

OAKLAND BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Oakland, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Oakland Board of Education
Oakland, New Jersey
For The Fiscal Year Ended June 30, 2012**

**Prepared by
Business Office**

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INTRODUCTORY SECTION

THE OAKLAND PUBLIC SCHOOLS
ADMINISTRATIVE OFFICES
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September 28, 2012

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

RE: *Comprehensive Annual Financial Report - 2012*

Dear Board Members:

The comprehensive annual financial report of the Borough of Oakland School District for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon including the Management Discussion and Analysis. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the United States Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

(1) REPORTING ENTITY AND ITS SERVICES: The Oakland School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Oakland Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels kindergarten through eighth grade. These include regular, as well as special education for impaired and disabled students. The District completed the 2011/12 fiscal year with an average daily enrollment of 1,707 students, representing an increase of 15 students from the previous year's enrollment.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Present Change</u>
2011/12	1,707	.89%
2010/11	1,692	(.41%)
2009/10	1,699	1.19%
2008/09	1,679	1.88%
2007/08	1,648	(4.41%)
2006/07	1,724	2.93%
2005/06	1,675	1.23%
2004/05	1,655	3.43%
2003/04	1,600	1.82%
2002/03	1,571	1.26%
2001/02	1,552	3.11%

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

The Borough's largest residential housing development in recent years, the Ramapo River Reserve, continues to impact the town's schools and population.

The potential for continued growth in the town rests, in part, upon the proposed McCoy Farms project. This development could add 25 additional units to Borough housing.

Continued support for the Borough's local schools was again evidenced by voter approval for the 2012/13 Budget.

(3) MAJOR INITIATIVES:

TECHNOLOGY

During the 2011/2012 fiscal year, the Oakland School District increased its technology inventory to meet the current and emerging learning needs of our students. With the financial assistance of the PTOs, the Federal ARRA Stimulus Grant, and Board of Education funding, the District was able to enhance its equipment inventory to include the following purchases:

- additional laptops were added to the carts at Valley Middle School to have 28 laptop computers on each cart. This addition was needed due to the increased class sizes resulting from a suspension of the Class Size Policy at the school;

(3) MAJOR INITIATIVES: (Continued)

TECHNOLOGY (Continued)

- three additional carts at Valley Middle School for the Resource Centers, funded by the Federal ARRA grant, each containing 10 laptops;
- one additional cart with 25 laptops at each elementary school to support the 6 Trait Writing Program, the Rosetta Stone program, and the new U.S. History program. The carts were intended for use by Grade 5 classes;
- nineteen additional SMARTboards and laptop computers that were deployed to all schools. (At year's end, the District had 95 SMARTboards);
- one additional cart of laptops, funded by ARRA funding, for each elementary school for use with Grade 5 Resource Centers (The number of laptops on each cart was determined by enrollment: Dogwood = 11; Heights = 18; Manito = 11);
- fifty iPads to support instruction in the District's Special Education program classrooms as follows:
 - 10 iPads and cart for the Valley Middle School LLD class
 - 10 iPads and cart for the Manito LLD class
 - 15 iPads and cart for the Preschool program at Dogwood
 - 15 iPads and cart for the ECLC at Dogwood Hill School
- two sets of SMART Response clickers (64) for students at Valley Middle School.

As a result of the successful iPad pilot program in our Special Education classes, as well as the experiences and the research done in other school districts, the Board of Education decided, during 2011/2012, to launch an iPad initiative for all students. Thus, the Board requested funding assistance from each school's P.T.O. In June, as a result of their year-long fundraising, the four P.T.O.s donated a total of \$45,199 to the Board to be used for the purchase of iPads for each school. As the Board committed early in the year, it supplemented the P.T.O. funding, and, as a result of both the parents and the Board working together, as well as the discount achieved for our volume technology purchase at Apple's end-of-fiscal-year incentive, 140 iPads were purchased in June.

To implement the iPad initiative, the District requested applications from the teaching staff for the positions of Team Leader. These volunteer teachers commit to studying the potential uses for iPads in learning environments and serving as turnkey trainers for their colleagues.

CURRICULUM

During the 2011/2012 school year, the Board approved the creation of a Valley Middle School LLD class, for six sixth grade students. This initiative enabled these students to receive their education in District, rather than being placed in specialized schools outside the District. A veteran Special Education teacher and an experienced Classroom/Student Aide developed a strong academic program for the students and their academic progress, as measured by the NJ ASK, was notable. This initiative was both student-centered and fiscally sound.

The 2011/2012 school year also saw the completion of another goal at Valley Middle School – the renovation of a 1969 Science Lab. With the financial partnership of the Oakland Education Foundation, the Board of Education officially opened the new Science lab in February 2012, with a “ribbon cutting ceremony” sponsored by the OEF.

This project remained cost effective as a result of District maintenance/ custodial employees completing the demolition work. Additionally, an architectural firm developed the specifications for the room that permitted the District to solicit bids for the room contents.

CURRICULUM (Continued)

The new Science Lab will enable students to learn from experiments, rather than simply lectures, and features lab stations with hot and cold water and a fuel source. Safety features include a fume hood, a safety shower and emergency shut-off valves. Technology is ever present in the lab with desktop computer stations, as well as laptop computers. The potential for hands-on science exploration in this state of the art setting will enable students to be better prepared for high school Sciences through mastery of the Revised Science Core Curriculum Content Standards.

The 2011/2012 also included the introduction of the Common Core State Standards in the Oakland Public Schools, as the District implemented *Singapore Math* in Grades K-2. With new texts, supplementary instructional materials, and online resources, the Houghton Mifflin Harcourt Marshall Cavendish's Math-In-Focus program was launched with strong staff training workshops in June, August, November, January, April and a June debriefing session. The District contracted with the training division of Math-In-Focus for experienced personnel to work with our staff to assure that teachers developed the skills necessary to implement the program. Additionally, the District sponsored a Parent University Night for parents of children in Grades K-2 that acquainted parents with this new mathematics program. Funding sources for the training costs for this initiative included the No Child Left Behind Grant and the Board of Education. This mathematics education initiative will continue into the 2012/2013 school year when it will expand to include students in Grades 3-5.

During the 2011/2012 school year, the Reading and Language Arts specialists began to gain a firm understanding of the new Common Core State Standards in English Language Arts through research and by attending workshops. Curriculum changes that need to be made were identified, and a Summer/2012 Curriculum Committee was scheduled to begin the revision of Oakland's curriculum. This expansive project was far reaching and affected all language arts areas, including ESL, Public Speaking, Creative Writing, and Journalism, as well as Social Studies, Science, and Technical Subjects. This initiative will continue throughout the 2012/2013 school year and extend to include Summer/2013.

During 2011/2012, the 6 Trait Writing Program was implemented in Grade 5. With this initiative, students learn how to compose essays using technology – a skill that will assume great importance when the new PARCC assessment is required in 2014 and beyond. Once again, technology also enhanced and expanded student learning in a content area.

Our District's Library Services were also strengthened this year through the purchase of Follett's *Destiny* Library Manager Program. Replacing the outdated and failing automation system in the libraries for many years, the addition of *Destiny* prepared our libraries to embrace the digital age. Not only would this system enable schools to have current inventories of books, but each library's collection would, when fully implemented, be available for browsing by students from remote locations with Internet access, including from one's home. Additionally, students will be able to write book reviews and post them on *Destiny* for others to consider. Another benefit of this library manager program is that it has the potential to develop reading histories for individual students, including identifying those students who are not using the school's library. This information will help teachers to customize a reading program to an individual's needs.

In 2010, as a result of the elimination of Oakland's State Aid, the Board of Education was forced to suspend its Class Size Policy and eliminate teachers. With the restoration of partial State Aid in 2011/2012 and as a result of its cost-savings initiatives, the Board, in the Spring of 2012, studied the District's financials and determined that, for 2012/2013, it could reinstate the Class Size Policy in the elementary schools only. As a result, classes in Grades K-2 will not exceed an average of 23, and, in Grades 3-5, classes will not exceed 25. The Class Size Policy, however, remains suspended at Valley Middle School where certain classes have reached the upper 20's.

CURRICULUM (Continued)

As part of the periodic review of District curriculum and in response to the revision of the NJ CCCS, other content areas revised during the Summer of 2011 included Elementary Spanish (using *Rosetta Stone* as the instructional tool), Global Education, Elementary Science (K-4), the Grade 8 Project (connecting the project to career education), Grade 5 Social Studies (including a new text, Macmillan/McGraw-Hill, The United States – Early Years, as well as supporting instructional materials), Grades 6-8 Social Studies (incorporating Language Arts problem solution writing into the curriculum), Creative Writing, Library Information Retrieval (Grade 6), and Harassment, Intimidation, and Bullying.

The District's Summer 2012 Curriculum Review addressed the introduction of the Common Core State Standards and the New Jersey Core Curriculum Content Standards (2009) in the following areas:

- Elementary Mathematics (Grades 3-5)
- English Language Arts and Literacy in History/Social Studies, Science, and Technical Subjects
- English As A Second Language
- Elementary Spanish (Grade 3)
- Instrumental Music
- Social Studies (Grade 6)
- Gifted and Talented (Grades 3-8)
- Technology (Grades K-8)
- Library
- Cultural Arts (Grade 6)
- Preschool
- Public Speaking
- Foods (Grade 8 Elective)
- General/Vocal Music
- Crisis Management Manual

BUILDINGS AND GROUNDS

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

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

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

BUILDINGS AND GROUNDS (Continued)

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

THE STATE'S REVIEW: QSAC 2012

The 2011/2012 school year brought with it a State review of the Oakland School District. This triennial evaluation, now known as the Quality Single Accountability Continuum, is often referred to as QSAC. A District committee provided leadership for the QSAC process that included a district performance review (DPR). Based on that performance review, the Commissioner places on a continuum in five areas: instruction and program, fiscal management, operations, personnel, and governance. The State team visited the District on June 4, 2012, and, impressed with the quality of our District, determined that the Oakland School District was "high performing."

The placement scores awarded to Oakland were as follows with 100% as the highest ranking:

<u>DPR Areas</u>	<u>Placement</u>
Instruction and Program	96%
Fiscal Management	100%
Governance	100%
Operations	100%
Personnel	100%

As a result of this assessment, on September 5, 2012, the State Board of Education certified the Oakland School District for a period of three years as providing a thorough and efficient education, in accordance with N.J.S.A. 18A:7A-14.

LOOKING TO THE FUTURE

As a result of the Board's cost savings measures and careful implementation of the District financials, anticipated excess current revenue was expected at the end of the fiscal year. With uncertain school finance looming in the future, the Board, therefore, determined that such revenue generated in the 2011/2012 budget should be wisely invested. As a result, the Board planned a deposit (up to \$475,000) into its existing Capital Reserve Account to fund future facility needs. With aged schools, including increasing infrastructure needs, this financial strategy would enable the Board to fund emergency repairs and renovations, while also protecting taxpayers from unexpected future tax increases. Additionally, the Board planned a deposit into its Emergency Reserve Account up to a maximum of \$125,000.

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

(4) INTERNAL ACCOUNTING CONTROLS: (Continued)

As a recipient of federal and state financial assistance, the District also is responsible for making certain 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.

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

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

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

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

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

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

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

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

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

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

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

(9) OTHER INFORMATION:

- A) Independent Audit - State statues require an annual audit be conducted by an independent certified public accountant. The accounting firm of Lerch, Vinci & Higgins, LLP was re-appointed at the Annual Reorganization Meeting as it pertains to the fiscal year 2011/12 annual audit. In addition to meeting the requirements of the Single Audit Act and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

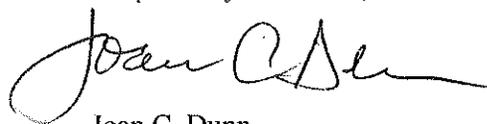
(10) ACKNOWLEDGMENTS:

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



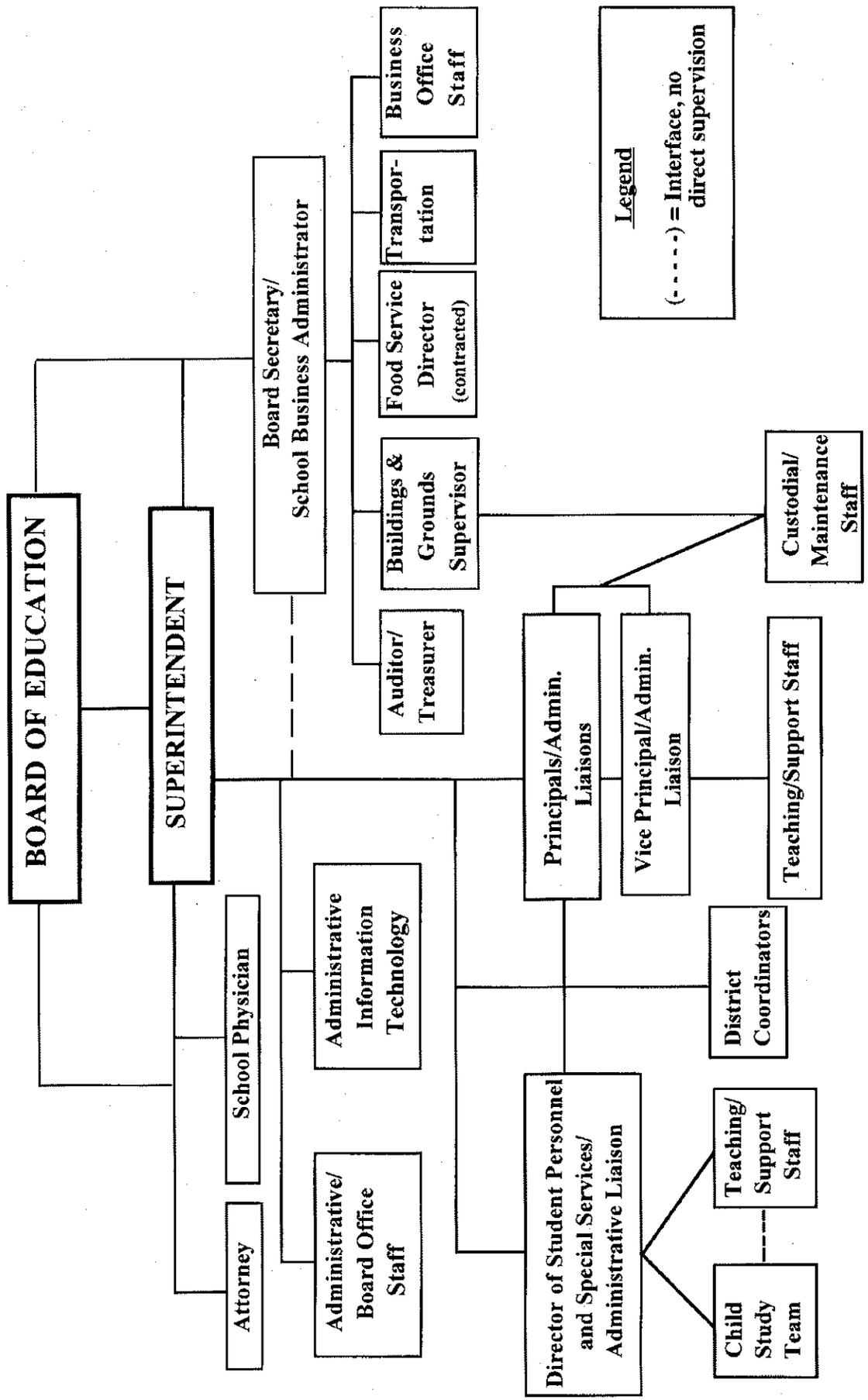
Dr. Richard G. Heflich
Superintendent of Schools

Respectfully submitted,



Joan C. Dunn
Business Administrator/
Board Secretary

ORGANIZATION CHART



**BOARD OF EDUCATION
OAKLAND PUBLIC SCHOOL DISTRICT**

**ROSTER OF OFFICIALS
JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. John Scerbo, President	2014
Mr. Russell Talamini, Vice President	2015
Mr. Robert Akovity	2015
Mr. James Gaffney	2014
Ms. Jennifer Matts	2013

OTHER OFFICIALS

Dr. Richard G. Heflich, Superintendent of Schools

Ms. Joan C. Dunn
Interim Business Administrator/Board Secretary

Ms. Deanna Dugan, Treasurer of School Monies

**BOARD OF EDUCATION
OAKLAND PUBLIC SCHOOL DISTRICT**

**ROSTER OF CONSULTANTS AND ADVISORS
JUNE 30, 2012**

Architect

DI CARA / RUBINO ARCHITECTS
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Attorney

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Auditor

LERCH, VINCI & HIGGINS, LLP
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Capital One Bank, N>A>
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DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education as of and for the fiscal year ended June 30, 2012, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

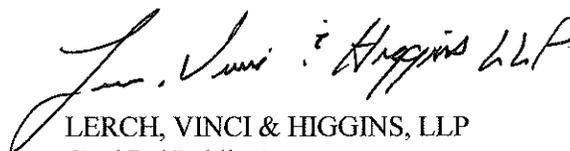
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Oakland Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education as of June 30, 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.

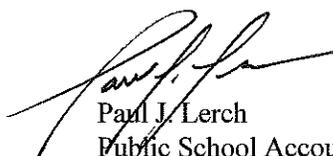
In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2012 on our consideration of the Oakland Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oakland Board of Education's basic financial statements as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

MANAGEMENT'S DISCUSSION AND ANALYSIS

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2012

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

Financial Highlights

Key financial highlights for 2012 are as follows:

- District-wide - General revenues for governmental activities accounted for \$25,452,918 or 88 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,605,373 or 12 percent of total revenues of \$29,058,291.
- District-wide - The governmental activities had \$28,243,120 in expenses; only \$3,605,373 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$25,452,918 were adequate to provide for these programs.
- Fund Financials - Among governmental funds, the General Fund had \$27,955,250 in revenues and \$27,451,897 in expenditures. At the close of the fiscal year the General Fund's fund balance is \$1,951,989 an increase of \$592,803 from June 30, 2011.
- Fund Financials - At the end of June 30, 2012, the District's unassigned fund balance for the General Fund was \$261,312 an increase of \$26,592 from June 30, 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2012

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

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

District-wide Statements

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

The statement of net assets presents information on all of the Oakland Board of Education's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2012

District-wide Statements (Continued)

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

OAKLAND BOARD OF EDUCATION

**Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012**

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

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

Table A-1 provides a summary of the school district's net assets as of June 30, 2012 and 2011.

Net assets. The District's combined net assets as of June 30, 2012 and 2011 were \$5,319,045 and \$4,516,082, respectively.

A significant portion of the District's net assets (70 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table A-1
Statement of Net Assets
As of June 30, 2012 and 2011**

	Net Assets					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other Assets	\$ 2,110,462	\$ 2,027,877	\$ 42,750	\$ 43,662	\$ 2,153,212	\$ 2,071,539
Capital Assets	<u>6,727,765</u>	<u>6,784,352</u>	<u>18,906</u>	<u>31,662</u>	<u>6,746,671</u>	<u>6,816,014</u>
Total Assets	<u>8,838,227</u>	<u>8,812,229</u>	<u>61,656</u>	<u>75,324</u>	<u>8,899,883</u>	<u>8,887,553</u>
Liabilities						
Current Liabilities	144,027	658,003	10,055	11,515	154,082	669,518
Noncurrent Liabilities	<u>3,426,756</u>	<u>3,701,953</u>	<u>-</u>	<u>-</u>	<u>3,426,756</u>	<u>3,701,953</u>
Total Liabilities	<u>3,570,783</u>	<u>4,359,956</u>	<u>10,055</u>	<u>11,515</u>	<u>3,580,838</u>	<u>4,371,471</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	3,706,594	3,465,663	18,906	31,662	3,725,500	3,497,325
Restricted	846,077	705,637			846,077	705,637
Unrestricted	<u>714,773</u>	<u>280,973</u>	<u>32,695</u>	<u>32,147</u>	<u>747,468</u>	<u>313,120</u>
Total Net Assets	<u>\$ 5,267,444</u>	<u>\$ 4,452,273</u>	<u>\$ 51,601</u>	<u>\$ 63,809</u>	<u>\$ 5,319,045</u>	<u>\$ 4,516,082</u>

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2012

Governmental activities. Governmental activities net assets increased by \$815,171. The increase in the net assets is evident of the District's sound financial management and improved financial position. Key elements of this increase are as follows:

**Table A-2
Changes in Net Assets
For the Fiscal Years Ended June 30, 2012 and 2011**

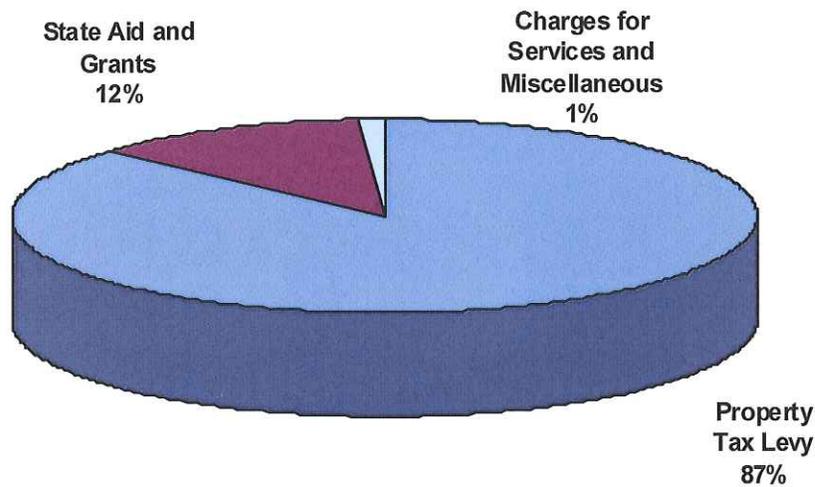
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program Revenues						
Charges for Services	\$ 86,593	\$ 76,579	\$ 354,694	\$ 345,329	\$ 441,287	\$ 421,908
Operating Grants and Contributions	3,518,780	2,761,993	103,809	82,792	3,622,589	2,844,785
Capital Grants and Contributions					-	-
General Revenues						
Property Taxes	25,265,844	24,534,386			25,265,844	24,534,386
State Aid	118,650	118,174			118,650	118,174
Other	68,424	81,542	284	387	68,708	81,929
Total Revenues	<u>29,058,291</u>	<u>27,572,674</u>	<u>458,787</u>	<u>428,508</u>	<u>29,517,078</u>	<u>28,001,182</u>
Expenses						
Instruction						
Regular	11,126,135	10,915,332			11,126,135	10,915,332
Special	4,755,652	4,644,511			4,755,652	4,644,511
Other Instruction	1,222,301	1,143,529			1,222,301	1,143,529
School Sponsored Activities and Ath.	113,039	135,976			113,039	135,976
Support Services						
Student and Instruction Related Serv.	3,664,302	3,366,039			3,664,302	3,366,039
School Administrative Services	2,171,503	2,046,884			2,171,503	2,046,884
General Administrative Services	786,767	703,905			786,767	703,905
Plant Operations and Maintenance	2,761,464	2,231,788			2,761,464	2,231,788
Pupil Transportation	956,185	1,066,892			956,185	1,066,892
Central Services	547,983	523,739			547,983	523,739
Food Service			470,995	416,961	470,995	416,961
Interest and Other Chgs. on Long-Term Debt	137,789	149,455	-	-	137,789	149,455
Total Expenses	<u>28,243,120</u>	<u>26,928,050</u>	<u>470,995</u>	<u>416,961</u>	<u>28,714,115</u>	<u>27,345,011</u>
Change in Net Assets	815,171	644,624	(12,208)	11,547	802,963	656,171
Net Assets, Beginning of Year	4,452,273	3,807,649	63,809	52,262	4,516,082	3,859,911
Net Assets, End of Year	<u>\$ 5,267,444</u>	<u>\$ 4,452,273</u>	<u>\$ 51,601</u>	<u>\$ 63,809</u>	<u>\$ 5,319,045</u>	<u>\$ 4,516,082</u>

OAKLAND BOARD OF EDUCATION

**Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012**

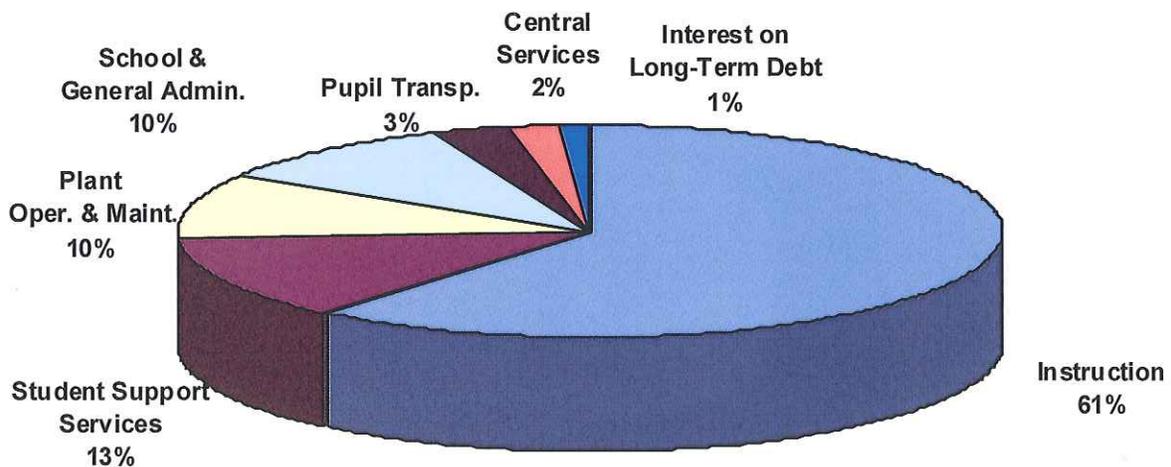
Governmental activities. The District's total governmental revenues were \$29,058,291. The local share of the revenues, that included property taxes, interest, and miscellaneous revenue, amounted to \$25,334,268 or 87% of total revenues. Funding from state and federal sources amounted to \$3,637,430 or 13%. Charges for services amounted to \$86,593 or less than 1%.

Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2011/12



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$17,217,127 (61%) student support services totaled \$10,888,204 (38%) and interest on long-term debt total \$137,789 (1%) of total expenditures. (See Table A-5.)

Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2011/12



OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2012

Table A-5
Cost of Services and Net Cost of Services - Governmental Activities
For the Fiscal Years Ended June 30, 2012 and 2011

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Governmental Activities				
Instruction				
Regular	\$ 11,126,135	\$ 10,915,332	\$ 9,670,200	\$ 9,784,490
Special Education	4,755,652	4,644,511	3,343,161	3,600,817
Other Instruction	1,222,301	1,143,529	1,085,748	1,027,402
School Sponsored Activities and Athletics	113,039	135,976	113,039	135,976
Support Services				
Student and Instruction Related Svcs.	3,664,302	3,366,039	3,376,568	3,109,318
School Administrative Services	2,171,503	2,046,884	2,010,799	1,916,722
General Administrative Services	786,767	703,905	730,104	657,759
Plant Operations and Maintenance	2,761,464	2,231,788	2,761,464	2,222,223
Pupil Transportation	956,185	1,066,892	860,892	961,577
Central Services	547,983	523,739	547,983	523,739
Interest and Other Chgs.on Long-Term Debt	137,789	149,455	137,789	149,455
 Total Governmental Activities	 <u>\$ 28,243,120</u>	 <u>\$ 26,928,050</u>	 <u>\$ 24,637,747</u>	 <u>\$ 24,089,478</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2012 was \$470,995. These costs were funded by operating grants, charges for services (Detailed on Table A-2). The operations resulted in a decrease in net assets of \$12,208.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$1,976,312. In 2010-2011 the fund balance was \$1,383,515, an increase of \$592,797.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund and capital projects fund) presented in the fund-based statements are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$29,058,291 and expenditures were \$28,554,944. The District had capital lease proceeds of \$89,450.

OAKLAND BOARD OF EDUCATION

**Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012**

General Fund

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the general fund revenues for the fiscal year ended June 30, 2012 and 2011.

	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources	\$ 25,190,549	\$ 24,459,872	\$ 730,677	2.99%
State Sources	2,728,739	1,991,840	736,899	37.00%
Federal Sources	<u>35,962</u>	<u>-</u>	<u>35,962</u>	100.00%
 Total	 <u>\$ 27,955,250</u>	 <u>\$ 26,451,712</u>	 <u>\$ 1,503,538</u>	 5.68%

The following schedule represents a summary of general fund expenditures for the fiscal years ended June 30, 2012 and 2011.

	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Current Expenditures				
Instruction	\$ 16,614,116	\$ 16,177,667	\$ 436,449	2.70%
Support Services	10,278,714	9,638,609	640,105	6.64%
Capital Outlay	374,955	47,126	327,829	695.64%
Debt Service-				
Principal	171,527	146,940	24,587	16.73%
Interest	<u>12,585</u>	<u>16,046</u>	<u>(3,461)</u>	-21.57%
 Total	 <u>\$ 27,451,897</u>	 <u>\$ 26,026,388</u>	 <u>\$ 1,425,509</u>	 5.48%

Budgetary Highlights

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

The Oakland School District, like many other Bergen County districts continues to provide a comprehensive educational program amidst the continuous budgetary constraints from the State of New Jersey with regard to State Aid. The funding formulas for State Aid have significantly shifted the burden of revenue funding to local property taxpayers as State Aid continues to remain inadequate against the backdrop of increased State and Federal mandates such as Special Education programs and services, Facility requirements and Long Range Planning, and now new Safety and Security requirements.

In this climate along with limited funding and diminishing revenues, the district finds itself relying more and more on the taxpayers in order to fund the tax levy established each year. As such, the Board of Education and Administration continues to explore cost saving initiatives designed to offset rising fixed costs associated with the general fund such as salaries, insurance, tuition, transportation and energy costs. Major initiatives in the 2011/12 year included:

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2012

Budgetary Highlights (Continued)

- Renewed membership through various consortia and shared services designed to promote cost savings in areas such as energy, technology, transportation, special education services and general supplies. These activities include: ACES "Alliance for Competitive Energy Savings" and the "Middlesex Regional Educational Services Commission". The district is also a member of ACT, "Alliance for Competitive Telecommunication". In addition, the District participates in joint transportation agreements and shared services with 15 Bergen County districts, and continues participation in collective bids for savings in general supplies through Educational Data Services. In addition, membership in various technology purchasing consortia such as PEPPM, Keystone Purchasing Network and the Western states Contracting Alliance (WSCA) has been initiated.
- Expanded shared services with the Borough of Oakland receiving additional support for site conditions at all school properties, the mutual support of various social & sports programs for Oakland residents, and the continued exploration of possible cost saving initiatives in operational areas.
- Completed the conversion of the Central Business Office to a much-needed classroom at Valley Middle School, as well as the renovation of the Science Lab at Valley with support from the Oakland Educational Foundation. Completed both drainage and paving projects at school sites.

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

Capital Assets and Debt Administration. The Oakland Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2012 and 2011 amounts to \$6,746,671 and \$6,816,014 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress buildings and building improvements, land improvements, machinery, equipment and vehicles.

Table A-6
Capital Assets as of June 30, 2012 and 2011
(Net of Depreciation)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 131,987	\$ 131,987			\$ 131,987	\$ 131,987
Land Improvements	233,480	10,970			233,480	10,970
Buildings and Building Improvements	12,871,426	12,764,282			12,871,426	12,764,282
Machinery and Equipment	<u>2,230,463</u>	<u>2,096,868</u>	<u>\$ 98,380</u>	<u>\$ 98,380</u>	<u>2,328,843</u>	<u>2,195,248</u>
Total	15,467,356	15,004,107	98,380	98,380	15,565,736	15,102,487
Less: Accumulated Depreciation	<u>8,739,591</u>	<u>8,219,755</u>	<u>79,474</u>	<u>66,718</u>	<u>8,819,065</u>	<u>8,286,473</u>
Total	<u>\$ 6,727,765</u>	<u>\$ 6,784,352</u>	<u>\$ 18,906</u>	<u>\$ 31,662</u>	<u>\$ 6,746,671</u>	<u>\$ 6,816,014</u>

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

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2012

Debt Administration. As of June 30, 2012 and 2011 the school district had long-term debt and outstanding long-term liabilities in the amount of \$3,426,756 and \$3,701,953, respectively, as stated in Table A-7.

**Table A-7
Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Bonds Payable	\$ 2,920,000	\$ 3,140,000
Capital Leases	171,039	253,116
Compensated Absences Payable	<u>335,717</u>	<u>308,837</u>
 Total	 <u>\$ 3,426,756</u>	 <u>\$ 3,701,953</u>

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

For the Future

Although the district remains in good financial condition, the constraints of state budget "caps" and limited state aid have a material impact on the budget and the District's ability to deliver the quality of services that it has in the past. Everyone associated with the Oakland School District is grateful for the continued community support of the schools.

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

During the 2011/12 school year, various drainage and paving projects were completed at Dogwood and Manito Schools. Also, the Science Lab at Valley Middle School was renovated with the support of the Oakland Educational Foundation.

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

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2012

For the Future (Continued)

In addition to the potential Facilities concern, the district will continue to face budgetary obstacles in the ensuing years resulting from the passage of various State regulations and "cap" mandates. S-1701 required all districts to reduce surplus to the greater of 2% or \$100,000 in 2005-06. The law maintained a reduced surplus of 2% in the 2011-2012 fiscal year. In planning budgets, school districts take into the account the possibility of unanticipated costs – ranging from utility increases to the mid-year relocation into the community of those special education students who receive high-cost private school services. For many school districts, these unanticipated costs could outstrip the surplus permitted under S-1701. Since school districts cannot operate at a deficit, the only choice available to meet federal and state requirements and fixed costs (such as special education and heat/utilities) would be to cut other areas, such as regular education programming or maintenance.

The law's surplus restriction runs contrary to sound financial principles, which have served as the basis for previous, long-standing state Department of Education policy. This restriction also undermines needed flexibility for long-term district planning.

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

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the Oakland Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to:

Joan C. Dunn
Interim Business Administrator/Board Secretary

At the:

Oakland Board of Education, 315 Ramapo Valley Road, Oakland, NJ 07436.

BASIC FINANCIAL STATEMENTS

OAKLAND BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,870,569	\$ 31,338	\$ 1,901,907
Receivables, net			
Receivables from Other Governments	188,250	4,663	192,913
Other	6,044		6,044
Inventory		6,749	6,749
Deferred Charges	45,599		45,599
Capital Assets, net			
Being Depreciated	6,595,778	18,906	6,614,684
Not Being Depreciated	131,987	-	131,987
Total Assets	<u>8,838,227</u>	<u>61,656</u>	<u>8,899,883</u>
LIABILITIES			
Accounts Payable	34,514	4,434	38,948
Payable to Other Governments	26,642		26,642
Accrued Interest Payable	55,476		55,476
Other Payables	11,429		11,429
Unearned Revenue	15,966	5,621	21,587
Noncurrent Liabilities			
Due Within One Year	347,364		347,364
Due Beyond One Year	3,079,392	-	3,079,392
Total Liabilities	<u>3,570,783</u>	<u>10,055</u>	<u>3,580,838</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	3,706,594	18,906	3,725,500
Restricted for			
Capital Projects	771,023		771,023
Debt Service	54		54
Other Purposes	75,000		75,000
Unrestricted	714,773	32,695	747,468
Total Net Assets	<u>\$ 5,267,444</u>	<u>\$ 51,601</u>	<u>\$ 5,319,045</u>

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

OAKLAND BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 11,126,135		\$ 1,455,935		\$ (9,670,200)		\$ (9,670,200)
Special Education	4,755,652		1,412,491		(3,343,161)		(3,343,161)
Other Instruction	1,222,301		136,553		(1,085,748)		(1,085,748)
School Sponsored Activities and Athletics	113,039				(113,039)		(113,039)
Support Services							
Student and Instruction Related Services	3,664,302		287,734		(3,376,568)		(3,376,568)
School Administrative Services	2,171,503		160,704		(2,010,799)		(2,010,799)
General Administrative Services	786,767		56,663		(730,104)		(730,104)
Plant Operations and Maintenance	2,761,464				(2,761,464)		(2,761,464)
Pupil Transportation	956,185	\$ 86,593	8,700		(860,892)		(860,892)
Central Services	547,983				(547,983)		(547,983)
Interest and Other Charges on Long-Term Debt	137,789				(137,789)		(137,789)
Total Governmental Activities	<u>28,243,120</u>	<u>86,593</u>	<u>3,518,780</u>	<u>-</u>	<u>(24,637,747)</u>	<u>-</u>	<u>(24,637,747)</u>
Business-Type Activities							
Food Service	470,995	354,694	103,809			\$ (12,492)	(12,492)
Total Business-Type Activities	<u>470,995</u>	<u>354,694</u>	<u>103,809</u>	<u>-</u>	<u>-</u>	<u>(12,492)</u>	<u>(12,492)</u>
Total Primary Government	<u>\$ 28,714,115</u>	<u>\$ 441,287</u>	<u>\$ 3,622,589</u>	<u>\$ -</u>	<u>(24,637,747)</u>	<u>(12,492)</u>	<u>(24,650,239)</u>
General Revenues							
Property Taxes, Levied for General Purposes					25,035,559		25,035,559
Property Taxes, Levied for Debt Service					230,285		230,285
State Aid Restricted for Debt Service					118,650		118,650
Miscellaneous Income					68,424	284	68,708
Total General Revenues					<u>25,452,918</u>	<u>284</u>	<u>25,453,202</u>
Change in Net Assets					815,171	(12,208)	802,963
Net Assets, Beginning of Year					4,452,273	63,809	4,516,082
Net Assets, End of Year					<u>\$ 5,267,444</u>	<u>\$ 51,601</u>	<u>\$ 5,319,045</u>

FUND FINANCIAL STATEMENTS

**OAKLAND BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,846,246		\$ 24,269	\$ 54	\$ 1,870,569
Due from Other Funds	26,359				26,359
Receivables from Other Governments	115,637	\$ 72,613			188,250
Other Receivables	4,492	-	-	-	4,492
Total Assets	<u>\$ 1,992,734</u>	<u>\$ 72,613</u>	<u>\$ 24,269</u>	<u>\$ 54</u>	<u>\$ 2,089,670</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 29,316	\$ 5,198			\$ 34,514
Payable to State Government		26,642			26,642
Due to Other Funds	11,429	24,807			36,236
Deferred Revenue	-	15,966	-	-	15,966
Total Liabilities	<u>40,745</u>	<u>72,613</u>	<u>-</u>	<u>-</u>	<u>113,358</u>
Fund Balances					
Restricted					
Capital Reserve	771,023				771,023
Maintenance Reserve	75,000				75,000
Emergency Reserve	225,000				225,000
Excess Surplus Designated for Subsequent Year's Budget	42,848				42,848
Capital Projects			\$ 24,269		24,269
Debt Service				\$ 54	54
Committed					
Encumbrances	62,776				62,776
Assigned					
Designated for Subsequent Year's Budget	251,531				251,531
Encumbrances	262,499				262,499
Unassigned	261,312	-	-	-	261,312
Total Fund Balances	<u>1,951,989</u>	<u>-</u>	<u>24,269</u>	<u>54</u>	<u>1,976,312</u>
Total Liabilities and Fund Balances	<u>\$ 1,992,734</u>	<u>\$ 72,613</u>	<u>\$ 24,269</u>	<u>\$ 54</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$15,467,356 and the accumulated depreciation is \$8,739,591.

6,727,765

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

(55,476)

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

General Obligation Bonds Payable	\$ 2,920,000
Less: Deferred Charges for Issuance Costs (to be amortized over the life of the debt)	(45,599)
Capital Leases Payable	171,039
Compensated Absences	335,717

(3,381,157)

Net assets of governmental activities (Exhibit A-1)

\$ 5,267,444

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**OAKLAND BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Levy	\$ 25,035,559			\$ 230,285	\$ 25,265,844
Miscellaneous	154,990	\$ 136,762	\$ 27	-	291,779
Total - Local Sources	25,190,549	136,762	27	230,285	25,557,623
State Sources	2,728,739	167,688		118,650	3,015,077
Federal Sources	35,962	449,629	-	-	485,591
Total Revenues	27,955,250	754,079	27	348,935	29,058,291
EXPENDITURES					
Current					
Regular Instruction	10,918,886	149,297			11,068,183
Special Education Instruction	4,361,434	390,248			4,751,682
Other Instruction	1,220,887				1,220,887
School-Sponsored Activities and Athletics	112,909				112,909
Support Services					
Student and Instruction Related Services	3,532,175	126,240			3,658,415
School Administrative Services	2,168,243				2,168,243
General Administrative Services	786,189				786,189
Plant Operations and Maintenance	2,315,914				2,315,914
Pupil Transportation	930,144				930,144
Central Services	546,049				546,049
Debt Service					
Principal	171,527			220,000	391,527
Interest and Other Charges	12,585			128,968	141,553
Capital Outlay	374,955	88,294	-	-	463,249
Total Expenditures	27,451,897	754,079	-	348,968	28,554,944
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	503,353	-	27	(33)	503,347
Other Financing Sources and (Uses)					
Capital Lease Proceeds	89,450				89,450
Transfer In				27	27
Transfer Out	-	-	(27)	-	(27)
Total Other Financing Sources and (Uses)	89,450	-	(27)	27	89,450
Net Change in Fund Balances	592,803	-	-	(6)	592,797
Fund Balance, Beginning of Year	1,359,186	-	24,269	60	1,383,515
Fund Balance, End of Year	\$ 1,951,989	\$ -	\$ 24,269	\$ 54	\$ 1,976,312

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

**OAKLAND BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 592,797

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

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

Capital Outlay	\$ 463,249	
Depreciation Expense	<u>(519,836)</u>	(56,587)

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

Increase in Compensated Absences		(26,880)
----------------------------------	--	----------

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Capital Lease		(89,450)
Reduction of Long-Term Debt		<u>391,527</u>

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

Decrease in Accrued Interest		8,323
Amortization of Deferred Charge on Issuance Costs		<u>(4,559)</u>

Change in net assets of governmental activities (Exhibit A-2) \$ 815,171

**OAKLAND BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2012**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 31,338
Intergovernmental Receivable	
Federal	4,295
State	368
Inventories	<u>6,749</u>
Total Current Assets	<u>42,750</u>
Capital Assets	
Equipment	98,380
Less: Accumulated Depreciation	<u>(79,474)</u>
Total Capital Assets (net of accumulated depreciation)	<u>18,906</u>
Total Assets	<u>61,656</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	4,434
Unearned Revenue	<u>5,621</u>
Total Liabilities	<u>10,055</u>
NET ASSETS	
Invested in Capital Assets	18,906
Unrestricted	<u>32,695</u>
Total Net Assets	<u>\$ 51,601</u>

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

**OAKLAND BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 350,355
Special Functions	<u>4,339</u>
 Total Operating Revenues	 <u>354,694</u>
OPERATING EXPENSES	
Cost of Sales	216,138
Salaries and Employee Benefits	173,537
Management Fee	24,716
Supplies, Materials and Other Expenses	43,848
Depreciation	<u>12,756</u>
 Total Operating Expenses	 <u>470,995</u>
 Operating Income/(Loss)	 <u>(116,301)</u>
NONOPERATING REVENUES	
Federal Sources	
School Lunch Program	97,935
State Sources	
School Lunch Program	5,874
Interest	<u>284</u>
 Total Nonoperating Revenues	 <u>104,093</u>
 Change in Net Assets	 (12,208)
 Total Net Assets, Beginning of Year	 <u>63,809</u>
 Total Net Assets, End of Year	 <u>\$ 51,601</u>

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

**OAKLAND BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 360,022
Cash Payments for Employees' Salaries and Benefits	(173,537)
Cash Payments to Suppliers for Goods and Services	<u>(265,220)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(78,735)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>76,371</u>
Net Cash Provided by Noncapital Financing Activities	<u>76,371</u>
Cash Flows from Investing Activities	
Interest Received	<u>284</u>
Net Cash Provided by Investing Activities	<u>284</u>
Net Decrease in Cash and Cash Equivalents	(2,080)
Cash and Cash Equivalents, Beginning of Year	<u>33,418</u>
Cash and Cash Equivalents, End of Year	<u>\$ 31,338</u>
Reconciliation of Operating (Loss) to Net Cash Used for Operating Activities	
Operating Income/(Loss)	<u>\$ (116,301)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	12,756
Non-Cash Assistance- Food Distribution Program	28,297
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	(2,027)
Increase/(Decrease) in Unearned Revenue	4,891
Increase/(Decrease) in Accounts Payable	<u>(6,351)</u>
Total Adjustments	<u>37,566</u>
Net Cash (Used for) Operating Activities	<u>\$ (78,735)</u>
Non Cash Non Capital Financial Activities	
Value Received - Food Distribution Program	<u>\$ 28,297</u>

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

**OAKLAND BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust</u>	<u>Bricks for Education Trust</u>	<u>Agency Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 73,475	\$ 45,449		\$ 227,366
Due From Other Funds	<u>11,429</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>84,904</u>	 <u>45,449</u>	 <u>-</u>	 <u>\$ 227,366</u>
 LIABILITIES				
Payroll Deductions and Withholdings				\$ 143,313
Due to Student Groups				74,779
Flex Spending Payable				7,722
Due to Other Funds				1,552
Due to State of New Jersey	<u>11,429</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>11,429</u>	 <u>-</u>	 <u>-</u>	 <u>\$ 227,366</u>
 NET ASSETS				
Held in Trust for Unemployment Claims	<u>\$ 73,475</u>			
Held in Trust for Other Purposes		<u>\$ 45,449</u>	<u>\$ -</u>	

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

**OAKLAND BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Unemployment Compensation <u>Trust</u>	Private Purpose <u>Trust</u>	Bricks for Education <u>Trust</u>
ADDITIONS			
Contributions			
Interest	\$ 51		
Private Donations		\$ 45,449	
District Contributions	136,835		
Employee Contributions	<u>21,864</u>	<u>-</u>	<u>-</u>
Total Additions	<u>158,750</u>	<u>45,449</u>	<u>-</u>
DEDUCTIONS			
Miscellaneous			\$ 11
Unemployment Claims and Contributions	<u>85,300</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>85,300</u>	<u>-</u>	<u>11</u>
Change in Net Assets	73,450	45,449	(11)
Net Assets, Beginning of Year	<u>25</u>	<u>-</u>	<u>11</u>
Net Assets, End of Year	<u>\$ 73,475</u>	<u>\$ 45,449</u>	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

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

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

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

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

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

Additionally, the government reports the following fund type:

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

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

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

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

OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

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

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

2. *Receivables and Payables*

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

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

Tuition Expenditures - Tuition charges for the fiscal years 2010-2011 and 2011-2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. *Inventories*

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

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

4. *Capital Assets*

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

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

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

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

5. *Compensated Absences*

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

OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Long-Term Obligations*

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

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

7. *Fund Equity*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

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

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

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

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

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

OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Fund Equity (Continued)*

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

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

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

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

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

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

8. *Reclassifications*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2011/2012. During 2011/2012 the Board increased the original budget by \$508,741. The increase was funded by additional state aid, grant awards and the reappropriation of prior year general fund encumbrances.

On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. The Board opted not to move its election to November at this time.

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

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

B. Capital Reserve

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

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2012 is as follows:

Balance, July 1, 2011		\$ 505,577
Increased by:		
Interest Earnings	\$ 276	
Deposit Approved by Board Resolution, June 26, 2012	<u>410,000</u>	
Total Increases		<u>410,276</u>
		915,853
Decreased by:		
Budgeted Withdrawal		<u>144,830</u>
Balance, June 30, 2012		<u>\$ 771,023</u>

C. Transfers to Capital Outlay

During the 2011/2012 school year, the district transferred \$39,000 to capital outlay land and improvements to fund health and safety projects (paving/sidewalks). The transfer was approved by the Executive County Superintendent.

D. Calculation of Excess Surplus

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2012, the book value of the Board's deposits was \$1,927,836 and bank balances of the Board's cash and deposits amounted to \$2,308,597. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 2,308,597</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2012 the Board's bank balance was not exposed to custodial credit risk.

Investments

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

As of June 30, 2012, the Board had the following investments which are considered cash equivalents.

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities	
M.B.I.A. Class Account	\$ 54,112
Fidelity Investment MM	<u>266,249</u>
	<u>\$ 320,361</u>

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2012, \$320,361 of the Board’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by counterparty's trust department or agent but not in the Board's name	\$ <u>320,361</u>

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

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

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

B. Receivables

Receivables as of June 30, 2012 for the district’s individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 115,637	\$ 72,613	\$ 4,663	\$ 192,913
Other	<u>4,492</u>	<u>-</u>	<u>-</u>	<u>4,492</u>
Gross Receivables	120,129	72,613	4,663	197,405
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 120,129</u>	<u>\$ 72,613</u>	<u>\$ 4,663</u>	<u>\$ 197,405</u>

OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 7,032
Grant Drawdowns Reserved for Encumbrances	<u>8,934</u>
Total Deferred Revenue for Governmental Funds	<u>\$15,966</u>

C. Capital Assets

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

	<u>Balance,</u> <u>July 1, 2011</u>	<u>Increases</u>	<u>Adjustments</u>	<u>Balance,</u> <u>June 30, 2012</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 131,987	-	-	\$ 131,987
Total Capital Assets, Not Being Depreciated	<u>131,987</u>	<u>-</u>	<u>-</u>	<u>131,987</u>
Capital Assets, Being Depreciated:				
Land Improvements	10,970	\$ 222,510		233,480
Buildings and Building Improvements	12,764,282	107,144		12,871,426
Machinery and Equipment	<u>2,096,868</u>	<u>133,595</u>	<u>-</u>	<u>2,230,463</u>
Total Capital Assets Being Depreciated	<u>14,872,120</u>	<u>463,249</u>	<u>-</u>	<u>15,335,369</u>
Less Accumulated Depreciation for:				
Land Improvements		(11,674)		(11,674)
Buildings and Building Improvements	(6,647,942)	(353,386)		(7,001,328)
Machinery and Equipment	<u>(1,571,813)</u>	<u>(154,776)</u>	<u>-</u>	<u>(1,726,589)</u>
Total Accumulated Depreciation	<u>(8,219,755)</u>	<u>(519,836)</u>	<u>-</u>	<u>(8,739,591)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,652,365</u>	<u>(56,587)</u>	<u>-</u>	<u>6,595,778</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,784,352</u>	<u>\$ (56,587)</u>	<u>\$ -</u>	<u>\$ 6,727,765</u>

OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance, July 1, 2011	Increases	Adjustments	Balance, June 30, 2012
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 98,380	-	-	\$ 98,380
Total Capital Assets Being Depreciated	<u>98,380</u>	<u>-</u>	<u>-</u>	<u>98,380</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(66,718)	\$ (12,756)	-	(79,474)
Total Accumulated Depreciation	<u>(66,718)</u>	<u>(12,756)</u>	<u>-</u>	<u>(79,474)</u>
Total Capital Assets, Being Depreciated, Net	<u>31,662</u>	<u>(12,756)</u>	<u>-</u>	<u>18,906</u>
Business-Type Activities Capital Assets, Net	<u>\$ 31,662</u>	<u>\$ (12,756)</u>	<u>\$ -</u>	<u>\$ 18,906</u>

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

Governmental Activities:

Instruction

Regular	\$ 45,516
Special Education	<u>684</u>

Total Instruction 46,200

Support Services

Student and Instruction Related Services	2,030
School Administration	755
Operations and Maintenance of Plant	443,765
Student Transportation	25,807
Central Services	<u>1,279</u>

Total Support Services 473,636

Total Depreciation Expense - Governmental Activities \$ 519,836

Business-Type Activities:

Food Service Fund	<u>\$ 12,756</u>
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**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Trust Fund	\$ 1,552
General Fund	Special Revenue Fund	24,807
Unemployment Trust Fund	General Fund	<u>11,429</u>
		<u>\$ 37,788</u>

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

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

Interfund Transfers

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

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

Capital Leases

The District is leasing energy upgrades and student transportation totaling \$882,466 under capital leases. The leases are for terms of 5 to 10 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2013	\$ 123,078
2014	18,867
2015	18,867
2016	<u>18,867</u>
Total Minimum Lease Payments	179,679
Less: Amount Representing Interest	<u>8,640</u>
Present Value of Minimum Lease Payments	<u>\$ 171,039</u>

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2012 are comprised of the following issues:

\$2,733,000 School Improvement Bonds, due in annual installments of \$165,000 to \$238,000 through August 1, 2021, interest at 4.00% to 4.50%	\$2,003,000
\$1,152,000, School Improvement Bonds, due in annual installments of \$65,000 to \$102,000 through February 1, 2023, interest at 4.125% to 4.25%	<u>917,000</u>
	<u>\$2,920,000</u>

OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2013	\$ 230,000	\$ 119,993	\$ 349,993
2014	240,000	110,563	350,563
2015	250,000	100,623	350,623
2016	265,000	90,248	355,248
2017	275,000	79,311	354,311
2018-2022	1,558,000	207,511	1,765,511
2023	102,000	4,335	106,335
	<u>\$ 2,920,000</u>	<u>\$ 712,584</u>	<u>\$ 3,632,584</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 76,699,219
Less: Net Debt	<u>2,921,121</u>
Remaining Borrowing Power	<u>\$ 73,778,098</u>

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	Balance, July 1, 2011	Additions	Reductions	Balance, June 30, 2012	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 3,140,000		\$ 220,000	\$ 2,920,000	\$ 230,000
Capital Leases	253,116	\$ 89,450	171,527	171,039	117,364
Compensated Absences	308,837	70,290	43,410	335,717	-
Governmental Activity Long-Term Liabilities	<u>\$ 3,701,953</u>	<u>\$ 159,740</u>	<u>\$ 434,937</u>	<u>\$ 3,426,756</u>	<u>\$ 347,364</u>

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 136,835	\$ 21,864	\$ 85,300	\$ 73,475
2011	137,010	21,467	220,286	25
2010	89,569	22,999	80,113	61,694

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2012, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2012, the District has not estimated its arbitrage earnings due to the IRS, if any.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funding Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 billion.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.91 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the years ended June 30, 2012, 2011 and 2010 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2012	\$ 311,927	\$ 379,265	\$ 7,729
2011	292,173	35,706	4,026
2010	210,804	42,970	

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$379,265 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010 the State contributed \$35,706 and \$42,970, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$823,366 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 547 state and local participating employers and contributing entities for Fiscal Year 2011.

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2010, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$762,422, \$758,396 and \$807,037, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 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					
Property Taxes	\$ 25,035,559		\$ 25,035,559	\$ 25,035,559	
Transportation	90,000		90,000	86,593	\$ (3,407)
Interest Earned on Capital Reserve Funds	500		500	276	(224)
Interest				8,498	8,498
Miscellaneous	23,500		23,500	59,623	36,123
State Sources					
Special Education Aid	251,532		251,532	503,063	251,531
Non-Public Transportation				8,700	8,700
Extraordinary Aid	250,000		250,000	226,442	(23,558)
Other State Aid				1,140	1,140
On-Behalf TPAF Pension Contribution (Non-Budgeted)					
Pension Contribution				342,509	342,509
Non-Contributory (NCGI)				36,756	36,756
Post-Retirement Medical Contribution				762,422	762,422
TPAF Social Security				823,366	823,366
Federal Sources					
Education Jobs Fund	34,870	\$ 1,092	35,962	35,962	-
Total Revenues	<u>25,685,961</u>	<u>1,092</u>	<u>25,687,053</u>	<u>27,930,909</u>	<u>2,243,856</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	206,279	6,669	212,948	212,947	1
Grades 1-5	3,741,678	(37,078)	3,704,600	3,704,376	224
Grades 6-8	3,094,980	43,188	3,138,168	3,137,178	990
Instruction - Home					
Salaries of Teachers	180,000	(175,637)	4,363	3,425	938
Purchased Professional-Educational Services	3,000		3,000		3,000
Regular Programs- Undistributed Instruction					
Other Salaries for Instruction	104,497	(103,373)	1,124		1,124
Purchased Technical Services		2,700	2,700	2,250	450
Other Purchased Services	57,326	(2,400)	54,926	52,769	2,157
General Supplies	369,347	187,775	557,122	353,043	204,079
Textbooks	119,976	70,589	190,565	81,950	108,615
Other Objects	9,760	(8,560)	1,200	378	822
Total Instruction - Regular	<u>7,886,843</u>	<u>(16,127)</u>	<u>7,870,716</u>	<u>7,548,316</u>	<u>322,400</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	145,535	(11,000)	134,535	131,368	3,167
Other Salaries for Instruction	241,266	88,200	329,466	328,186	1,280
Purchased Professional-Educational Services	650	500	1,150	600	550
General Supplies	7,865	(250)	7,615	4,504	3,111
Textbooks	1,900		1,900	1,068	832
Other Objects	-	250	250	120	130
Total Learning and/or Language Disabilities	<u>397,216</u>	<u>77,700</u>	<u>474,916</u>	<u>465,846</u>	<u>9,070</u>

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

EXPENDITURES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Multiple Disabilities					
Other Salaries for Instruction	\$ 26,031	\$ (26,031)	-	-	-
Total Multiple Disabilities	26,031	(26,031)	-	-	-
Resource Room/Resource Center					
Salaries of Teachers	1,065,505	(1,474)	\$ 1,064,031	\$ 1,064,028	\$ 3
Other Salaries for Instruction	68,592	60,855	129,447	128,869	578
General Supplies	11,375	500	11,875	8,986	2,889
Textbooks	2,700	(2,345)	355	354	1
Total Resource Room/Resource Center	1,148,172	57,536	1,205,708	1,202,237	3,471
Autism					
Other Salaries for Instruction	106,065	(65,000)	41,065	39,948	1,117
Total Autism	106,065	(65,000)	41,065	39,948	1,117
Preschool Disabilities - Part-Time					
Salaries of Teachers	144,979	7,597	152,576	151,109	1,467
Other Salaries for Instruction	35,269	(13,043)	22,226	21,530	696
General Supplies	1,800	-	1,800	346	1,454
Total Preschool Disabilities	182,048	(5,446)	176,602	172,985	3,617
Total Special Education	1,859,532	38,759	1,898,291	1,881,016	17,275
Basic Skills/Remedial - Instruction					
Salaries of Teachers	676,086		676,086	674,908	1,178
Other Salaries for Instruction	-	12,600	12,600	11,296	1,304
Total Basic Skills/Remedial - Instruction	676,086	12,600	688,686	686,204	2,482
Bilingual Education - Instruction					
Salaries of Teachers	93,291	24,056	117,347	116,151	1,196
General Supplies	3,240		3,240	2,233	1,007
Textbooks	450	-	450	450	-
Total Bilingual Education - Instruction	96,981	24,056	121,037	118,834	2,203
School Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	66,506	8,000	74,506	73,519	987
Supplies and Materials	3,700	-	3,700	109	3,591
Total School Sponsored Co/Extra Curricular Activities-Instruc	70,206	8,000	78,206	73,628	4,578
School Sponsored Athletics - Instruction					
Salaries	2,036		2,036		2,036
Purchased Services	2,500	(400)	2,100	1,139	961
General Supplies		3,600	3,600	3,600	
Other Objects	-	400	400	400	-
Total School Sponsored Athletics - Instruction	4,536	3,600	8,136	5,139	2,997

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
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>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Other Instructional Programs - Instruction					
Salaries	\$ 20,622	\$ 1,794	\$ 22,416	\$ 22,416	-
Total Other Instructional Programs - Instruction	<u>20,622</u>	<u>1,794</u>	<u>22,416</u>	<u>22,416</u>	<u>-</u>
Total - Instruction	<u>10,614,806</u>	<u>72,682</u>	<u>10,687,488</u>	<u>10,335,553</u>	<u>\$ 351,935</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	484,189	(48,031)	436,158	414,750	21,408
Tuition to CSSD & Reg. Day Schools	131,913	12,228	144,141	144,141	-
Tuition to Private School for the Disabled W/I State	1,044,185	2,158	1,046,343	1,037,685	8,658
Tuition Other	11,000	(11,000)	-	-	-
Total Undistributed Expenditures - Instruction	<u>1,671,287</u>	<u>(44,645)</u>	<u>1,626,642</u>	<u>1,596,576</u>	<u>30,066</u>
Health Services					
Salaries	357,523	(58,000)	299,523	296,960	2,563
Other Purchased Services	850	-	850	240	610
Supplies and Materials	6,650	1,011	7,661	6,703	958
Total Health Services	<u>365,023</u>	<u>(56,989)</u>	<u>308,034</u>	<u>303,903</u>	<u>4,131</u>
Speech, OT, PT & Related Services					
Salaries	318,857	-	318,857	316,732	2,125
Purchased Professional-Educational Services	85,360	(20,510)	64,850	58,604	6,246
Supplies and Materials	7,705	-	7,705	5,712	1,993
Total Speech, OT, PT & Related Services	<u>411,922</u>	<u>(20,510)</u>	<u>391,412</u>	<u>381,048</u>	<u>10,364</u>
Other Support Services - Extra Serv.					
Salaries	-	185,637	185,637	184,477	1,160
Purchased Professional-Educational Services	74,525	69,417	143,942	124,597	19,345
Total Other Support Services - Extra Serv.	<u>74,525</u>	<u>255,054</u>	<u>329,579</u>	<u>309,074</u>	<u>20,505</u>
Guidance					
Salaries of Other Professional Staff	337,184	-	337,184	335,385	1,799
Supplies and Materials	4,750	(74)	4,676	1,733	2,943
Total Guidance	<u>341,934</u>	<u>(74)</u>	<u>341,860</u>	<u>337,118</u>	<u>4,742</u>
Child Study Teams					
Salaries of Other Professional Staff	498,704	(600)	498,104	468,242	29,862
Salaries of Secretarial & Clerical Assist.	105,106	-	105,106	104,401	705
Purchased Professional -Educational Services	50,000	7,805	57,805	57,047	758
Supplies and Materials	6,300	500	6,800	6,557	243
Total Child Study Teams	<u>660,110</u>	<u>7,705</u>	<u>667,815</u>	<u>636,247</u>	<u>31,568</u>
Improvement of Instructional Service					
Salaries of Other Professional Staff	123,952	12,519	136,471	94,946	41,525
Other Purchased Services	9,000	256	9,256	1,951	7,305
Supplies and Materials	3,500	(1,274)	2,226	2,206	20
Total Improvement of Instructional Service	<u>136,452</u>	<u>11,501</u>	<u>147,953</u>	<u>99,103</u>	<u>48,850</u>

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
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>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries of Other Professional Staff	\$ 368,297		\$ 368,297	\$ 365,748	\$ 2,549
Other Purchased Services	3,400		3,400	3,297	103
Supplies and Materials	33,239	\$ 1,343	34,582	22,205	12,377
Other Objects	87,780	(24,748)	63,032	55,902	7,130
Total Educational Media Services/School Library	492,716	(23,405)	469,311	447,152	22,159
Instructional Staff Training Services					
Purchased Professional-Educational Services		5,199	5,199		5,199
Supplies and Materials	1,200	(350)	850	-	850
Total Instructional Staff Training Services	1,200	4,849	6,049	-	6,049
Support Services - General Administration					
Salaries of Other Professional Staff	327,484	768	328,252	328,252	
Legal Services	54,000	53,000	107,000	106,872	128
Audit Fees	28,000	500	28,500	28,484	16
Architectural/Engineering Services		20,500	20,500	1,375	19,125
Other Purchased Professional Services	54,807	8,117	62,924	62,924	
Purchased Technical Services					
Misc. Purchased Services	12,564	1,553	14,117	14,117	
Communications/Telephone	40,150	(8,700)	31,450	28,315	3,135
BOE - Other Purchased Services	3,500	(1,623)	1,877	1,877	
Supplies and Materials	12,750	4,702	17,452	17,115	337
Miscellaneous Expenditures	20,200	8,380	28,580	27,419	1,161
BOE Membership Dues	13,000	(320)	12,680	12,680	-
Total Support Services - General Administration	566,455	86,877	653,332	629,430	23,902
Support Services - School Administration					
Salaries of Principals/Asst. Principals	923,842	7,123	930,965	930,965	
Salaries of Secretarial and Clerical Assistants	482,268	8,336	490,604	490,604	
Other Purchased Services	38,708	(8,500)	30,208	25,347	4,861
Supplies and Materials	16,500	(364)	16,136	15,437	699
Other Objects	27,200	7,375	34,575	33,463	1,112
Total Support Services - School Administration	1,488,518	13,970	1,502,488	1,495,816	6,672
Central Services					
Salaries	301,761	1,495	303,256	302,211	1,045
Miscellaneous Purchased Services	18,100	(3,855)	14,245	11,669	2,576
Supplies and Materials	5,000	19,213	24,213	11,376	12,837
Other Objects	3,800	1,905	5,705	4,979	726
Total Central Services	328,661	18,758	347,419	330,235	17,184
Admin. Info. Tech.					
Salaries	51,535	-	51,535	51,534	1
Total Admin. Info. Tech.	51,535	-	51,535	51,534	1
Required Maintenance for School Facilities					
Salaries	89,241		89,241	86,820	2,421
Cleaning, Repair and Maintenance Service	48,999	125,821	174,820	135,007	39,813
General Supplies	42,150	650	42,800	30,127	12,673
Total Required Maintenance for School Facilities	180,390	126,471	306,861	251,954	54,907

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
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>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Custodial Services					
Salaries	\$ 864,194	\$ (34,346)	\$ 829,848	\$ 825,545	\$ 4,303
Salaries of Non-Instructional Aides		98,173	98,173	98,173	
Purchased Professional and Technical Services	9,265	10,915	20,180	18,275	1,905
Cleaning, Repair, and Maintenance Services	70,725	56,771	127,496	106,676	20,820
Rental of Land and Bldgs Other than Lease Pur. Agree.	144,721	685	145,406	145,401	5
Other Purchased Property Services	8,060		8,060	7,752	308
Insurance	85,298	1,126	86,424	86,424	
Miscellaneous Purchased Services	12,196	70	12,266	12,089	177
General Supplies	64,850	10,086	74,936	70,246	4,690
Energy (Natural Gas)	225,000	(91,150)	133,850	103,044	30,806
Energy (Electricity)	243,500	(24,825)	218,675	207,897	10,778
Other Objects	700	64	764	764	-
Total Custodial Services	1,728,509	27,569	1,756,078	1,682,286	73,792
Care and Upkeep of Grounds					
Salaries		2,500	2,500	2,500	
Cleaning, Repair, and Maintenance Svc.	7,000	31,454	38,454	37,594	860
General Supplies	3,700	2,682	6,382	4,244	2,138
Total Care and Upkeep of Grounds	10,700	36,636	47,336	44,338	2,998
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	122,805	(2,961)	119,844	119,844	
Salaries for Pupil Transportation (Between Home and School) - Special Education	32,708	(19,445)	13,263	13,199	64
Other Purchased Professional and Technical Services	5,127		5,127	4,284	843
Cleaning, Repair, and Maintenance Services	17,000	9,500	26,500	22,397	4,103
Rental Payments - School Buses	4,000	(1,000)	3,000	600	2,400
Lease Purchase Payments - School Buses	38,266	(467)	37,799	37,132	667
Contracted Services - Aid-in-Lieu Payments-Non-Public	53,040	(10,883)	42,157	40,457	1,700
Contracted Services (Between Home and School) - Vendors	322,873	(24,120)	298,753	297,629	1,124
Contracted Services (Other Than Between Home and School) - Vendors	12,000	(1,622)	10,378	7,677	2,701
Contracted Services (Special Education Students) - Vendors	410,060	(38,220)	371,840	342,881	28,959
Miscellaneous Purchased Services - Transportation	12,274	(571)	11,703	11,419	284
Supplies and Materials	3,000	650	3,650	3,344	306
Transportation Supplies	5,500	14,042	19,542	12,541	7,001
Other Objects	1,200	-	1,200	447	753
Total Student Transportation Services	1,039,853	(75,097)	964,756	913,851	50,905
Student Transportation Services - Employee Benefits					
Health Benefits	26,531		26,531	26,531	
Other Employee Benefits	2,146	-	2,146	2,146	-
Total Student Transportation Services - Employee Benefits	28,677	-	28,677	28,677	-

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
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>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Employee Benefits - Unallocated					
Group Insurance		\$ 2,350	\$ 2,350	\$ 1,501	\$ 849
Social Security Contributions	\$ 339,000	(17,975)	321,025	316,007	5,018
Other Retirement Contributions - PERS	325,000	(7,328)	317,672	311,927	5,745
Other Retirement Contributions - Regular	5,000	10,770	15,770	7,729	8,041
Unemployment Compensation	180,000	(42,842)	137,158	136,835	323
Workmen's Compensation	156,370	(3,361)	153,009	151,922	1,087
Health Benefits	4,318,992	(106,416)	4,212,576	4,205,014	7,562
Tuition Reimbursement	70,000	(30,620)	39,380	39,380	
Other Employee Benefits	90,750	(18,900)	71,850	65,420	6,430
Total Employee Benefits - Unallocated	<u>5,485,112</u>	<u>(214,322)</u>	<u>5,270,790</u>	<u>5,235,735</u>	<u>35,055</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)					
Pension Contribution				342,509	(342,509)
Non-Contributory (NCGI)				36,756	(36,756)
Post-Retirement Medical Contribution				762,422	(762,422)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	823,366	(823,366)
Total	-	-	-	<u>1,965,053</u>	<u>(1,965,053)</u>
Total Undistributed Expenditures	<u>15,063,579</u>	<u>154,348</u>	<u>15,217,927</u>	<u>16,739,130</u>	<u>(1,521,203)</u>
Total Current Expenditures	<u>25,678,385</u>	<u>227,030</u>	<u>25,905,415</u>	<u>27,074,683</u>	<u>(1,169,268)</u>
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	500		500		500
Equipment					
Grades 6-8		14,902	14,902	11,704	3,198
Undistributed					
Support Serv. - Students - Reg	2,575		2,575	2,575	
Support Serv. - Inst. Staff		11,314	11,314	2,136	9,178
Student Transportation - Assets Acquired Under Capital Leases (Non-Budgeted)				89,450	(89,450)
Admin. Info. Tech.	6,000	12,336	18,336	18,336	-
Total Undistributed Expenditures	<u>8,575</u>	<u>38,552</u>	<u>47,127</u>	<u>124,201</u>	<u>(77,074)</u>
Total Equipment	<u>8,575</u>	<u>38,552</u>	<u>47,127</u>	<u>124,201</u>	<u>(77,074)</u>
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services	7,500	(585)	6,915	6,730	185
Construction Services		68,793	68,793	67,109	1,684
Land and Improvements	137,330	39,585	176,915	176,915	
Other Objects - Debt Service Assessment	2,259	-	2,259	2,259	-
Total Facilities Acquis. and Const. Services	<u>147,089</u>	<u>107,793</u>	<u>254,882</u>	<u>253,013</u>	<u>1,869</u>
Total Capital Outlay	<u>156,164</u>	<u>146,345</u>	<u>302,509</u>	<u>377,214</u>	<u>(74,705)</u>
Total Expenditures - General Fund	<u>25,834,549</u>	<u>373,375</u>	<u>26,207,924</u>	<u>27,451,897</u>	<u>(1,243,973)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(148,588)	(372,283)	(520,871)	479,012	999,883

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
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>
Other Financing Sources					
Capital Lease Proceeds (Non-Budget)	-	-	-	\$ 89,450	\$ 89,450
Total Other Financing Sources	-	-	-	89,450	89,450
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	\$ (148,588)	\$ (372,283)	\$ (520,871)	568,462	1,089,333
Fund Balances, Beginning of Year	1,635,808	-	1,635,808	1,635,808	-
Fund Balances, End of Year	<u>\$ 1,487,220</u>	<u>\$ (372,283)</u>	<u>\$ 1,114,937</u>	<u>\$ 2,204,270</u>	<u>\$ 1,089,333</u>

Recapitulation of Fund Balances

Restricted	
Capital Reserve Account	\$ 621,023
Capital Reserve Account Designated for Subsequent Year's Budget	150,000
Maintenance Reserve	75,000
Emergency Reserve	125,000
Emergency Reserve Designated for Subsequent Year's Budget	100,000
Excess Surplus Designated for Subsequent Year's Budget	42,848
Committed	
Encumbrances	62,776
Assigned	
Designated for Subsequent Year's Budget	251,531
Encumbrances	262,499
Unassigned	<u>513,593</u>
Fund Balance (Budgetary Basis)	2,204,270
Reconciliation to Government Funds Statements (GAAP)	
Final State Aid Payment Not Recognized on GAAP Basis	(25,839)
Extraordinary Aid Payment Not Recognized on GAAP Basis	<u>(226,442)</u>
Fund Balances Per Governmental Funds (GAAP Basis)	<u>\$ 1,951,989</u>

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
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					
Federal Sources					
Education Jobs Fund	\$ 34,870	\$ 1,092	\$ 35,962	\$ 35,962	\$ -
Total Revenues	<u>34,870</u>	<u>1,092</u>	<u>35,962</u>	<u>35,962</u>	<u>-</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction					
Resource Room/Resource Center					
Salaries of Teachers	28,806	1,092	29,898	29,898	-
Total Resource Room/Resource Center	<u>28,806</u>	<u>1,092</u>	<u>29,898</u>	<u>29,898</u>	<u>-</u>
Total - Instruction	<u>28,806</u>	<u>1,092</u>	<u>29,898</u>	<u>29,898</u>	<u>-</u>
Undistributed Expenditures					
Employee Benefits - Unallocated					
Health Benefits	6,064	-	6,064	6,064	-
Total Employee Benefits - Unallocated	<u>6,064</u>	<u>-</u>	<u>6,064</u>	<u>6,064</u>	<u>-</u>
Total Current Expenditures	<u>34,870</u>	<u>1,092</u>	<u>35,962</u>	<u>35,962</u>	<u>-</u>
Total Expenditures - General Fund	<u>34,870</u>	<u>1,092</u>	<u>35,962</u>	<u>35,962</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
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					
Intergovernmental					
Local		\$ 81,903	\$ 81,903	\$ 81,903	
State	\$ 183,486	11,627	195,113	168,471	\$ 26,642
Federal	410,000	41,836	451,836	439,911	11,925
Total Revenues	593,486	135,366	728,852	690,285	38,567
EXPENDITURES					
Instruction					
Salaries of Teachers	7,000	(7,000)			
Purchased Professional - Educational Svcs	143,483	(402)	143,081	120,984	22,097
Tuition	340,000	12,064	352,064	352,064	
Supplies and Materials		4,937	4,937	4,937	
Textbooks	15,460	(3,191)	12,269	8,369	3,900
Total Instruction	505,943	6,408	512,351	486,354	25,997
Support Services					
Purchased Professional & Educational Svcs	33,543	45,729	79,272	70,523	8,749
Purchased Professional & Technical Services	45,000	6,929	51,929	51,929	
Cleaning Repairs and Maintenance		68,844	68,844	68,844	
Other Purchased Services		325	325	325	
Travel	6,000	(4,686)	1,314	1,314	
Supplies and Materials	3,000	3,695	6,695	2,874	3,821
Total Support Services	87,543	120,836	208,379	195,809	12,570
Facilities Acquisition and Construction					
Buildings		8,122	8,122	8,122	-
Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Construction	-	8,122	8,122	8,122	-
Total Expenditures	593,486	135,366	728,852	690,285	38,567
Excess Revenues Over Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**OAKLAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

	General Fund		Special Revenue Fund
Sources/Inflows of Resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 27,930,909	(C-2) \$	690,285
Difference - Budget to GAAP			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - June 30, 2012			(9,659)
- June 30, 2011			73,453
State Aid (2010/2011) recognized for GAAP purposes and not recognized for budgetary statements.	276,622		
State Aid (2011/2012) recognized for budgetary purposes and not recognized for GAAP statements	<u>(252,281)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>27,955,250</u>	(B-2) \$	<u>754,079</u>
Uses/Outflows of Resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 27,451,897	(C-2) \$	690,285
Difference - Budget to GAAP:			
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and services are received for financial reporting purposes - June 30, 2012			(9,659)
- June 30, 2011			<u>73,453</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>27,451,897</u>	(B-2) \$	<u>754,079</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Non-Public Auxiliary		Non-Public Handicapped				Non-Public Textbook	Non-Public Nursing	Total Exhibit E/A	Totals
	Comp. Ed	ESL	Exam/ Classification	Corrective Speech	Suppl. Instruction					
REVENUES										
Intergovernmental										
Local										
State	\$ 63,738	\$ 2,586	\$ 39,118	\$ 20,299	\$ 16,836	\$ 8,369	\$ 17,525	\$ 81,903	\$ 81,903	\$ 168,471
Federal	-	-	-	-	-	-	-	439,911	439,911	439,911
Total Revenues	\$ 63,738	\$ 2,586	\$ 39,118	\$ 20,299	\$ 16,836	\$ 8,369	\$ 17,525	\$ 521,814	\$ 690,285	
EXPENDITURES										
Instruction										
Purchased Professional - Educational Svcs.	\$ 63,738	\$ 2,586	\$ -	\$ 20,299	\$ 16,836	\$ -	\$ 17,525	\$ 352,064	\$ 120,984	\$ 352,064
Tuition	-	-	-	-	-	-	-	4,937	4,937	4,937
Supplies and Materials	-	-	-	-	-	\$ 8,369	-	-	8,369	8,369
Textbooks	-	-	-	-	-	-	-	-	-	-
Total Instruction	\$ 63,738	\$ 2,586	\$ -	\$ 20,299	\$ 16,836	\$ 8,369	\$ 17,525	\$ 357,001	\$ 486,354	
Support Services										
Purchased Professional - Educational Svcs.			\$ 39,118					31,405	70,523	70,523
Purchased Professional & Technical Services								51,929	51,929	51,929
Cleaning, Repairs and Maintenance								68,844	68,844	68,844
Other Purchased Services								325	325	325
Travel								1,314	1,314	1,314
Supplies and Materials								2,874	2,874	2,874
Total Support Services	-	-	\$ 39,118	-	-	-	-	\$ 156,691	\$ 195,809	
Facilities Acquisition and Construction										
Buildings								8,122	8,122	8,122
Instructional Equipment								-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	\$ 8,122	\$ 8,122	\$ 8,122
Total Expenditures	\$ 63,738	\$ 2,586	\$ 39,118	\$ 20,299	\$ 16,836	\$ 8,369	\$ 17,525	\$ 521,814	\$ 690,285	

**OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Private Donations and Grants	IDEA Part B Preschool	IDEA Part B Basic	NCLB TITLE I,II	Total Exhibit E-1A
REVENUES					
Intergovernmental					
Local	81,903	20,559	383,434	35,918	81,903
Federal	-	-	-	-	439,911
Total Revenues	<u>\$ 81,903</u>	<u>\$ 20,559</u>	<u>\$ 383,434</u>	<u>\$ 35,918</u>	<u>\$ 521,814</u>
EXPENDITURES					
Instruction					
Tuition	4,937	14,277	337,787	-	352,064
General Supplies	-	-	-	-	4,937
Total Instruction	<u>4,937</u>	<u>14,277</u>	<u>337,787</u>	<u>-</u>	<u>357,001</u>
Support Services					
Purchased Professional - Educational Svcs.				31,405	31,405
Purchased Professional & Technical Services		6,282	45,647	-	51,929
Cleaning, Repairs and Maintenance	68,844	-	-	-	68,844
Other Purchased Services	-	-	-	325	325
Travel	-	-	-	1,314	1,314
Supplies and Materials	-	-	-	2,874	2,874
Total Support Services	<u>68,844</u>	<u>6,282</u>	<u>45,647</u>	<u>35,918</u>	<u>156,691</u>
Facilities Acquisition and Construction					
Buildings	8,122	-	-	-	8,122
Instructional Equipment	-	-	-	-	-
Non-Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Construction	<u>8,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,122</u>
Total Expenditures	<u>\$ 81,903</u>	<u>\$ 20,559</u>	<u>\$ 383,434</u>	<u>\$ 35,918</u>	<u>\$ 521,814</u>

**OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**OAKLAND BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Issue/Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2012</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Renovations of The Valley Middle School and The Manito School	\$ 2,733,135	\$ 2,728,082		\$ 5,053
Fire Alarm Replacement at Valley Middle School and Electrical Upgrades at Valley Middle School, Manito, Heights and Dogwood Hills Elementary Schools	1,152,986	1,132,649	-	20,337
 Totals	\$ 3,886,121	\$ 3,860,731	\$ -	\$ 25,390
Reconciliation to Fund Balance				
				\$ 25,390
				1,121
				\$ 24,269

**OAKLAND BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Revenues and Other Financing Sources

Cancelled Accounts Payable	
Interest Earned	<u>\$ 27</u>
 Total Revenues and Other Financing Sources	 <u>27</u>

Expenditures and Other Financing Uses

Transfer to Debt Service	<u>27</u>
 Total Expenditures and Other Financing Uses	 <u>27</u>

Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures
and Other Financing Uses

-

Fund Balance, Beginning of Year	<u>24,269</u>
Fund Balance, End of Year	<u>\$ 24,269</u>

**OAKLAND BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND PROJECT BALANCES
BUDGETARY BASIS
RENOVATIONS OF THE VALLEY MIDDLE SCHOOL AND THE MANITO SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Serial Bonds Issued	\$ 2,733,000	-	\$ 2,733,000	\$ 2,733,000
Total Revenues	<u>2,733,000</u>	<u>-</u>	<u>2,733,000</u>	<u>2,733,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	212,806		212,806	212,806
Construction Services	<u>2,515,276</u>		<u>2,515,276</u>	<u>2,520,276</u>
Total Expenditures	<u>2,728,082</u>	<u>-</u>	<u>2,728,082</u>	<u>2,733,082</u>
Excess (Deficiency) or Revenues over (under) Expenditures	<u>\$ 4,918</u>	<u>\$ -</u>	<u>\$ 4,918</u>	<u>\$ (82)</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	4/18/2006
Bonds Authorized	\$ 2,733,135
Bonds Issued	N/A
Original Authorized Cost	2,733,135
Additional (Reduced) Authorized Cost	(53)
Revised Authorized Cost	2,733,082
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original Target Completion Date	6/30/2007
Revised Target Completion Date	6/30/2008

**OAKLAND BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND PROJECT BALANCES
BUDGETARY BASIS
FIRE ALARM REPLACEMENT AT VALLEY MIDDLE SCHOOL AND ELECTRICAL UPGRADES
AT VALLEY MIDDLE SCHOOL, MANITO, HEIGHTS AND DOGWOOD HILLS ELEMENTARY SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Serial Bonds Issued	\$ 1,152,000	-	\$ 1,152,000	\$ 1,152,000
Total Revenues	1,152,000	-	1,152,000	\$ 1,152,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	121,135	-	121,135	118,935
Construction Services	1,011,514	-	1,011,514	1,034,051
Total Expenditures	1,132,649	-	1,132,649	1,152,986
Excess (Deficiency) or Revenues over (under) Expenditures	\$ 19,351	\$ -	\$ 19,351	\$ (986)
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	4/17/2007			
Bonds Authorized	\$ 1,152,986			
Bonds Issued	1,152,000			
Original Authorized Cost	1,152,986			
Additional Authorized Cost	N/A			
Revised Authorized Cost	N/A			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	100%			
Original Target Completion Date	12/31/2008			
Revised Target Completion Date	12/31/2008			

PROPRIETARY FUNDS

EXHIBIT G-1

**OAKLAND BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

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

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

EXHIBIT G-4

**OAKLAND BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-5

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

**INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**OAKLAND BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET ASSETS
AS OF JUNE 30, 2012**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 74,779	\$ 152,587	\$ 227,366
Total Assets	<u>\$ 74,779</u>	<u>\$ 152,587</u>	<u>\$ 227,366</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 143,313	\$ 143,313
Due to Student Groups	\$ 74,779		74,779
Flex Spending Payable		7,722	7,722
Due to Other Funds	<u>-</u>	<u>1,552</u>	<u>1,552</u>
Total Liabilities	<u>\$ 74,779</u>	<u>\$ 152,587</u>	<u>\$ 227,366</u>

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

**OAKLAND BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Balance, July 1, <u>2011</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2012</u>
SCHOOLS				
Dogwood Hills	\$ 3,143	\$ 7,429	\$ 8,036	\$ 2,536
Heights	11,700	12,192	11,830	12,062
Manito	1,475	9,998	9,980	1,493
Valley Middle	13,607	195,192	189,931	18,868
General Organization, Account	<u>38,944</u>	<u>17,496</u>	<u>16,620</u>	<u>39,820</u>
Total All Schools	<u>\$ 68,869</u>	<u>\$ 242,307</u>	<u>\$ 236,397</u>	<u>\$ 74,779</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Balance, July 1, <u>2011</u>	Cash <u>Receipt</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2012</u>
Payroll Deductions and Withholdings	\$ 186,863	\$ 7,365,336	\$ 7,406,940	\$ 145,259
Accrued Salaries and Wages		9,803,693	9,805,639	(1,946)
Flex Spending Payable	16,513	55,661	64,452	7,722
Due to Other Funds	<u>4</u>	<u>1,548</u>	<u>-</u>	<u>1,552</u>
Total	<u>\$ 203,380</u>	<u>\$ 17,226,238</u>	<u>\$ 17,277,031</u>	<u>\$ 152,587</u>

LONG-TERM DEBT

OAKLAND BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2012</u>
School Improvements	8/1/2006	\$ 2,733,000	8/1/2012	\$ 165,000	4.00%				
			8/1/2013	170,000	4.00%				
			8/1/2014	180,000	4.00%				
			8/1/2015	190,000	4.00%				
			8/1/2016	195,000	4.00%				
			8/1/2017	205,000	4.10%				
			8/1/2018	210,000	4.25%				
			8/1/2019	220,000	4.50%				
			8/1/2020	230,000	4.50%				
			8/1/2021	238,000	4.50%	\$ 2,163,000		\$ 160,000	\$ 2,003,000
	School Improvements	8/15/2007	\$ 1,152,000	2/1/2013	65,000	4.20%			
			2/1/2014-15	70,000	4.25%				
			2/1/2016	75,000	4.25%				
			2/1/2017	80,000	4.25%				
			2/1/2018	85,000	4.25%				
			2/1/2019-20	90,000	4.25%				
			2/1/2021-22	95,000	4.25%				
			2/1/2023	102,000	4.25%	977,000		60,000	917,000
						\$ 3,140,000	\$ -	\$ 220,000	\$ 2,920,000

OAKLAND BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Description</u>	<u>Interest Rate</u>	<u>Amount of Original Obligation</u>	<u>Balance, July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2012</u>
2003 Energy System Equipment/ Upgrades	3.95%	\$ 793,016	\$ 196,693	\$ -	\$ 96,442	\$ 100,251
2007 Door Locks	4.17%	133,290	27,724	-	27,724	-
2007 Lighting	4.17%	53,680	11,165	-	11,165	-
2008 Student Transportation	4.17%	84,302	17,534	-	17,534	-
2012 Student Transportation	2.70%	89,450	-	\$ 89,450	18,662	70,788
			<u>\$ 253,116</u>	<u>\$ 89,450</u>	<u>\$ 171,527</u>	<u>\$ 171,039</u>

**OAKLAND PUBLIC SCHOOLS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 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	\$ 230,285	-	\$ 230,285	\$ 230,285	-
State Sources					
State Aid	<u>118,650</u>	<u>-</u>	<u>118,650</u>	<u>118,650</u>	<u>-</u>
Total Revenues	<u>348,935</u>	<u>-</u>	<u>348,935</u>	<u>348,935</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Redemption of Principal	220,000		220,000	220,000	
Interest	<u>128,968</u>	<u>-</u>	<u>128,968</u>	<u>128,968</u>	<u>-</u>
Total Expenditures	<u>348,968</u>	<u>-</u>	<u>348,968</u>	<u>348,968</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>(33)</u>	<u>-</u>	<u>(33)</u>	<u>(33)</u>	<u>-</u>
Other Financing Sources and (Uses)					
Transfer In	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>\$ 27</u>
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>27</u>
Deficiency of Revenues Under Expenditures					
Financing Sources Under Expenditures	(33)	-	(33)	(6)	27
Fund Balance, Beginning of Year	<u>60</u>	<u>-</u>	<u>60</u>	<u>60</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ 54</u>	<u>\$ 27</u>

Analysis of Restricted Fund Balance

Designated for Subsequent Year's Budget	\$ 27
Available for Debt Service	<u>27</u>
	<u>\$ 54</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 859,184	\$ 485,230	\$ 472,404	\$ 1,236,022	\$ 2,093,548	\$ 2,136,381	\$ 2,679,617	\$ 3,290,956	\$ 3,465,663	\$ 3,706,594
Restricted	1,008	429,613	345,803	168,545	175,599	279,995	401,985	379,559	705,637	846,077
Unrestricted	(7,388)	(9,498)	850,019	884,503	571,564	799,023	478,277	137,134	280,973	714,773
Total Governmental Activities Net Assets	\$ 852,804	\$ 905,345	\$ 1,668,226	\$ 2,289,070	\$ 2,840,711	\$ 3,215,399	\$ 3,559,879	\$ 3,807,649	\$ 4,452,273	\$ 5,267,444
Business-Type Activities										
Invested in Capital Assets	\$ 11,845	\$ 9,871	\$ 7,897	\$ 21,922	\$ 18,992	\$ 26,757	\$ 41,004	\$ 36,728	\$ 31,662	\$ 18,906
Restricted										
Unrestricted	43,570	62,392	57,769	60,195	61,480	70,026	26,889	15,534	32,147	32,695
Total Business-Type Activities Net Assets	\$ 55,415	\$ 72,263	\$ 65,666	\$ 82,117	\$ 80,472	\$ 96,783	\$ 67,893	\$ 52,262	\$ 63,809	\$ 51,601
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 871,029	\$ 495,101	\$ 480,301	\$ 1,257,944	\$ 2,112,540	\$ 2,163,138	\$ 2,720,621	\$ 3,327,684	\$ 3,497,325	\$ 3,725,500
Restricted	1,008	429,613	345,803	168,545	175,599	279,995	401,985	379,559	705,637	846,077
Unrestricted	36,182	52,894	907,788	944,698	633,044	869,049	505,166	152,668	313,120	747,468
Total District Net Assets	\$ 908,219	\$ 977,608	\$ 1,733,892	\$ 2,371,187	\$ 2,921,183	\$ 3,312,182	\$ 3,627,772	\$ 3,859,911	\$ 4,516,082	\$ 5,319,045

Source: District's Financial Records

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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 9,989,223	\$ 10,734,755	\$ 9,659,418	\$ 10,865,582	\$ 11,296,717	\$ 12,007,085	\$ 11,392,432	\$ 11,434,244	\$ 10,915,332	\$ 11,126,135
Special Education	2,544,358	2,597,592	3,273,996	2,690,361	3,806,029	3,965,860	3,940,882	4,636,266	4,644,511	4,755,652
Other Instruction	723,282	853,670	898,665	1,213,989	1,178,446	1,080,196	1,143,596	1,053,860	1,143,529	1,222,301
School Sponsored Activities And Athletics	90,501	78,019	117,060	130,892	159,033	149,942	143,175	115,105	135,976	113,039
Support Services:										
Student & Instruction Related Services	1,974,212	2,243,546	2,639,055	2,957,276	3,263,208	3,376,824	3,405,387	3,347,440	3,366,039	3,664,302
School Administrative Services	1,386,031	1,571,575	919,213	1,604,154	1,737,937	1,819,559	1,814,113	2,029,477	2,046,884	2,171,503
General Administration	529,868	896,326	1,518,368	794,865	656,437	703,446	655,409	695,851	703,905	786,767
Central Services			408,734	406,150	485,907	516,275	505,830	529,887	523,739	547,983
Plant Operations And Maintenance	1,573,096	1,452,389	1,823,063	1,993,547	2,059,701	2,089,468	2,140,268	2,451,387	2,231,788	2,761,464
Pupil Transportation	678,744	795,614	822,181	835,122	936,539	975,503	996,221	1,063,089	1,066,892	956,185
Other Support Services	388,754	350,342	39,382	53,104	104,366	191,421	181,936	163,761	149,455	137,789
Interest and Other Charges On Long-Term Debt	2,829	71,091								
Total Governmental Activities Expenses	19,880,878	21,644,919	22,119,535	23,545,042	25,684,320	26,875,579	26,319,249	27,520,367	26,928,050	28,243,120
Business-Type Activities:										
Food Service	336,115	348,598	413,758	398,795	434,503	401,628	466,428	448,841	416,961	470,995
Total Business-Type Activities Expense	336,115	348,598	413,758	398,795	434,503	401,628	466,428	448,841	416,961	470,995
Total District Expenses	\$ 20,216,993	\$ 21,993,517	\$ 22,533,293	\$ 23,943,837	\$ 26,118,823	\$ 27,277,207	\$ 26,785,677	\$ 27,969,208	\$ 27,345,011	\$ 28,714,115
Program Revenues										
Governmental Activities:										
Charges For Services:										
Pupil Transportation	\$ 35,169	\$ 61,260	\$ 64,074	\$ 82,964	\$ 84,313	\$ 81,747	\$ 81,241	\$ 92,437	\$ 76,579	\$ 86,593
Operating Grants And Contributions	484,908	3,254,115	3,294,695	3,462,972	4,319,136	4,426,097	3,237,328	3,801,833	2,761,993	3,518,780
Capital Grants And Contributions			31,358	292,838				34,144		
Total Governmental Activities Program Revenues	520,077	3,315,375	3,390,127	3,838,774	4,403,449	4,507,844	3,318,569	3,928,414	2,838,572	3,605,373
Business-Type Activities:										
Charges For Services										
Food Service	312,713	325,127	350,098	356,722	371,347	357,638	364,580	344,450	345,329	354,694
Operating Grants And Contributions	39,625	40,319	57,063	58,524	61,511	60,301	72,938	88,455	82,792	103,809
Total Business Type Activities Program Revenues	352,338	365,446	407,161	415,246	432,858	417,939	437,518	432,905	428,121	458,503
Total District Program Revenues	\$ 872,415	\$ 3,680,821	\$ 3,797,288	\$ 4,254,020	\$ 4,836,307	\$ 4,925,783	\$ 3,756,087	\$ 4,361,319	\$ 3,266,693	\$ 4,063,876
Net (Expense)/Revenue										
Governmental Activities	\$ (19,360,801)	\$ (18,329,544)	\$ (18,729,408)	\$ (19,706,268)	\$ (21,280,871)	\$ (22,367,735)	\$ (23,000,680)	\$ (23,591,953)	\$ (24,089,478)	\$ (24,637,747)
Business-Type Activities	16,223	16,848	(6,597)	16,451	(1,645)	16,311	(28,890)	(15,936)	11,160	(12,492)
Total District-Wide Net Expense	\$ (19,344,578)	\$ (18,312,696)	\$ (18,736,005)	\$ (19,689,817)	\$ (21,282,516)	\$ (22,351,424)	\$ (23,029,570)	\$ (23,607,889)	\$ (24,078,318)	\$ (24,650,239)

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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes	\$ 16,630,028	\$ 18,542,838	\$ 19,405,798	\$ 20,102,523	\$ 21,459,443	\$ 22,363,595	\$ 23,142,022	\$ 23,662,652	\$ 24,534,386	\$ 25,265,844
Unrestricted Grants And Contributions	2,202,760	127,438	128,213	157,656	44,325	148,430	140,348	118,174	81,542	68,424
Investment Earnings	12,170			121,072	100,100	10,383	148,430	39,723	118,174	118,650
State Aid Restricted for Debt Service	13,335	39,247	86,491	97,151	244,856	100,100	10,383	140,348	81,542	68,424
Miscellaneous Income	61,399									
Federal & State Aid - Capital Outlay										
Total Governmental Activities	<u>18,919,692</u>	<u>18,382,085</u>	<u>19,492,289</u>	<u>20,327,112</u>	<u>21,832,512</u>	<u>22,742,423</u>	<u>23,345,160</u>	<u>23,842,723</u>	<u>24,734,102</u>	<u>25,452,918</u>
Business-Type Activities:										
Investment Earnings	-	-	-	-	-	-	-	305	387	284
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305</u>	<u>387</u>	<u>284</u>
Total District-Wide	<u>\$ 18,919,692</u>	<u>\$ 18,382,085</u>	<u>\$ 19,492,289</u>	<u>\$ 20,327,112</u>	<u>\$ 21,832,512</u>	<u>\$ 22,742,423</u>	<u>\$ 23,345,160</u>	<u>\$ 23,843,028</u>	<u>\$ 24,734,489</u>	<u>\$ 25,453,202</u>
Change in Net Assets										
Governmental Activities	\$ (441,109)	\$ 52,541	\$ 762,881	\$ 620,844	\$ 551,641	\$ 374,688	\$ 344,480	\$ 250,770	\$ 644,624	\$ 815,171
Business-Type Activities	16,223	16,848	(6,597)	16,451	(1,645)	16,311	(28,890)	(15,631)	11,547	(12,208)
Total District	<u>\$ (424,886)</u>	<u>\$ 69,389</u>	<u>\$ 756,284</u>	<u>\$ 637,295</u>	<u>\$ 549,996</u>	<u>\$ 390,999</u>	<u>\$ 315,590</u>	<u>\$ 235,139</u>	<u>\$ 656,171</u>	<u>\$ 802,963</u>

Source: District's Financial Records

OAKLAND BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 133,811	\$ 598,102	\$ 519,211	\$ 1,203,128	\$ 720,941	\$ 915,303	\$ 933,248	\$ 619,696	\$ 748,425	\$ 1,113,871
Unreserved	381,667	558,515	908,660	256,768	425,658	430,287	264,430	314,166	26,200	62,776
Restricted	-	-	-	-	-	-	-	-	349,841	514,030
Committed	-	-	-	-	-	-	-	-	234,720	261,312
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total General Fund	\$ 515,478	\$ 1,156,617	\$ 1,427,871	\$ 1,459,896	\$ 1,146,599	\$ 1,345,590	\$ 1,197,678	\$ 933,862	\$ 1,359,186	\$ 1,951,989
All Other Governmental Funds										
Reserved			\$ 682,147	\$ 2,270,854	\$ 839,973	\$ 62,456	\$ 61,395			
Unreserved	\$ (321)	-	(337,375)	(2,341,326)	(565,188)	188,139	28,343	\$ 21,088		
Restricted	-	-	-	-	-	-	-	-	\$ 24,329	\$ 24,323
Total All Other Governmental Funds	\$ (321)	\$ -	\$ 344,772	\$ (70,472)	\$ 274,785	\$ 250,595	\$ 89,738	\$ 21,088	\$ 24,329	\$ 24,323

Source: District's Financial Records

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

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

(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax Levy	\$16,630,028	\$18,342,838	\$19,405,798	\$20,102,523	\$21,459,443	\$22,363,595	\$23,142,022	\$23,662,652	\$24,534,386	\$25,265,844
Interest Earnings	12,170									
Miscellaneous	48,504	100,507	150,565	180,115	329,169	292,347	153,032	163,154	189,643	291,779
State Sources	2,446,972	2,918,487	2,967,422	3,507,491	4,039,686	4,178,049	2,959,530	3,316,475	2,285,064	3,015,077
Federal Sources	302,095	335,628	358,631	375,757	407,663	416,276	409,145	628,856	563,581	485,591
Total Revenue	19,439,769	21,697,460	22,882,416	24,165,886	26,235,961	27,250,267	26,663,729	27,771,137	27,572,674	29,058,291
Expenditures										
Instruction										
Regular Instruction	7,677,216	10,486,661	9,700,331	10,860,566	11,233,924	11,872,320	11,293,485	11,356,810	10,863,967	11,068,183
Special Education Instruction	1,864,582	2,552,857	3,283,996	2,689,188	3,791,480	3,936,494	3,914,772	4,631,449	4,648,299	4,751,682
Other Instruction	532,879	834,605	898,665	1,213,381	1,171,557	1,067,962	1,132,710	1,052,093	1,145,532	1,220,887
School Sponsored Activities and Athletics	72,845	77,043	117,060	130,809	158,278	148,534	141,442	114,909	136,171	112,909
Support Services:										
Student and Inst. Related Services	1,521,263	2,198,072	2,678,237	2,951,075	3,243,741	3,341,576	3,373,905	3,329,952	3,358,370	3,658,415
General Administration	443,198	653,677	919,213	790,443	653,954	1,798,279	650,780	695,061	704,713	786,189
School Administrative Services	1,083,727	1,534,512	1,514,977	1,603,338	1,728,040	698,081	1,795,779	2,017,179	2,043,546	2,168,243
Central Services	326,960	345,978	406,266	401,826	481,470	511,123	500,657	528,328	522,661	546,049
Plant Operations And Maintenance	1,384,790	1,437,853	1,697,890	1,979,321	2,045,506	2,076,220	2,126,359	2,285,592	2,080,089	2,315,914
Pupil Transportation	658,737	794,185	804,286	833,587	934,835	973,729	994,203	1,041,432	1,045,976	930,144
Employee Benefits	3,859,766									
Capital Outlay	1,059,529	131,948	191,295	872,738	3,339,836	1,528,318	489,988	518,063	84,231	463,249
Bond Issuance Costs						32,967				
Debt Service:										
Principal		97,448	99,209	241,730	123,695	320,591	353,714	364,408	356,940	391,527
Interest and Other Charges		43,109	39,614	40,082	30,685	192,544	204,704	168,327	153,614	141,553
Total Expenditures	20,485,492	21,187,948	22,351,039	24,608,084	28,937,001	28,498,738	26,972,498	28,103,603	27,144,109	28,554,944
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,045,723)	509,512	531,377	(442,198)	(2,701,040)	(1,248,471)	(308,769)	(332,466)	428,565	503,347
Other Financing Sources (Uses)										
Proceeds From Borrowing	880,016				2,733,000	1,152,000				89,450
Proceed From Sale of Bonds		131,948	84,649	58,979	64,131	271,272	49,066	11,600	27	27
Capital Leases (Non-Budgeted)			(424,958)	(67,303)	(64,131)	(29,944)	(49,066)	(11,600)	(27)	(27)
Transfers In										
Transfers Out										
Total Other Financing Sources (Uses)	880,016	131,948	84,649	58,979	2,733,000	1,423,272	-	-	-	89,450
Net Change in Fund Balances	\$ (165,707)	\$ 641,460	\$ 616,026	\$ (383,219)	\$ 31,960	\$ 174,801	\$ (308,769)	\$ (332,466)	\$ 428,565	\$ 592,797
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.67%	0.63%	1.19%	0.60%	1.90%	2.11%	1.93%	1.89%	1.90%

Source: District's Financial Records

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

	<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>
Transportation Fees	\$ 35,169	\$ 61,260	\$ 64,074	\$ 82,964	\$ 84,313	\$ 81,747	\$ 81,241	\$ 92,437	\$ 76,579	\$ 86,593
Interest Earnings	12,167	17,214	52,191	76,627	93,747	55,583	8,597	2,094	20,902	8,498
Interest Capital Reserve	3	7	16	3,471	7,053			23,439	2,837	276
Prior Years Refunds			13,385					4,000	48,231	7,849
Rentals	3,000	3,000	3,000	3,001	3,000	3,000		4,000	4,525	5,250
Miscellaneous	10,335	19,026	17,899	8,279	76,925	11,573	-	10,158	20	46,524
	<u>\$ 60,674</u>	<u>\$ 100,507</u>	<u>\$ 150,565</u>	<u>\$ 174,342</u>	<u>\$ 265,038</u>	<u>\$ 151,903</u>	<u>\$ 89,838</u>	<u>\$ 132,128</u>	<u>\$ 153,094</u>	<u>\$ 154,990</u>

Source: District Financial Records.

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

Fiscal Year Ended June 30,	Total Assessed Value										Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Public Utilities	Value	Value			
2003	\$ 30,988,900	\$ 931,936,700	\$ 2,491,200	\$ 41,200	\$ 104,120,500	\$ 103,994,500			\$ 2,932,001	\$ 1,176,505,001	\$ 1,691,841,204	\$ 1.486	
2004	29,915,900	936,779,700	2,609,900	33,100	102,739,300	102,303,400			2,594,717	1,176,976,017	1,878,168,264	1.604	
2005	57,551,100	2,113,284,400	4,855,200	29,400	174,470,800	172,170,700			2,286,750	2,524,648,350	2,105,103,439	0.782	
2006	50,027,500	2,120,500,400	3,578,600	25,800	174,877,400	172,195,400			3,708,659	2,524,913,759	2,390,253,357	0.823	
2007	45,082,600	2,128,715,000	3,578,600	25,800	172,988,100	172,016,600			4,588,960	2,526,995,660	2,540,298,167	0.871	
2008	44,786,500	2,135,944,700	3,578,600	65,800	173,664,700	174,344,700			4,422,455	2,536,807,455	2,671,143,488	0.896	
2009	42,396,400	2,141,264,100	3,305,200	65,800	176,488,900	173,344,700			5,707,334	2,542,572,434	2,775,734,176	0.921	
2010	42,187,500	2,142,909,700	2,982,300	22,700	182,765,500	174,344,700			5,049,895	2,550,262,295	2,678,697,472	0.946	
2011 ^b	28,272,400	1,798,418,300	2,557,300	25,900	173,457,800	168,479,300			100	2,171,211,100	2,370,838,202	1.147	
2012	26,098,000	1,800,660,000	2,577,300	25,900	172,464,500	170,032,900			100	2,171,858,700	2,456,287,818	1.175	

Source: County Abstract of Ratables

^a Tax rates are per \$100
^b Borough undertook a re-assessment of property in 2011

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

<u>Assessment Year</u>	<u>Oakland School District</u>	<u>Borough of Oakland</u>	<u>Regional H.S. District</u>	<u>Bergen County</u>	<u>Total</u>
2003	\$ 1.486	\$ 0.677	\$ 0.642	\$ 0.305	\$ 3.110
2004	1.604	0.731	0.689	0.326	3.350
2005	0.782	0.371	0.340	0.157	1.650
2006	0.823	0.427	0.632	0.168	2.050 *
2007	0.871	0.464	0.379	0.196	1.910
2008	0.896	0.510	0.382	0.195	1.983
2009	0.921	0.531	0.390	0.210	2.052
2010	0.946	0.537	0.398	0.217	2.098
2011	1.147	0.612	0.465	0.227	2.451 **
2012	1.175	0.610	0.456	0.249	2.490

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

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

Source: Abstract of Ratables, County Board of Taxation.

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

Taxpayer	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Jayare Associates, LLC	\$ 15,500,000	0.71%	\$ 8,700,000	0.74%
Washington Square Owner, LLC	14,858,400	0.68%	10,703,600	0.91%
40 Potash Road Associates, LLC	12,084,100	0.56%		
Shiseido America, Inc	11,511,700	0.53%	9,879,800	0.84%
The Realty Associates Fund	10,216,600	0.47%		
5 Thornton Road Associates, LLC	9,908,200	0.46%		
Oakland Care Ctr Real Estate Co, LLC	9,725,000	0.45%	10,075,800	0.86%
Lincoln Realty Associates Fund	7,427,100	0.34%		
Public Service & Electric	6,679,600	0.31%	5,454,600	0.46%
1 Raritan Road Realty LLC	6,235,900	0.29%		
CK Bergen Holdings, LLC			15,305,100	1.30%
Baker Residential			8,033,200	0.68%
Dewey Electronics Corporation			5,952,700	0.51%
Berrie, N.M. & R.			5,828,500	0.50%
Oakland Industrial Park, Inc		0.00%	4,207,000	0.36%
	<u>\$ 104,146,600</u>	<u>4.80%</u>	<u>84,140,300</u>	<u>7.15%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 16,630,028	\$ 16,630,028	100.00%	-
2004	18,342,838	18,342,838	100.00%	-
2005	19,405,798	19,405,798	100.00%	-
2006	20,102,523	20,102,523	100.00%	-
2007	21,459,443	21,459,443	100.00%	-
2008	22,363,595	22,363,595	100.00%	-
2009	23,142,022	23,142,022	100.00%	-
2010	23,662,652	23,662,652	100.00%	-
2011	24,534,386	24,534,386	100.00%	-
2012	25,265,844	25,265,844	100.00%	-

Source: District's Financial Records

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

Fiscal Year Ended June 30,	Governmental Activities				Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)				
2005		\$ 935,943		\$ 935,943	13,512	\$ 69	
2006		753,192	\$ 2,733,000	3,486,192	13,415	262	
2007	\$ 2,733,000	629,497		3,362,497	13,270	252	
2008	3,750,000	715,178		4,465,178	13,254	335	
2009	3,555,000	556,464		4,111,464	13,249	309	
2010	3,350,000	400,056		3,750,056	13,293	282	
2011	3,140,000	253,116		3,393,116	12,768	266	
2012	2,920,000	171,039		3,091,039	12,836	241	

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

Note:

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2005	-				
2006	-				
2007	\$ 2,733,000		\$ 2,733,000	0.11%	\$ 206
2008	3,750,000		3,750,000	0.10%	283
2009	3,555,000		3,555,000	0.14%	268
2010	3,350,000		3,350,000	0.13%	252
2011	3,140,000		3,140,000	0.14%	246
2012	2,920,000		2,920,000	0.13%	227

Source: District Financial Records and Apportionment of Taxes

Note:

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

**OAKLAND BOARD OF EDUCATION
 COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
 FOR THE YEAR ENDED DECEMBER 31, 2011
 (Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of Oakland	\$ 13,825,364
Borough of Oakland School District	2,921,121
Ramapo Valley Regional High School	<u>5,143,802</u>
	21,890,287
Overlapping Debt Apportioned to the Municipality: Bergen County (2);(A):	<u>9,556,954</u>
 Total Direct and Overlapping Debt	 <u>\$ 31,447,241</u>

(A) The debt for this entity was apportioned to the Borough of Oakland by dividing the Municipality's 2011 equalized value by the total 2011 equalized value for Bergen County.

Sources:

- (1) Borough of Oakland 2011 Annual Debt Statement
- (2) Bergen County 2011 Annual Debt Statement

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 50,755,236	\$ 50,755,236	\$ 56,172,479	\$ 63,161,366	\$ 70,397,150	\$ 76,208,945	\$ 79,978,732	\$ 80,650,042	\$ 79,781,165	\$ 76,699,218
Total Net Debt Applicable to Limit	-	-	-	2,733,135	3,886,121	3,751,121	3,556,121	3,351,121	3,141,121	2,921,121
Legal Debt Margin	\$ 50,755,236	\$ 50,755,236	\$ 56,172,479	\$ 60,428,231	\$ 66,511,029	\$ 72,457,824	\$ 76,422,611	\$ 77,298,921	\$ 76,640,044	\$ 73,778,097
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	4.33%	5.52%	4.92%	4.45%	4.16%	3.94%	3.81%

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized Valuation Basis	
2011	\$2,449,493,457
2010	2,561,864,519
2009	2,658,563,901
	<u>\$7,669,921,877</u>
Average Equalized Valuation of Taxable Property	\$2,556,640,626
Debt Limit (3 % of Average Equalization Value)	76,699,219
Total Net Debt Applicable to Limit	2,921,121
Legal Debt Margin	<u>\$ 73,778,098</u>

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (1)</u>	<u>Population</u>
2002	3.40%	\$ 51,913	13,188
2003	3.30%	51,132	13,483
2004	2.70%	54,462	13,512
2005	2.60%	56,706	13,415
2006	2.80%	62,714	13,270
2007	2.50%	67,394	13,254
2008	3.30%	68,227	13,249
2009	5.96%	63,198	13,293
2010	6.10%	65,486	12,768
2011	6.00%	NA	12,836

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

(1) Represents County information

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

<u>Employer</u>	<u>2012</u>		<u>2003</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular	122.6	122.6	122.6	124.6	124.6	124.6	126.6	114.8	115.5	99.0
Special Education	43.5	44.5	46.0	47.0	47.0	47.0	47.0	50.5	50.0	50.5
Support Services:										
Student and Instruction Related Services	20.2	20.2	21.2	21.2	21.2	21.2	21.2	35.5	33.5	34.0
General Administration	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0
School Administrative Services	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Central Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Administrative Information Technology	0.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant Operations And Maintenance	19.3	20.3	20.3	20.3	20.3	20.3	20.3	20.6	18.5	24.1
Pupil Transportation	3.6	3.6	3.6	3.6	3.6	4.0	4.0	5.0	4.0	4.0
Total	232.2	234.2	236.7	240.7	240.7	241.1	243.1	249.4	244.5	234.6

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School					
2003	1,613	\$ 19,503,114	\$ 12,091	7.38%	247	11.4:1	12.2:1	1,571	1,502	#REF!	95.60%	
2004	1,648	21,016,931	12,753	5.47%	240	11.7:1	12.0:1	1,600	1,528	1.82%	95.51%	
2005	1,713	22,059,373	12,878	0.98%	244	11.8:1	13.3:1	1,635	1,580	3.43%	95.49%	
2006	1,692	23,735,346	14,028	8.93%	248	11.7:1	10.4:1	1,675	1,599	1.23%	95.47%	
2007	1,724	25,597,165	14,848	5.84%	152	N/A	N/A	1,724	1,655	2.93%	96.00%	
2008	1,648	26,424,318	16,034	7.99%	152	11.6:1	10.2:1	1,648	1,570	-4.41%	95.27%	
2009	1,672	25,924,092	15,505	-3.30%	154	11.5:1	10.1:1	1,679	1,608	1.88%	95.77%	
2010	1,697	27,052,805	15,942	2.82%	152	11.9:1	9.9:1	1,699	1,633	1.19%	96.12%	
2011	1,718	26,549,324	15,454	-3.06%	154	11.8:1	9.8:1	1,692	1,625	-0.41%	96.04%	
2012	1,741	27,558,615	15,829	2.43%	147	10.5:1	10.9:1	1,707	1,644	0.89%	96.31%	

Sources: District records

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
District Building										
Elementary										
Dogwood Hill										
Square Feet	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180
Capacity (students)	286	286	286	286	286	286	286	286	286	286
Enrollment	311	314	291	305	305	305	320	319	314	305
Heights										
Square Feet	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548
Capacity (students)	418	418	418	418	418	418	418	418	418	418
Enrollment	359	395	433	422	422	422	435	459	465	455
Manito										
Square Feet	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162
Capacity (students)	324	324	324	324	324	324	324	324	324	324
Enrollment	415	430	413	400	400	400	367	347	331	322
Middle School										
Valley										
Square Feet	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557
Capacity (students)	648	648	648	648	648	648	648	648	648	648
Enrollment	546	562	559	594	594	594	570	573	582	627
Number of Schools at June 30, 2012										
Elementary =	3	3	3	3	3	3	3	3	3	3
Middle School =	1	1	1	1	1	1	1	1	1	1
Senior High School =	N/A									
Other =	0	0	0	0	0	0	0	0	0	0

Source: District Records

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
School Facilities										
Dogwood Hill School	\$ 31,275	\$ 22,466	\$ 34,090	\$ 38,277	\$ 43,117	\$ 40,567	\$ 54,274	\$ 27,398	\$ 28,177	\$ 31,727
Heights School	45,876	32,950	43,007	48,289	54,395	52,266	69,925	39,067	32,946	60,669
Manito School	41,309	29,955	34,528	38,768	43,670	41,438	55,439	30,295	23,379	42,727
Valley Middle School	84,604	63,953	71,259	80,010	90,127	90,102	120,544	124,333	73,390	116,831
Grand Total	\$ 203,064	\$ 149,324	\$ 182,884	\$ 205,344	\$ 231,309	\$ 224,373	\$ 300,182	\$ 221,093	\$ 157,892	\$ 251,954

Source: School District's Financial Statements

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2012
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Utica Mutual Insurance Co.		
Property - Blanket Building & Contents	\$ 47,256,123	\$ 1,000
Comprehensive General Liability	1,000,000	1,000
Comprehensive Automobile Liability	1,000,000	
School District/ Educators Legal Liability	1,000,000	7,500
Computer and Scheduled Equipment		
Utica Mutual Insurance Co.		
Data Processing Equipment	230,000	100
Equipment Breakdown- Utica Mutual Ins. Company	Included	
Umbrella Liability - Utica Mutual Ins. Co.	10,000,000	10,000
Cap Excess Umbrella - Fireman's Fund	50,000,000	
Public Employees' Faithful Performance		
Position Bond - Utica Mutual Ins. Co. - Treasurer	231,000	
Position Bond - Utica Mutual Ins. Co. - Business Administrator	210,000	
Workers Compensation - ERIC/NJSBA	2,000,000	
Workers Compensation Supplemental - NJSBA	Included	
Student Accident Policy - Bollinger	5,000,000	

Source: District Records

Source: School District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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FAIR LAWN, NJ 07410
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EDWARD N. KERE, CPA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education as of and for the fiscal year ended June 30, 2012, which collectively comprise the Oakland Board of Education's basic financial statements and have issued our report thereon dated September 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

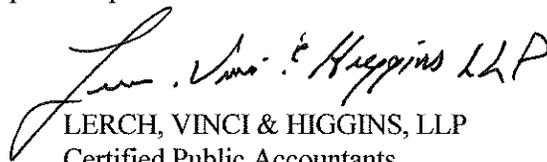
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

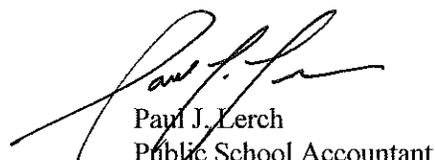
Compliance and Other Matters

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

We noted certain matters that we have reported to management of the Oakland Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated September 28, 2012.

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


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


 Paul J. Lerch
 Public School Accountant
 PSA Number CS01118

Fair Lawn, New Jersey
 September 28, 2012

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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

Independent Auditor's Report

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

Compliance

We have audited the Oakland Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Oakland Board of Education's major federal and state programs for the fiscal year ended June 30, 2012. Oakland Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Oakland Board of Education's management. Our responsibility is to express an opinion on Oakland Board of Education's compliance based on our audit.

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

In our opinion, Oakland Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

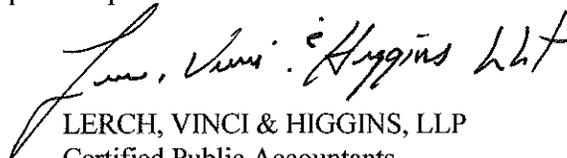
Internal Control Over Compliance

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

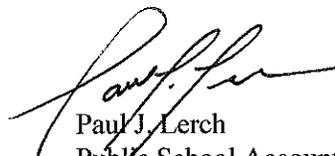
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or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

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

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



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
September 28, 2012

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

Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments (1)	Refund of Prior Year's Balances	(Account Receivable)	Balance, June 30, 2012	Due to Grantor	Memo GAAP Receivable
Federal/Grantor/Pass-Through Grantor/Program Title									Receivable	Deferred Revenue		
U.S. Department of Education												
Passed-through State Department of Education												
10.550	7/1/10-6/30/11	\$ 20,728	\$ 730		\$ 27,860	\$ 730						
10.550	7/1/11-6/30/12	27,860			4,986	27,567				\$ 293		
10.555	7/1/10-6/30/11	56,401	(4,986)		65,343	69,638						
10.555	7/1/11-6/30/12	69,638							\$ (4,295)			\$ (4,295)
Total U.S. Department of Agriculture												
			(4,256)		98,189	97,935			(4,295)	293		(4,295)
U.S. Department of Education												
Passed-through State Department of Education												
84.367A	9/1/11-8/31/12	24,012		\$ 23,831	20,025	35,918	\$ (23,831)		(27,818)	11,925		(15,893)
84.367A	9/1/09-8/31/10	26,639	(343)				343					
84.367A	9/1/10-8/31/11	38,346	(504)	(23,831)	429		23,906					
84.318X	9/1/10-8/31/11	142										
84.365A	9/1/10-8/31/11	18,835										
84.184	9/1/10-8/31/11	882										
84.027	9/1/11-8/31/12	383,434			330,853	383,434			(52,581)			(52,581)
84.027	9/1/10-8/31/11	366,604	(10,967)		10,967							
84.391	9/1/09-8/31/10	404,031	(129,069)		125,295		3,774					
84.392	9/1/09-8/31/10	14,619	(3,657)		3,657							
84.173	9/1/11-8/31/12	20,559			15,695	20,559			(4,864)			(4,864)
84.173	9/1/09-8/31/10	19,441	208				(208)					
Total U.S. Department of Education												
			(144,332)		506,921	439,911	3,984		(85,263)	11,925		(73,338)
Education Jobs Fund												
		36,962			36,960	36,962	2					
Total												
			\$ (148,588)		\$ 642,070	\$ 574,808	\$ 3,986		\$ (89,558)	\$ 12,218		\$ (77,633)

(1) Adjustments are cancellations of prior year payables

OAKLAND BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2011		Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Balance, June 30, 2012		Memo Only	Cumulative Total Expenditures
				(Accounts Receivable)	Deferred Revenue				(Accounts Receivable)	Deferred Revenue		
				Due to Grantor	Due to Grantor			Due to Grantor	Due to Grantor	GAAP Receivable		
State Department of Education												
General Fund												
12-495-034-5120-089		7/1/11-6/30/12	\$ 503,063			\$ 477,224	\$ 503,063		\$ (25,839)		\$	\$ 503,063
12-100-034-5120-473		7/1/11-6/30/12	226,442				226,442		(226,442)			226,442
11-100-034-5120-473		7/1/09-6/30/11	276,622			276,622						
Not Available		7/1/11-6/30/12	8,700				8,700		(8,700)		\$	8,700
Non-Public Transportation Aid		7/1/10-6/30/11	10,092			10,092						
Other State Aid		7/1/11-6/30/12	1,140			1,140						1,140
On-Behalf TPAF Pension and Annuity Aid-												
Pension Contribution		7/1/11-6/30/12	342,509			342,509						342,509
Non-Contributory (NCGI)		7/1/11-6/30/12	36,756			36,756						36,756
Post Retirement Medical Contributions		7/1/11-6/30/12	762,422			762,422						762,422
On-Behalf TPAF Social Security Aid		7/1/10-6/30/11	823,965			43,697						
On-Behalf TPAF Social Security Aid		7/1/09-6/30/10	823,366			783,837	823,366		(42,529)		(42,529)	823,366
Total General Fund						2,731,299	2,704,398		(303,510)		(51,229)	2,704,398
Special Revenue Fund												
New Jersey Non Public Aid:												
Textbook Aid		7/1/11-6/30/12	12,269			12,269	8,369	\$ 6,761		\$ 3,900		8,369
Textbook Aid		7/1/10-6/30/11	15,460									
Nursing		7/1/11-6/30/12	17,525			17,525						17,525
Auxiliary Services:												
ESL		7/1/10-6/30/11	9,221					2,817				
ESL		7/1/11-6/30/12	6,896				2,586			4,310		2,586
Compensatory Education		7/1/10-6/30/11	64,387					2,010				
Compensatory Education		7/1/11-6/30/12	66,442									66,442
Handicapped Services:												
Exam and Class		7/1/10-6/30/11	41,773					2,872				
Exam and Class		7/1/11-6/30/12	39,763									39,763
Exam and Class		7/1/10-6/30/11	28,320					4,772				
Corrective Speech		7/1/11-6/30/12	30,331			30,331						30,331
Corrective Speech		7/1/10-6/30/11	5,100			5,100						5,100
Home Instruction		7/1/10-6/30/11	20,289					7,713				
Supplemental Instruction		7/1/10-6/30/11	21,887			21,887						21,887
Supplemental Instruction		7/1/11-6/30/12	21,887									21,887
Total Special Revenue Fund						200,213	168,471	26,945		26,642		168,471
State Department of Education												
Debt Service Aid		7/1/11-6/30/12	118,650				118,650					118,650
Total Debt Service Fund						118,650	118,650					118,650
State Department of Agriculture												
National School Lunch Program		7/01/10-6/30/11	5,609									
National School Lunch Program		7/01/11-6/30/12	5,874			5,506	5,874		(368)			5,874
Total Enterprise Fund						6,042	5,874		(368)			5,874
Grand Total						\$ 3,056,204	\$2,997,393	\$ 26,945	\$ (303,878)		\$ (51,597)	\$ 2,997,393
Less On-Behalf TPAF Pension and Annuity Aid												
Pension Contribution		7/01/11-6/30/12	342,509				342,509					342,509
Non-Contributory (NCGI)		7/01/11-6/30/12	36,756				36,756					36,756
Post Retirement Medical Contributions		7/01/11-6/30/12	762,422				762,422					762,422
Total for State Financial Assistance Determination						\$ 1,914,517	\$ 1,855,706					\$ 1,855,706

See Accompanying Notes to the Schedule of Expenditures of Federal Awards and Expenditures of State Financial Assistance

**OAKLAND BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$24,341 for the general fund and an increase of \$63,794 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 35,962	\$ 2,728,739	\$ 2,764,701
Special Revenue Fund	449,629	167,688	617,317
Debt Service Fund		118,650	118,650
Food Service Fund	<u>97,935</u>	<u>5,874</u>	<u>103,809</u>
Total Financial Assistance	<u>\$ 583,526</u>	<u>\$ 3,020,951</u>	<u>\$ 3,604,477</u>

**OAKLAND BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$823,366 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$379,265 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$762,422 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

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

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

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over compliance

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

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

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

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

Identification of major federal programs:

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

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

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

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 2 - Schedule of Financial Statement Findings

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

There are none.

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

CURRENT YEAR STATE AWARDS

There are none.

**OAKLAND BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.