding #2012-2.

STATE AWARDS

Finding #2011-2

Condition:

There was one budget line item overexpended at June 30th.

Current Status:

This condition remains unchanged as reported in Finding #2012-2.

Finding #2011-3

Condition:

Sealed bids were not requested for expenditures where the total cost exceeded \$26,000.00.

Current Status:

This condition has been corrected.