

**SCHOOL DISTRICT
OF THE
BOROUGH OF LINCOLN PARK**

**Borough of Lincoln Park School District
Lincoln Park, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013**

**Comprehensive Annual
Financial Report**

of the

Borough of Lincoln Park School District

Borough of Lincoln Park, New Jersey

For the Fiscal Year Ended June 30, 2013

Prepared by

**Borough of Lincoln Park School District
Board of Education**

LINCOLN PARK BOROUGH SCHOOL DISTRICT
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INTRODUCTORY SECTION

Lincoln Park Public Schools

92 Ryerson Road □ Lincoln Park, NJ 07035 □ (973) 696-5500 (Phone) □ (973) 696-9273 (Fax)

James W. Grube
Superintendent of Schools

Adrian Podzielny
School Business Administrator/ Board Secretary

October 11, 2013

The Honorable President and
Members of the Board of Education
Lincoln Park Borough School District
County of Morris, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Lincoln Park Borough School District (the "District") for the fiscal year ended June 30, 2013, 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 Lincoln Park Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis, the basic financial statements and schedules, as well as the independent auditors' reports thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Lincoln Park Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Lincoln Park Borough School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-kindergarten through grade eight. These include regular, as well as special education for handicapped youngsters. The District completed the 2012-2013 fiscal year with an enrollment of 527 students at the LPES, 372 students at the LPMS. Lincoln Park High School students attend Boonton High School on a tuition basis as well as the Morris County

Academies. During the 2012-2013 school year 280 students attended Boonton High School and 68 students attended the Morris County Academies. At the end of June 2013, the K-8 enrollment was 899 students; 24 students less than the previous year.

Average Daily Enrollment

Fiscal Year	Student Enrollment		Percent Change	
	K-8	High School	K-8	High School
2004-05	945	318	-2.20%	-0.63%
2005-06	940	320	-0.53%	0.63%
2006-07	929	314	-1.17%	-1.88%
2007-08	913	307	-1.72%	-2.23%
2008-09	907	276	-0.66%	-10.10%
2009-10	887	282	-2.21%	2.17%
2010-11	890	286	0.34%	1.42%
2011-12	875	283	-1.69%	-1.05%
2012-13	899	280	-2.74%	-1.06%

2) **ECONOMIC CONDITION AND OUTLOOK:** The two communities of the Lincoln Park Borough School District continue to experience a period of economic stability.

3) **MAJOR INITIATIVES:**

Academic Performance:

The eighth grade students took the Grade Eight New Jersey Assessment of Skills and Knowledge (NJASK 8) in the Spring of 2012. The following is the breakdown of the percentage of students scoring Advanced Proficient or Proficient in each test section. Our total student population included general education students, special education students, and limited English proficient students. The District made AYP (Adequate Yearly Progress) on all tests in the general education area as well as the total student enrollment.

NJASK—GRADE 8	Total Students Enrolled	General Education Students	Special Education Students
Language Arts Literacy	96.8 %	97.7 %	87.5%
Mathematics	96.8 %	98.8 %	75%
Science	92.5 %	94.2 %	75 %

The seventh grade students took the Grade Seven New Jersey Assessment of Skills and Knowledge (NJASK 7) in the Spring of 2012. The following is the breakdown of the percentage of students scoring Advanced Proficient or Proficient in each test section. Our total student population included general education students, special education students, and limited English proficient students. The District made AYP (Adequate Yearly Progress) on all tests in the general education area as well as the total student enrollment.

NJASK—GRADE 7	Total Students Enrolled	General Education Students	Special Education Students
Language Arts Literacy	89 %	93.6 %	63.6 %
Mathematics	88 %	93.7%	54.6%

The sixth grade students took the Grade Six New Jersey Assessment of Skills and Knowledge (NJASK 6) in the Spring of 2012. The following is the breakdown of the percentage of students scoring Advanced Proficient or Proficient in each test section. Our total student population included general education students, special education

students, and limited English proficient students. The District made AYP (Adequate Yearly Progress) on all tests in the general education area as well as the total student enrollment.

NJASK—GRADE 6	Total Students Enrolled	General Education Students	Special Education Students
Language Arts Literacy	86.6 %	87 %	90.9 %
Mathematics	94.4 %	94.8 %	100%

The fifth grade students took the Grade Five New Jersey Assessment of Skills and Knowledge (NJASK 5) in the Spring of 2012. The following is the breakdown the percentage of students scoring Advanced Proficient or Proficient in each test section. Our total student population included general education students, special education students, and limited English proficient students. The District made AYP (Adequate Yearly Progress) on all tests I the math area in the general education area as well as the total student enrollment. The language arts literacy area missed the initial cutoff but did meet the criteria through DOE calculations.

NJASK—GRADE 5	Total Students Enrolled	General Education Students	Special Education Students
Language Arts Literacy	73.8%	77.3 %	44.4 %
Mathematics	94.4 %	94.9%	100 %

The fourth grade students took the Grade Four New Jersey Assessment of Skills and Knowledge (NJASK 4) in the Spring of 2012. The following is the breakdown the percentage of students scoring Advanced Proficient or Proficient in each test section. Our total student population included general education students, special education students, and limited English proficient students. The District made AYP (Adequate Yearly Progress) on all tests in the general education area as well as the total student enrollment.

NJASK—GRADE 4	Total Students Enrolled	General Education Students	Special Education Students
Language Arts Literacy	86.3 %	90.8 %	64.2 %
Mathematics	94.1 %	95.4 %	85.7 %
Science	100 %	100%	100.0 %

The third grade students took the Grade Three New Jersey Assessment of Skills and Knowledge (NJASK 3) in the Spring of 2012. The following is the breakdown the percentage of students scoring Advanced Proficient or Proficient in each test section. Our total student population included general education students, special education students, and limited English proficient students. The District made AYP (Adequate Yearly Progress) on all tests I the math area in the general education area as well as the total student enrollment. The language arts literacy area missed the initial cutoff but did meet the criteria through DOE calculations.

NJASK—GRADE 3	Total Students Enrolled	General Education Students	Special Education Students
Language Arts Literacy	72.9 %	77.8%	60 %
Mathematics	89.8 %	95.1 %	75 %

Professional Staff:

Lincoln Park's professional staff included one superintendent of school, one school business administrator, one supervisor of Special Services, two building principals, 80 certified teachers, 7 paraprofessionals, 1 guidance counselors, 2 school nurses, and 4 Child Study Team members. The attendance rate for all staff for the 2010-11 school year was 96.2 % (middle and elementary).

Teachers regularly engage in professional development opportunities that include workshops/conferences, in-house workshops, articulation meetings; professional visitations; and pursuit toward advanced degrees in area universities and colleges and online. Teachers continued to serve as leaders in curriculum development throughout the district and across disciplines.

Academic School Improvement:

Academic improvement is being shown in all areas of the school population. During the past school year specific performance objectives for each school were developed in the areas of language arts and specifically reading in both the elementary school and middle school. The District spent time reviewing and revising the language arts, science, and health & physical education curriculums. As a result a new text book series was purchased for use in the upcoming school year. The administrative team and the teachers are continuously investigating ways to improve academic performance.

The Technology Plan 2010-2013 was approved in June of 2010, and continues to drive the technological direction and improvements in the Lincoln Park schools. The Lincoln Park schools currently have three computer labs, and provide a minimum of two computers with Internet access in every classroom. Courses in computer literacy and problem solving using technology are offered to students and to professional staff. We are also following the strategy of having interactive whiteboards and LCD projectors available to teachers to enhance and enrich their classroom lessons. Computer hardware and software is continually assessed and updated as per the technology plan. The District upgraded its Professional Development and Mentoring Plans to assist the staff with classroom instruction throughout the district. The District purchased new computers for the elementary school, as well as several Smartboards for the classrooms. IPADS have been purchased to use in the classroom as well.

Ongoing school improvement initiatives included:

- Maintaining class sizes at no more than 20 children in each primary grade (K-2) and 25 children in each grade 4-8. With the budget cuts and reduction in staff this initiative is not being met in all grades, but the district continues to strive to achieve this initiative.
- Updating the entire curricula to align with the 2009 Core Curriculum Content Standards and Common Core Standards this initiative will be completed during the 2010-11 school year. The language arts, science, and health & physical education curriculums were revised during the 2010-11 school year.
- Inclusion of special education children in the regular education program, while also concentrating on differentiating instruction to meet all students' needs is an ongoing focus.
- The continued emphasis on the safe school climate has been and will continue to be a major focus of the District.
- Ongoing staff training in writing, math, and use of technology as an instructional tool in the classroom, which assists the staff in meeting the needs of all the students.
- This past year due to budget cuts co-curricular were eliminated from the budget. The district has made it a priority to reinstate co-curricular, remedial, and enrichment activities that support academic and social growth of the children during the upcoming school year.
- Continued development of the District's inclusive preschool program and expanding a special education the special education programs offered in order to meet the needs of all the children in the community.

The Lincoln Park School District provides excellence in education while maintaining fiscal responsibility.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2013.

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

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees risk management for the District. A schedule of insurance coverage can be found on schedule J-20.

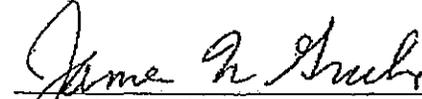
9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The independent auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

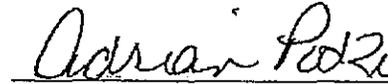
10) ACKNOWLEDGMENTS:

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

Respectfully submitted,



James W. Grube
Superintendent



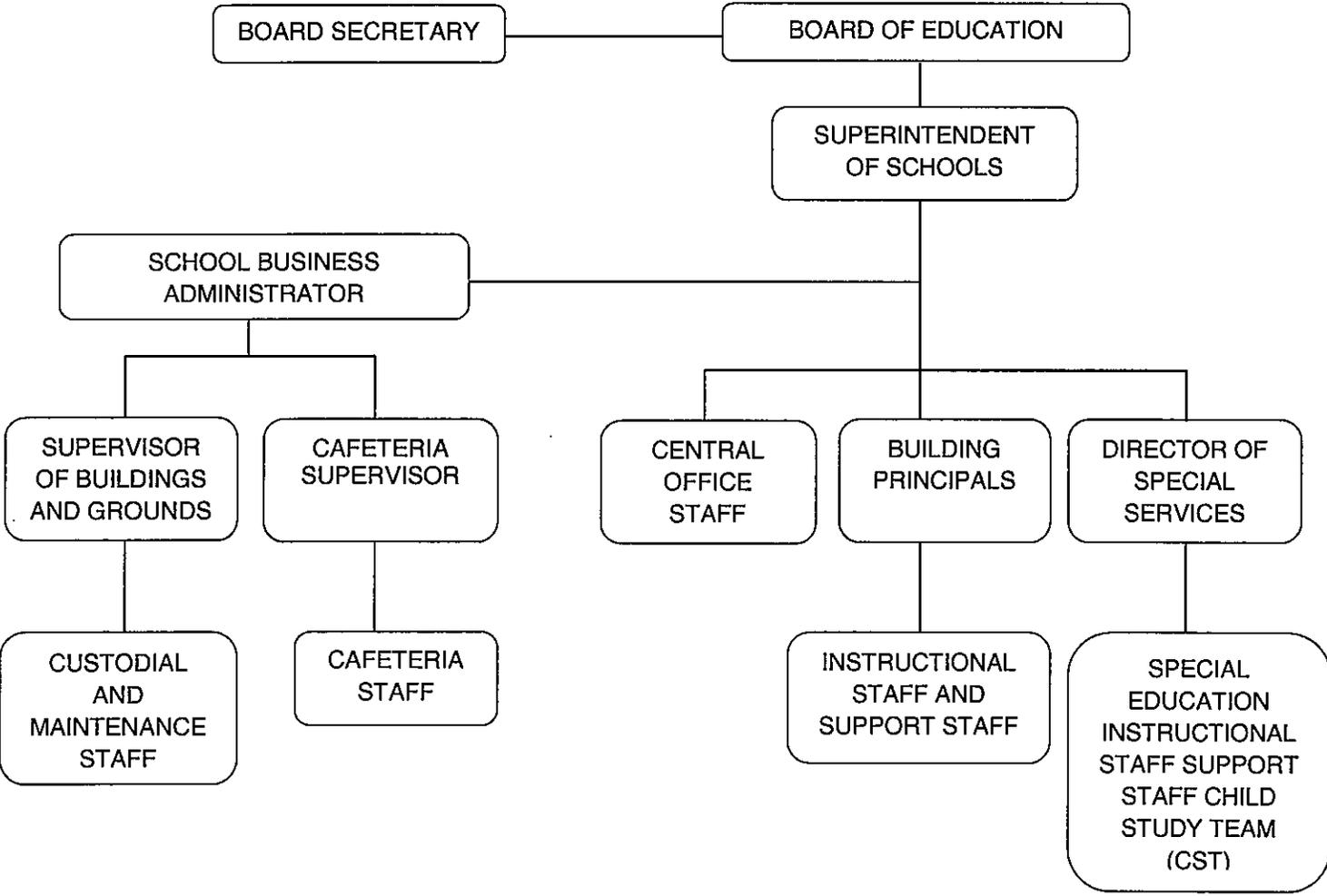
Adrian Podzielny
School Business Administrator/
Board Secretary

POLICY

BOARD OF EDUCATION
LINCOLN PARK

ADMINISTRATION
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Organizational Chart

1110 ORGANIZATIONAL CHART



Adopted: 11 June 1996
Revised: 24 January 2006

LINCOLN PARK BOROUGH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2013

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Perry Mayers, President	2015
Frank Avena, Vice-President	2015
Colleen Brogan	2013
John C. Gibbons	2013
Denise McCarthy	2014
Luciano Nazzaro	2013
Carol Nielsen	2014

Other Officers

James W. Grube, Superintendent
 Adrian Podzielny, School Business Administrator/Board Secretary
 Kerry Geisler, Treasurer of School Moneys
 Nathanya Simon, Board Counsel

LINCOLN PARK BOROUGH SCHOOL DISTRICT
Consultants and Advisors

Attorney

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Schwartz, Simon, Edelstein and Celso, LLC
100 South Jefferson Road
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Whippany, New Jersey 07981

Audit Firm

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

Official Depository

TD Banknorth
280 Passaic Avenue
Fairfield, New Jersey 07004

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

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

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Lincoln Park Borough School District
 County of Morris, New Jersey

Report on the Financial Statements

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 Lincoln Park Board of Education School District (the "District") in the County of Morris, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
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Opinions

In our opinion, the financial statements referred to above 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 Lincoln Park Board of Education School District, in the County of Morris, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements 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 and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
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The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013 on our consideration of the District'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 11, 2013
Mount Arlington, New Jersey


NISIVOCCIA LLP


Francis J. Jones, Jr.
Licensed Public School Accountant #01154
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION – PART I
MANAGEMENT’S DISCUSSION AND ANALYSIS
(UNAUDITED)

Management's Discussion and Analysis Unaudited

This section of Lincoln Park Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- Revenue from governmental activities accounted for \$21,246,938 which represents 98.44 percent of all revenues totaling \$21,582,878.
- The School District had expenses from governmental activities of \$21,261,095, which was 98.47 percent of all expenses totaling \$21,590,551.
- Net Position of the District decreased by \$7,673.

Overview of the Financial Statements

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

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

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

Table 1
Organization of Lincoln Park Borough's Financial Report

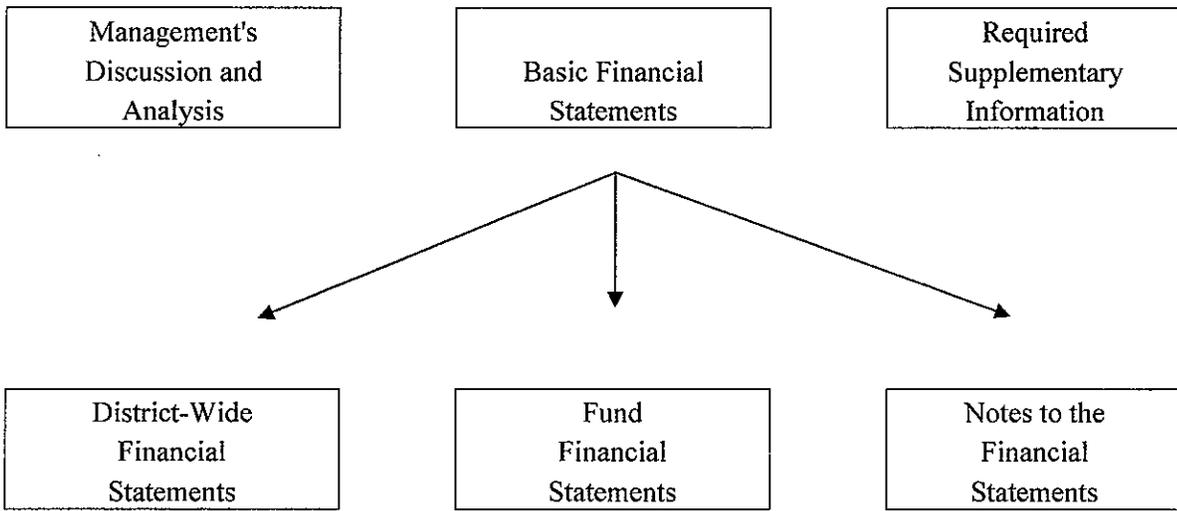


Table 2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Table 2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District does not utilize internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.
- *Notes to the basic financial statements:* The notes provide information essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a district's financial position.

The District's financial position is the product of 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 3
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
Current and							
Other Assets	\$4,883,212	\$3,958,254	\$ 150,888	\$ 177,175	\$5,034,100	\$4,135,429	-17.85%
Capital Assets	7,657,641	7,360,538	2,448	883	7,660,089	7,361,421	-3.90%
Total Assets	<u>12,540,853</u>	<u>11,318,792</u>	<u>153,336</u>	<u>178,058</u>	<u>12,694,189</u>	<u>11,496,850</u>	-9.43%
Long-term							
Debt Out-							
standing	3,583,851	3,046,059			3,583,851	3,046,059	-15.01%
Other Liabilities	1,867,272	1,197,160	10,530	28,768	1,877,802	1,225,928	-34.71%
Total							
Liabilities	<u>5,451,123</u>	<u>4,243,219</u>	<u>10,530</u>	<u>28,768</u>	<u>5,461,653</u>	<u>4,271,987</u>	-21.78%
Net Investment in							
Capital Assets	4,246,711	4,489,839	2,448	883	4,249,159	4,490,722	5.68%
Restricted	1,702,565	1,708,356			1,702,565	1,708,356	0.34%
Unrestricted	1,140,454	877,378	140,358	148,407	1,280,812	1,025,785	-19.91%
Total Net							
Position	<u>\$7,089,730</u>	<u>\$7,075,573</u>	<u>\$ 142,806</u>	<u>\$ 149,290</u>	<u>\$7,232,536</u>	<u>\$7,224,863</u>	-0.11%

Changes in Net Position. The District's *combined* net position was \$7,224,863 on June 30, 2013, \$7,673 or .11% less than the year before. (Table 3). The depreciation factored into the net position of the District as a decrease is \$765,815. The net assets of the government activities decreased by \$14,157, which consisted of decreases in total revenue of the District and spending increases as indicated by the increases noted on the following schedule (See Table 4). The net position of the business-type activities increased \$6,484 (See Table 4). The increase in the net position of the business-type activities is attributable to revenues exceeding expenditures.

Table 4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
Revenue:							
Program Revenue:							
Charges for Services			\$ 210,042	\$ 228,807	\$ 210,042	\$ 228,807	8.93%
Operating Grants and Contributions	\$ 3,240,817	\$ 2,555,460	88,018	107,105	3,328,835	2,662,565	-20.02%
General Revenue:							
Property Taxes	17,717,477	17,559,246			17,717,477	17,559,246	-0.89%
Unrestricted State and Federal Aid	63,647	743,154			63,647	743,154	1067.62%
Other	277,775	389,078	45	28	277,820	389,106	40.06%
Total Revenue	21,299,716	21,246,938	298,105	335,940	21,597,821	21,582,878	-0.07%
Expenses:							
Instruction	7,494,160	8,119,998			7,494,160	8,119,998	8.35%
Pupil and Instruction Services	8,256,833	8,226,107			8,256,833	8,226,107	-0.37%
Administrative and Business	1,592,732	1,720,582			1,592,732	1,720,582	8.03%
Maintenance and Operations	1,216,739	1,251,747			1,216,739	1,251,747	2.88%
Transportation	1,177,417	1,204,558			1,177,417	1,204,558	2.31%
Other	749,418	738,103	320,040	329,456	1,069,458	1,067,559	-0.18%
Total Expenses	20,487,299	21,261,095	320,040	329,456	20,807,339	21,590,551	3.76%
Increase/(Decrease) in Net Position	\$ 812,417	\$ (14,157)	\$ (21,935)	\$ 6,484	\$ 790,482	\$ (7,673)	-100.97%

Revenue Sources. The District's total revenue for the 2012-2013 school year was \$21,582,878. (See Table 4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$17,559,246 of the total, or 81.36 percent. (See Table 5). Another 15.78 percent came from state and federal aid for specific programs and the remainder from miscellaneous sources and charges for services. The District basically conducts its operations from the revenues it receives from its local taxpayers.

Table 5
Sources of Revenue for Fiscal Year 2013

	Amount	Percentage
Sources of Income:		
Property Taxes	\$ 17,559,246	81.36%
Operating Grants and Contributions	2,662,565	12.34%
Unrestricted State and Federal Aid	743,154	3.44%
Charges for Services	228,807	1.06%
Other	389,106	1.80%
	<u>\$ 21,582,878</u>	<u>100.00%</u>

The total cost of all programs and services was \$21,590,551. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (81.29 percent). (See Table 6). The District's administrative and business activities accounted for 7.97 percent of total costs.

Table 6
Expenses for Fiscal Year 2013

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 8,119,998	37.61%
Pupil and Instruction Services	8,226,107	38.10%
Administrative and Business	1,720,582	7.97%
Maintenance and Operations	1,251,747	5.80%
Transportation	1,204,558	5.58%
Other	1,067,559	4.94%
	<u>\$ 21,590,551</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District remained stable. Maintaining existing programs with relatively stable pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. The District has taken steps to reduce expenses while still providing a quality educational experience for the children of Lincoln Park. Such changes have generated savings, but these have not been sufficient enough to offset rising insurance premiums, increased special education program costs and escalating utility expenses.

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

- The lawn mowing and snowplowing services are provided by the Borough.
- Participate in the Cooperative Purchasing of School Supplies and Jointure Transportation through the Morris County E.S.C.
- Member of the State-wide ACES consortium for the bulk purchase of natural gas and electrical generation services.
- Applied and received 40% discounts on all telecommunication services through the federal e-rate program.
- Member of the Morris County Educational Technology Training Center, which provides professional development in technology for the staff.

Table 7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Table 7

Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2011/12	2012/13	2011/12	2012/13
Instruction	\$ 7,494,160	\$ 8,119,998	\$ 5,615,271	\$ 6,180,382
Pupil and Instruction Services	8,256,833	8,226,107	7,720,185	7,822,792
Administrative and Business	1,592,732	1,720,582	1,501,500	1,591,107
Maintenance and Operations	1,216,739	1,251,747	1,151,048	1,173,330
Transportation	1,177,417	1,204,558	527,577	1,199,921
Other	749,418	738,103	730,901	738,103
	<u>\$ 20,487,299</u>	<u>\$ 21,261,095</u>	<u>\$ 17,246,482</u>	<u>\$ 18,705,635</u>

- The cost of all governmental activities this year was \$21.26 million.
- The main revenue source for the District's governmental activities (\$17.56 million) was financed by District taxpayers.
- A portion of governmental activities was financed with \$3.40 million in state and federal aid.
- The remainder of the funding came from miscellaneous revenue and investment earnings.

Business-Type Activities

Net position from the District's business-type activity increased by \$6,484 (refer to Table 4). Factors contributing to these results included:

- Food services revenue exceeded expenses.

Financial Analysis of the District's Funds

The District's financial position has declined slightly over the past year. The District continues to provide educational programs, which enable to students to remain in the District although out of district placement costs will continue to increase. Once again the District managed to end the year with a surplus, which will allow a reasonable tax rate for the next budget year.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated, and to prevent over expenditures in specific line item accounts. Several of these revisions bear notation:

- Tuition for special education students' is budgeted based on existing and known incoming students at the time budget is submitted. Students move in and out of the District during the summer and school year which necessitates transferring among the appropriate budget lines to account for these students.

In addition with the surplus left over, the District was able to use Capital Reserve to replace boilers that were in place for years.

Table 8
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
Land	\$ 719,980	\$ 719,980			\$ 719,980	\$ 719,980	0.00%
Construction in Progress		226,026				226,026	100.00%
Buildings and Building Improvements	6,884,165	6,326,521			6,884,165	6,326,521	-8.10%
Machinery and Equipment	53,496	88,011	\$ 2,448	\$ 883	55,944	88,894	58.90%
	<u>\$ 7,657,641</u>	<u>\$ 7,360,538</u>	<u>\$ 2,448</u>	<u>\$ 883</u>	<u>\$ 7,660,089</u>	<u>\$ 7,361,421</u>	<u>-3.90%</u>

The \$467,147 increase in capital assets is due to the acquisition of new equipment and construction in progress. The current year depreciation factored into the governmental activities was \$764,250 and for business type activities was \$1,565.

Long-term Debt

At year-end, the District had \$2,975,000 in general obligation bonds outstanding – a decrease of \$575,000 from last year – as shown in Table 9. (More detailed information about the District's long-term liabilities is presented in Note 10 to the basic financial statements.)

Table 9
Outstanding Debt

	Total School District		Total Percentage Change
	2011/12	2012/13	
General Obligation Bonds (Financed with Property Taxes)	\$ 3,550,000	\$ 2,975,000	-16.20%
Less: Deferred Amortization on Refunding	(139,070)	(104,301)	-25.00%
Net Bonded Debt	3,410,930	2,870,699	
Other Long-Term Liabilities	172,921	175,360	1.41%
	<u>\$ 3,583,851</u>	<u>\$ 3,046,059</u>	<u>-15.01%</u>

- The District continued to pay down its debt, retiring \$575,000 of outstanding bonds.

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

The Lincoln Park School District is currently in good financial condition. The School District is proud of its community support of the public schools, although the reduction in State aid has increased the reliance on local property taxes to support the District. Although the increased financial impact is difficult on the tax payers, the community continues to support the schools.

The concern to the District is the 2% cap being placed on budget during the upcoming budget season. It will be exceedingly difficult to continue to maintain programs under the new regulations. With the continued reduction in State aid, the local tax payers will continue to shoulder more of the financial responsibility of the District.

The District has addressed the 2% cap by monitoring expenses carefully by maintaining programs and continuing to look for savings in various areas of the budget.

The Lincoln Park School District has moved its election to November and agreed to the 2% cap, which allows the District to move the budget along without a vote. The community still has the opportunity to attend the public hearing for all budget information.

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

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Adrian Podzielny, Business Administrator/Board Secretary at the Lincoln Park Board of Education, 92 Ryerson Road, Lincoln Park, New Jersey 07035. Please visit our website at www.lincolnparkboe.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,599,336	\$ 25,803	\$ 2,625,139
Receivables from Other Governments	411,591	7,340	418,931
Interfund Receivable	51		51
Internal Balances	(138,259)	138,259	
Inventory		5,773	5,773
Unamortized Bond Issuance Costs	21,020		21,020
Unamortized Bond Discount	5,929		5,929
Restricted Cash and Cash Equivalents	1,058,586		1,058,586
Capital Assets:			
Sites (Land)	719,980		719,980
Construction in Progress	226,026		226,026
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	<u>6,414,532</u>	<u>883</u>	<u>6,415,415</u>
Total Assets	<u>11,318,792</u>	<u>178,058</u>	<u>11,496,850</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,147,616	26,141	1,173,757
Interfund Payable	931		931
Unearned Revenue		2,627	2,627
Accrued Interest Payable	18,613		18,613
Judgements Payable	30,000		30,000
Noncurrent Liabilities:			
Due Within One Year	592,536		592,536
Due Beyond One Year, Net	<u>2,453,523</u>		<u>2,453,523</u>
Total Liabilities	<u>4,243,219</u>	<u>28,768</u>	<u>4,271,987</u>
NET POSITION			
Net Investment in Capital Assets	4,489,839	883	4,490,722
Restricted for:			
Capital Projects	391,586		391,586
Debt Service	85		85
Other Purposes	1,316,685		1,316,685
Unrestricted	<u>877,378</u>	<u>148,407</u>	<u>1,025,785</u>
Total Net Position	<u>\$ 7,075,573</u>	<u>\$ 149,290</u>	<u>\$ 7,224,863</u>

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDING JUNE 30, 2013

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 5,852,111		\$ 830,028	\$ (5,022,083)		\$ (5,022,083)
Special Education	1,746,192		1,036,094	(710,098)		(710,098)
Other Special Instruction	417,311		60,474	(356,837)		(356,837)
Other Instruction	104,384		13,020	(91,364)		(91,364)
Support services:						
Tuition	6,929,435		258,000	(6,671,435)		(6,671,435)
Student & Instruction Related Services	1,296,672		145,315	(1,151,357)		(1,151,357)
General Administrative Services	395,172		38,507	(356,665)		(356,665)
School Administrative Services	642,893		78,010	(564,883)		(564,883)
Plant Operations and Maintenance	1,251,747		78,417	(1,173,330)		(1,173,330)
Pupil Transportation	1,204,558		4,637	(1,199,921)		(1,199,921)
Central Services	682,517		12,958	(669,559)		(669,559)
Capital Outlay	2,381			(2,381)		(2,381)
Interest on Long-Term Debt	178,978			(178,978)		(178,978)
Unallocated Depreciation	556,744			(556,744)		(556,744)
Total Governmental Activities	21,261,095		2,555,460	(18,705,635)		(18,705,635)

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDING JUNE 30, 2013

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Business-Type Activities:						
Food Service	\$ 329,456	\$ 228,807	\$ 107,105		\$ 6,456	\$ 6,456
Total Business-Type Activities	<u>329,456</u>	<u>228,807</u>	<u>107,105</u>		<u>6,456</u>	<u>6,456</u>
Total Primary Government	<u>\$ 21,590,551</u>	<u>\$ 228,807</u>	<u>\$ 2,662,565</u>	<u>\$ (18,705,635)</u>	<u>6,456</u>	<u>(18,699,179)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				16,916,122		16,916,122
Taxes Levied for Debt Service				643,124		643,124
Unrestricted Aid				743,154		743,154
Investment Earnings				326	28	354
Miscellaneous Income				<u>388,752</u>		<u>388,752</u>
Total General Revenue				<u>18,691,478</u>	<u>28</u>	<u>18,691,506</u>
Change in Net Position				(14,157)	6,484	(7,673)
Net Position - Beginning				<u>7,089,730</u>	<u>142,806</u>	<u>7,232,536</u>
Net Position - Ending				<u>\$ 7,075,573</u>	<u>\$ 149,290</u>	<u>\$ 7,224,863</u>

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,533,145		\$ 66,191		\$ 2,599,336
Receivables From State Government	111,841	\$ 1,124			112,965
Receivable From Federal Government		298,626			298,626
Interfund Receivable	319,868			\$ 61,400	381,268
Restricted Cash and Cash Equivalents	1,058,586				1,058,586
Total Assets	<u>\$ 4,023,440</u>	<u>\$ 299,750</u>	<u>\$ 66,191</u>	<u>\$ 61,400</u>	<u>\$ 4,450,781</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,101,577	\$ 46,039			\$ 1,147,616
Judgments Payable	30,000				30,000
Interfund Payable	139,190	253,711	\$ 66,191	\$ 61,315	520,407
Total Liabilities	<u>1,270,767</u>	<u>299,750</u>	<u>66,191</u>	<u>61,315</u>	<u>1,698,023</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	391,586				391,586
Maintenance Reserve Account	657,000				657,000
Tuition Reserve Account	10,000				10,000
Debt Service				85	85
Excess Surplus	312,745				312,745
Excess Surplus - For Subsequent Year's Expenditures	336,940				336,940
Assigned:					
For Subsequent Year's Expenditures	305,634				305,634
Year-end Encumbrances	470,719				470,719
Unassigned	268,049				268,049
Total Fund Balances	<u>2,752,673</u>			<u>85</u>	<u>2,752,758</u>
Total Liabilities and Fund Balances	<u>\$ 4,023,440</u>	<u>\$ 299,750</u>	<u>\$ 66,191</u>	<u>\$ 61,400</u>	

Amounts Reported for Governmental Activities in the Statement of Net Position (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 \$18,067,044 and the accumulated depreciation is \$10,706,506.	7,360,538
Interest expense on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.	(18,613)
Unamortized Bond Issuance Costs are reported as expenditures in the Governmental Funds. The cost is \$70,062 and the accumulated amortization is \$49,042	21,020
Unamortized Bonds Discount is reported as expenditure in the Funds. This discount totals \$19,754 and the accumulated amortization is \$13,825	5,929
Deferred Interest costs are not reported as expenditures in the governmental funds in the year of the expenditure. The deferred interest is \$104,301	104,301
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	<u>(3,150,360)</u>
Net Position of Governmental Activities	<u>\$ 7,075,573</u>

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 16,916,122			\$ 643,124	\$ 17,559,246
Tuition	32,692				32,692
Interest Earned	5,904		\$ 43		5,947
Unrestricted Miscellaneous Revenues	350,439				350,439
Total - Local Sources	17,305,157		43	643,124	17,948,324
State Sources	2,803,094	\$ 4,825		63,615	2,871,534
Federal Sources	13,938	413,142			427,080
Total Revenue	20,122,189	417,967	43	706,739	21,246,938
EXPENDITURES:					
Current:					
Regular Instruction	4,974,769	115,691			5,090,460
Special Education Instruction	1,512,226	44,276			1,556,502
Other Special Instruction	356,837				356,837
Other Instruction	83,829				83,829
Support Services and Undistributed Costs:					
Tuition	6,671,435	258,000			6,929,435
Student & Instruction Related Services	1,144,803				1,144,803
General Administrative Services	355,689				355,689
School Administrative Services	535,841				535,841

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Plant Operations and Maintenance	\$ 1,168,692				\$ 1,168,692
Pupil Transportation	1,195,988				1,195,988
Central Services	536,423				536,423
Administrative Information Technology	133,136				133,136
Unallocated Benefits	1,225,412				1,225,412
Debt Service:					
Principal				\$ 575,000	575,000
Interest and Other Charges				131,739	131,739
Capital Outlay	469,528				469,528
Total Expenditures	<u>20,364,608</u>	<u>\$ 417,967</u>	<u></u>	<u>706,739</u>	<u>21,489,314</u>
Excess/(Deficiency) of Revenue over Expenditures	<u>(242,419)</u>	<u></u>	<u>\$ 43</u>	<u></u>	<u>(242,376)</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In				43	43
Transfers Out			(43)		(43)
Total Other Financing Sources/(Uses)			<u>(43)</u>	<u>43</u>	
Net Change in Fund Balances	(242,419)	-0-	-0-	43	(242,376)
Fund Balance - July 1	<u>2,995,092</u>	<u>-0-</u>	<u>-0-</u>	<u>42</u>	<u>2,995,134</u>
Fund Balance - June 30	<u>\$ 2,752,673</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 85</u>	<u>\$ 2,752,758</u>

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (242,376)

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation in the period.

	Depreciation expense	\$ (764,250)	
	Capital outlays	<u>467,147</u>	
			(297,103)

Interest expense on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in the accrual is reflected on the Statement of Activities. (3,489)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (2,439)

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities. 575,000

Bond Issuance Costs- The governmental funds report the effect of these costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-). (7,006)

Discount - The governmental funds report the effect of a bond discount when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-). (1,975)

Deferred Interest- The governmental funds report the effect of deferred interest costs relative to advance refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-). (34,769)

Change in Net Position of Governmental Activities \$ (14,157)

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

Exhibit B-4

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-type Activities - Enterprise Funds Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 25,803
Accounts Receivable:	
Federal	7,070
State	270
Interfund Receivable	138,259
Inventories	5,773
	177,175
Total Current Assets	177,175
Non-Current Assets:	
Capital Assets	117,276
Less: Accumulated Depreciation	(116,393)
	883
Total Non-Current Assets	883
Total Assets	178,058
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	26,141
Unearned Revenue	2,627
	28,768
Total Current Liabilities	28,768
<u>NET POSITION:</u>	
Net Investment in Capital Assets	883
Unrestricted	148,407
	149,290
Total Net Position	\$ 149,290

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

Exhibit B-5

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	
School Lunch Program	\$ 224,560
Special Events	4,247
	228,807
Total Operating Revenue	
Operating Expenses:	
Cost of Sales	134,909
Salaries, Benefits & Payroll Taxes	138,667
Purchased Professional Services	4,818
Management Fee	17,021
Depreciation Expense	1,565
Supplies and Repairs	32,476
	329,456
Total Operating Expenses	
Operating (Loss)	(100,649)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	3,590
Federal Sources	
National School Lunch Program	91,678
Food Distribution Program	11,837
Local Sources	
Interest Income	28
	107,133
Total Non-Operating Revenue	
Change in Net Position	6,484
Net Position - Beginning of Year	142,806
Net Position - End of Year	\$ 149,290

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

Exhibit B-6

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 228,807
Payments for Salaries and Benefits	(116,767)
Payments for Professional Services	(138,667)
Other Payments	(42,478)
Net Cash (Used) for Operating Activities	<u>(69,105)</u>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	28
Net Cash Provided by Investing Activities	<u>28</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	3,017
Federal Sources:	
National School Lunch Program	72,548
Net Cash Provided by Noncapital Financing Activities	<u>75,565</u>
Net Increase in Cash and Cash Equivalents	6,488
Cash and Cash Equivalents, July 1	<u>19,315</u>
Cash and Cash Equivalents, June 30	<u>\$ 25,803</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (100,649)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	1,565
Federal Food Distribution Program	11,837
Changes in Assets and Liabilities:	
(Increase) in Inventory	(97)
Increase/(Decrease) in Accounts Payable	18,497
Increase/(Decrease) in Deferred Revenue	(258)
Net Cash (Used) for Operating Activities	<u>\$ (69,105)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$11,579 and utilized Commodities Valued at \$11,837.

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

Exhibit B-7

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency	Trust	
		Unemployment Compensation Trust	IRC Section 125 Account
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 75,471	\$ 7,314	\$ 9,943
Interfund Receivable-General Fund	931		
Interfund Receivable-Agency		5,360	
Total Assets	<u>76,402</u>	<u>12,674</u>	<u>9,943</u>
<u>LIABILITIES:</u>			
Interfund Payable-General Fund	51		
Interfund Payable-Unemployment Trust	5,360		
Wages and Salaries	64		
Payroll Deductions and Withholdings	9,998		
Rental Deposit Payable	18,457		
Due to Various Groups	42,472		
Total Liabilities	<u>76,402</u>	<u>-0-</u>	<u>-0-</u>
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		12,674	
Held in Trust for Claims			9,943
Total Net Position	<u>\$ -0-</u>	<u>\$ 12,674</u>	<u>\$ 9,943</u>

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

Exhibit B-8

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Unemployment Compensation Trust</u>	<u>IRC Section 125 Account</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$ 13,953	\$ 31,050
Interfund Receivable	5,360	
Total Contributions	<u>19,313</u>	<u>31,050</u>
Investment Earnings:		
Interest	2	14
Net Investment Earnings	<u>2</u>	<u>14</u>
Total Additions	<u>19,315</u>	<u>31,064</u>
DEDUCTIONS:		
Unemployment Compensation Claims	12,226	
Flex Account Expenditures		29,260
Total Deductions	<u>12,226</u>	<u>29,260</u>
Change in Net Position	7,089	1,804
Net Position - Beginning of the Year	<u>5,585</u>	<u>8,139</u>
Net Position - End of the Year	<u>\$ 12,674</u>	<u>\$ 9,943</u>

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, and a resulting benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary and a middle school located in the Borough of Lincoln Park. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

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

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

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, the Payroll Agency Fund, the IRC Section 125 Trust Account, and the Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

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

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

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service funds. The budgets for the fiscal year ending June 30, 2013, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by the School Board. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized resources of the annual budget during the year).

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 20,116,697	\$ 411,854
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis Does Not.		6,113
Prior Year State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Statements	143,749	
Current Year State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(138,257)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 20,122,189	\$ 417,967

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

D. Budgets/Budgetary Control:

Uses/Outflows of Resources:

Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 20,364,608	\$ 411,854
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.	6,113	6,113
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 20,364,608	\$ 417,967

E. Cash and Cash Equivalents and Investments

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

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

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

F. Interfund Transactions

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

G. Allowance for Uncollectible Accounts

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

H. Encumbrances:

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

K. Capital Assets:

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

K. Capital Assets: (Cont'd)

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

	Estimated Useful Life
Buildings	30 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long-Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2013.

N. Compensated Absences:

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

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

In the district-wide *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$2,752,673 General Fund fund balance at June 30, 2013, \$391,586 is restricted in the capital reserve account; \$657,000 is restricted for the maintenance reserve account; \$10,000 is restricted for tuition reserve; \$470,719 is assigned for year-end encumbrances; \$305,634 is assigned for subsequent year's expenditures; \$312,745 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2015; \$336,940 is restricted for prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2014; and \$268,049 is unassigned which is \$138,257 less than the calculated maximum assigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2014.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2013 of \$85 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2013 as noted above. The total excess surplus at June 30, 2013 was \$649,685.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$138,257, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

Q. Net Position

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

Q. Net Position (Cont'd)

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District did not have any deferred inflows or outflows of resources at June 30, 2013.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

R. Fund Balance Restrictions, Commitments and Assignments:

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2013.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2013.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

S. Deficit Fund Balances/Net Position:

The District did not have any deficit fund balances or net position at June 30, 2013.

T. Revenue - Exchange and Nonexchange Transactions

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest, and tuition.

U. Operating Revenue and Expenses

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

V. Management Estimates

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

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below.

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

Investments: (Cont'd)

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

As of June 30, 2013, cash and cash equivalents and investments of the District consisted of the following:

Accounts	Cash and Cash Equivalents	Restricted Account	Total
Checking and Savings Accounts	\$ 2,717,867	\$ 1,058,586	\$ 3,776,453
	\$ 2,717,867	\$ 1,058,586	\$ 3,776,453

During the period ended June 30, 2013, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2013, was \$3,776,453 and the bank balance was \$4,464,983.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board resolution during the fiscal year ended June 30, 2001 of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance	\$ 201,261
Add: Interest Earned	325
Increase per Board Resolution June 25, 2013	<u>250,000</u>
	451,586
Less: Withdrawal by Board Resolution	<u>60,000</u>
Ending Balance	<u>\$ 391,586</u>

The June 30, 2013 LRFP balance of local support costs of uncompleted capital projects at June 30, 2013 is equal to or greater than \$391,586.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$150,000 was established by the Lincoln Park Board of Education on June 29, 2010. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance	\$ 407,000
Add: Increase per Board Resolution June 19, 2012	<u>250,000</u>
Ending Balance	<u><u>\$ 657,000</u></u>

NOTE 6: TUITION RESERVE ACCOUNT:

A tuition reserve account may be established in accordance with N.J.A.C. 6A:23A-14.4(a)(3) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated tuition cost in the contract year for an anticipated tuition adjustment in the second year following the contract. Full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be reserved and budgeted for tax relief.

The District established a \$10,000 tuition reserve during 2010/11 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2014.

NOTE 7. TRANSFER TO CAPITAL OUTLAY:

During the year ended June 30, 2013, the District transferred \$75,352 to capital outlay for instructional equipment other Purchased Professional and Technical Services and, construction services which require County Superintendent approval.

NOTE 8. INTERFUND RECEIVABLES AND PAYABLES:

The following interfund balances remained on the fund financial statements at June 30, 2013:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 319,868	\$ 139,190
Special Revenue Fund		253,711
Capital Projects Fund		66,191
Debt Service Fund	61,400	61,315
Food Service Fund	138,259	
Agency Fund	931	5,411
Unemployment Compensation Trust	5,360	
	<u><u>\$ 525,818</u></u>	<u><u>\$ 525,818</u></u>

The interfund payable from the Debt Service Fund to the General Fund consists of a prior year interfund of \$51,197 along with a shortage in cash in the prior year of \$10,118 which was eliminated through the General Fund and accrued interest in the current year. There was \$931 due from the payroll agency fund which is also a part of a prior year interfund payable to the General Fund, \$5,360 from Payroll Agency is due to the Unemployment Trust, and \$51 from the Flex 125 account is also due to the General Fund for a current year advance made in the prior year. The interfund between the Food Service Fund and the General Fund consists of federal and state lunch reimbursements collected in General Fund and due to the Food Service Fund for both current and prior years. The interfund between the Capital Projects Fund and the Debt Service Fund is for interest earned in the amount of \$61,400. The interfund between the General Fund and the Special Revenue fund of \$253,711 consists of a prior year interfund for grant funds not yet received in Special Revenue Fund.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 9. CAPITAL ASSETS:

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 153,320
Other Instruction	7,535
Student and Instruction Related Services	6,554
School Administrative Services	29,042
Operations and Maintenance of Plant	4,638
Student Transportation	6,417
Unallocated	556,744
	<u>\$ 764,250</u>

Capital asset balances and activity for this fiscal year ended June 30, 2013 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 719,980			\$ 719,980
Construction in Progress		\$ 226,026		226,026
Total Capital Assets Not Being Depreciated	<u>719,980</u>	<u>226,026</u>		<u>946,006</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	14,216,079			14,216,079
Machinery and Equipment	2,697,526	241,121	\$ (33,688)	2,904,959
Total Capital Assets Being Depreciated	<u>16,913,605</u>	<u>241,121</u>	<u>(33,688)</u>	<u>17,121,038</u>
Governmental Activities Capital Assets	<u>17,633,585</u>	<u>467,147</u>	<u>(33,688)</u>	<u>18,067,044</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(7,331,914)	(557,644)		(7,889,558)
Machinery and Equipment	(2,644,030)	(206,606)	33,688	(2,816,948)
	<u>(9,975,944)</u>	<u>(764,250)</u>	<u>33,688</u>	<u>(10,706,506)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,657,641</u>	<u>\$ (297,103)</u>	<u>\$ -0-</u>	<u>\$ 7,360,538</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 117,276			\$ 117,276
Less Accumulated Depreciation	(114,828)	\$ (1,565)		(116,393)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,448</u>	<u>\$ (1,565)</u>	<u>\$ -0-</u>	<u>\$ 883</u>

NOTE 10. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2013, the following changes occurred in liabilities reported in the district-wide financial statements:

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

NOTE 10. LONG-TERM LIABILITIES (Cont'd)

	Balance 6/30/2012	Accrued	Retired	Balance 6/30/2013	Amounts Due in a Year
Serial Bond Payable	\$ 3,550,000		\$ 575,000	\$ 2,975,000	\$ 575,000
Less: Deferred Amortization on Refunding	(139,070)		34,769	(104,301)	(34,769)
Net Serial Bonds Payable	3,410,930		609,769	2,870,699	540,231
Compensated Absences Payable	172,921	\$ 2,439		175,360	17,536
	<u>\$ 3,583,851</u>	<u>\$ 2,439</u>	<u>\$ 609,769</u>	<u>\$ 3,046,059</u>	<u>\$ 557,767</u>

A. Bonds Payable:

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

The District had serial bonds outstanding as of June 30, 2013 as follows:

Maturity Date	Interest Rate	Amount
4/1/2016	3.10-3.40%	\$ 1,395,000
10/1/2023	4.20-4.375%	1,580,000
		<u>\$ 2,975,000</u>

Debt service requirements on serial bonds payable at June 30, 2013 are as follows:

Year	Principal	Interest	Total
2014	\$ 575,000	\$ 112,401	\$ 687,401
2015	570,000	92,307	662,307
2016	655,000	71,891	726,891
2017	145,000	48,234	193,234
2018	155,000	41,673	196,673
2019-2023	875,000	99,203	974,203
	<u>\$ 2,975,000</u>	<u>\$ 465,709</u>	<u>\$ 3,440,709</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2013, there were no bonds authorized but not issued.

C. Compensated Absence Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. The current portion of the compensated absences balance of the governmental funds is \$17,536, and the long term portion is \$157,824. Compensated absences will be liquidated by the General Fund.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

C. Compensated Absence Payable: (Cont'd)

The liability for compensated absences of the proprietary fund types is recorded with these funds as benefits accrue to the employees. As of June 30, 2013, no liability existed for compensated absences in the Enterprise Fund.

NOTE 11. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at a specified age or after 55 according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible service. Vesting occurs after 8 to 10 years of service.

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective July 1, 2012, the employee contributions for PERS and TPAF increased from 6.5% to 6.64% of employees' annual compensation, as defined. Subsequent increases are being phased in over 7 years effective each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

District contributions to PERS amounted to \$127,024, \$131,571 and \$137,898 for the fiscal years ended June 30, 2013, 2012 and 2011 respectively.

During the fiscal years ended June 30, 2013, and June 30, 2012 the state of New Jersey made contributions of \$372,618 and \$192,491 respectively to the TPAF for pension benefits on-behalf of the District. During the fiscal year ended June 30, 2011 the State of New Jersey made no contributions to the TPAF for normal pension benefits on-behalf of the District.

NOTE 12. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to fund post retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 12. POST-RETIREMENT BENEFITS (Cont'd)

of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributed to P.L. 1992, c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$421,337 \$386,958 and \$405,037 for 2013, 2012 and 2011, respectively.

NOTE 13. DEFERRED COMPENSATION

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

Equitable Life Insurance Company	Metropolitan Life Insurance Company
Lincoln Investments	Copeland Companies
Lincoln National Life Insurance Company	Securities First Group

NOTE 14. RISK MANAGEMENT

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

Property and Liability

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

New Jersey Unemployment Compensation Insurance

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 14. RISK MANAGEMENT (Cont'd)

<u>Fiscal Year</u>	<u>District Contribution</u>	<u>Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013		\$ 2	\$ 13,953	\$ 12,226	\$ 7,314
2011-2012		1	23,138	17,607	5,585
2010-2011	\$ 75,000	1	11,892	99,495	53

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

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

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

The June 30, 2013 financial statements for the PIP were not available as of the date of this report, however, selected financial information for the PIP as of June 30, 2012 is as follows:

	<u>Pooled Insurance Program of New Jersey June 30, 2012</u>
Total Assets	\$ 20,490,201
Net Position	\$ 4,907,675
Total Revenue	\$ 8,109,358
Total Expenses	\$ 7,088,647
Change in Net Position	\$ 1,020,711
Member Dividends	\$ 1,184,665

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

Office of the Executive Director
Burton Agency
44 Bergen Street
PO Box 270
Westwood, NJ 07675

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2013, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Governmental Types</u>
\$ 470,719	\$ 7,382	\$ 478,101
<u>\$ 470,719</u>	<u>\$ 7,382</u>	<u>\$ 478,101</u>

In the District's Governmental Funds Balance Sheet as of June 30, 2013, no amount is assigned for encumbrances, in the Special Revenue Fund since encumbrances are not recognized on the GAAP basis until they are paid. Actual encumbrances of \$7,382, on the budgetary basis are instead reflected as either a reduction of grants receivable or an increase in unearned revenue on the GAAP basis in the Special Revenue Fund.

NOTE 16. TAX CALENDAR

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

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 17. ECONOMIC DEPENDENCY

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

NOTE 18. ACCOUNTS PAYABLE

Payables as of June 30, 2013, were:

	<u>Governmental Activities</u>		<u>Total Governmental Types</u>	<u>Business - Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Proprietary Funds</u>
Vendors	<u>\$ 1,101,577</u>	<u>\$ 46,040</u>	<u>\$ 1,147,617</u>	<u>\$ 26,141</u>
	<u>\$ 1,101,577</u>	<u>\$ 46,040</u>	<u>\$ 1,147,617</u>	<u>\$ 26,141</u>

BUDGETARY COMPARISON SCHEDULES

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<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	\$ 16,916,122		\$ 16,916,122	\$ 16,916,122	
Tuition	35,335		35,335	32,692	\$ (2,643)
Interest on Investments				5,578	5,578
Interest Earned on Capital Reserve Funds				326	326
Unrestricted Miscellaneous Revenues	210,185		210,185	350,439	140,254
Total - Local Sources	<u>17,161,642</u>		<u>17,161,642</u>	<u>17,305,157</u>	<u>143,515</u>
State Sources:					
Transportation Aid	643,598		643,598	643,598	
Special Education Aid	690,889		690,889	690,889	
Security Aid	100,426		100,426	100,426	
Adjustment Aid	46,874		46,874	46,874	
Extraordinary Aid	108,500		108,500	66,881	(41,619)
Nonpublic Transportation Aid				23,522	23,522
On-Behalf TPAF Pension Payments (Non-Budgeted)				372,618	372,618
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				421,337	421,337
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				431,457	431,457
Total State Sources	<u>1,590,287</u>		<u>1,590,287</u>	<u>2,797,602</u>	<u>1,207,315</u>
Federal Sources:					
Education Jobs Funds				13,938	13,938
				13,938	13,938
TOTAL REVENUES	<u>18,751,929</u>		<u>18,751,929</u>	<u>20,116,697</u>	<u>1,364,768</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 313,241	\$ 481	\$ 313,722	\$ 313,722	
Grades 1-5 - Salaries of Teachers	1,759,096	36,617	1,795,713	1,795,713	
Grades 6-8 - Salaries of Teachers	1,447,755	(40,303)	1,407,452	1,387,784	\$ 19,668
Regular Programs - Home Instruction:					
Salaries of Teachers	30,000	6,817	36,817	19,924	16,893
Regular Program - Undistributed Instruction:					
Other Salaries for Instruction		31,143	31,143	31,143	
Purchased Professional Educational Services	72,765	(430)	72,335	35,725	36,610
Purchased Technical Services	6,705	53,919	60,624		60,624
Other Purchased Services (400-500 series)	48,898	9,170	58,068	53,874	4,194
General Supplies	252,161	262,037	514,198	459,339	54,859
Textbooks	57,702	12,779	70,481	36,476	34,005
Other Objects	800		800	400	400
Total Regular Programs - Instruction	3,989,123	372,230	4,361,353	4,134,100	227,253
Special Education - Instruction:					
Learning and or Language Disabilities:					
Salaries of Teachers	376,245		376,245	360,716	15,529
Other Salaries for Instruction	142,466	87,821	230,287	218,986	11,301
General Supplies	2,120		2,120	2,120	
Total Learning and or Language Disabilities	520,831	87,821	608,652	581,822	26,830

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 515,740	\$ (67,355)	\$ 448,385	\$ 448,385	
General Supplies	1,283	2,269	3,552	3,552	
Textbooks	270		270	249	\$ 21
Total Resource Room/Resource Center	<u>517,293</u>	<u>(65,086)</u>	<u>452,207</u>	<u>452,186</u>	<u>21</u>
Preschool Disabilities - Part-time:					
Salaries of Teachers	52,010	(2,105)	49,905	47,031	2,874
Other Salaries for Instruction	31,439	2,555	33,994	33,994	
General Supplies	4,204	870	5,074	4,914	160
Total Preschool Disabilities - Part-time	<u>87,653</u>	<u>1,320</u>	<u>88,973</u>	<u>85,939</u>	<u>3,034</u>
Total Special Education Instruction	<u>1,125,777</u>	<u>24,055</u>	<u>1,149,832</u>	<u>1,119,947</u>	<u>29,885</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	242,245	54,010	296,255	296,255	
Total Basic Skills/Remedial - Instruction	<u>242,245</u>	<u>54,010</u>	<u>296,255</u>	<u>296,255</u>	

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 57,760		\$ 57,760	\$ 57,327	\$ 433
General Supplies	3,415	\$ 877	4,292	3,255	1,037
Total Bilingual Education - Instruction	<u>61,175</u>	<u>877</u>	<u>62,052</u>	<u>60,582</u>	<u>1,470</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	26,280	15,524	41,804	41,804	
Total School-Sponsored Cocurricular Activities - Instruction	<u>26,280</u>	<u>15,524</u>	<u>41,804</u>	<u>41,804</u>	
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	28,700	625	29,325	29,325	
Supplies and Materials	1,365	11,324	12,689	5,420	7,269
Other Objects	8,270	(7,095)	1,175	1,055	120
Total School-Sponsored Cocurricular Athletics - Instruction	<u>38,335</u>	<u>4,854</u>	<u>43,189</u>	<u>35,800</u>	<u>7,389</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Other Instructional Program - Instruction:					
Salaries	\$ 7,500		\$ 7,500	\$ 5,000	\$ 2,500
Total Other Instructional Program - Instruction	<u>7,500</u>		<u>7,500</u>	<u>5,000</u>	<u>2,500</u>
Total Instruction	<u>5,490,435</u>	<u>\$ 471,550</u>	<u>5,961,985</u>	<u>5,693,488</u>	<u>268,497</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	4,400,758	990,502	5,391,260	5,331,138	60,122
Tuition to Other LEAs Within the State - Special	1,662,368	(1,023,933)	638,435	620,836	17,599
Tuition to Private Schools for the Handicapped - Within State	<u>1,216,463</u>	<u>(270,307)</u>	<u>946,156</u>	<u>719,461</u>	<u>226,695</u>
Total Undistributed Expenditures - Instruction	<u>7,279,589</u>	<u>(303,738)</u>	<u>6,975,851</u>	<u>6,671,435</u>	<u>304,416</u>
Attendance & Social Work:					
Salaries	<u>2,000</u>		<u>2,000</u>	<u>2,000</u>	
Total Attendance & Social Work	<u>2,000</u>		<u>2,000</u>	<u>2,000</u>	

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	\$ 135,140	\$ 8,673	\$ 143,813	\$ 143,813	
Purchased Professional/Technical Services	200	(38)	162	50	\$ 112
Other Purchased Services (400-500 Series)	1,216	(432)	784	602	182
Supplies and Materials	6,493		6,493	3,813	2,680
Other Objects	100		100	85	15
Total Health Services	143,149	8,203	151,352	148,363	2,989
Speech, OT, PT and Related Services:					
Salaries	138,380	10,701	149,081	149,000	81
Supplies and Materials	250		250	232	18
Total Speech, OT, PT and Related Services	138,630	10,701	149,331	149,232	99
Guidance:					
Salaries of Other Professional Staff	94,625		94,625	94,625	
Purchased Professional - Educational Services	750		750		750
Other Purchased Services (400-500 Series)	200	(100)	100		100
Supplies and Materials	1,431		1,431	1,193	238
Other Objects	300		300		300
Total Guidance	97,306	(100)	97,206	95,818	1,388

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Child Study Team:					
Salaries of Other Professional Staff	\$ 331,585	\$ 29,950	\$ 361,535	\$ 361,535	
Salaries of Secretarial and Clerical Assistants	45,897	(900)	44,997	43,880	\$ 1,117
Purchased Professional/Educational Services	191,015	(99,889)	91,126	75,458	15,668
Purchased Technical Services	4,915	6,407	11,322	11,322	
Other Purchased Services (400-500 Series)	12,064	(4,366)	7,698	6,541	1,157
Supplies and Materials	10,773	267	11,040	10,826	214
Other Objects	1,800		1,800	1,509	291
Total Child Study Team	598,049	(68,531)	529,518	511,071	18,447
Educational Media Services/School Library:					
Salaries	82,011	(17,874)	64,137	54,784	9,353
Purchased Professional and Technical Services	1,450	2,440	3,890	3,890	
Supplies and Materials	11,705	5,933	17,638	12,776	4,862
Total Educational Media Services/School Library	95,166	(9,501)	85,665	67,560	18,105
Instructional Staff Training Services:					
Purchased Professional/Educational Services	12,125		12,125	3,213	8,912
Total Instructional Staff Training Services	12,125		12,125	3,213	8,912

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration:					
Salaries	\$ 223,613	\$ 1,603	\$ 225,216	\$ 225,146	\$ 70
Legal Services	33,174	1,750	34,924	5,094	29,830
Audit Fees	30,000		30,000	25,200	4,800
Other Purchased Professional Services	7,000	(1,037)	5,963		5,963
Purchased Technical Services	9,669	26,966	36,635	15,933	20,702
Communications/Telephone	3,984	4,071	8,055	7,091	964
BOE Other Purchased Services	6,054	100	6,154	4,793	1,361
Miscellaneous Purchased Services	11,075	(147)	10,928	2,994	7,934
General Supplies	3,127	2,750	5,877	5,676	201
BOE In-House Training/Meeting Supplies	750		750		750
Miscellaneous Expenditures	6,639		6,639	3,670	2,969
BOE membership Dues and Fees	15,274	(1,906)	13,368	9,819	3,549
Total Support Services - General Administration	350,359	34,150	384,509	305,416	79,093
Administrative Information Technology:					
Salaries	70,940	4,825	75,765	75,765	
Purchased Technical Services	9,265	59,173	68,438	45,793	22,645
Other Purchased Services (400-500 series)	26,836	(26,836)			
Supplies and Materials	14,325	(4,231)	10,094	6,426	3,668
Total Administrative Information Technology	121,366	32,931	154,297	127,984	26,313
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	348,170	2,513	350,683	350,370	313
Salaries of Secretarial and Clerical Assistants	104,592	1,156	105,748	105,748	
Purchased Professional Services	3,100	20,000	23,100	3,100	
Other Purchased Services (400-500 Series)	12,502	(3,074)	9,428	421	9,007
Supplies and Materials	6,272	3,614	9,886	9,844	42
Other Objects	3,305	60	3,365	3,174	191
Total Support Services - School Administration	477,941	24,269	502,210	472,657	29,553

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Required Maintenance of School Facilities:					
Salaries	\$ 79,427		\$ 79,427	\$ 79,427	
Cleaning, Repair and Maintenance Services	73,745	\$ 46,474	120,219	89,691	\$ 30,528
General Supplies	2,400		2,400	1,349	1,051
Total Required Maintenance of School Facilities	155,572	46,474	202,046	170,467	31,579
Custodial Services:					
Salaries	410,636	(10,624)	400,012	379,074	20,938
Purchased Professional and Technical Services	39,320	(17,259)	22,061	16,203	5,858
Cleaning, Repair and Maintenance Services	2,400		2,400	728	1,672
Other Purchased Property Services	14,040	(1,014)	13,026	12,627	399
Insurance	109,094	(35,790)	73,304	73,304	
Supplies and Materials	55,975	42,089	98,064	92,864	5,200
Energy (Electricity)	138,975	(7,481)	131,494	100,730	30,764
Energy (Natural Gas)	205,873	(29,491)	176,382	113,926	62,456
Other Objects	6,750	632	7,382	5,862	1,520
Total Custodial Services	983,063	(58,938)	924,125	795,318	128,807
Student Transportation Services:					
Salaries	12,240	350	12,590	12,590	
Other Purchased Professional and Technical Services	3,100		3,100	3,000	100
Contracted Services:					
Aid in Lieu - Non Public Students (Between Home and School) - Vendors	159,697	(17,569)	142,128	129,631	12,497
(Other than Between Home and School) Vendors	728,685	25,710	754,395	747,218	7,177
Special Education Students - Vendors	21,116	(196)	20,920	11,442	9,478
Management Fee - ESC and CTSA Transportation Program	371,972	(34,812)	337,160	274,287	62,873
	53,317	(30,111)	23,206	17,663	5,543
Total Student Transportation Services	1,350,127	(56,628)	1,293,499	1,195,831	97,668

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Central Services:					
Salaries	\$ 282,829		\$ 282,829	\$ 282,828	\$ 1
Purchased Technical Services	28,000	\$ 21,150	49,150	29,359	19,791
Miscellaneous Purchased Services (400-500 Series)	9,968	1,364	11,332	9,385	1,947
Supplies and Materials	4,442	3,953	8,395	8,395	
Other Objects	5,725		5,725	4,582	1,143
Total Central Services	330,964	26,467	357,431	334,549	22,882
Regular Instruction - Allocated Benefits:					
Social Security	17,569		17,569	11,213	6,356
Other Retirement Contributions- PERS	1,214	2,939	4,153	3,769	384
Unemployment Compensation	68,672	(47,538)	21,134	12,013	9,121
Workers Compensation	45,500		45,500	45,500	
Tuition Reimbursement	21,000		21,000	21,000	
Health Benefits	822,549	(56,368)	766,181	747,174	19,007
Total Regular Programs - Allocated Benefits	976,504	(100,967)	875,537	840,669	34,868
Special Education - Instruction - Allocated Benefits:					
Social Security	30,552		30,552	20,046	10,506
Other Retirement Contributions- PERS	500		500	425	75
Workers Compensation	21,758		21,758	21,758	
Health Benefits	426,745	(19,290)	407,455	350,050	57,405
Total Special Education - Allocated Benefits	479,555	(19,290)	460,265	392,279	67,986

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Other Instructional Program - Instruction - Allocated Benefits:					
Social Security	\$ 6,115	\$ (2,180)	\$ 3,935		\$ 3,935
Workers Compensation	1,225		1,225	\$ 1,225	
Total Other Instructional Program - Allocated Benefits	<u>7,340</u>	<u>(2,180)</u>	<u>5,160</u>	<u>1,225</u>	<u>3,935</u>
Attendance & Social Work - Allocated Benefits:					
Social Security	157		157		157
Total Attendance & Social Work - Allocated Benefits	<u>157</u>		<u>157</u>		<u>157</u>
Health Services - Allocated Benefits:					
Social Security	3,602		3,602	3,602	
Workers Compensation	1,691		1,691	1,691	
Health Benefits	27,994	(930)	27,064	27,064	
Total Health Benefits - Allocated Benefits	<u>33,287</u>	<u>(930)</u>	<u>32,357</u>	<u>32,357</u>	
Speech, OT,PT and Related Services - Allocated Benefits:					
Workers Compensation	2,023		2,023	2,023	
Benefits	30,998		30,998	30,998	
Total Speech, OT,PT and Related Services - Allocated Benefits	<u>33,021</u>		<u>33,021</u>	<u>33,021</u>	
Guidance - Allocated Benefits:					
Workers Compensation	1,967		1,967	1,967	
Health Benefits	9,896		9,896	931	8,965
Total Guidance - Allocated Benefits	<u>11,863</u>		<u>11,863</u>	<u>2,898</u>	<u>8,965</u>
Child Study Team - Allocated Benefits:					
Social Security	4,592		4,592	4,592	
Workers Compensation	6,435		6,435	6,435	
Health Benefits	85,319		85,319	85,319	
Total Child Study Team - Allocated Benefits	<u>96,346</u>		<u>96,346</u>	<u>96,346</u>	

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library- Allocated Benefits:					
Social Security	\$ 2,965		\$ 2,965	\$ 2,924	\$ 41
Total Educational Media School/Library - Allocated Benefits	<u>2,965</u>		<u>2,965</u>	<u>2,924</u>	<u>41</u>
Administrative Information Technology:					
Social Security	5,299		5,299	5,152	147
Health Benefits	5,000		5,000		5,000
Total Administrative Information Technology - Allocated Benefits	<u>10,299</u>		<u>10,299</u>	<u>5,152</u>	<u>5,147</u>
Support Services - General Administration - Allocated Benefits:					
Social Security	19,008		19,008	18,346	662
Workers Compensation	2,225		2,225	2,225	
Health Benefits	37,890	\$ (1,603)	36,287	29,702	6,585
Total Support Services - General Administration - Allocated Benefits	<u>59,123</u>	<u>(1,603)</u>	<u>57,520</u>	<u>50,273</u>	<u>7,247</u>
Support Services - School Administration - Allocated Benefits:					
Social Security	8,411		8,411	6,585	1,826
Workers Compensation	3,575		3,575	3,575	
Health Benefits	88,891	(19,124)	69,767	53,024	16,743
Total Support Services-School Administration-Allocated Benefits	<u>100,877</u>	<u>(19,124)</u>	<u>81,753</u>	<u>63,184</u>	<u>18,569</u>
Required Maintenance of School Facilities - Allocated Benefits:					
Social Security	37,989		37,989	37,416	573
Workers Compensation	11,803		11,803	11,803	
Tuition Reimbursement	500		500		500
Health Benefits	166,576		166,576	153,543	13,033
Other Employee Benefits	500		500	145	355
Total Required Maintenance of School Facilities - Allocated Benefits	<u>217,368</u>		<u>217,368</u>	<u>202,907</u>	<u>14,461</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services - Allocated Benefits:					
Social Security	\$ 936		\$ 936		\$ 936
Workers Compensation	157		157	\$ 157	
Total Student Transportation Services - Allocated Benefits	<u>1,093</u>		<u>1,093</u>	<u>157</u>	<u>936</u>
Central Services - Allocated Benefits:					
Social Security	20,641		20,641	20,455	186
Other Retirement Contributions - PERS	191,449	\$ (41,560)	149,889	127,024	22,865
Workers Compensation	2,940		2,940	2,940	
Health Benefits	68,718	(15,376)	53,342	51,455	1,887
Total Central Services - Allocated Benefits	<u>283,748</u>	<u>(56,936)</u>	<u>226,812</u>	<u>201,874</u>	<u>24,938</u>
Total Allocated Benefits	<u>2,313,546</u>	<u>(201,030)</u>	<u>2,112,516</u>	<u>1,925,266</u>	<u>187,250</u>
On-Behalf Contributions:					
On-Behalf TPAF Pension Payments (Non-Budgeted)				372,618	(372,618)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				421,337	(421,337)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				431,457	(431,457)
Total On-Behalf Contributions				<u>1,225,412</u>	<u>(1,225,412)</u>
Total Personal Services - Employee Benefits	<u>2,313,546</u>	<u>(201,030)</u>	<u>2,112,516</u>	<u>3,150,678</u>	<u>(1,038,162)</u>
Total Undistributed Expenditures	<u>14,448,952</u>	<u>(515,271)</u>	<u>13,933,681</u>	<u>14,201,592</u>	<u>(267,911)</u>
TOTAL CURRENT EXPENSE	<u>19,939,387</u>	<u>(43,721)</u>	<u>19,895,666</u>	<u>19,895,080</u>	<u>586</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY:					
Regular Programs - Instruction:					
Kindergarten					
Grades 1-5		\$ 2,999	\$ 2,999	\$ 2,999	
Undistributed Expenditures:					
Non-Instructional Equipment	\$ 21,742		21,742	21,742	
Total Equipment	<u>21,742</u>	<u>2,999</u>	<u>24,741</u>	<u>24,741</u>	
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services		12,353	12,353	11,966	\$ 387
Construction Services	409,183	60,000	469,183	430,440	38,743
Assessment for Debt Service- SDA Funding	2,381		2,381	2,381	
Total Facilities Acquisition and Construction Services	<u>411,564</u>	<u>72,353</u>	<u>483,917</u>	<u>444,787</u>	<u>39,130</u>
TOTAL CAPITAL OUTLAY	<u>433,306</u>	<u>75,352</u>	<u>508,658</u>	<u>469,528</u>	<u>39,130</u>
TOTAL EXPENDITURES	<u>20,372,693</u>	<u>31,631</u>	<u>20,404,324</u>	<u>20,364,608</u>	<u>39,716</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,620,764)</u>	<u>(31,631)</u>	<u>(1,652,395)</u>	<u>(247,911)</u>	<u>1,404,484</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund Balance, July 1	\$ 3,138,841		\$ 3,138,841	\$ 3,138,841	
Fund Balance, June 30	<u>\$ 1,518,077</u>	<u>\$ (31,631)</u>	<u>\$ 1,486,446</u>	<u>\$ 2,890,930</u>	<u>\$ 1,404,484</u>
<u>Recapitulation:</u>					
Restricted for:					
Capital Reserve				\$ 391,586	
Maintenance Reserve				657,000	
Tuition Reserve				10,000	
Excess Surplus - For Subsequent Year's Expenditures				336,940	
Excess Surplus				312,745	
Assigned:					
Year-end Encumbrances				470,719	
For Subsequent Year's Expenditures				305,634	
Unassigned				<u>406,306</u>	
				2,890,930	
Reconciliation to Governmental Funds Statement (GAAP):					
Final Two State Aid Payments not Recognized on GAAP Basis				<u>(138,257)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,752,673</u>	

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 7,882	\$ (4,136)	\$ 3,746	\$ 3,746	
Federal Sources	153,211	254,908	408,119	408,108	\$ (11)
Total Revenues	161,093	250,772	411,865	411,854	(11)
EXPENDITURES:					
Instruction					
Salaries of Teachers	31,640	49,760	81,400	81,400	
Tuition	104,699	153,301	258,000	258,000	
General Supplies	11,032	17,599	28,631	28,620	11
Textbooks	986	(35)	951	951	
Total Instruction	148,357	220,625	368,982	368,971	11
Support Services					
Personal Service - Employee Benefits		16,157	16,157	16,157	
Purchased Professional/Educational Services	7,882	6,562	14,444	14,444	
Purchased Professional/Technical Services		7,000	7,000	7,000	
Other Purchased Services	4,854	428	5,282	5,282	
Total Support Services	12,736	30,147	42,883	42,883	
Total Expenditures	\$ 161,093	\$ 250,772	\$ 411,865	\$ 411,854	\$ 11

Exhibit C-3

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 20,116,697	\$ 411,854
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis Does Not.		6,113
Prior Year State Aid Payments Recognized for GAAP Statements, Not Recognized for Budgetary Statements	143,749	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(138,257)	
	<u>\$ 20,122,189</u>	<u>\$ 417,967</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 20,364,608	\$ 411,854
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		6,113
	<u>\$ 20,364,608</u>	<u>\$ 417,967</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets for the fiscal year ending June 30, 2013, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	No Child Left Behind			IDEA
	Title I	Title II	Title III	Basic - Special Achievement Award
REVENUE:				
State Sources				
Federal Sources	\$ 88,777	\$ 14,615	\$ 11,255	\$ 5,922
Total Revenue	88,777	14,615	11,255	5,922
EXPENDITURES:				
Instruction:				
Salaries of Teachers	72,700	1,600		
Tuition				
General Supplies	1,537	413	11,255	5,922
Textbooks				
Total Instruction	74,237	2,013	11,255	5,922
Support Services:				
Personal Service - Employee Benefits	14,540	320		
Purchased Professional - Educational Services				
Purchased Technical Services		7,000		
Other Purchased Services (400-500 series)		5,282		
Total Support Services	14,540	12,602		
Total Expenditures	\$ 88,777	\$ 14,615	\$ 11,255	\$ 5,922

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	IDEA Part B Basic	IDEA Part B Preschool	Non-Public Textbooks	Non-Public Nursing
REVENUE:				
State Sources			\$ 951	\$ 1,320
Federal Sources	\$ 278,066	\$ 9,473		
Total Revenue	278,066	9,473	951	1,320
EXPENDITURES:				
Instruction:				
Salaries of Teachers		7,100		
Tuition	258,000			
General Supplies	8,066	1,076		
Textbooks			951	
Total Instruction	266,066	8,176	951	
Support Services:				
Personal Service - Employee Benefits		1,297		
Purchased Professional - Educational Services	12,000			1,320
Purchased Technical Services				
Other Purchased Services (400-500 series)				
Total Support Services	12,000	1,297		1,320
Total Expenditures	\$ 278,066	\$ 9,473	\$ 951	\$ 1,320

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Non Public Handicapped Services		
	Examination and Classification	Non-Public Tech Supplies	Totals
REVENUE:			
State Sources	\$ 1,124	\$ 351	\$ 3,746
Federal Sources			408,108
	<u>1,124</u>	<u>351</u>	<u>411,854</u>
Total Revenue			
EXPENDITURES:			
Instruction:			
Salaries of Teachers			81,400
Tuition			258,000
General Supplies		351	28,620
Textbooks			951
			<u>368,971</u>
Total Instruction		351	368,971
Support Services:			
Personal Service - Employee Benefits			16,157
Purchased Professional - Educational Services	1,124		14,444
Purchased Technical Services			7,000
Other Purchased Services (400-500 series)			5,282
			<u>42,883</u>
Total Support Services	1,124		42,883
Total Expenditures	<u>\$ 1,124</u>	<u>\$ 351</u>	<u>\$ 411,854</u>

CAPITAL PROJECTS FUND

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Revenue and Other Financing Sources:	
Interest Earned	\$ 43
	<hr/>
Total Revenue and Other Financing Sources	43
	<hr/>
Other Financing Uses:	
Transfer to Debt Service Fund	43
	<hr/>
Total Other Financing Uses	43
	<hr/>
Excess/(Deficit) of Revenue and Other Financing Sources	
Over/(Under) Other Financing Uses	-0-
	<hr/>
Fund Balance - Beginning of Year	-0-
	<hr/>
Fund Balance - End of Year	\$ -0-
	<hr/> <hr/>

PROPRIETARY FUNDS

Exhibit G-1

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 25,803
Accounts Receivable:	
Federal	7,070
State	270
Interfund Receivable	138,259
Inventories	5,773
	<hr/>
Total Current Assets	177,175
	<hr/>
Capital Assets:	
Equipment	117,276
Less: Accumulated Depreciation	(116,393)
	<hr/>
Total Capital Assets	883
	<hr/>
Total Assets	178,058
	<hr/>

LIABILITIES:

Current Liabilities:	
Accounts Payable - Vendors	26,141
Unearned Revenue	2,627
	<hr/>
Total Current Liabilities	28,768
	<hr/>

NET POSITION:

Net Investment in Capital Assets	883
Unrestricted	148,407
	<hr/>
Total Net Position	\$ 149,290
	<hr/> <hr/>

Exhibit G-2

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	
School Lunch Program	\$ 224,560
Special events	4,247
	<hr/>
Total Operating Revenue	228,807
	<hr/>
Operating Expenses:	
Cost of Sales	134,909
Salaries, Benefits & Payroll Taxes	138,667
Purchased Professional and Technical Services	4,818
Management Fee	17,021
Depreciation Expense	1,565
Supplies and Repairs	32,476
	<hr/>
Total Operating Expenses	329,456
	<hr/>
Operating (Loss)	(100,649)
	<hr/>
Non-Operating Income:	
State Sources	
State School Lunch Program	3,590
Federal Sources	
National School Lunch Program	91,678
Food Distribution Program	11,837
Interest Income	28
	<hr/>
Total Non-Operating Revenue	107,133
	<hr/>
Change in Net Position	6,484
	<hr/>
Net Position - Beginning of Year	142,806
	<hr/>
Net Position - End of Year	\$ 149,290
	<hr/> <hr/>

Exhibit G-3

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 228,807
Payments to Suppliers	(116,767)
Payments for Salaries and Benefits	(138,667)
Other Payments	(42,478)
	<hr/>
Net Cash (Used) for Operating Activities	(69,105)
Cash Flows by Investing Activities:	
Local Sources:	
Interest Income	28
	<hr/>
Net Cash Provided by Investing Activities	28
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	3,017
Federal Sources:	
National School Lunch Program	72,548
	<hr/>
Net Cash Provided by Noncapital Financing Activities	75,565
	<hr/>
Net Increase in Cash and Cash Equivalents	6,488
	<hr/>
Cash and Cash Equivalents, July 1	19,315
	<hr/>
Cash and Cash Equivalents, June 30	\$ 25,803
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (100,649)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	1,565
Federal Food Distribution Program	11,837
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(97)
Increase/(Decrease) in Accounts Payable	18,497
Increase/(Decrease) in Deferred Revenue	(258)
	<hr/>
Net Cash (Used) for Operating Activities	\$ (69,105)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program valued at \$11,579 and utilized Commodities Valued at \$11,837.

FIDUCIARY FUNDS

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
FISCAL YEAR ENDED JUNE 30, 2013

	Agency				Total	Trust	
	Student Activity	Payroll	Rental Deposit	Athletic Account		Unemployment Compensation Trust	IRC Section 125 Account
<u>ASSETS:</u>							
Cash and Cash Equivalents	\$ 42,121	\$ 14,491	\$ 18,457	\$ 402	\$ 75,471	\$ 7,314	\$ 9,943
Interfund Receivable-General Fund		931			931		
Interfund Receivable-Agency						5,360	
Total Assets	42,121	15,422	18,457	402	76,402	12,674	9,943
<u>LIABILITIES:</u>							
Interfund Payable-General Fund	51				51		
Interfund Payable-Unemployment Trust		5,360			5,360		
Wages and Salaries		64			64		
Payroll Deductions and Withholdings		9,998			9,998		
Rental Deposit Payable			18,457		18,457		
Due to Various Groups	42,070			402	42,472		
Total Liabilities	42,121	15,422	18,457	402	76,402		
<u>NET POSITION:</u>							
Held in Trust for Unemployment Claims						12,674	
Held in Trust for Claims							9,943
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 12,674	\$ 9,943

Exhibit H-2

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FISCAL YEAR ENDED JUNE 30, 2013

	<u>Unemployment Compensation Trust</u>	<u>IRC Section 125 Account</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$ 13,953	\$ 31,050
Interfund Receivable - Agency	5,360	
Total Additions	<u>19,313</u>	<u>31,050</u>
Investment Earnings:		
Interest	2	14
Net Investment Earnings	<u>2</u>	<u>14</u>
Total Additions	<u>19,315</u>	<u>31,064</u>
DEDUCTIONS:		
Unemployment Compensation Claims	12,226	
Flex Account Expenditures		29,260
Total Deductions	<u>12,226</u>	<u>29,260</u>
Change in Net Position	7,089	1,804
Net Position - Beginning of the Year	<u>5,585</u>	<u>8,139</u>
Net Position - End of the Year	<u>\$ 12,674</u>	<u>\$ 9,943</u>

Exhibit H-3

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 33,345	\$ 64,199	\$ 55,423	\$ 42,121
Total Assets	<u>\$ 33,345</u>	<u>\$ 64,199</u>	<u>\$ 55,423</u>	<u>\$ 42,121</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 33,294	\$ 64,199	\$ 55,423	\$ 42,070
Interfund Payable - General Fund	51			51
Total Liabilities	<u>\$ 33,345</u>	<u>\$ 64,199</u>	<u>\$ 55,423</u>	<u>\$ 42,121</u>

Exhibit H-4

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FISCAL YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Assets:				
Cash and Cash Equivalents	\$ 8,775	\$ 7,991,963	\$ 7,986,247	\$ 14,491
Interfund Receivable- General Fund	931			931
Total Assets	\$ 10,151	\$ 7,991,963	\$ 7,986,247	\$ 15,422
Liabilities				
Wages and Salaries	\$ 39	\$ 4,453,870	\$ 4,453,845	\$ 64
Payroll Deductions & Withholdings	6,867	3,532,733	3,529,602	9,998
Accrued Salaries & Wages	2,800		2,800	
Interfund Payable		5,360		5,360
Total Liabilities	\$ 10,151	\$ 7,991,963	\$ 7,986,247	\$ 15,422

Exhibit H-5

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RENTAL DEPOSIT AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	<u>\$ 18,439</u>	<u>\$ 18</u>	<u>\$ -0-</u>	<u>\$ 18,457</u>
Total Assets	<u>\$ 18,439</u>	<u>\$ 18</u>	<u>\$ -0-</u>	<u>\$ 18,457</u>
<u>LIABILITIES:</u>				
Rental Deposits Payable	<u>\$ 18,439</u>	<u>\$ 18</u>	<u>\$ -0-</u>	<u>\$ 18,457</u>
Total Liabilities	<u>\$ 18,439</u>	<u>\$ 18</u>	<u>\$ -0-</u>	<u>\$ 18,457</u>

Exhibit H-6

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
ATHLETIC ACCOUNT
FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 301	\$ 3,701	\$ 3,600	\$ 402
Total Assets	<u>\$ 301</u>	<u>\$ 3,701</u>	<u>\$ 3,600</u>	<u>\$ 402</u>
<u>LIABILITIES:</u>				
Due to Various Groups	\$ 301	\$ 3,701	\$ 3,600	\$ 402
Total Liabilities	<u>\$ 301</u>	<u>\$ 3,701</u>	<u>\$ 3,600</u>	<u>\$ 402</u>

LONG-TERM DEBT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Issue	Date of Issue	Amount of Issue	Maturities of Bonds Outstanding June 30, 2013		Interest Rate	Balance June 30, 2012	Matured	Balance June 30, 2013
			Date	Amount				
Refunding Bond of 1996 Issue	10/1/2004	\$ 4,865,000	4/1/2014	\$ 445,000	3.250%	\$ 1,845,000	\$ 450,000	\$ 1,395,000
			4/1/2015	435,000	3.350%			
			4/1/2016	515,000	3.400%			
Renovations to Elementary and Middle Schools and New Construction to Middle School	10/1/2007	2,146,000	10/1/13	130,000	4.250%	1,705,000	125,000	1,580,000
			10/1/14	135,000	4.250%			
			10/1/15	140,000	4.250%			
			10/1/16	145,000	4.375%			
			10/1/17	155,000	4.375%			
			10/1/18	160,000	4.375%			
			10/1/19	165,000	4.375%			
			10/1/20	175,000	4.375%			
			10/1/21	185,000	4.375%			
			10/1/22	190,000	4.375%			
						\$ 3,550,000	\$ 575,000	\$ 2,975,000

LINCOLN PARK BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOT APPLICABLE

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	<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	\$ 643,124		\$ 643,124	\$ 643,124	
State Sources:					
Debt Service State Aid Support	63,615		63,615	63,615	
Total Revenue	<u>706,739</u>		<u>706,739</u>	<u>706,739</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	131,739		131,739	131,739	
Redemption of Principal	575,000		575,000	575,000	
Total Regular Debt Service	<u>706,739</u>		<u>706,739</u>	<u>706,739</u>	
Total Expenditures	<u>706,739</u>		<u>706,739</u>	<u>706,739</u>	
Excess/(Deficit) of Revenues Over/(Under) Expenditures					
Other Financing Sources:					
Transfer In from Capital Projects Fund				43	\$ 43
Total Other Financing Sources				<u>43</u>	<u>43</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures				<u>43</u>	<u>43</u>
Fund Balance, July 1	<u>42</u>		<u>42</u>	<u>42</u>	
Fund Balance, June 30	<u>\$ 42</u>	<u>\$ -0-</u>	<u>\$ 42</u>	<u>\$ 85</u>	<u>\$ 43</u>
Recapitulation:					
Restricted				<u>\$ 85</u>	
				<u>\$ 85</u>	

STATISTICAL SECTION

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT,
LAST NINE FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities									
Net investment in capital assets	\$ 4,460,089	\$ 4,955,476	\$ 5,081,807	\$ 4,844,978	\$ 4,635,357	\$ 4,614,867	\$ 4,425,427	\$ 4,246,711	\$ 4,489,839
Restricted	1,176,754	1,284,068	1,312,789	581,394	318,965	1,216,983	1,788,716	1,702,565	1,708,356
Unrestricted	201,053	177,298	167,183	417,526	461,093	83,301	63,170	1,140,454	877,378
Total governmental activities net position	<u>\$ 5,837,896</u>	<u>\$ 6,416,842</u>	<u>\$ 6,561,779</u>	<u>\$ 5,843,898</u>	<u>\$ 5,415,415</u>	<u>\$ 5,915,151</u>	<u>\$ 6,277,313</u>	<u>\$ 7,089,730</u>	<u>\$ 7,075,573</u>
Business-type activities									
Net investment in capital assets	\$ 11,771	\$ 16,353	\$ 9,858	\$ 8,708	\$ 7,143	\$ 5,578	\$ 4,013	\$ 2,448	\$ 883
Unrestricted/(Deficit)	(34)	31,085	69,319	102,072	156,151	150,211	160,728	140,358	148,407
Total business-type activities net position	<u>\$ 11,737</u>	<u>\$ 47,438</u>	<u>\$ 79,177</u>	<u>\$ 110,780</u>	<u>\$ 163,294</u>	<u>\$ 155,789</u>	<u>\$ 164,741</u>	<u>\$ 142,806</u>	<u>\$ 149,290</u>
District-wide									
Net investment in capital assets	\$ 4,471,860	\$ 4,971,829	\$ 5,091,665	\$ 4,853,686	\$ 4,642,500	\$ 4,620,445	\$ 4,429,440	\$ 4,249,159	\$ 4,490,722
Restricted	1,176,754	1,284,068	1,311,345	581,394	318,965	1,216,983	1,788,716	1,702,565	1,708,356
Unrestricted	201,019	208,383	237,946	519,598	617,244	233,512	223,898	1,280,812	1,025,785
Total district net position	<u>\$ 5,849,633</u>	<u>\$ 6,464,280</u>	<u>\$ 6,640,956</u>	<u>\$ 5,954,678</u>	<u>\$ 5,578,709</u>	<u>\$ 6,070,940</u>	<u>\$ 6,442,054</u>	<u>\$ 7,232,536</u>	<u>\$ 7,224,863</u>

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

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST NINE FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses									
Governmental activities									
Instruction									
Regular	\$ 5,142,063	\$ 5,318,089	\$ 5,316,585	\$ 5,557,259	\$ 5,394,709	\$ 5,710,472	\$ 4,767,816	\$ 5,185,141	\$ 5,852,111
Special education	1,320,970	779,847	1,796,244	1,776,710	1,557,804	1,651,064	1,576,753	1,841,343	1,746,192
Other special education	364,133	641,387	536,709	542,506	487,811	490,294	374,751	362,561	417,311
Other instruction	223,694	683,889	285,622	285,660	204,986	184,394	53,194	105,115	104,384
Support Services:									
Tuition	4,409,001	4,650,079	4,763,495	6,033,399	6,046,648	5,975,632	7,027,729	6,905,474	6,929,435
Student & instruction related services	1,823,412	1,837,584	1,714,602	1,674,695	1,674,363	1,594,648	1,280,274	1,351,359	1,296,672
School administrative services	520,931	629,455	430,254	530,952	526,612	543,864	642,514	506,310	395,172
General administrative services	663,742	546,856	679,538	495,491	495,414	488,749	508,797	547,936	642,893
Plant operations and maintenance	995,052	1,068,160	1,183,708	1,141,699	1,056,821	999,086	1,205,138	1,216,739	1,251,747
Pupil transportation	1,037,603	1,054,060	1,115,266	1,175,584	1,178,615	1,278,923	1,150,905	1,177,417	1,204,558
Central services	278,647	365,618	467,435	521,792	513,490	592,878	510,251	538,486	682,517
Capital Outlay			27,545		121,611		1,659	1,735	2,381
Special Schools	6,109	10,486	7,731	11,698	11,900	6,442	147		
Interest on long-term debt	188,424	190,560	170,642	161,684	295,104	225,801	208,930	190,939	178,978
Unallocated depreciation	289,432	352,489	278,715	557,302	556,744	556,744	556,744	556,744	556,744
Total governmental activities expenses	17,263,213	18,774,091	18,774,091	20,466,431	20,122,632	20,298,991	19,865,602	20,487,299	21,261,095
Business-type activities:									
Food service	297,568	314,482	322,650	326,555	314,062	300,994	280,589	320,040	329,456
Total business-type activities expense	297,568	314,482	322,650	326,555	314,062	300,994	280,589	320,040	329,456
Total district expenses	17,560,781	18,443,041	19,096,741	20,792,986	20,436,694	20,599,985	20,146,191	20,807,339	21,591,551
Program Revenues									
Governmental activities:									
Operating grants and contributions	3,231,770	3,344,220	3,789,326	3,867,235	3,219,020	3,583,235	2,508,437	3,240,817	2,555,460
Total governmental activities program revenues	3,231,770	3,344,220	3,789,326	3,867,235	3,219,020	3,583,235	2,508,437	3,240,817	2,555,460
Business-type activities:									
Charges for services									
Food service	213,036	217,242	215,482	209,797	219,364	207,896	213,356	210,042	228,807
Operating grants and contributions	55,520	60,021	63,394	66,661	67,692	85,593	76,181	88,018	107,105
Total business type activities program revenues	268,556	277,263	278,876	276,458	287,056	293,489	289,537	298,060	335,912
Total district program revenues	3,500,326	3,621,483	4,068,202	4,143,693	3,506,076	3,876,724	2,797,974	3,538,877	2,891,372

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST NINE FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

(Continued)

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue									
Governmental activities	\$ (14,031,443)	\$ (14,984,765)	\$ (14,984,765)	\$ (16,599,196)	\$ (16,903,612)	\$ (16,715,756)	\$ (17,357,165)	\$ (17,246,482)	\$ (18,705,635)
Business-type activities	(29,012)	(43,774)	(43,774)	(50,097)	(27,006)	(7,505)	8,948	(21,980)	6,456
Total district-wide net expense	<u>(14,060,455)</u>	<u>(15,028,539)</u>	<u>(15,028,539)</u>	<u>(16,649,293)</u>	<u>(16,930,618)</u>	<u>(16,723,261)</u>	<u>(17,348,217)</u>	<u>(17,268,462)</u>	<u>(18,699,179)</u>
General Revenues and Other Changes in Net Position									
Governmental activities:									
Property taxes levied for general purposes, net	13,607,018	14,062,706	14,142,445	14,938,389	15,485,425	16,104,842	16,749,035	17,050,518	16,916,122
Taxes levied for debt service	700,070	567,921	649,038	625,458	743,578	656,953	682,061	666,959	643,124
Unrestricted grants and contributions		29,202			91,445	74,684	63,598	63,647	743,154
Investment earnings	56,442	2,333	6,833	5,468	1,037	4,129	2,064	292	326
Miscellaneous income	209,865	335,894	406,899	393,700	233,164	236,771	222,569	277,483	388,752
Transfers	(37,529)	(61,843)	(75,513)	(81,700)	(79,520)				
Disposition/Adjustment of Capital Assets	613,131					138,113			
Total governmental activities	<u>15,148,997</u>	<u>14,936,213</u>	<u>15,129,702</u>	<u>15,881,315</u>	<u>16,475,129</u>	<u>17,215,492</u>	<u>17,719,327</u>	<u>18,058,899</u>	<u>18,691,478</u>
Business-type activities:									
Investment earnings							4	45	28
Transfers	37,529	61,843	75,513	81,700	79,520				
Total business-type activities	<u>37,529</u>	<u>61,843</u>	<u>75,513</u>	<u>81,700</u>	<u>79,520</u>		<u>4</u>	<u>45</u>	<u>28</u>
Total district-wide	<u>15,186,526</u>	<u>14,998,056</u>	<u>15,205,215</u>	<u>15,963,015</u>	<u>16,554,649</u>	<u>17,215,492</u>	<u>17,719,331</u>	<u>18,058,944</u>	<u>18,691,506</u>
Change in Net Position									
Governmental activities	1,117,551	(48,552)	144,937	(717,881)	(428,483)	499,736	362,162	812,417	(14,157)
Business-type activities	8,517	18,069	31,739	31,603	52,514	(7,505)	8,952	(21,935)	6,484
Total district	<u>\$ 1,126,068</u>	<u>\$ (30,483)</u>	<u>\$ 176,676</u>	<u>\$ (686,278)</u>	<u>\$ (375,969)</u>	<u>\$ 492,231</u>	<u>\$ 371,114</u>	<u>\$ 790,482</u>	<u>\$ (7,673)</u>

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

Source: Borough of Lincoln Park School District records

Exhibit J-3

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST NINE FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund									
Reserved	\$ 1,055,149	\$ 1,285,431	\$ 1,312,789	\$ 529,306	\$ 266,197	\$ 1,209,198			
Unreserved	280,400	258,217	278,007	536,354	614,973	240,943			
Restricted							\$ 1,529,766	\$ 1,702,523	\$ 1,708,271
Assigned							248,907	1,054,279	776,353
Unassigned							269,499	238,290	268,049
Total general fund	<u>\$ 1,335,549</u>	<u>\$ 1,543,648</u>	<u>\$ 1,590,796</u>	<u>\$ 1,065,660</u>	<u>\$ 881,170</u>	<u>\$ 1,450,141</u>	<u>\$ 2,048,172</u>	<u>\$ 2,995,092</u>	<u>\$ 2,752,673</u>
All Other Governmental Funds									
Unreserved, reported in:									
Special revenue fund/(Deficit)	\$ (1,444)	\$ (1,444)	\$ (1,444)	\$ (1,444)					
Capital projects fund	23,237	81		1,667,210	\$ 264,221	\$ 41,545			
Debt service fund	99,812			53,532	51,167	7,785			
Restricted:									
Debt service fund							\$ 43	\$ 42	\$ 85
Total all other governmental funds	<u>\$ 121,605</u>	<u>\$ (1,363)</u>	<u>\$ (1,444)</u>	<u>\$ 1,719,298</u>	<u>\$ 315,388</u>	<u>\$ 49,330</u>	<u>\$ 43</u>	<u>\$ 42</u>	<u>\$ 85</u>

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

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST NINE FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues									
Tax levy	\$ 14,307,088	\$ 14,630,627	\$ 14,791,483	\$ 15,563,847	\$ 16,229,003	\$ 16,761,795	\$ 17,431,096	\$ 17,717,477	\$ 17,559,246
Tuition charges	16,367	36,524	74,092	29,540	17,550	17,750	16,842	22,356	32,692
Interest earnings	56,442	93,269	6,833	59,000	22,396	4,064	2,074	5,499	5,947
Rentals	185,658	191,227	196,964	202,873	193,218	215,228	205,238	214,835	221,685
Miscellaneous	7,840	17,207	135,843	107,755	1,037	3,858	479	35,085	128,754
State sources	2,848,162	2,967,663	3,365,846	3,463,518	2,922,865	3,082,752	2,228,612	2,630,403	2,871,534
Federal sources	383,608	405,759	423,480	403,717	387,601	575,167	343,423	674,061	427,080
Total revenue	17,805,165	18,342,276	18,994,541	19,830,250	19,773,670	20,660,614	20,227,764	21,299,716	21,246,938
Expenditures									
Instruction									
Regular Instruction	4,528,092	4,600,282	4,616,854	4,767,975	4,826,368	5,143,619	4,212,955	4,573,884	5,090,460
Special education instruction	1,320,970	779,847	1,589,252	1,571,224	1,426,465	1,513,941	1,458,815	1,690,390	1,556,502
Other special instruction	364,133	641,387	468,986	475,047	439,651	448,546	340,028	317,479	356,837
Other instruction	219,777	679,119	245,501	241,252	179,848	162,501	41,893	86,439	83,829
Support Services:									
Tuition	4,409,001	4,650,079	4,763,495	6,033,399	6,046,648	5,975,632	7,027,729	6,905,474	6,929,435
Student & instruction related services	1,687,831	1,646,349	1,505,905	1,470,615	1,540,663	1,461,602	1,158,447	1,211,614	1,144,803
General administrative services	455,241	596,085	633,076	484,085	497,559	518,035	591,698	493,589	355,689
School Administrative services	563,642	479,255	359,946	408,269	421,164	421,403	437,241	470,174	535,841
Plant operations and maintenance	992,641	1,012,067	1,099,297	1,057,418	1,004,954	944,116	1,145,034	1,146,410	1,168,692
Pupil transportation	1,036,371	1,052,662	1,113,179	1,173,449	1,170,817	1,271,094	1,142,992	1,169,256	1,195,988
Central services	275,671	361,657	411,423	461,607	481,617	553,556	473,147	527,915	669,559
Unallocated Benefits	829,066	947,456	1,358,621	1,382,659	865,157	891,280	827,715	987,496	1,225,412
Special Schools	5,479	9,375	6,147	9,950	11,900	5,834	132		
Capital outlay	60,520	71,949	51,241	536,536	1,524,600	271,491	67,783	42,038	469,528
Debt service:									
Principal	425,000	515,000	520,000	505,000	591,000	590,000	585,000	580,000	575,000
Interest and other charges	175,258	152,733	129,038	120,458	254,139	185,051	168,411	150,639	131,739
Total expenditures	17,348,693	18,195,302	18,871,961	20,698,943	21,282,550	20,357,701	19,679,020	20,352,797	21,489,314
Excess (Deficiency) of revenues over (under) expenditures	456,472	146,974	122,580	(868,693)	(1,508,880)	302,913	548,744	946,919	(242,376)

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST NINE FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED
(Continued)

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing sources (uses)									
Refunding Bonds	\$ 4,865,000								
Bond Proceeds				\$ 2,146,000					
Discount on Refunding Bonds	(23,704)								
Cost of Refunding Bond Issue	(84,074)								
Payment to Bond Refunding Escrow Agent	(4,757,222)								
Transfers in	33,000		\$ 81	53,532	\$ 7,751	\$ 32	\$ 10	\$ 32	\$ 43
Transfers out	(70,529)	\$ (61,843)	(75,594)	(135,232)	(87,271)	(32)	(10)	(32)	(43)
Total other financing sources (uses)	(37,529)	(61,843)	(75,513)	2,064,300	(79,520)	-	-	-	-
Net change in fund balances	\$ 418,943	\$ 85,131	\$ 47,067	\$ 1,195,607	\$ (1,588,400)	\$ 302,913	\$ 548,744	\$ 946,919	\$ (242,376)
Debt service as a percentage of noncapital expenditures	3.58%	3.81%	3.57%	3.20%	4.47%	4.01%	4.17%	3.80%	3.48%

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

Source: Borough of Lincoln Park School District records

Exhibit J-5

LINCOLN PARK BOROUGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Rentals- Use of</u> <u>Facilities</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Total</u>
2004	\$ 34,425	\$ 19,000	\$ 180,250		\$ 11,429	\$ 245,104
2005	56,288	16,367	185,658		7,840	266,153
2006	90,751	36,524	191,227		17,207	335,709
2007	142,676	74,092	196,964			413,732
2008	160,444	29,540	202,873		6,311	399,168
2009	15,682	17,550	193,218			226,450
2010	4,032	17,750	215,228		3,858	240,868
2011	2,064	16,842	205,238		479	224,623
2012	5,499	22,356	214,835	\$ 28,625	6,428	277,743
2013	5,904	32,692	221,685		128,754	389,035

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST NINE YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2004	\$ 4,669,700	\$ 606,454,400	\$ 2,853,400	\$ 333,500	\$ 60,209,100	\$ 44,325,500	\$ 22,954,100	\$ 741,799,700	\$ 1,008,890	\$ 742,808,590	\$ 1.79	\$ 1,115,733,491
2005	4,452,100	609,327,400	2,853,400	333,500	60,482,400	44,084,200	22,954,100	744,487,100	843,799	745,330,899	1.87	1,260,184,175
2006	3,997,100	618,033,600	2,863,000	333,500	50,237,600	39,294,300	22,954,100	737,713,200	689,140	738,402,340	1.92	1,416,235,232
2007	4,327,000	618,197,100	2,953,000	329,700	49,887,600	38,831,800	22,954,100	737,480,300	686,618	738,166,918	2.06	1,597,048,889
2008	5,160,800	618,574,400	2,953,000	318,400	49,887,600	38,154,800	22,954,100	738,003,100	711,977	738,715,077	2.16	1,710,788,744
2009 *	10,446,700	1,310,840,600	6,698,300	348,900	120,983,400	77,469,500	48,109,400	1,574,896,800	1,753,935	1,576,650,735	1.05	1,709,551,504
2010	8,920,500	1,308,042,400	6,698,300	353,500	122,053,800	76,689,100	48,109,400	1,570,867,000	1,682,839	1,572,549,839	1.10	1,604,006,429
2011	8,517,400	1,302,107,000	6,581,700	353,500	120,319,600	75,047,100	48,109,400	1,561,035,700		1,561,035,700	1.11	1,545,175,879
2012	7,401,000	1,152,812,300	5,879,500	355,400	109,742,000	64,994,600	37,896,700	1,379,081,500		1,379,081,500	1.28	1,480,564,104

* Revaluation year

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

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Exhibit J-7

LINCOLN PARK BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)
UNAUDITED

Year Ended December 31,	Lincoln Park School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Lincoln Park	Morris County	
2003	\$ 1.72	\$ 0.01	\$ 1.73	\$ 1.02	\$ 0.40	\$ 3.15
2004	1.78	0.01	1.79	1.06	0.42	3.27
2005	1.86	0.01	1.87	1.11	0.45	3.43
2006	1.91	0.01	1.92	1.17	0.47	3.56
2007	2.05	0.01	2.06	1.27	0.51	3.84
2008	2.15	0.01	2.16	1.46	0.54	4.16
2009 *	1.04	0.01	1.05	0.75	0.25	2.04
2010	1.06	0.04	1.10	0.78	0.23	2.11
2011	1.07	0.04	1.11	0.79	0.23	2.13
2012	1.23	0.05	1.28	0.92	0.26	2.46

* Revaluation year

Source: Municipal Tax Collector and School Business Administrator

Note:

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

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2013		Taxpayer	2004	
	Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Beavco, LLC	\$ 37,083,800	2.99%	Beaverbrook Apartments	\$ 22,544,600	3.09%
Mort's Family Group	17,028,300	1.17%	Lincoln Park Properties	11,952,200	1.64%
Renaissance Rehab and Nursing Home	16,441,900	1.14%	Mort's Family Group	11,072,500	1.60%
Lincoln Park Properties	15,692,100	1.08%	Lincoln Park Nursing & Convalescent Home	10,342,200	1.42%
Phoenix Realty Partners	8,000,000	0.69%	510 Ryerson Road, Inc.	6,265,700	0.86%
Lincoln Park Plaza Associates	7,967,000	0.51%	Phoenix Realty Partners	5,531,200	0.76%
510 Ryerson Road, Inc.	7,500,000	0.48%	Lincoln Park Nursing Home	4,238,600	0.58%
FRA Lincoln Park, LLC	5,755,300	0.40%	Lincoln Park Plaza Associates	3,306,100	0.45%
Kay Elements	5,000,000	0.33%	Lincoln Park Airport	3,175,500	0.44%
Lincoln Park Nursing Home	4,958,400	0.32%	Individual Taxpayer #1	2,759,600	0.38%
Total	<u>\$ 125,426,800</u>	<u>9.11%</u>	Total	<u>\$ 81,188,200</u>	<u>11.22%</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 13,567,906	\$ 13,567,906	100.00%	-0-
2005	14,307,088	14,307,088	100.00%	-0-
2006	14,630,627	14,630,627	100.00%	-0-
2007	14,791,483	14,791,483	100.00%	-0-
2008	15,563,847	15,563,847	100.00%	-0-
2009	16,229,003	16,229,003	100.00%	-0-
2010	16,761,795	16,761,795	100.00%	-0-
2011	17,431,096	17,431,096	100.00%	-0-
2012	17,717,477	17,717,477	100.00%	-0-
2013	17,559,246	17,559,246	100.00%	-0-

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST NINE FISCAL YEARS
(dollars in thousands, except per capita)
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)			
2005	\$ 5,290,000				\$ 5,290,000	0.78%	\$ 492
2006	4,775,000				4,775,000	0.66%	449
2007	4,255,000				4,255,000	0.56%	402
2008	5,896,000				5,896,000	0.75%	557
2009	5,305,000				5,305,000	0.74%	501
2010	4,715,000				4,715,000	0.64%	448
2011	4,130,000				4,130,000	0.56%	391
2012	3,550,000				3,550,000	0.52%	337
2013	2,975,000				2,975,000	0.59%	283

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

Source: School District Financial Reports

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST NINE FISCAL YEARS
(dollars in thousands, except per capita)
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 5,290,000	\$ -0-	\$ 5,290,000	0.712%	\$ 492
2006	4,775,000	-0-	4,775,000	0.641%	449
2007	4,255,000	-0-	4,255,000	0.576%	402
2008	5,896,000	-0-	5,896,000	0.799%	557
2009	5,305,000	-0-	5,305,000	0.718%	501
2010	4,715,000	-0-	4,715,000	0.299%	448
2011	4,130,000	-0-	4,130,000	0.263%	391
2012	3,550,000	-0-	3,550,000	0.227%	337
2013	2,975,000	-0-	2,975,000	0.216%	283

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the previous calendar year.

b Population data can be found in Exhibit J-14. This ratio is calculated using population estimate for the previous calendar year.

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

Source: School District Financial Reports

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2012
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Lincoln Park	\$ 26,111,363	100.00%	\$ 26,111,363
Morris County General Obligation Debt	258,802,126	1.56%	<u>4,033,548</u>
Subtotal, overlapping debt			30,144,911
Lincoln Park School District Direct Debt			<u>2,975,000</u>
Total direct and overlapping debt			<u><u>\$ 33,119,911</u></u>

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

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2013

	Equalized valuation basis
	2012 \$ 1,404,074,018
	2011 1,475,877,565
	2010 1,550,707,799
	<u>\$ 4,430,659,382</u>
	Average equalized valuation of taxable property <u>\$ 1,476,886,461</u>
	Debt limit (3% of average equalization value) \$ 44,306,594 ^a
	Net bonded school debt 2,975,000
	<u>Legal debt margin \$ 41,331,594</u>

	<u>Fiscal Year</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 29,520,248	\$ 33,404,024	\$ 36,145,100	\$ 42,675,388	\$ 47,205,866	\$ 49,901,093	\$ 49,996,151	\$ 48,463,481	\$ 46,283,925	\$ 44,306,594
Total net debt applicable to limit	<u>5,190,000</u>	<u>5,290,000</u>	<u>4,775,000</u>	<u>6,401,000</u>	<u>5,896,000</u>	<u>5,305,000</u>	<u>4,715,000</u>	<u>4,130,000</u>	<u>3,550,000</u>	<u>2,975,000</u>
Legal debt margin	<u>\$ 24,330,248</u>	<u>\$ 28,114,024</u>	<u>\$ 31,370,100</u>	<u>\$ 36,274,388</u>	<u>\$ 41,309,866</u>	<u>\$ 44,596,093</u>	<u>\$ 45,281,151</u>	<u>\$ 44,333,481</u>	<u>\$ 42,733,925</u>	<u>\$ 41,331,594</u>
Total net debt applicable to the limit as a percentage of debt limit	17.58%	15.84%	13.21%	15.00%	12.49%	10.63%	9.43%	8.52%	7.67%	6.71%

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

^a Limit set by NJS 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Exhibit J-14

LINCOLN PARK BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Borough Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Morris County Per Capita Personal Income ^c</u>	<u>Borough Unemployment Rate ^d</u>
2004	10,769	\$ 654,539,820	\$ 60,780	3.80%
2005	10,746	676,245,780	62,930	3.50%
2006	10,635	722,307,930	67,918	3.50%
2007	10,597	754,411,027	71,191	3.10%
2008	10,581	783,258,525	74,025	4.20%
2009	10,580	715,356,120	67,614	7.10%
2010	10,530	735,109,830	69,811	7.10%
2011	10,576	758,616,480	71,730	7.20%
2012	10,524	754,886,520	71,730 *	7.00%
2013	10,524 **	754,886,520	71,730 *	7.30%

* - Latest Morris County per capita personal income available (2011) was used for calculation purposes.

** - Latest population data available (2012) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income has been estimated based upon the municipal population and per capita personal income presented

c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

LINCOLN PARK BOARD OF EDUCATION
PRINCIPAL EMPLOYERS - MORRIS COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2013		Employer	2004	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
Novartis	6,200	2.29%	Information is Not Available		
Picatinny Arsenal	5,841	2.16%			
Altantic Health System	5,576	2.06%			
ADP	1,947	0.72%			
County of Morris	1,838	0.68%			
Saint Claire's	1,662	0.61%			
Wyndham Worldwide Corporation	1,546	0.57%			
BASF Corporation	1,500	0.55%			
Accenture	1,498	0.55%			
Chilton Memorial	1,440	0.53%			
Total	<u>29,048</u>	<u>10.75%</u>			
Total County Labor Force	<u>270,282</u>				

Source: Morris County Treasurer's Office.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST NINE FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction									
Regular	65.0	66.0	63.0	63.0	62.0	64.6	60.0	52.6	56.0
Special education	13.0	13.0	17.0	17.0	17.0	23.0	20.0	21.4	23.4
Support Services:									
Student & instruction related services	20.5	21.0	25.0	25.0	25.0	15.0	11.0	11.0	10.8
School administrative services	4.5	4.0	4.0	4.0	4.0	4.0	4.0	4.1	4.1
General and administrative services	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	9.5	9.5	9.5	9.5	9.5	8.9	9.0	8.5	8.5
Pupil transportation	0.1	0.5	0.5	0.5	0.5	0.5	1.0	0.3	0.3
Business and other support services	6.0	6.0	6.0	6.0	6.0	5.5	7.0	6.8	6.0
Food Service	2.0	2.0	2.0	2.0	2.0	2.6			
Total	<u>122.6</u>	<u>124.0</u>	<u>128.0</u>	<u>128.0</u>	<u>127.0</u>	<u>125.1</u>	<u>113.0</u>	<u>105.7</u>	<u>110.1</u>

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

Source: District Personnel Records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST NINE FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2005	945	\$ 16,687,915	\$ 17,659	N/A	93	1:11	1:13	945	918	-2.20%	96.03%
2006	940	17,455,620	18,570	6.38%	89	1:11	1:11	940	903	-0.53%	96.06%
2007	929	18,165,535	19,554	5.03%	80	1:12	1:12	929	892	-1.17%	96.02%
2008	913	19,526,999	21,388	9.37%	80	1:12	1:12	913	879	-1.72%	96.28%
2009	907	18,890,185	20,827	-2.94%	80	1:12	1:10	907	877	-0.66%	96.37%
2010	887	19,311,159	21,771	3.48%	79	1:13	1:9	887	859	-2.21%	96.84%
2011	890	18,857,826	21,189	-1.02%	73	1:13	1:10	890	856	0.34%	96.18%
2012	875	19,580,120	22,377	5.27%	77	1:12	1:10	875	857	-1.69%	97.94%
2013	899	20,313,047	22,595	4.99%	79	1:11	1:09	899	876	2.74%	97.44%

N/A - Not available

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

Sources: Borough of Lincoln Park School District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The cost per pupil calculated above is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST NINE FISCAL YEARS
UNAUDITED

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Chapel Hill School (1923)									
Square Feet	53,600	53,600	53,600	53,600	53,600	53,600	53,600	53,600	53,600
Capacity (students)	N/A								
Enrollment	N/A								
Elementary School (1966)									
Square Feet	66,400	66,640	66,640	66,640	66,640	66,640	66,640	66,640	66,640
Capacity (students)	533	533	533	533	533	533	533	533	533
Enrollment	511	505	491	484	493	522	526	516	527
Middle School (1959)									
Square Feet	79,120	79,120	79,120	79,120	79,120	79,120	79,120	79,120	79,120
Capacity (students)	603	603	603	603	603	603	603	603	603
Enrollment	434	435	438	429	414	365	364	359	372

Number of Schools at June 30, 2012
 Elementary = 1
 Middle School = 1
 Other = 0

N/A - Not available or applicable

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

Note: Enrollment is based on the annual October district count.

Source: Lincoln Park Borough School District Central Office

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Chapel Hill</u> <u>School</u>	<u>Elementary School</u>	<u>Middle School</u>	<u>Total</u>
2004	\$ 4,467	\$ 57,245	\$ 57,773	\$ 119,485
2005	3,249	57,886	87,146	148,281
2006	2,406	42,858	64,522	109,785
2007	2,908	58,154	84,323	145,385
2008	4,633	59,557	65,355	129,545
2009	1,785	35,695	51,758	89,238
2010	2,138	42,754	61,993	106,885
2011	4,638	92,756	134,496	231,889
2012	2,531	50,630	73,413	126,574
2013	3,409	68,187	98,871	170,467

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

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2013
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Zurich American Insurance Company		
Property - Blanket Building and Contents	\$ 500,000,000	\$ 5,000
Commercial General Liability	1,000,000	
Comprehensive Automotive Liability	1,000,000	5,000
Robbery and Sage Burglary-inside	50,000	1,000
Comprehensive Crime Coverage, Employee Dishonesty	500,000	5,000
Forgery and Alteration	50,000	1,000
Computer Fraud	50,000	1,000
Earthquake	5,000,000	5.00%
Flood	5,000,000	50,000
Inland Marine Policy -		
General Security Property & Casualty Company		
Contractors Equipment	250,000	1,000
Valuable Papers and Records	5,000,000	1,000
Athletic Equipment	250,000	1,000
Band Uniforms	250,000	1,000
Miscellaneous Indoor Equipment/Property	250,000	1,000
Miscellaneous Outdoor Equipment/Property	100,000	1,000
Flood Policy - Selective Insurance -		
Buildings	27,500	500
Contents	26,300	500
School Leaders Errors and Omissions Policy -		
Darwin National Assurance Company		
	1,000,000	10,000
Boiler and Machinery Policy -		
Hartford Steam Boiler and Inspection Company		
	100,000	1,000
Blanket Accident Policy -		
Gerber Life Insurance Company		
Principal/Capital Sum	100,000	
Maximum Sum	500,000	
Public Officials Bond Policy -		
Hartford Fidelity Bonding		
Treasurer	250,000	
Board Secretary/Business Administrator	250,000	
Environmental Impairment Policy -		
American Safety Casualty Insurance Company		
	1,000,000	15,000
Excess Liability -		
American Alternative Insurance Corporation		
Catastrophe	9,000,000	10,000
Fireman's Fund Incorporated		
Umbrella Coverage	50,000,000	10,000

Source: Lincoln Park Borough School District records.

SINGLE AUDIT SECTION



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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

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Lincoln Park Borough School District
 County of Morris, New Jersey

We have audited, in accordance with the 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lincoln Park Board of Education, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
Page 2

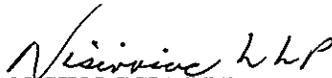
Compliance and Other Matters

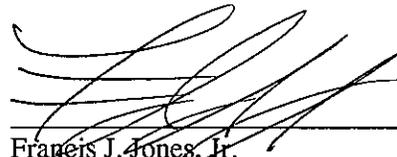
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 11, 2013
Mount Arlington, New Jersey


NISIVOCIA LLP



Francis J. Jones, Jr.
Licensed Public School Accountant #01154
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Program;
 Report on Internal Control Over Compliance Required by OMB Circular A-133
 and New Jersey OMB's Circular 04-04

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Lincoln Park Borough School District
 County of Morris, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited Lincoln Park Board of Education (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the District's major federal and state programs for the fiscal year ended June 30, 2013. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
Page 2

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

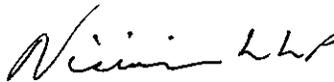
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 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 District's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

October 11, 2013
Mount Arlington, New Jersey


NISIVOCCIA LLP


Francis L. Jones, Jr.
Licensed Public School Accountant #01154
Certified Public Accountant

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance Unearned Revenue/ (Accounts Receivable)		Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Encumbrances	Balance 6/30/13		Due to Grantor 6/30/13
					6/30/12						Accounts Receivable	Unearned Revenue	
Enterprise Fund:													
U.S. Department of Agriculture													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster													
Food Distribution Program	10.555	N/A	7/1/12-6/30/13	\$ 11,579				\$ 11,579	\$ (8,952)			\$ 2,627	
Food Distribution Program	10.555	N/A	7/1/11-6/30/12	21,617	\$ 2,885				(2,885)			(2,885)	
Total Food Distribution Program					2,885			11,579	(11,837)			2,627	
National School Lunch Program	10.555	N/A	7/1/12-6/30/13	91,678				84,608	(91,678)			\$ (7,070)	
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	63,613	(3,886)			3,886					
Special Milk Program	10.556	N/A	7/1/11-6/30/12	652	(30)			30					
Total Child Nutrition Cluster					(3,916)			88,524	(91,678)			(7,070)	
Total U.S. Department of Agriculture					(1,031)			100,103	(103,515)			(7,070)	2,627
U.S. Department of Education:													
General Fund:													
Education Jobs Fund	84.410A	N/A	7/1/10-6/30/13	13,938				13,938	(13,938)				
Total General Fund								13,938	(13,938)				
Special Revenue Fund:													
U.S. Department of Education													
Passed-through State Department of Education:													
No Child Left Behind:													
Title I	84.010A	NCLB265013	9/1/12-8/31/13	88,883				46,825	(88,777)			(41,952)	
Title I	84.010A	NCLB265012	9/1/11-8/31/12	106,585	(21,025)			20,492				(533)	
Title I	84.010A	NCLB265011	9/1/10-8/31/11	90,534	(50)			50					
Title I	84.010A	NCLB265008	9/1/07-8/31/08	63,605	1,992								\$ 1,992
Title I - ARRA	84.389A	ARRA265010	7/1/09-8/31/11	17,306	(6,577)							(6,577)	
Total Title I					(25,660)			67,367	(88,777)			(49,062)	1,992
Title II	84.367A	NCLB265013	9/1/12-8/31/13	14,615				9,622	(14,615)			(4,993)	
Title II	84.367A	NCLB265012	9/1/11-8/31/12	17,227	(6,723)			6,034				(689)	
Title II	84.367A	NCLB265011	9/1/10-8/31/11	19,800	(594)			594					
Title II	84.367A	NCLB265010	9/1/09-8/31/10	24,470	(1,260)			1,260					
Title II	84.367A	NCLB265008	9/1/07-8/31/08	20,617	2,379								2,379
Total Title II					(6,198)			17,510	(14,615)			(5,682)	2,379
Title III	84.365A	NCLB265013	9/1/12-8/31/13	11,492				2,948	(11,255)			(8,307)	
Title III	84.365A	NCLB265012	9/1/11-8/31/12	10,099	(9,933)			9,933					
Total Title III					(9,933)			12,881	(11,255)			(8,307)	
Special Education Cluster:													
IDEA Part B, Basic Regular	84.027	IDEA265013	9/1/12-8/31/13	278,085				44,879	(278,066)			(233,187)	
IDEA Part B, Basic Regular	84.027	IDEA265012	9/1/11-8/31/12	278,849	(142,485)			142,485					
IDEA Part B, Basic Regular	84.027	IDEA265011	9/1/10-8/31/11	274,113	(4,917)			4,917					
IDEA Special Education Achievement Award	84.027	IDEA265012	9/1/11-8/31/12	75,000	(69,078)			72,319	(5,922)			(2,681)	
IDEA Part B, Preschool	84.173	IDEA265013	9/1/12-8/31/13	9,473				2,384	(9,473)			(7,089)	
IDEA Part B, Preschool	84.173	IDEA265012	9/1/11-8/31/12	9,489	(76)			76					
Total Special Education Cluster					(216,556)			267,060	(293,461)			(242,957)	
Total Special Revenue Fund/U.S. Department of Education					(258,347)			364,818	(408,108)			(306,008)	4,371
Total Federal Awards					\$ (259,378)	\$ -0-	\$ 478,859	\$ (525,561)	\$ -0-	\$ (313,078)	\$ 2,627	\$ 4,371	

N/A - Not applicable

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2013			Memo	
				Due Grantor/ (Accounts Receivable) 6/30/2012	Carryover/ (Walkover) Amount				GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	(Budgetary Receivable)	Cumulative Total Expenditures
NJ Department of Education:													
General Fund													
Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	\$ 657,938	\$ (64,879)		\$ 64,879							\$ 657,938
Transportation Aid - Non-public reimbursement	12-495-034-5120-014	7/1/11-6/30/12	22,003	(22,003)		22,003							22,003
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	650,635	(64,159)		64,159							650,635
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	100,471	(8,933)		8,933							100,471
Adjustment Aid	12-495-034-5120-085	7/1/11-6/30/12	58,593	(5,778)		5,778							58,593
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	112,297	(112,297)		112,297							112,297
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	408,047	(20,510)		20,510							408,047
Transportation Aid	13-495-034-5120-014	7/1/11-6/30/13	643,598			579,684	\$ (643,598)					\$ (63,914)	643,598
Transportation Aid - Non-public reimbursement	13-495-034-5120-014	7/1/11-6/30/13	23,522				(23,522)		\$ (23,522)			(23,522)	23,522
Special Education Aid	13-495-034-5120-089	7/1/11-6/30/13	690,889			622,278	(690,889)					(68,611)	690,889
Security Aid	13-495-034-5120-084	7/1/11-6/30/13	100,426			99,349	(100,426)					(1,077)	100,426
Adjustment Aid	13-495-034-5120-085	7/1/11-6/30/13	46,874			42,219	(46,874)					(4,655)	46,874
Extraordinary Aid	13-100-034-5120-473	7/1/11-6/30/13	66,881				(66,881)		(66,881)			(66,881)	66,881
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7/1/11-6/30/13	431,457			410,019	(431,457)		(21,438)			(21,438)	431,457
Total General Fund State Aid				(298,559)		2,052,108	(2,003,647)		(111,841)			(250,098)	4,013,631
Special Revenue Fund													
Nonpublic Nursing Aid	13-100-034-5120-070	7/1/12-6/30/13	1,320			1,320	(1,320)						1,320
Nonpublic Textbook Aid	13-100-034-5120-064	7/1/12-6/30/13	951			951	(951)						951
Nonpublic Technology	13-100-034-5120-064	7/1/12-6/30/13	351			351	(351)						351
Nonpublic Home Instruction	13-100-034-5120-066	7/1/12-6/30/13	1,124				(1,124)		(1,124)			(1,124)	1,124
Nonpublic Examination and Classification	12-100-034-5120-066	7/1/11-6/30/12	12,890	7,410				\$ 7,410					5,480
Nonpublic Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	10,268	3,949				3,949					6,319
Total Special Revenue Fund				11,359		2,622	(3,746)	11,359	(1,124)			(1,124)	15,545
Debt Service Fund:													
Debt Service State Aid Support	13-495-034-5120-017	7/1/12-6/30/13	63,615			63,615	(63,615)						63,615
Total Debt Service Fund						63,615	(63,615)						63,615
Enterprise Fund:													
State School Lunch Program	13-100-010-3350-023	7/1/12-6/30/13	3,590			3,320	(3,590)		(270)				3,590
State School Lunch Program	12-100-010-3350-023	7/1/11-6/30/12	3,000	(181)		181							3,000
Total Enterprise Fund:				(181)		3,501	(3,590)		(270)				6,590
Total State Awards				\$ (287,381)	\$ -0-	\$ 2,121,846	\$ (2,074,598)	\$ 11,359	\$ (113,235)	\$ -0-	\$ -0-	\$ (251,222)	\$ 4,099,381

N/A - Not available

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state grant activity of the Board of Education, Lincoln Park Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2013. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *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*. Because these schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$5,492) for the General Fund and \$6,113 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Additionally, the schedule of expenditures does not include the on-behalf Pension Contributions and Post Retirement Contributions revenue of \$372,618 and \$421,337 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 13,938	\$ 2,792,110	\$ 2,806,048
Special Revenue Fund	414,221	3,746	417,967
Debt Service Fund		63,615	63,615
Food Service Fund	<u>103,515</u>	<u>3,590</u>	<u>107,105</u>
Total Awards	<u>\$ 531,674</u>	<u>\$ 2,863,061</u>	<u>\$ 3,394,735</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. Revenues and expenditures reported under the Food Distribution program represent current year value received and current year distributions, respectively.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Summary of Auditors' Results:

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

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State:				
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	\$ 643,598	\$ 643,598
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	690,889	690,889
Security Aid	13-100-034-5120-084	7/1/12-6/30/13	100,426	100,426
Adjustment Aid	13-495-034-5120-085	7/1/12-6/30/13	46,874	46,874
Federal:				
I.D.E.A. Part B, Basic	84.027	9/1/12-8/31/13	278,085	278,066
I.D.E.A. Part B, Basic - Special Achievement Award	84.027	9/1/11-8/31/12	75,000	5,922
I.D.E.A. Preschool	84.173	9/1/12-8/31/13	9,473	9,473

- The threshold for distinguishing Type A and Type B programs was \$300,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the federal Circular.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey OMB's Circular 04-04.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Status of Prior Year Findings:

The District had no prior year audit findings.