LAKEWOOD BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

LAKEWOOD, NEW JERSEY

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Lakewood Board of Education

Lakewood, New Jersey

For The Fiscal Year Ended June 30, 2014

Prepared by

Business Office

LAKEWOOD BOARD OF EDUCATION
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INTRODUCTORY SECTION

LAURA A. WINTERS
Superintendent of Schools

THOMAS A. D'AMBOLA
Business Administrator/
Board Secretary

LAKEWOOD BOARD OF EDUCATION

BOARD OF EDUCATION PRESIDENT
ISAAC ZLATKIN

VICE PRESIDENT
TRACEY TIFT

BOARD ATTORNEY
SCHENCK, PRICE,
SMITH, KING, LLP

BOARD MEMBERS
YISRAEL FRIEDMAN
ALEX JANKLOWICZ
LEE MUND
CHAIM ROSENBLATT
JOEL SCHWARTZ
JONATHAN SILVER

December 2, 2014

Honorable President and Members of the Board of Education
Lakewood Township Public Schools
200 Ramsey Ave.
Lakewood, New Jersey 08701

Dear Members of the Board of Education:

The Comprehensive Annual Financial Report (CAFR) of the Lakewood School District ("District") for the fiscal year ending June 30, 2014 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 Lakewood Township Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the basic financial statements, required supplementary information, and other supplementary information, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended in 1996, the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular Letter 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The Lakewood School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Lakewood School District and all its schools constitute the District's reporting entity.

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The District provides a full range of educational services appropriate to grade levels PK through 12. These include regular and vocational, as well as special education for handicapped youngsters. The District completed the 2013-2014 fiscal year with an enrollment of 5,752 students.

The following details the changes in the student enrollment of the District over the last several years:

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2013/14	5,752	5.19% *
2012/13	5,468 *	(1.98%) *
2011/12	5,362	(1.36%)
2010/11	5,436	6.62%
2009/10	5,076	(4.19%)
2008/09	5,298	94%
2007/08	5,249	(1.20%)
2006/07	5,313	2.06%
2005/06	5,206	6.20%
2004/05	4,902	(7.89%)
2003/04	5,322	.42%
2002/03	5,300	(3.46%)
2001/02	5,490	(3.89%)
2000/01	5,712	0.97%
1999/00	5,657	1.67%
1998/99	5,546	2.52%
1997/98	5,427	0.17%
1996/97	5,418	(1.08%)
1995/96	5,477	(1.73%)

2. ECONOMIC CONDITION AND OUTLOOK

Lakewood Township is located in Central New Jersey, just 15 miles west of some of New Jersey's most beautiful beaches and about a 1-1/2 hour drive from New York, Philadelphia, Trenton and Atlantic City. Its population of about 93,000 represents peoples of all ethnic and national origins and socio-economic levels. Industrial development in the Township has been centered around two large industrial parks. One is located around a municipality-owned airport in the southeast section of the Township, and the second has the advantage of railroad access in the southwest portion of the Township. Lakewood, among the area communities is the only one with an Urban Enterprise Zone. Lakewood is home to Paul Kimball Medical Center which has 350 licensed beds, 310 physicians on staff and more than 1,800 employees. Post-secondary education is served by Georgian Court University, a four-year college for women, and Beth Medrash Govoha, a rabbinical college. The Township of Lakewood provides for a variety of municipal services including the operation of a municipal building and complex, library and excellent recreation facilities through a system of township-owned parks and playgrounds. Development and expansion is expected to continue which suggests that Lakewood will continue to prosper and grow.

The Lakewood School District has a Superintendent of Schools who is the Chief Administrative Officer. The Business Administrator oversees the Board's business functions and reports through the Superintendent to the Board.

The Lakewood School District encompasses one Kindergarten school, and three grades1-5 elementary schools, a Middle School (grades 6-8), a High School and a pre-school campus, serving a student

population of approximately 5,752. Lakewood High School is known for the harmonious way the various segments of its population work together, as well as its fine academic programs.
High School students may elect to participate in College Prep, Vocational, or Tech Prep Education programs, JROTC, or attend the Twilight Academy. Our 2011 graduates were accepted to such prestigious colleges and universities as Central Connecticut State, Concordia College, Gannon University, Georgian Court University, Johnson C. Smith University, NC, Johnson and Wales University, Kean University, Montclair, NJIT, NYIT, Neumann University, Nova Southeastern University, Richard Stockton College, Seton Hall, South Plains College, TCNJ, University of the Sciences and Virginia State among others.

Academic Programs

A broad range of academic programs from Advance Placement and Honors to basic skills are designed to meet the diverse needs of students in the Lakewood schools. Basic skills in reading, writing, and mathematics are stressed at the elementary level, with continuing emphasis throughout all grades. Art and music classes, physical education, computer and library skills are part of every student's schedule at the elementary level. Chorus, band and orchestra (including free lessons) are offered starting at Grade 5 as part of the curriculum.

To provide students with assistance and opportunities for success, the Lakewood School District has many services, such as district-wide guidance and career services, bilingual/ESL education, a special education program and a sports program.

Academically Gifted Program

The Academically Gifted Program consists of two self-contained classes housed at Clifton Avenue Grade School. One class combines third and fourth-grade students, and the other combines students in grades four and five. Criteria for selection include achievement tests and teacher recommendation. "Curriculum compacting" is employed to speed the learning process, thus allowing for a greater focus on creativity, independent thinking, decision-making and inquiry. Students in Kindergarten through Grade 2 who are identified as academically-gifted receive enrichment from their classroom teacher.

Honors Courses

Advanced Placement and Honors-level courses are available at the High School in English, Social Studies, Science, Math, Foreign Languages (including Classic Latin) and Drawing. Finite and Discrete Mathematics and Russian are offered via interactive satellite TV.

Sports Program

Students from Elementary through High School have an opportunity to participate in sports. On the Elementary level, students participate in intra-mural sports. This year, 21 teams will represent Lakewood High School in varsity sports competitions, and 8 teams will compete on the Middle School level. We are proud that more than 800 male and female student athletes from both the High School and Middle School participated in these programs last year.

Preschool Program

Research has shown that it is important to focus on the education of our children as early as possible. As a result, the Lakewood School District has instituted a Full-day Lakewood Pre-School Program for three and four-year old students, who are randomly selected.

Children must be three years old by December 31st to enroll in the Program. A teacher and aide are assigned to every fifteen children for instruction each day. Students learn various skills, like understanding a calendar and paying attention to details. They also are prepared for the language, reading and math lessons they will have in future grades. Bus transportation is provided for all students.

All-Day Kindergarten

As of July, 2001, the District offered all-day Kindergarten classes in every school.

Family Life Education

Parents may have their child(ren) excused from any part of instruction in Family Life Education which is in conflict with his or her conscience or sincerely-held moral or religious beliefs.

Guidance Services

Guidance services are available to students at all levels. Periodically, guidance counselors meet with students to offer social, emotional and academic support.

At the Elementary level, counselors organize group discussions on common problems, such as making friends and dealing with emotions. Counselors also serve to strengthen communications between parents and teachers and are always available to discuss problems students may be having at home. Counselors are able to direct students and parents to readily-available support services in the community.

At the Middle and High Schools, counselors work closely with parents and students to plan course selections which would best meet their academic and career goals.

Extensive help is available through the High School Guidance Office for colleges and/or vocational planning. The LHS Career Center contains a wealth of information about jobs and careers both in written form and on computer databases. Special evening workshops are held to inform parents and students about college preparation and procedures for obtaining financial aid.

When appropriate, counselors can arrange for individual tutoring services or home tutoring in cases of extended illness. Students and parents are encouraged to contact their guidance counselors at any time.

Vocational Education

The Ocean County Vocational-Technical School System offers programs that are designed to prepare students for entrance into a career filed upon graduation. High School students who wish to choose a vocational career path may sign up in the LHS Career Center.

Career Services

In accordance with the New Jersey School-to-Career Initiative, the Lakewood School District offers a comprehensive career development program in addition to school and work-based learning services. Students in Grades 9-12 develop individual portfolios of work, education, and career-related experiences

to guide them in selecting the career and post-secondary education that best suits their interests and abilities.

Testing and Assessment

In 1875, the State constitution guaranteed that students in New Jersey would receive an education in free public schools. Since that time, much of education law has centered on providing that education for all students and paying for it. Content standards in many disciplines were recently designed to determine what students throughout New Jersey should know and be able to do as part of that education.

Administrators and teachers in the Lakewood School District have been changing and modifying curricula to incorporate common core content standards. The seven academic areas are the Visual and Performing Arts, Comprehensive Health and Physical Education, Language Arts Literacy, Mathematics, Science, Social Studies and World Languages.

In addition, there are five standards that are associated with career education and apply to all areas of instruction: 1) All students will develop career-planning workplace readiness skills; 2) All students will use technology information, and other tools; 3) All students will use critical-thinking, decision-making, and problem-solving skills; 4) All students will demonstrate self-management skills; 5) All students will apply safety principles.

PARCC assessments will be given in the spring of 2015 to measure student growth.

Basic Skills

Students in grades K-12 who need assistance achieving proficiency in English Language Arts receive assistance through a data driven Response-to-Intervention program.

Bilingual/ESL Program

The Bilingual Education Act ensures that students of Limited English Proficiency ("LEP") are provided with instructions which will allow them to continue to develop academic skills while acquiring English language skills.

An English Language Proficiency Test is administered to students before entering the program to determine whether they need the Bilingual/ESL Program.

The Bilingual Program in the Lakewood School District is a full-time program of instruction in all subjects (which a student is required to receive) given in the native language of the student and/or in English. All students in the Bilingual Program also receive daily English as a Second Language ("ESL") instruction in order to develop and improve their communication skills, such as aural comprehension, speaking, reading, and writing skills in English. Students leave the Bilingual Program based on English Language Proficiency Test results, standardized test results in English, reading and teachers' recommendations.

Pupil Personnel Services ("PPS")

The Department of Pupil Personnel Services provides specialized programs for handicapped and non-handicapped students. Occupational therapy, physical therapy, speech therapy and nursing services are furnished to students, as appropriate. In addition, an outstanding adaptive physical education program is available for students with identified needs. Social Service intervention is provided for non-handicapped students.

Special education programs follow a New Jersey State Department of Education Three Year Plan of service and are guided by State and Federal code. All professionals serving handicapped students are appropriately certified by the State of New Jersey. Annually, the New Jersey State Department of Education provides a program review of Special Education services, certifying appropriate compliance while approving programs that have been introduced.

Special Education Services

The Lakewood School District employs medical specialists, psychologists, learning consultants and social workers as Child Study Team members. Thus, a full continuum of services along with innovative programs and techniques are provided, allowing for each student to participate in the least restrictive environment to the maximum extent possible.

Direct classroom service is provided by teachers of the handicapped, adaptive physical education instructors, occupational therapists, speech therapists and physical therapists. Many students receiving special education assistance remain in the classroom and are provided with supplemental aids and services. Handicapped students who have remained within the standard educational program have demonstrated extensive educational improvement.

Many programs have been developed for students experiencing significant educational handicaps. Programs that serve the significantly educationally-handicapped alleviate the need for out-of-district placement locations, which require extensive travel time.

Health Services

Students in the Lakewood Public Schools are served by school physicians and full-time, fully-certified school nurses. The School Nurse is a member of the professional staff who carries out health services in accordance with the regulations of the State of New Jersey and the Board of Education. The School Nurse provides health screenings, monitors immunization requirements and completes health records.

Preschool Program Enrollment

The Lakewood School District provides preschool programming for handicapped students between the ages of 3 and 5 who are identified as having handicaps in one or more of the following areas: motor, communication-language, cognitive, physical, social-emotional and medical. Evaluation to determine eligibility for the program may begin 90 days prior to the child's third birthday. Child Study Team assessment and recommendation are required for enrollment. An Individual Education Plan ("IEP") outlining services to be provided based on the child's individual needs is written for each child entering the preschool program.

Home Instruction

When a pupil is unable to attend school for an extended time, as documented by the attending physician or Child Study Team, he/she may receive Home Instruction.

Senior Citizen Volunteer Program

Since 1991, many senior citizens have been faithfully reporting to the public schools to assist teachers and work with children, either individually or in small groups, from Kindergarten through 5th Grade, including Special Education and the Library/Media Center. Senior Citizen Volunteers, under the direction of a classroom teacher, may focus on readiness skills, reading, mathematics, writing or a host of other educational needs that children have.

Grants Management

Competitive and non-competitive grants are funds that are awarded for specific educational purposes. Grant money, which can come from the Federal government, the State of New Jersey, or even private foundations, provide the funds for programs, equipment, training or services that benefit our children and teachers without adding additional costs to the school budget.

Even though applying for grants takes hours and hours of work filling out detailed application forms, creating a working budget and justifying needs, the Lakewood administration and staff aggressively sought and received more than one million dollars for such competitive grants as Even Start Family Literacy Program; Family and Childhood Early Education Services and School-to-Careers Opportunities Initiatives.

The Lakewood School District is committed to seeking funding, but grants alone are not sufficient to give our children the education they need. Helping our children become successful, productive citizens takes a strong commitment from everyone in our community.

School Based Program

Lakewood Middle and High School students, ages 13-19, including their families, graduates and those who have dropped out of school, can take advantage of the School Based Youth Services Program. The School Based Program, a collaboration among Preferred Children's Services, the Lakewood School District, and the New Jersey Department of Human Services, was implemented in 1988 to provide "one-stop shopping" for students and their families in the areas of counseling, health, recreation, and employment.

Students who are referred by community agencies, family members and self, or Lakewood School administrators and faculty, receive such services as individual, parent-child, family and group therapy; monitoring of high risk students; home visits; pregnancy testing options and family planning counseling; self-esteem workshops; life skills; peer pressure management; overnight camping and job/college readiness, etc.

3. MAJOR EDUCATIONAL INITIATIVES

Our staff is aggressively working to help students raise their scores on standardized tests. The Library at the High School is open three (3) days a week until 5:00 p.m. for student use. Students are also receiving extra help through remedial instruction. At the Middle School, a Homework Club, is being held three (3) days per week staffed by different area teachers to assist students in the various disciplines.

During the summer of 2009 a Bridge Program was instituted at the Middle School to assist eighth graders in their transition to High School. A Summer Scholars Program was operated at the High School funded in part with federal and state grants.

4. INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principals generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should

4. INTERNAL ACCOUNTING CONTROLS (Continued)

not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

A detailed Manual of Standard Operating Procedures and Internal Controls was developed during the 2008-09 school year and updated as needed during the 2009-2010 and 2010-2011 school years in accordance with the requirements of the School Accountability Act and distributed to all administrators throughout the district. It is scheduled for another review and update in the 2013-2014 school year.

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

The 2014-15 budget was prepared, utilizing the Budget Projection capabilities of the district's accounting system (Systems 3000). Use of this system reduced the amount of time needed by administrators to prepare their budget and enabled the business office to efficiently review budget submissions and make changes in accordance with district priorities and goals.

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 in the subsequent school year are reported as reservations of fund balance at June 30, 2014.

6. ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 1.

7. CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from 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, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. MAJOR FINANCIAL INITIATIVES AND ACCOMPLISHMENTS

An anticipated deficit was reported by the Business Administrator at the September 30, 2013 Board of Education meeting by non certification of the budget. Some of the reasons for the anticipated deficit were explained as follows:

1. The board had planned to defease an outstanding lease purchase by way of a bond referendum in September 2013 which would not require the payment of $792,739. The referendum was postponed to September 2014.
2. The district received an unanticipated large increase of $600,000 in the errors and omission insurance policy due to the number of special education cases being litigated.
3. The district experienced a greater than anticipated growth in both special education placements and in courtesy transportation which resulted in both budgeted line items to go into a deficit.
4. The unanticipated costs relating to maintenance and repairs of the infrastructures.
5. The repayment of $1,200,000 to the food service fund.

Due to minimal surplus available to begin the year and more than usual unanticipated events, the district ended the year in a deficit, as reflected in the CAFR.

The District's intention is to request a loan from the NJ Department of Education and repay it over a 5 to 10 year period.

10. OTHER INFORMATION

Independent Audit – New Jersey State statutes require an annual audit by independent certified public accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization, and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Requirements of Federal Grants, State Grants and State Aid. The Auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

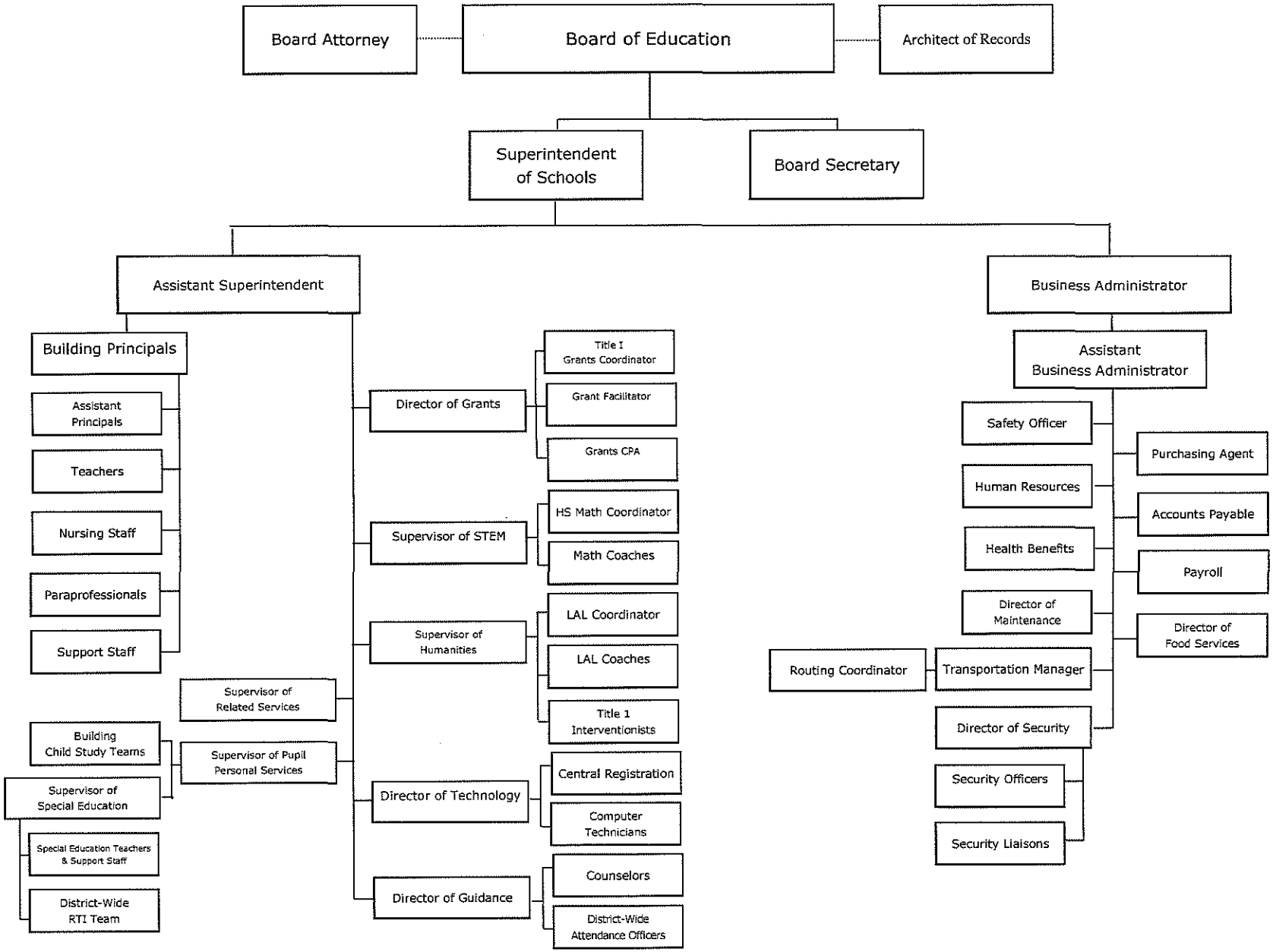
11. ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Lakewood Township Board of Education for their unwavering support in providing fiscal accountability to the citizens and taxpayers of the District and to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient, effective and dedicated services of our financial and business office staff.

Laura A. Winters
Superintendent of Schools

Thomas A. D'Ambola
Business Administrator/Board Secretary

Lakewood Board of Education
Organizational Chart



Revised & Board Approved: February 21, 2013

Lakewood Board of Education

Lakewood, New Jersey

June 30, 2014

Members of the Board of Education	Term Expires
Isaac Zlatkin, President	2016
Tracey Tift, Vice President	2014
Yisrael Friedman	2014
Zecharia Greenspan	2014
Alex Janklowicz	2016
Lee Mund	2015
Chaim Rosenblatt	2016
Joel Schwartz	2015
Jonathan Silver	2015

Other Officials

Laura Winters, Superintendent of Schools

Thomas D'Ambola, Business Administrator

Diane Piasentini, Secretary to Business Administrator

Timothy Adams, Director of Facilities

James Trischitta, IT Director

Marc H. Zitomer, ESQ., Board Attorney appointed July 1, 2013.

LAKEWOOD BOARD OF EDUCATION

LAKEWOOD, NEW JERSEY

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KEVIN LOMSKI, CPA
EDWARD P. MURPHY, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Lakewood Board of Education
Lakewood, 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 Lakewood Board of Education as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board of Education'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.

Auditor's 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 the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 entity'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 entity'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.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakewood Board of Education as of June 30, 2014, 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 and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lakewood Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Lakewood Board of Education.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance 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 combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2014 on our consideration of the Lakewood Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Lakewood Board of Education's internal control over financial reporting and compliance.

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

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 2, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

LAKEWOOD BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2014

This section of Lakewood Board of Education's ("Board" or "District") comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2013-2014) and the prior year (2012-2013) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the 2013-2014 fiscal year are as follows:

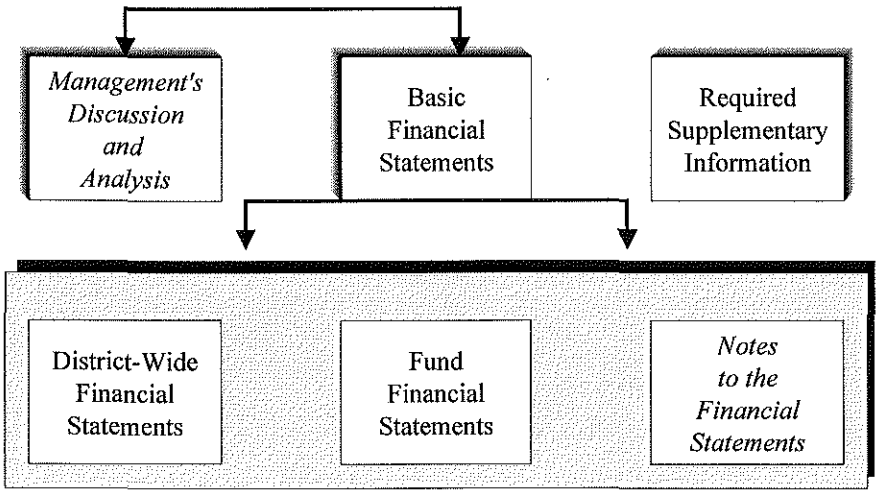
- The liabilities and deferred inflows of resources of the Lakewood Board of Education exceeded its assets at the close of the fiscal year by $$2,987,086 (net position).
- Net position decreased from $5,704,317 at June 30, 2013 to ($2,987,086) at June 30, 2014, which represents a decrease of $8,691,403.
- Overall general revenues of $93,796,084 accounted for 58 percent of all revenues and overall program revenues of $67,877,140 accounted for 42 percent of total revenues of $161,673,224.
- The School District had $167,169,022 in overall expenses of which $67,877,140 were offset by program specific charges for services, grants or contributions. General revenues of $93,796,084 helped offset these expenses.
- The School District had $163,498,164 in expenses for governmental activities; only $63,558,670 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of $93,795,185 were adequate to provide for these programs.
- At June 30, 2014, the District's governmental funds reported a combined fund balance (deficit) of $14,305,120, a decrease of $15,059,245 when compared to the previous year ending fund balance of $754,125 at June 30, 2013.
- The General Fund unassigned fund deficit at June 30, 2014 was $12,002,925, a decrease of $7,837,204 when compared with the ending fund deficit of $4,165,721 at June 30, 2013.
- The General Fund unassigned budgetary fund deficit at June 30, 2014 was $6,066,945, which represents a decrease of $7,209,841 when compared to the ending unassigned budgetary fund balance of $1,142,896 at June 30, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the comprehensive annual financial report consists of four parts – independent auditor's report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental 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 businesses.
  - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Organization of Lakewood Board of Education's
Annual Financial Report



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The above chart shows how the various parts of this annual report are arranged and related to one another.

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

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 Instruction, special education and building maintenance.	Activities the district operates similar to private businesses: Food Service Fund.	Instances in which the district administers resources on behalf of someone else, such as scholarships and student activity funds.
Required financial statements	Statement of net position Statement of activities	Balance sheet, Statement of revenues expenditures and changes in fund balances	Statement of net position, Statement of revenue, expenses and changes in fund net position Statement of cash flows	Statements 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 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 there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets an liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications 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 statements of net position includes all of the District's assets and liabilities. All of the current year's revenues 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/deferred inflows of resources – is one way to measure the District's financial health or position.

District-Wide Statements (Continued)

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 overall health of the District you need to consider additional non-financial factors such as changes in the amount of State funding and the condition of school buildings and other facilities.

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

Governmental Activities – Most of the District's basic services are included here, such as regular and special education, transportation, administration and operations and maintenance of plant. State and federal aid and property taxes finance most of these activities.

Business-Type Activities – The District charges fees to customers to help it cover the costs of certain services it provides. The District's food service and community service funds are included here. The community service program was discontinued at the conclusion of the 2012-2013 school year. The fund was formally eliminated during the 2013-14 fiscal year.

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. The District considers the general fund, special revenue fund and debt service funds to be major funds.

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

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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

Proprietary funds – Services for which the District charges a fee are generally reported in proprietary funds. The activities of the District's food service program are accounted for as enterprise funds. Proprietary funds are reported in the same way as in the district-wide statements.

Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for the general and special revenue funds as required supplementary information. The required supplementary information can be found following the notes to the basic financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

FINANCIAL ANALYSIS OF THE DISTRICT

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

Net position. The District's combined net position for governmental activities and business-type activities were $(2,987,086) on June 30, 2014 and $5,704,317, on June 30, 2013.

Net Position
as of June 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and Other Assets	$ 4,809,035	$ 29,572,964	$ 3,185,965	$ 1,224,303	$ 7,995,000	$ 30,797,267
Capital Assets	18,415,434	15,035,372	370,033	397,052	18,785,467	15,432,424
Total Assets	23,224,469	44,608,336	3,555,998	1,621,355	26,780,467	46,229,691
Liabilities						
Long-Term Liabilities	10,357,827	11,538,760			10,357,827	11,538,760
Other Liabilities	19,141,343	28,837,589	265,000	145,218	19,406,343	28,982,807
Total Liabilities	29,499,170	40,376,349	265,000	145,218	29,764,170	40,521,567
Deferred Inflows of Resources	-	-	3,383	3,807	3,383	-
Total Liabilities and Deferred Inflows of Resources	29,499,170	40,376,349	268,383	149,025	29,767,553	40,521,567
Net Position						
Net Investment in Capital Assets	13,231,764	12,022,392	370,033	397,052	13,601,797	12,419,444
Restricted	910,733	4,123,316			910,733	4,123,316
Unrestricted	(20,417,198)	(11,913,721)	2,917,582	1,075,278	(17,499,616)	(10,838,443)
Total Net Position	$ (6,274,701)	$ 4,231,987	$ 3,287,615	$ 1,472,330	$ (2,987,086)	$ 5,704,317

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents the changes in net position for the fiscal years ended June 30, 2014 and 2013 of $(8,691,403) and $($4,711,960), respectively.

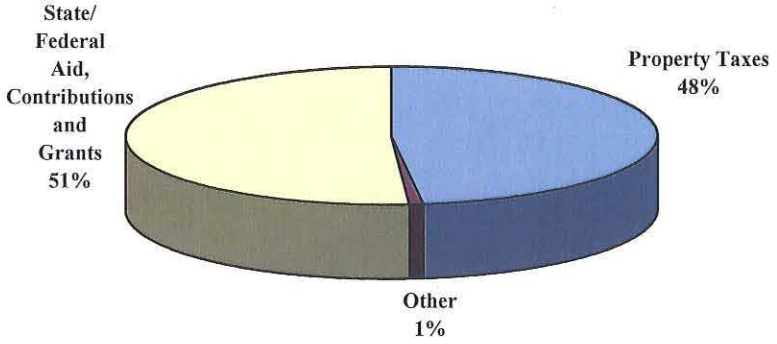
Change in Net Position
For the Fiscal Years Ended June 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
Revenues	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Program Revenues						
Charges for Services	$ 51,619	$ 93,062	$ 564,933	$ 426,725	$ 616,552	$ 519,787
Operating Grants and Contributions	62,666,142	61,149,101	3,753,537	3,532,551	66,419,679	64,681,652
Capital Grants and Contribution	840,909	649,855	-	-	840,909	649,855
General Revenues						
Property Taxes	77,315,256	72,246,057			77,315,256	72,246,057
State Aid	15,287,208	14,988,600			15,287,208	14,988,600
Miscellaneous	1,192,721	224,438	899	2,184	1,193,620	226,622
Total Revenues	157,353,855	149,351,113	4,319,369	3,961,460	161,673,224	153,312,573
Expenses						
Instruction	75,258,134	72,414,727			75,258,134	72,414,727
Support Services						
Student and Instruction Related Services	49,368,421	46,725,353			49,368,421	46,725,353
General Administrative Services	2,590,492	2,169,366			2,590,492	2,169,366
School Administrative Services	3,797,677	3,766,792			3,797,677	3,766,792
Central and Other Support Services	2,069,456	1,765,810			2,069,456	1,765,810
Plant Operation and Maintenance	7,376,514	6,786,985			7,376,514	6,786,985
Pupil Transportation	22,160,268	20,316,662			22,160,268	20,316,662
Food Service/Community School			3,680,858	3,250,492	3,680,858	3,250,492
Unallocated Depreciation	773,373	773,373			773,373	773,373
Interest on Long Term Debt	103,829	54,973	-	-	103,829	54,973
Total Expenses	163,498,164	154,774,041	3,680,858	3,250,492	167,179,022	158,024,533
Transfers and Special Items						
Transfers	(1,176,774)	1,200,000	1,176,774	(1,200,000)		
Special Item						
Disallowed Federal Grant Program Costs	(3,185,605)	-	-	-	(3,185,605)	-
Total Transfers and Special Items	(4,362,379)	1,200,000	1,176,774	(1,200,000)	(3,185,605)	-
Changes in Net Position	$ (10,506,688)	$ (4,222,928)	$ 1,815,285	$ (489,032)	$ (8,691,403)	$ (4,711,960)

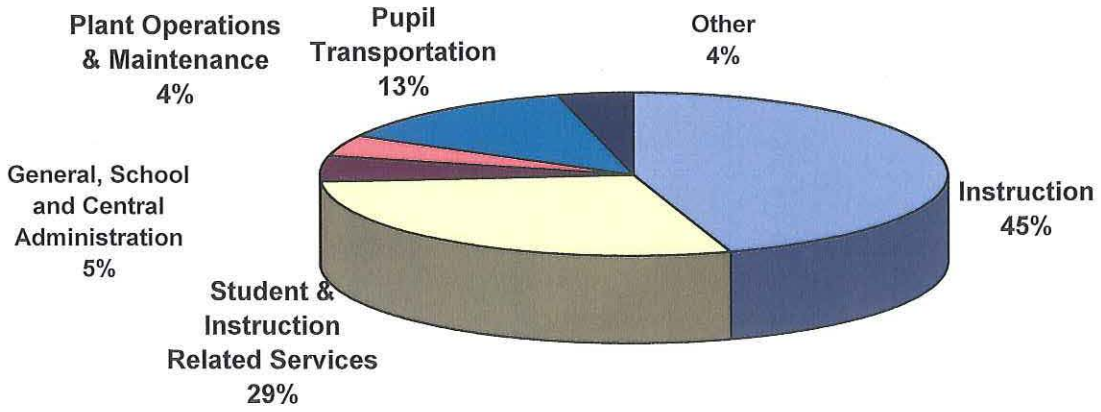
Changes in net position. The District's total revenues were $161,673,224 and $153,312,573 for the years ended June 30, 2014 and 2013, respectively. Property taxes in excess of $70 million accounted for 48% and 47% of the total revenues for the years ended June 30, 2014 and 2013, respectively. State and Federal formula aid accounted for 9% and 10%, while operating grants and contributions were 41% and 42% of total revenues for the years ended June 30, 2014 and 2013. The remaining revenues for both years were obtained from capital grants and contributions, investment earnings and miscellaneous revenues.

The total cost of all programs and services was $167,179,022 and $158,024,533 for the years ended June 30, 2014 and 2013, respectively. The District's expenses are predominantly related to educating and caring for students. Instruction represented 45% and 46% of total expenses in fiscal years 2014 and 2013. The purely administrative activities of the District accounted for only 5% of total costs for both fiscal years 2014 and 2013.

Sources of Revenues
For Fiscal Year 2014



Sources of Expenses
For Fiscal Year 2014



Governmental Activities

The following schedule presents the cost of each of the District's largest governmental activities programs as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

- Net position for governmental activities decreased $10,506,688 and $4,222,928 for the year ended June 30, 2014 and 2013, respectively.
- The total revenue earned from all governmental activities was $157,353,855 and $149,351,113 for the years ended June 30, 2014 and 2013, respectively.
- The cost of all governmental activities was $163,498,164 and $154,774,041 for the years ended June 30, 2014 and 2013.
- After applying program revenues, derived from operating grants and contributions of $62,666,142 and $61,149,101, capital grants and contribution of $840,909 and $649,855, and charges for services of $51,619 and $93,062 for the years ended June 30, 2014 and 2013, respectively; the net cost of services of the District were $99,939,494 and $92,882,023 for the fiscal years ended June 30, 2014 and 2013.
- The amount that taxpayers paid for these activities through property taxes was $77,315,256 and $72,246,057 for fiscal years 2014 and 2013, respectively. Unrestricted State and Federal aid provided $15,287,208 and $14,988,600 in fiscal years 2014 and 2013 to fund the District programs.

Net Expense of Governmental Activities
For the Fiscal Years Ended June 30, 2014 and 2013

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Function/Program:				
Instruction	$ 75,258,134	$ 72,414,727	$ 55,717,790	$ 51,565,594
Support Services				
Student and Instruction Related Services	49,368,421	46,725,353	12,753,582	12,824,813
General Administrative Services	2,590,492	2,169,366	2,590,492	2,169,366
School Administrative Services	3,797,677	3,766,792	3,446,450	3,391,643
Central and Other Support Services	2,069,456	1,765,810	1,961,007	1,765,810
Plant Operations and Maintenance	7,376,514	6,786,985	5,212,326	4,644,213
Pupil Transportation	22,160,268	20,316,662	17,383,101	15,695,678
Unallocated Depreciation	773,373	773,373	773,373	773,373
Interest on Long Term Debt	103,829	54,973	101,373	51,533
Total	$ 163,498,164	$ 154,774,041	$ 99,939,494	$ 92,882,023

Business-Type Activities

The cost of Business-Type activities for the fiscal year ended June 30, 2014 and 2013 was $3,680,858 and $3,250,492, respectively. These expenses relate to the operation of the District's school breakfast, lunch, snack and summer food and community service programs. These costs were funded in 2014 and 2013 by operating grants (87% and 90%), charges for services (13% and 10%) and investment earnings.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund deficit of $14,305,120 for the year ended June 30, 2014 compared to a fund balance of $754,125 for the year ended June 30, 2013, a decrease of $15,059,245 for the current year.

Revenues for the District's governmental funds were $157,353,855 and $149,351,113, while total expenditures were $168,474,921 and $156,389,927 for the fiscal years ended June 30, 2014 and 2013, respectively.

GENERAL FUND

The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students from pre-kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

The following schedule presents a comparison of General Fund Revenues.

	June 30,		Amount of Increase	Percent Increase
	2014	2013	(Decrease)	(Decrease)
Local Sources:				
Property Taxes	$ 77,097,641	$ 70,630,210	$ 6,467,431	9%
Tuition	51,619	93,062	(41,443)	-45%
Other Local Revenue	1,192,721	224,438	968,283	431%
State Sources	33,641,558	34,377,644	(736,086)	-2%
Federal Sources	414,583	431,144	(16,561)	-4%
Total Revenues	$ 112,398,122	$ 105,756,498	$ 6,641,624	6%

GENERAL FUND (Continued)

Total General Fund revenues increased by $6,641,624 or 6% from the previous year. Local property taxes increased $6,467,431, or 9% from the previous year. Overall state and federal aid decreased $752,467 or 2% from the previous year.

The following schedule presents a comparison of General Fund expenditures:

	June 30,		Amount of Increase	Percent Increase
	2014	2013	(Decrease)	(Decrease)
Instruction	$ 67,623,174	$ 62,891,953	$ 4,731,221	8%
Support Services	51,465,640	47,889,459	3,576,181	7%
Capital Outlay	487,824	127,160	360,664	284%
Debt Service	830,392	36,803	793,589	2156%
Total General Fund Expenditures	$ 120,407,030	$ 110,945,375	$ 9,461,655	9%

The general fund expenditures increased by $9,461,655 or 9%.

General Fund Budgetary Highlights

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the budgetary basis of accounting for revenues, expenditures and encumbrances. The most significant difference between the budgetary basis of accounting and generally accepted accounting principles is the legally mandated revenue recognition of certain delayed or deferred state aid payments for budgetary purposes only. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times through appropriation transfers between budget line items and appropriation of additional state aid.

General Fund budgetary expenditures and other financing uses exceeded budgetary revenues and other financing sources decreasing budgetary fund balance $8,134,119 over the previous year. After deducting restricted, committed and assigned fund balances, the unassigned budgetary fund balance decreased $7,209,841 from $1,142,896 at June 30, 2013 to a deficit of $6,066,945 at June 30, 2014.

SPECIAL REVENUE FUND

The Special Revenue Fund accounts for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. The revenues include federal funds, state funds, private donations and contributions.

Revenues in the District's Special Revenue Fund totaled $44,717,437 for the year ended June 30, 2014. State sources accounted for $22,465,821 or 50% of the total. Federal sources accounted for $22,251,616 or 50% of the total.

Revenues from State sources increased $2,229,145 or 11% while federal sources increased $531,189 or 1%.

Expenditures of the Special Revenue Fund totaled $44,617,012 for the year ended June 30, 2014. Expenditures were for instruction (18%), student and instruction related support services (79%) and transportation and capital outlay (3%). Expenditures increased $2,431,699 or 6% from the prior year.

The District also reported on other financing use of $3,185,605 in the Special Revenue Fund during 2013/14. This was the result of disallowed prior year costs noted in the State of New Jersey's report on the District's Title I grant program.

At June 30, 2014 the Special Revenue Fund reported deferred revenue of $225,796. This amount represents funds that were received during the 2013/14 school year but were not expended as of June 30, 2014. The district may utilize these funds in the subsequent year in accordance with the terms and provisions contained in their grant contracts and agreements.

CAPITAL PROJECTS FUND

The Capital Projects Fund includes all revenue sources for major capital projects of the District. This fund included the commencement of a lease purchase agreement during 2013-14 to fund certain capital projects.

PROPRIETARY FUNDS

The District maintains an Enterprise Fund to account for activities which are supported in part through user fees.

Enterprise Fund – The District uses the Enterprise Fund to report activities related to the Food Services and Community Service programs. The District's Enterprise Fund provides the same type of information found in the District-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

CAPITAL ASSETS

At June 30, 2014, the District had invested in excess of $18 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment and various other machinery and equipment. Total depreciation expense for the year was $1,112,522. No depreciation is recorded on construction in progress until such facilities are placed into service.

Capital Assets at June 30, 2014 and 2013

	Governmental Activities		Business- Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$ 143,800	$ 143,800			$ 143,800	$ 143,800
Buildings and Improvements	35,431,975	35,431,975	$ 302,029	$ 302,029	35,734,004	35,734,004
Machinery and Equipment	6,093,551	4,764,818	596,349	592,604	6,689,900	5,357,422
Construction in Progress	5,606,079	2,472,992			5,606,079	2,472,992
Less: Accumulated Depreciation	(28,859,971)	(27,778,213)	(528,345)	(497,581)	(29,388,316)	(28,275,794)
Total	$ 18,415,434	$ 15,035,372	$ 370,033	$ 397,052	$ 18,785,467	$ 15,432,424

Additional information of the District's capital assets can be found in the Notes to the Basic Financial Statements.

Long-Term Liabilities

At year-end, the District has $10,357,827 in long-term liabilities; the District had $419,000 in outstanding general obligation bonds, $434,920 in outstanding capital leases, $5,000,000 in outstanding lease purchase agreements, $167,234 in outstanding deferred pension obligations, $855,995 in outstanding deferred health benefit obligations and $3,480,678 in employee compensated absences payable. More detailed financial information about the District's long-term liabilities is presented in Notes to the Basic Financial Statements.

Long-Term Liabilities as of June 30, 2014 and 2013

	Governmental Activities		
	2014	2013	Percentage Change
General Obligation Bonds	$ 419,000	$ 629,000	-33%
Obligations Under Capital Lease Agreements	434,920	18,117	2301%
Obligations Under Lease Purchase Agreements	5,000,000	5,745,000	-13%
Deferred Pension Obligations	167,234	178,134	-6%
Deferred Health Benefit Obligation	855,995		100%
Compensated Absences Payable	3,480,678	4,968,509	-30%
Total	$ 10,357,827	$ 11,538,760	-10%

FACTORS BEARING ON THE DISTRICT'S FUTURE

While many factors influence the District's future, the availability of state aid, special education needs, nonpublic school requirements, capital improvements and the economy will have the most impact on educational and fiscal decisions in the future.

Many of these factors were considered by the District's administration during the process of developing the fiscal year 2014-2015 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Lakewood Board of Education, 200 Ramsey Avenue, Lakewood, New Jersey 08701.

BASIC FINANCIAL STATEMENTS

LAKEWOOD BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents		$ 435,439	$ 435,439
Cash with Fiscal Agents	$ 1,216,329		1,216,329
Receivables, net			
Receivables from Other Governments	4,554,043	364,896	4,918,939
Accounts	1,383,825		1,383,825
Internal Balances	(2,345,162)	2,345,162	
Inventories		40,468	40,468
Capital Assets, not being depreciated	5,749,879		5,749,879
Capital Assets, being depreciated, net	12,665,555	370,033	13,035,588
Total Assets	23,224,469	3,555,998	26,780,467
LIABILITIES			
Cash Overdraft	7,727,540		7,727,540
Intergovernmental Accounts Payable	5,253,080		5,253,080
Accounts Payable and Other Liabilities	5,907,739	265,000	6,172,739
Unearned Revenue	225,796		225,796
Accrued Interest Payable	27,188		27,188
Noncurrent Liabilities			
Due Within One Year	1,489,426		1,489,426
Due Beyond One Year	8,868,401		8,868,401
Total Liabilities	29,499,170	265,000	29,764,170
DEFERRED INFLOWS OF RESOURCES			
USDA Commodities	-	3,383	3,383
Total Deferred Inflows of Resources	-	3,383	3,383
Total Liabilities and Deferred Inflows of Resources	29,499,170	268,383	29,767,553
NET POSITION			
Net Investment in Capital Assets	13,231,764	370,033	13,601,797
Restricted for:			
Capital Projects	166,554		166,554
Debt Service	744,179		744,179
Unrestricted	(20,417,198)	2,917,582	(17,499,616)
Total Net Position	$ (6,274,701)	$ 3,287,615	$ (2,987,086)

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

LAKEWOOD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities							
Instruction							
Regular	$ 35,477,157	$ 51,619	$ 9,435,183	$ 810,959	$ (25,179,396)		$ (25,179,396)
Special Education	32,723,399		8,371,678		(24,351,721)		(24,351,721)
Other Instruction	5,658,237		870,905		(4,787,332)		(4,787,332)
School Sponsored Activities/Athletics	1,399,341				(1,399,341)		(1,399,341)
Support Services							
Student and Instruction Related Svcs.	49,368,421		36,584,889	29,950	(12,753,582)		(12,753,582)
General Administrative Services	2,590,492				(2,590,492)		(2,590,492)
School Administrative Services	3,797,677		351,227		(3,446,450)		(3,446,450)
Plant Operations and Maintenance	7,376,514		2,164,188		(5,212,326)		(5,212,326)
Pupil Transportation	22,160,268		4,777,167		(17,383,101)		(17,383,101)
Central Services	2,069,456		108,449		(1,961,007)		(1,961,007)
Interest on Long-Term debt	103,829		2,456		(101,373)		(101,373)
Unallocated Depreciation	773,373				(773,373)		(773,373)
Total Governmental Activities	163,498,164	51,619	62,666,142	840,909	(99,939,494)	-	(99,939,494)
Business-Type Activities							
Food Service	3,680,840	562,259	3,753,537			$ 634,956	634,956
Community School	18	2,674	-			2,656	2,656
Total Business-Type Activities	3,680,858	564,933	3,753,537	-	-	637,612	637,612
Total Primary Government	$167,179,022	$ 616,552	$ 66,419,679	$ 840,909	(99,939,494)	637,612	(99,301,882)
General Revenues, Special Items and Transfers:							
General Revneues:							
Property Taxes, Levied for General Purposes,Net					77,097,641		77,097,641
Taxes Levied for Debt Service					217,615		217,615
Federal and State Aid - Unrestricted					15,268,983		15,268,983
Federal and State Aid Restricted for Debt Service					18,225		18,225
Unrestricted Interest Earnings					30,825	899	31,724
Miscellaneous Income					1,161,896		1,161,896
Special Item:							
Disallowed Federal Grant Program Costs					(3,185,605)		(3,185,605)
Transfers					(1,176,774)	1,176,774	-
Total General Revenues and Transfers					89,432,806	1,177,673	90,610,479
Change in Net Position					(10,506,688)	1,815,285	(8,691,403)
Net Position, Beginning of Year					4,231,987	1,472,330	5,704,317
Net Position, End of Year					$ (6,274,701)	$ 3,287,615	$ (2,987,086)

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

FUND FINANCIAL STATEMENTS

LAKEWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash with Fiscal Agents			$ 1,216,329		$ 1,216,329
Receivables					
Receivables From Other Governments	$ 567,419	$ 3,986,624			4,554,043
Accounts Receivable		687,842			687,842
Due from Other Funds	1,745,758	1,143,486	-	$ 744,179	3,633,423
Total Assets	$ 2,313,177	$ 5,817,952	$ 1,216,329	$ 744,179	$ 10,091,637
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash Overdraft	$ 7,727,540				$ 7,727,540
Accounts Payable	627,858	$ 3,652,466			4,280,324
Other Liabilities	1,627,415				1,627,415
Due to Other Funds	4,232,827		$ 1,049,775		5,282,602
Intergovernmental Accounts Payable		5,253,080			5,253,080
Unearned Revenue		225,796			225,796
Total Liabilities	14,215,640	9,131,342	1,049,775	-	24,396,757
Fund Balances					
Restricted					
Capital Projects			166,554		166,554
Debt Service				$ 744,179	744,179
Assigned					
Year End Encumbrances	100,462				100,462
Unassigned	(12,002,925)	(3,313,390)	-	-	(15,316,315)
Total Fund Balances (Deficits)	(11,902,463)	(3,313,390)	166,554	744,179	(14,305,120)
Total Liabilities and Fund Balances	$ 2,313,177	$ 5,817,952	$ 1,216,329	$ 744,179	

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 $47,275,405 and the accumulated depreciation is $28,859,971.		18,415,434
The District has financed capital assets through the issuance of long-term bonds payable. The accrued interest at year end is		(27,188)
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.		
Bonds Payable	$ (419,000)	
Obligations Under Lease Purchase	(5,000,000)	
Capital Lease Obligations	(434,920)	
Deferred Pension Obligation	(167,234)	
Deferred Health Benefit Obligation	(855,995)	
Compensated Absences Payable	(3,480,678)	
		(10,357,827)
Net Position of Governmental Activities (Exhibit A-1)		$ (6,274,701)

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

EXHIBIT B-2

LAKEWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	$ 77,097,641			$ 217,615	$ 77,315,256
Tuition Charges	51,619				51,619
Interest Earned	30,825				30,825
Unrestricted Miscellaneous Revenues	1,161,896	-	-	-	1,161,896
Total - Local Sources	78,341,981	-	-	217,615	78,559,596
State Sources	33,641,558	$ 22,465,821		20,681	56,128,060
Federal Sources	414,583	22,251,616	-	-	22,666,199
Total Revenues	112,398,122	44,717,437	-	238,296	157,353,855
EXPENDITURES					
Current					
Instruction					
Regular Instruction	29,109,930	6,573,822			35,683,752
Special Education Instruction	31,636,672	1,180,667			32,817,339
Other Instruction	5,465,681	252,796			5,718,477
School Sponsored Activities and Athletics	1,410,891				1,410,891
Support Services and Undistributed Costs					
Student and Instruction Related Services	14,107,045	35,382,556			49,489,601
General Administration	2,564,859				2,564,859
School Administration	3,756,320				3,756,320
Central Services	2,084,505				2,084,505
Plant Operations and Maintenance	6,748,989		$ 79,496		6,828,485
Pupil Transportation	22,203,922	386,262			22,590,184
Debt Service					
Principal	763,297			210,000	973,297
Interest and Other Charges	67,095			28,296	95,391
Capital Outlay	487,824	840,909	3,133,087		4,461,820
Total Expenditures	120,407,030	44,617,012	3,212,583	238,296	168,474,921
Excess (Deficiency) of Revenues Over Expenditures	(8,008,908)	100,425	(3,212,583)	-	(11,121,066)
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	424,200				424,200
Disallowed Costs - Title I Audit Recovery		(3,185,605)			(3,185,605)
Transfers Out	(1,200,000)				(1,200,000)
Transfers In	23,226	-	-	-	23,226
Total Other Financing Sources and Uses	(752,574)	(3,185,605)	-	-	(3,938,179)
Net Change in Fund Balances	(8,761,482)	(3,085,180)	(3,212,583)	-	(15,059,245)
Fund Balance, Beginning of Year	(3,140,981)	(228,210)	3,379,137	744,179	754,125
Fund Balance, End of Year	$ (11,902,463)	$ (3,313,390)	$ 166,554	$ 744,179	$ (14,305,120)

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

LAKEWOOD BOARD OF EDUCATION
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, 2014

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)		$ (15,059,245)
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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Depreciation Expense	$ (1,081,758)	
Capital Outlay - Additions	4,461,820	
		3,380,062
The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Debt Issued		
Capital Lease Proceeds		(424,200)
Principal Repayments		
Serial Bonds	210,000	
Lease Purchase	745,000	
Capital Lease	7,397	
Deferred Pension Obligation	10,900	
		973,297
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Increase in Accrued Interest	(8,438)	
Deferred Health Benefit Obligation	(855,995)	
Net Decrease in Compensated Absences	1,487,831	
		623,398
Change in Net Position of Governmental Activities (Exhibit A-2)		$ (10,506,688)

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

LAKEWOOD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	Business-Type Activities		
	Food Service	Community School	Totals Enterprise Funds
ASSETS			
Current Assets			
Cash	$ 435,439		$ 435,439
Receivables			
Intergovernmental			
Federal	360,981		360,981
State	3,915		3,915
Due from Other Funds	2,345,162		2,345,162
Inventories	40,468	-	40,468
Total Current Assets	3,185,965	-	3,185,965
Noncurrent Assets			
Buildings and Building Improvements	302,029		302,029
Machinery and Equipment	596,349		596,349
Less: Accumulated Depreciation	(528,345)	-	(528,345)
Total Noncurrent Assets	370,033	-	370,033
Total Assets	3,555,998	-	3,555,998
LIABILITIES			
Due to Other Funds	265,000	-	265,000
Total Liabilities	265,000	-	265,000
DEFERRED INFLOWS OF RESOURCES			
USDA Commodities	3,383	-	3,383
Total Deferred Inflows or Resources	3,383	-	3,383
NET POSITION			
Net Investment in Capital Assets	370,033		370,033
Unrestricted	2,917,582	-	2,917,582
Total Net Position	$ 3,287,615	$ -	$ 3,287,615

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

LAKEWOOD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities		
	Food Service	Community School	Totals Enterprise Funds
OPERATING REVENUES			
Local Sources			
Daily Sales	$ 393,124		$ 393,124
Special Functions	119,526		119,526
Vending	49,422		49,422
Miscellaneous	187	$ 2,674	2,861
Total Operating Revenues	562,259	2,674	564,933
OPERATING EXPENSES			
Salaries and Wages	981,802		981,802
Purchased Professional and Technical Services	249,796		249,796
Supplies and Materials	129,488		129,488
Depreciation	30,764		30,764
Cost of Sales	1,911,225		1,911,225
Management Fee	153,840		153,840
Miscellaneous Expenditures	223,925	18	223,943
Total Operating Expenses	3,680,840	18	3,680,858
Operating Income (Loss)	(3,118,581)	2,656	(3,115,925)
Nonoperating Revenues (Expenses)			
State Sources			
State School Lunch Program	44,371		44,371
Federal Sources			
National School Breakfast Program	915,806		915,806
National School Lunch Program	2,336,511		2,336,511
After School Snack Program	51,318		51,318
Fresh Fruit and Vegetable program	179,925		179,925
Food Distribution Program	225,606		225,606
Interest and Investment Revenue	899	-	899
Total Nonoperating Revenues	3,754,436	-	3,754,436
Income Before Transfers	635,855	2,656	638,511
Transfers In	1,200,000		1,200,000
Transfers Out	-	(23,226)	(23,226)
Change in Net Position	1,835,855	(20,570)	1,815,285
Net Position, Beginning of Year	1,451,760	20,570	1,472,330
Net Position, End of Year	$ 3,287,615	$ -	$ 3,287,615

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

EXHIBIT B-6

LAKEWOOD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities		
	Food Service	Community School	Total Enterprise Funds
Cash Flows from Operating Activities			
Cash Received from Customers	$ 562,259	$ 2,674	$ 564,933
Cash Payments for Employees' Salaries and Wages	(981,802)		(981,802)
Cash Payments to Suppliers for Goods and Services	(2,453,091)	(18)	(2,453,109)
Net Cash Provided by (Used for) Operating Activities	(2,872,634)	2,656	(2,869,978)
Cash Flows from Noncapital Financing Activities			
Cash Received from Federal Sources	3,425,655		3,425,655
Cash Received from State Sources	44,281		44,281
Cash Received from Other Funds	6,771	(23,226)	(16,455)
Net Cash Provided by Noncapital Financing Activities	3,476,707	(23,226)	3,453,481
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(3,745)	-	(3,745)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(3,745)	-	(3,745)
Cash Flows from Investing Activities			
Interest on Investments	899	-	899
Net Cash Provided by Investing Activities	899	-	899
Net Increase (Decrease) in Cash and Cash Equivalents	601,227	(20,570)	580,657
Cash and Cash Equivalents, Beginning of Year	(165,788)	20,570	(145,218)
Cash and Cash Equivalents, End of Year	$ 435,439	$ -	$ 435,439
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	$ (3,118,581)	$ 2,656	(3,115,925)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	30,764		30,764
Non-Cash Federal Assistance - Food Distribution Program	225,606		225,606
Change in Assets and Liabilities			
(Increase)/Decrease in Inventories	(9,999)		(9,999)
Increase/(Decrease) in Deferred Commodities Revenue	(424)	-	(424)
Total Adjustments	245,947	-	245,947
Net Cash Provided by (Used for) Operating Activities	$ (2,872,634)	$ 2,656	$ (2,869,978)
Non-Cash Investing, Capital and Financing Activities:			
Value Received - Food Distribution Program	$ 225,182	$ -	$ 225,182

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

LAKEWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2014

	Workers Compensation Trust	Unemployment Compensation Trust Fund	Private Purpose Scholarship Fund	Parent Resource Center/ College Application Fund	Agency Funds
ASSETS					
Cash and Cash Equivalents	$ 7,048	$ 867	$ 48,851	$ 11,722	$ 1,319,027
Investments			129,162		
Due from Other Funds	-	-	-	-	336,180
Total Assets	7,048	867	178,013	11,722	$ 1,655,207
LIABILITIES					
Due to Student Groups					$ 94,778
Due to Other Funds		71,180			695,983
Intergovernmental Accounts Payable		21,776			
Summer Payment Plan Deposits					468,212
Flexible Spending Plan Deposits					45,586
Accrued Salaries and Wages					30,234
Payroll Deductions and Withholdings Payable	-	-	-	-	320,414
Total Liabilities	-	92,956	-	-	$ 1,655,207
NET POSITION					
Held In Trust For Unemployment Claims and Other Purposes	$ 7,048	$ (92,089)	$ 178,013	$ 11,722	

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

LAKEWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Workers Compensation Trust	Unemployment Compensation Trust Fund	Private Purpose Scholarship Fund	Parent Resource Center/ College Application Fund
ADDITIONS				
Contributions				
District		$ 215,582		
Employee		78,459		
Unallocated	$ 7,636			
Donations			$ 6,882	
Investment Earnings				
Interest	322	7	163	$ 41
Total Additions	7,958	294,048	7,045	41
DEDUCTIONS				
Scholarships Awarded			6,250	
Other Expenses				
Depreciation of Investment Value				
Workers Compensation Claims	130,000			
Unemployment Claims and Contributions	-	420,860	-	-
Total Deductions	130,000	420,860	6,250	-
Change in Net Position	(122,042)	(126,812)	795	41
Other Financing Sources (Uses)				
Operating Transfers In			4,000	
Operating Transfers Out	-	-	-	(4,000)
Total Other Financing Sources (Uses)	-	-	4,000	(4,000)
Change in Net Position	(122,042)	(126,812)	4,795	(3,959)
Net Position, Beginning of Year	129,090	34,723	173,218	15,681
Net Position, End of Year	$ 7,048	$ (92,089)	$ 178,013	$ 11,722

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2014, the District adopted the following GASB statements:

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 6.* The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB 69, *Government Combinations and Disposals of Government Operations* will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to establish accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The District does not expect this statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

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

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

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

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

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

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

The *community school fund* accounts for the activities of the District's adult high school and recreational programs. This program was discontinued during the 2011-12 school year. The account was formally closed during the 2013/14 fiscal year.

Additionally, the government reports the following fund type:

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

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

Reclassifications

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

3. Inventories

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as a deferred inflow of resources.

4. Capital Assets

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

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

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

Assets	Years
Land Improvements	20
Buildings	15-50
Building Improvements	20
Machinery and Equipment	5-20

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government does not have any items that qualify for reporting in this category.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. It is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation, personal and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

8. Net Position/Fund Balance

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted net position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. Net Position/Fund Balance (Continued)

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

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

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

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

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. Tuition Revenues and Expenditures

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2012-2013 and 2013-2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. Proprietary Funds, Operating and Non-Operating Revenues and Expenses

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On November 15, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required, beginning with the 2013/14 budget.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2013/2014. Also, during 2013/2014 the Board increased the original budget by $26,710,044. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances

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

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

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	Final Budget	Actual	Unfavorable Variance
General Fund			
Instruction			
Regular Programs			
Salaries of Teachers			
Grades 6-8	$ 3,189,713	$ 3,858,316	$ 668,603
Grades 9-12	4,172,962	4,260,097	87,135
Undistributed Instruction			
Other Salaries	506,976	543,719	36,743
Purchased Professional/Educational Services	238,100	1,272,569	1,034,469
Other Purchased Services	200,000	219,310	19,310
General Supplies	343,071	359,619	16,548
Textbooks	187,052	694,000	506,948
Special Education			
Learning and/or Language Disabilities			
Other Salaries for Instruction	227,132	295,461	68,329
Multiple Disabilities			
Salaries of Teachers	615,359	673,087	57,728
Other Salaries for Instruction	122,657	275,645	152,988

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations (Continued)

	Final Budget	Actual	Unfavorable Variance
Resource Room/Resource Center			
Other Salaries for Instruction	$ 50,877	$ 52,217	$ 1,340
Bilingual Education - Instruction			
Other Salaries for Instruction	229,266	247,168	17,902
School Sponsored Co-Curricular Activities			
Salaries	102,400	128,210	25,810
Undistributed Expenditures			
Instruction			
Tuition LEA's within State - Regular	45,962	115,142	69,180
Tuition LEA's within State - Special	326,686	355,857	29,171
Tuition to County Vocational School District-Spec.	110,000	117,399	7,399
Tuition to CSSD and Regional Day Schools	767,000	779,445	12,445
Tuition to Private Schools - Disabled w/i State	17,860,500	21,453,352	3,592,852
Tuition - Other	59,846	89,052	29,206
Health Services			
Purchased Professional and Technical Services	81,378	88,429	7,051
Speech, OT, PT and Related Services			
Salaries	1,730,512	1,778,331	47,819
Other Support Services - Students - Extra.Serv.			
Purchased Professional/Educational Services	545,000	881,438	336,438
Guidance			
Salaries of Other Professional Staff	682,448	711,126	28,678
Salaries of Secretarial and Clerical Assistants	113,170	127,098	13,928
Other Salaries	5,000	21,565	16,565
Other Objects	1,799	1,861	62
Child Study Teams			
Salaries of Other Professional Staff	1,980,231	2,256,379	276,148
Salaries of Secretarial and Clerical Assistants	227,310	272,333	45,023
Other Salaries	248,815	262,597	13,782
Purchased Professional/Educational Services	70,599	99,386	28,787
Improvement of Instructional Services			
Salaries of Other Professional Staff	1,000	27,720	26,720
Salaries of Secretarial and Clerical Assistants	16,130	33,241	17,111
Educational Media Services/School Library			
Salaries	389,684	400,479	10,795
Other Salaries		8,203	8,203
Supplies and Materials	34,449	37,852	3,403
Instructional Staff Training Services			
Salaries of Other Professional Staff		550	550

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations (Continued)

	Final Budget	Actual	Unfavorable Variance
Support Services General Administration			
Salaries	$ 506,453	$ 606,199	$ 99,746
Legal Services	588,198	794,501	206,303
Audit Fees	75,000	78,649	3,649
BOE Other Purchased Services	28,000	44,773	16,773
General Supplies	14,300	14,308	8
Judgements Against the School District	198,500	362,157	163,657
Miscellaneous Expenditures	9,437	10,029	592
Support Services School Administration			
Salaries of Principals/Asst. Principals	1,770,849	1,948,270	177,421
Central Services			
Salaries	539,008	660,538	121,530
Misc. Purchased Services	101,320	111,130	9,810
Sale/Lease-back Payments		198,337	198,337
Supplies and Materials	23,240	23,252	12
Interest on Lease Purchase Agreements	50,739	65,523	14,784
Required Maintenance for School Facilities			
Other Objects	4,200	4,281	81
Custodial Services			
Salaries	105,641	164,858	59,217
Cleaning, Repair and Maintenance Services	1,300,000	1,341,740	41,740
Rental of Land and Bldg. Oth. Than Lease Purchase	373,989	400,270	26,281
Energy (Natural Gas)	302,745	387,150	84,405
Energy (Oil)	34,000	57,627	23,627
Care and Upkeep of Grounds			
General Supplies	20,000	22,688	2,688
Security			
Salaries	274,150	615,869	341,719

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations (Continued)

	Final Budget	Actual	Unfavorable Variance
Student Transportation Services			
Sal. Pupil Trans (Between Home and School) - Reg.	$ 224,870	$ 348,805	$ 123,935
Cleaning, Repair and Maintenance Services	23,554	28,674	5,120
Contracted Services (Aid in Lieu Payments - Nonpublic Schools	413,000	750,894	337,894
Contracted Services (Between Home and School) - Vendors	17,075,285	17,378,362	303,077
Contracted Services (Between Home and School) - Joint Agreements	340	6,716	6,376
Contracted Services (Special Education Students)- Joint Agreements		11,429	11,429
Contracted Services (Special Education Students)- ESCs and CTSAs	566,625	874,958	308,333
Unallocated Benefits - Employee Benefits			
Social Security Contributions	725,000	1,177,548	452,548
Other Retirement Contribution-Regular	600,000	601,811	1,811
Health Benefits	6,866,378	7,394,588	528,210
Tuition Reimbursement	45,000	45,662	662
Capital Outlay			
Undistributed Expenditures			

C. Deficit Fund Equity

The District has an unassigned fund deficit of $12,002,925 in the General Fund and $3,313,390 in the Special Revenue Fund as of June 30, 2014 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2013/2014 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund deficits do not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund balance deficits in the future.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity (Continued)

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficits in the GAAP (fund) financial statements of $12,002,925 in the General Fund and $3,313,390 in the Special Revenue Fund are more than the delayed state aid payments.

The general fund deficit represents $5,935,980 as a result of a delay in state aid payments and $6,066,945 in a deficit in operations. The special revenue fund deficit represents $127,785 as a result of a delay in state aid payments and $3,185,605 as a result of disallowed grant expenditures.

The District has an accumulated deficit in net position of $92,089 in the Unemployment Insurance Trust Fund. The District expects to eliminate this deficit through normal operations in the 2014/2015 fiscal year.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of $250,000 for each failed brokerage firm. At June 30, 2014, the book value of the Board's deposits reflected a cash deficit of $4,688,257 and bank and brokerage firm balances of the Board's deposits amounted to $13,051,799. The Board's deposits which are displayed on the various fund balance sheets as "cash", "cash and cash equivalents" or "cash with fiscal agents" are categorized as:

Depository Account	
Insured	$ 12,991,361
Uninsured and Collateralized	60,438
	$ 13,051,799

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2014 the Board's bank balance of $60,438 was exposed to custodial credit risk as follows:

Depository Account	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department not in the Board's name	$ 60,438

Investments

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

As of June 30, 2014, the Board had the following investments:

Investment:	Fair Value
U.S. Government Securities Mutual Funds	$ 129,162

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2014, $129,162 of the Board's investments was exposed to custodial credit risk as follows:

Depository Account	Fair Value
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department not in the Board's name	$ 129,162

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer. More than five (5) percent of the Board's investments are in Nuveen Mutual Funds. These investments are 100% of the District's total investments.

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

B. Receivables

Receivables as of June 30, 2014 for the district's individual major funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Special Revenue	Food Service	Total
Receivables:				
Accounts		$ 687,842		$ 687,842
Intergovernmental				
Federal		3,944,644	$ 360,981	4,305,625
State	$ 567,419	41,980	3,915	613,314
Gross Receivables	567,419	4,674,466	364,896	5,606,781
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	$ 567,419	$ 4,674,466	$ 364,896	$ 5,606,781

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	Total
Special Revenue Fund	
Unencumbered Grant Draw Downs	$ 117,032
Grant Draw Downs Reserved for Encumbrances	108,764
Total Unearned Revenue for Governmental Funds	$ 225,796

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance, July 1, 2013	Increases	Decreases	Balance, June 30, 2014
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 143,800			$ 143,800
Construction in Progress	2,472,992	$ 3,133,087	-	5,606,079
Total Capital Assets, Not Being Depreciated	2,616,792	3,133,087	-	5,749,879
Capital Assets, Being Depreciated:				
Land Improvements	2,406,289			2,406,289
Buildings and Building Improvements	33,025,686			33,025,686
Machinery and Equipment	4,764,818	1,328,733	-	6,093,551
Total Capital Assets Being Depreciated	40,196,793	1,328,733	-	41,525,526
Less Accumulated Depreciation for:				
Land Improvements	(2,139,118)	(24,043)		(2,163,161)
Buildings and Building Improvements	(22,806,494)	(574,168)		(23,380,662)
Machinery and Equipment	(2,832,601)	(483,547)	-	(3,316,148)
Total Accumulated Depreciation	(27,778,213)	(1,081,758)	-	(28,859,971)
Total Capital Assets, Being Depreciated, Net	12,418,580	246,975	-	12,665,555
Governmental Activities Capital Assets, Net	$ 15,035,372	$ 3,380,062	$ -	$ 18,415,434
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Building and Building Improvements	$ 302,029			$ 302,029
Machinery and Equipment	592,604	$ 3,745	-	596,349
Total Capital Assets Being Depreciated	894,633	3,745	-	898,378
Less Accumulated Depreciation for:				
Building and Building Improvements	(39,265)	(6,041)	-	(45,306)
Machinery and Equipment	(458,316)	(24,723)	-	(483,039)
Total Accumulated Depreciation	(497,581)	(30,764)	-	(528,345)
Total Capital Assets, Being Depreciated, Net	397,052	(27,019)	-	370,033
Business-Type Activities Capital Assets, Net	$ 397,052	$ (27,019)	$ -	$ 370,033

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:	
Instruction	
Regular	$ 53,300
Total Instruction	53,300
Support Services	
General Administration	34,557
School Administration	83,623
Operations and Maintenance of Plant	136,905
Total Support Services	255,085
Unallocated	773,373
Total Support Services	1,028,458
Total Depreciation Expense - Governmental Activities	$ 1,081,758
Business-Type Activities:	
Food Service Fund	$ 30,764
Total Depreciation Expense-Business-Type Activities	$ 30,764

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects Fund	$ 1,049,775
General Fund	Payroll Agency Fund	695,983
Special Revenue Fund	General Fund	1,143,486
Debt Service Fund	General Fund	744,179
Food Service Fund	General Fund	2,345,162
Payroll Agency Fund	Unemployment Insurance Trust Fund	71,180
Payroll Agency Fund	Food Service Fund	265,000
		$ 6,314,765

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

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

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

Interfund transfers

	Transfer In:		
	Food Service	General Fund	Total
Transfer Out:			
General Fund	$ 1,200,000		$ 1,200,000
Community School Fund	-	$ 23,226	23,226
Total Transfers Out	$ 1,200,000	$ 23,226	$ 1,223,226

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

F. Leases

Operating Leases

The District leases properties/facilities under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2014 were $347,144. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ending June 30	Amount
2015	$ 213,121

Additionally, pursuant to N.J.S.A. 18A:20-4.2(h), the School District entered into a sale and lease-back contract on certain instructional materials (i.e., textbooks). The contract was entered into during the fiscal year ended June 30, 2009, totaling $950,000, and was for a term of five years at an interest rate of 3.66%.

Rental payments under operating leases for the fiscal year ended June 30, 2014 were $198,337.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases

The District is leasing copiers and school buses totaling $35,254 and $424,200, respectively, under capital leases. The leases are for terms of 5 and 4 years, respectively.

The capital assets acquired through capital leases are as follows:

	Governmental Activities
Machinery and Equipment	$ 459,454
Less: Accumulated Depreciation	28,204
	$ 431,250

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

Fiscal Year Ending June 30	Governmental Activities
2015	$ 83,816
2016	84,915
2017	80,458
2018	206,643
Total minimum lease payments	455,832
Less: amount representing interest	(20,912)
Present value of minimum lease payments	$ 434,920

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements

The District has entered into a five (5) year lease purchase agreement for the funding of certain capital projects to be undertaken by the District.

The maturity schedule of the remaining lease payments for principal and interest is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	Lease-Purchase Principal	Lease-Purchase Interest	Total
2015	$ 900,000	$ 77,500	$ 977,500
2016	1,100,000	63,550	1,163,550
2017	1,400,000	46,500	1,446,500
2018	1,600,000	24,800	1,624,800
	$ 5,000,000	$ 212,350	$ 5,212,350

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2013 are comprised of the following issues:

$2,494,000, 2000 Bonds, due in annual installments of $209,000 to $210,000 through August 1, 2015, interest at 5.40%	$419,000

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Year Ending June 30,	Serial Bonds Principal	Serial Bonds Interest	Total
2015	$ 210,000	$ 16,956	$ 226,956
2016	209,000	5,643	214,643
	$ 419,000	$ 22,599	$ 441,599

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2014 was as follows:

4% of Equalized Valuation Basis (Municipal)	$ 295,499,011
Less: Net Debt (Including Unfunded Authorizations)	(5,419,000)
Remaining Borrowing Power	$ 290,080,011

Deferred Pension Obligation

During the 2009/2010 school year the Board elected to contribute only 50% of its normal and accrued liability components of the Public Employee Retirement System (PERS) obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled $196,429 and is being paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District is permitted to payoff the deferred PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012) at June 30, 2014 is $248,233.

Deferred Health Benefit Obligation

During fiscal year 2007, the District experienced financial hardship and elected the option of a 2 month premium payment delay under the State of New Jersey Health Benefit Program. Since that time the District has accrued $1,627,415 as a general fund liability. The total liability amounts to $2,483,410, of which $859,995 is reflected as a long term liability on the District Wide Statement of Net Position. It is expected that the long term portion of the liability will be funded over a 3 year period.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	Balance, July 1, 2013	Additions	Reductions	Balance, June 30, 2014	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 629,000		$ 210,000	$ 419,000	$ 210,000
Obligations Under Lease Purchase	5,745,000		745,000	5,000,000	900,000
Capital Lease Payable	18,117	$ 424,200	7,397	434,920	81,994
Compensated Absences	4,968,509	334,695	1,822,526	3,480,678	-
Deferred Health Benefit Obligation		855,995		855,995	285,332
Deferred Pension Obligations	178,134	-	10,900	167,234	12,100
Governmental activity Long-term liabilities	$ 11,538,760	$ 1,614,890	$ 2,795,823	$ 10,357,827	$ 1,489,426

For the governmental activities, the liabilities for compensated absences and deferred pension obligations are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the School Alliance Insurance Fund (SAIF). The Fund is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

SAIF provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund are on file with the School's Business Administrator.

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

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

Fiscal Year Ended	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2014	$ 215,582	$ 78,459	$ 420,860	$ (92,089)
2013	310,263	44,636	278,865	34,723
2012	447,010	48,648	617,675	(41,335)

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2014, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2014, the District has not estimated its arbitrage earnings due to the IRS, if any.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Significant Legislation

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

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

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 64.5 percent with an unfunded actuarial accrued liability of $47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and $34.4 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 76.1 percent and $12.8 billion.

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

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

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems from 7.95 percent to 7.90 percent and (b) projected salary increases of 4.22 percent for the PERS and 3.51 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.6% for PERS, 6.6% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees,* for the fiscal year ended June 30, 2014 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2014, 2013 and 2012 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	PERS	On-behalf TPAF	DCRP
2014	$ 601,811	$ 1,336,476	NONE
2013	596,356	2,096,738	NONE
2012	557,032	1,053,395	NONE

During fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute $1,336,476 for normal cost pension and NCGI premium. For fiscal years 2012/2013 and 2011/2012, the state contributed $2,096,738 and $1,053,395, respectively for normal cost pension, accrued liability and the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board $2,341,225 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 585 state and local participating employers and contributing entities for Fiscal Year 2013.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the State had a $51.5 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to $19.3 billion for state active and retired members and $32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2012 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits and the State contributed $1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides paid 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 $173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2014, 2013 and 2012 were $2,191,318, $2,370,882, and $2,117,601, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES					
Local Sources					
Local Tax Levy	$ 77,097,641		$ 77,097,641	$ 77,097,641	
Tuition				51,619	$ 51,619
Investment Income				30,825	30,825
Unrestricted Miscellaneous Revenues	400,000	-	400,000	1,161,896	761,896
Total Local Sources	77,497,641	-	77,497,641	78,341,981	844,340
Federal Sources:					
Medicaid Reimbursement	400,000	-	400,000	414,583	14,583
Total Federal Sources	400,000	-	400,000	414,583	14,583
State Sources					
Categorical Special Education Aid	2,975,869		2,975,869	2,975,869	
Equalization Aid	15,263,034		15,263,034	15,263,034	
Categorical Security Aid	2,161,835		2,161,835	2,161,835	
Categorical Transportation Aid	3,934,658		3,934,658	3,934,658	
Extraordinary Aid	4,500,000		4,500,000	3,610,389	(889,611)
Other State Aids:					
Non Public Transportation Aid	270,050		270,050	454,117	184,067
On Behalf TPAF Pension Contribution (Non Budgeted)				1,228,078	1,228,078
On Behalf TPAF Non-Contributory Life Insurance Contribution (Non Budgeted)				108,398	108,398
On Behalf TPAF Post Retirement Medical Contribution (Non Budgeted)				2,191,318	2,191,318
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	2,341,225	2,341,225
Total State Sources	29,105,446	-	29,105,446	34,268,921	5,163,475
Total Revenues	107,003,087	-	107,003,087	113,025,485	6,022,398
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	736,011	$ 339,741	1,075,752	1,025,736	50,016
Grades 1-5	7,067,728	(389,741)	6,677,987	6,034,433	643,554
Grades 6-8	3,234,713	(45,000)	3,189,713	3,858,316	(668,603)
Grades 9-12	4,195,707	(22,745)	4,172,962	4,260,097	(87,135)
Regular Programs - Home Instruction					
Salaries of Teachers	200,000		200,000	136,450	63,550
Purchased Professional/Educational Services	125,000		125,000	120,208	4,792
Regular Programs - Undistributed Instruction					
Other Salaries	305,730	201,246	506,976	543,719	(36,743)
Purchased Professional/Educational Services	75,000	163,100	238,100	1,272,569	(1,034,469)
Purchased Technical Services	10,000	(10,000)			-
Other Purchased Services	200,000	-	200,000	219,310	(19,310)
General Supplies	455,500	(112,429)	343,071	359,619	(16,548)
Textbooks	250,000	(62,948)	187,052	694,000	(506,948)
Other Objects	30,000	-	30,000	971	29,029
Total Regular Programs	16,885,389	61,224	16,946,613	18,525,428	(1,578,815)

(Continued)

LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	$ 557,294		$ 557,294	$ 493,054	$ 64,240
Other Salaries for Instruction	227,132		227,132	295,461	(68,329)
Purchased Professional/Educational Services	500		500		500
General Supplies	8,500	-	8,500	1,391	7,109
Total Learning and/or Language Disabilities	793,426	-	793,426	789,906	3,520
Multiple Disabilities					
Salaries of Teachers	615,359		615,359	673,087	(57,728)
Other Salaries for Instruction	122,657		122,657	275,645	(152,988)
Purchased Professional/Educational Services	500		500	132	368
General Supplies	9,700	-	9,700	3,103	6,597
Total Multiple Disabilities	748,216	-	748,216	951,967	(203,751)
Resource Room/Resource Center					
Salaries of Teachers	2,947,846		2,947,846	2,653,343	294,503
Other Salaries for Instruction	46,503	$ 4,374	50,877	52,217	(1,340)
General Supplies	14,535	(4,374)	10,161	7,892	2,269
Textbooks	1,000	-	1,000	-	1,000
Total Resource Room	3,009,884	-	3,009,884	2,713,452	296,432
Autism					
Salaries of Teachers	154,786		154,786	118,377	36,409
Other Salaries for Instruction	48,399		48,399	36,859	11,540
Purchased Professional/Educational Services	1,020		1,020		1,020
General Supplies	6,120		6,120	233	5,887
Other Objects	500	-	500	-	500
Total Autism	210,825	-	210,825	155,469	55,356
Preschool Disabilities - Full-Time					
Salaries of Teachers	891,518	840	892,358	654,896	237,462
Other Salaries for Instruction	501,739		501,739	479,301	22,438
Purchased Professional/Educational Services	2,040	(840)	1,200	1,137	63
General Supplies	3,800	-	3,800	3,800	-
Total Preschool Disabilities - Part-Time	1,399,097	-	1,399,097	1,139,134	259,963
Total Special Education	6,161,448	-	6,161,448	5,749,928	411,520

(Continued)

LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT					
Basic Skills/Remedial - Instruction					
Salaries of Teachers	$ 1,470,023	-	$ 1,470,023	$ 1,026,667	$ 443,356
Total Basic Skills/Remedial	1,470,023	-	1,470,023	1,026,667	443,356
Bilingual Education - Instruction					
Salaries of Teachers	2,440,731		2,440,731	2,402,010	38,721
Other Salaries for Instruction	224,841	$ 4,425	229,266	247,168	(17,902)
Purchased Professional-Educational Services		13,575	13,575	13,552	23
General Supplies	10,000	-	10,000	3,570	6,430
Total Bilingual Education	2,675,572	18,000	2,693,572	2,666,300	27,272
School Sponsored Co-Curricular Activities					
Salaries	102,400		102,400	128,210	(25,810)
Purchased Services	10,000		10,000	9,963	37
Supplies and Materials	24,000	-	24,000	19,333	4,667
Total School Sponsored Co-Curricular Activities	136,400	-	136,400	157,506	(21,106)
School Sponsored Athletics - Instruction					
Salaries	695,181	(100,000)	595,181	576,612	18,569
Purchased Services	112,345	100,000	212,345	209,124	3,221
Supplies and Materials	90,000		90,000	88,350	1,650
Other Objects	50,000	-	50,000	14,910	35,090
Total School Sponsored Athletics - Instruction	947,526	-	947,526	888,996	58,530
Total - Instruction	28,276,358	79,224	28,355,582	29,014,825	(659,243)
Undistributed Expenditures					
Instruction					
Tuition LEA's within State - Regular	40,158	5,804	45,962	115,142	(69,180)
Tuition LEA's within State - Special	346,686	(20,000)	326,686	355,857	(29,171)
Tuition to County Vocational School District-Reg.	8,000		8,000	8,000	
Tuition to County Vocational School District-Spec.	150,500	(40,500)	110,000	117,399	(7,399)
Tuition to CSSD and Regional Day Schools	462,000	305,000	767,000	779,445	(12,445)
Tuition to Private Schools - Disabled w/i State	17,500,000	360,500	17,860,500	21,453,352	(3,592,852)
Tuition to Private Schools - Disabled and Other LEAs-Special Outside State	306,000	(265,405)	40,595	14,476	26,119
Tuition - State Facilities	170,802		170,802	56,934	113,868
Tuition - Other	69,846	(10,000)	59,846	89,052	(29,206)
Total Undistributed Expenditures - Instruction	19,053,992	335,399	19,389,391	22,989,657	(3,600,266)
Attendance and Social Work Services					
Salaries	69,436	1,280	70,716	59,319	11,397
Other Purchased Services	100	-	100	-	100
Total Attendance and Social Work Services	69,536	1,280	70,816	59,319	11,497

(Continued)

LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	$ 352,078	$ 600	$ 352,678	$ 326,603	$ 26,075
Purchased Professional and Technical Services	24,500	56,878	81,378	88,429	(7,051)
Supplies and Materials	15,250	(3,681)	11,569	6,125	5,444
Total Health Services	391,828	53,797	445,625	421,157	24,468
Speech, OT, PT and Related Services					
Salaries	1,729,012	1,500	1,730,512	1,778,331	(47,819)
Purchased Professional/Educational Services	2,318,839	(537,001)	1,781,838	1,437,499	344,339
Supplies and Materials	45,000	13,500	58,500	55,287	3,213
Total Speech, OT, PT and Related Services	4,092,851	(522,001)	3,570,850	3,271,117	299,733
Other Support Services - Students - Extra.Serv.					
Salaries	1,089,027		1,089,027	888,302	200,725
Purchased Professional/Educational Services	545,000	-	545,000	881,438	(336,438)
Total Other Support Services - Students - Extra Services	1,634,027	-	1,634,027	1,769,740	(135,713)
Guidance					
Salaries of Other Professional Staff	681,415	1,033	682,448	711,126	(28,678)
Salaries of Secretarial and Clerical Assistants	113,170	-	113,170	127,098	(13,928)
Other Salaries	5,000	-	5,000	21,565	(16,565)
Purchased Professional/Educational Services	8,000	(1,248)	6,752	1,193	5,559
Other Purchased Prof. and Technical Services	10,000	48,169	58,169	57,878	291
Supplies and Materials	3,500	(396)	3,104	3,104	-
Other Objects	2,000	(201)	1,799	1,861	(62)
Total Guidance	823,085	47,357	870,442	923,825	(53,383)
Child Study Teams					
Salaries of Other Professional Staff	1,979,165	1,066	1,980,231	2,256,379	(276,148)
Salaries of Secretarial and Clerical Assistants	227,310		227,310	272,333	(45,023)
Other Salaries	248,815		248,815	262,597	(13,782)
Purchased Professional/Educational Services	43,000	27,599	70,599	99,386	(28,787)
Other Purchased Prof. and Technical Services	96,900	(76,940)	19,960	13,486	6,474
Miscellaneous Purchased Services	2,000		2,000	1,940	60
Supplies and Materials	35,700		35,700	30,095	5,605
Other Objects	10,000	-	10,000	3,614	6,386
Total Child Study Teams	2,642,890	(48,275)	2,594,615	2,939,830	(345,215)
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	221,473		221,473	220,584	$ 889
Salaries of Other Professional Staff	1,000		1,000	27,720	(26,720)
Salaries of Secretarial and Clerical Assistants	2,239	13,891	16,130	33,241	(17,111)
Purchased Professional Educational Services	5,000	(4,600)	400		400
Other Purchased Services	2,000	(85)	1,915	319	1,596
Supplies and Materials	1,000		1,000		1,000
Other Objects	18,400	4,685	23,085	23,035	50
Total Improvement of Instruction Services	251,112	13,891	265,003	304,899	(39,896)

(Continued)

LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	$ 389,684		$ 389,684	$ 400,479	$ (10,795)
Other Salaries	2,500	$ (2,500)		8,203	(8,203)
Supplies and Materials	70,500	(36,051)	34,449	37,852	(3,403)
Total Educational Media Services/School Library	462,684	(38,551)	424,133	446,534	(22,401)
Instructional Staff Training Services					
Salaries of Other Professional Staff				550	(550)
Purchased Professional Educational Services	5,500	13,700	19,200	19,101	99
Other Purchased Services	1,500		1,500	1,498	2
Supplies and Materials	1,000	-	1,000	57	943
Total Instructional Staff Training Services	8,000	13,700	21,700	21,206	494
Support Services General Administration					
Salaries	506,453		506,453	606,199	(99,746)
Legal Services	450,000	138,198	588,198	794,501	(206,303)
Audit Fees	80,000	(5,000)	75,000	78,649	(3,649)
Architect/Engineering Services		100,000	100,000	65,767	34,233
Communications/Telephone	327,500	(89,707)	237,793	233,885	3,908
BOE Other Purchased Services	20,000	8,000	28,000	44,773	(16,773)
Other Purchased Services	75,000	(28,200)	46,800	37,680	9,120
General Supplies	15,000	(700)	14,300	14,308	(8)
BOE In-House Training/Meeting Supplies	7,000	(868)	6,132	5,895	237
Judgements Against the School District	100,000	98,500	198,500	362,157	(163,657)
Miscellaneous Expenditures	25,000	(15,563)	9,437	10,029	(592)
BOE Membership Dues and Fees	20,000	9,163	29,163	28,855	308
Total Support Services General Administration	1,625,953	213,823	1,839,776	2,282,698	(442,922)
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,770,849		1,770,849	1,948,270	(177,421)
Salaries of Secretarial and Clerical Assistants	638,052	1,738	639,790	630,815	8,975
Other Purchased Services	7,500	(7,500)			
Travel		2,239	2,239	2,194	45
Supplies and Materials	60,000	9,462	69,462	68,314	1,148
Other Objects	3,000	(3,000)	-	-	-
Total Support Services School Administration	2,479,401	2,939	2,482,340	2,649,593	(167,253)
Central Services					
Salaries	539,008		539,008	660,538	(121,530)
Purchased Technical Services	70,000	6,000	76,000	75,229	771
Misc. Purchased Services	90,000	11,320	101,320	111,130	(9,810)
Sale/Lease-back Payments				198,337	(198,337)
Supplies and Materials	25,000	(1,760)	23,240	23,252	(12)
Interest on Lease Purchase Agreements	14,784	35,955	50,739	65,523	(14,784)
Miscellaneous Expenditures	6,000	(792)	5,208	5,207	1
Total Central Services	744,792	50,723	795,515	1,139,216	(343,701)
Admin. Info. Tech.					
Salaries	320,520		320,520	316,756	3,764
Purchased Professional Services	193,000	(3,400)	189,600	180,047	9,553
Other Purchased Services	70,000	3,400	73,400	72,987	413
Supplies and Materials	20,000	-	20,000	18,451	1,549
Total Admin. Info. Tech.	603,520	-	603,520	588,241	15,279

(Continued)

LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Salaries		$ 55,000	$ 55,000	$ 17,163	$ 37,837
Cleaning, Repair and Maintenance Services	$ 1,150,000	(68,662)	1,081,338	1,034,943	46,395
General Supplies	130,000	-	130,000	124,279	5,721
Other Objects	3,200	1,000	4,200	4,281	(81)
Total Required Maint. For School Facilities	1,283,200	(12,662)	1,270,538	1,180,666	89,872
Custodial Services					
Salaries	55,641	50,000	105,641	164,858	(59,217)
Purchased Professional and Technical Services	45,000	(33,000)	12,000	(18,514)	30,514
Cleaning, Repair and Maintenance Services	1,300,000		1,300,000	1,341,740	(41,740)
Rental of Land and Bldg. Oth. Than Lease Purchase	600,000	(226,011)	373,989	400,270	(26,281)
Other Purchased Property Services	329,100		329,100	225,436	103,664
Insurance	400,000	649,242	1,049,242	1,043,811	5,431
Miscellaneous Purchased Services	103,500	(65,570)	37,930	25,130	12,800
General Supplies	15,000	4,000	19,000	14,802	4,198
Energy (Natural Gas)	262,500	40,245	302,745	387,150	(84,405)
Energy (Heat and Electricity)	900,000	40,000	940,000	860,167	79,833
Energy (Oil)	34,000	-	34,000	57,627	(23,627)
Total Custodial Services	4,044,741	458,906	4,503,647	4,502,477	1,170
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	400,000	(214,760)	185,240	178,426	6,814
General Supplies	-	20,000	20,000	22,688	(2,688)
Total Care and Upkeep of Grounds	400,000	(194,760)	205,240	201,114	4,126
Security					
Salaries	274,150		274,150	615,869	(341,719)
Cleaning, Repair and Maintenance Services		5,300	5,300	5,300	
General Supplies	10,000	245,796	255,796	254,963	833
Other Objects	-	750	750	295	455
Total Security	284,150	251,846	535,996	876,427	(340,431)
Student Transportation Services					
Sal. Pupil Trans (Between Home and School) - Reg.	213,370	11,500	224,870	348,805	(123,935)
Management Fee - ESC & CTSA Transp. Prog.	36,000		36,000		36,000
Other Purchased Professional and Technical Services	133,000	500	133,500	132,963	537
Cleaning, Repair and Maintenance Services		23,554	23,554	28,674	(5,120)
Lease Purchase Payments - School Buses		161,680	161,680	161,680	
Contracted Services (Aid in Lieu Payments - Nonpublic Schools	413,000		413,000	750,894	(337,894)
Contracted Services (Between Home and School) - Vendors	16,231,941	843,344	17,075,285	17,378,362	(303,077)
Contracted Services (Other Than Between Home and School) - Vendors	657,224	(1,500)	655,724	311,014	344,710
Contracted Services (Between Home and School) - Joint Agreements	10,000	(9,660)	340	6,716	(6,376)
Contracted Services (Special Education Students)- Vendors	2,869,083	(1,036,354)	1,832,729	1,437,029	395,700
Contracted Services (Special Education Students)- Joint Agreements				11,429	(11,429)
Contracted Services (Special Education Students)- ESCs and CTSAs	566,625		566,625	874,958	(308,333)
General Supplies	-	17,960	17,960	17,475	485
Total Student Transportation Services	21,130,243	11,024	21,141,267	21,459,999	(318,732)

(Continued)

LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Allocated Benefits					
Regular Programs - Instruction - Employee Benefits					
Health Benefits	$ 4,050,000	-	$ 4,050,000	$ 4,050,000	-
Total Regular Programs - Instruction - Employee Benefits	4,050,000	-	4,050,000	4,050,000	-
Special Programs - Instruction - Employee Benefits					
Health Benefits	2,360,600	$ (1,235,684)	1,124,916	736,962	$ 387,954
Total Special Programs - Instruction - Employee Benefits	2,360,600	(1,235,684)	1,124,916	736,962	387,954
Other Instructional Programs - Instruction - Employee Benefits					
Health Benefits	125,200	-	125,200	125,200	-
Total Other Instructional Programs - Instruction - Employee Bene	125,200	-	125,200	125,200	-
Attendance and Social Work Services - Employee Benefits					
Health Benefits	24,600	-	24,600	24,600	-
Total Attendance and Social Work Services - Employee Benefits	24,600	-	24,600	24,600	-
Health Services - Employee Benefits					
Health Benefits	125,200	-	125,200	125,200	-
Total Health Services - Employee Benefits	125,200	-	125,200	125,200	-
Other Support Services - Guidance - Employee Benefits					
Health Benefits	125,200	-	125,200	125,200	-
Total Other Support Services - Guidance - Employee Benefits	125,200	-	125,200	125,200	-
Other Support Services - Child Study Teams - Employee Benefits					
Health Benefits	377,000	-	377,000	377,000	-
Total Other Support Services - Child Study Teams - Employee B	377,000	-	377,000	377,000	-
Improvement of Instruction Services - Employee Benefits					
Health Benefits	125,200	-	125,200	125,200	-
Total Improvement of Instruction Services - Employee Benefits	125,200	-	125,200	125,200	-
Educational Media Services - School Library - Employee Benefits					
Health Benefits	125,200	-	125,200	125,200	-
Total Educational Media Services - School Library - Employee B	125,200	-	125,200	125,200	-
Student Transportation Services - Employee Benefits					
Health Benefits	141,852	-	141,852	141,852	-
Total Student Transportation Services - Employee Benefits	141,852	-	141,852	141,852	-
Total Allocated Benefits	7,580,052	(1,235,684)	6,344,368	5,956,414	387,954

(Continued)

LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Group Insurance	$ 5,000		$ 5,000		$ 5,000
Social Security Contributions	725,000		725,000	$ 1,177,548	(452,548)
Other Retirement Contribution-Regular	630,000	$ (30,000)	600,000	601,811	(1,811)
Other Retirement Contribution - Deferred Pension Payment		30,000	30,000	29,290	710
Unemployment Compensation	560,000		560,000	215,582	344,418
Workmen's Compensation	850,000	(12,500)	837,500	667,347	170,153
Health Benefits	5,983,285	883,093	6,866,378	7,394,588	(528,210)
Tuition Reimbursement	45,000	-	45,000	45,662	(662)
Other Employee Benefits	975,000	(789,736)	185,264	173,766	11,498
Total Unallocated Benefits	9,773,285	80,857	9,854,142	10,305,594	(451,452)
On Behalf Payments (Non-Budgeted)					
TPAF Pension Contribution				1,228,078	(1,228,078)
TPAF Non Contributory Insurance				108,398	(108,398)
TPAF Post Retirement Medical Contribution				2,191,318	(2,191,318)
Reimbursed TPAF Social Security Contribution	-	-	-	2,341,225	(2,341,225)
Total On-Behalf Payments	-	-	-	5,869,019	(5,869,019)
Total Undistributed Expenditures	79,379,342	(516,391)	78,862,951	90,158,742	(11,295,791)
Total - Current Expenditures	107,655,700	(437,167)	107,218,533	119,173,567	(11,955,034)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Required Maintenance for School Facilities	30,000	9,130	39,130	61,942	(22,812)
Non-Instructional Services	15,000	-	15,000	-	15,000
Total Equipment	45,000	9,130	54,130	61,942	(7,812)
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Services		1,682	1,682	1,682	
Lease Purchase Principal		745,000	745,000	745,000	
Assessment for Debt Service on SDA Funding	639	-	639	639	-
Total Facilities Acquisition and Construction Services	639	746,682	747,321	747,321	-
Assets Acquired Under Capital Lease (Non-budget)	-	-	-	424,200	(424,200)
Total Capital Outlay	45,639	755,812	801,451	1,233,463	(432,012)
Transfer of Funds to Charter Schools	-	9,600	9,600	-	9,600
Total Expenditures - General Fund	107,701,339	328,245	108,029,584	120,407,030	(12,377,446)

(Continued)

EXHIBIT C-1

LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Favorable (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (698,252)	$ (328,245)	$ (1,026,497)	$ (7,381,545)	$ (6,355,048)
Other Financing Sources (Uses)					
Capital Lease Proceeds				424,200	424,200
Operating Transfers Out				(1,200,000)	(1,200,000)
Operating Transfers In	-	-	-	23,226	23,226
Total Other Financing Sources (Uses)	-	-	-	(752,574)	(752,574)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(698,252)	(328,245)	(1,026,497)	(8,134,119)	(7,107,622)
Fund Balances, Beginning of Year	2,167,636	-	2,167,636	2,167,636	-
Fund Balances, End of Year	$ 1,469,384	$ (328,245)	$ 1,141,139	$ (5,966,483)	$ (7,107,622)

Recapitulation of Fund Balance:

Assigned		
Year End Encumbrances		$ 100,462
Unassigned		(6,066,945)
Fund Balance - Budgetary Basis		(5,966,483)
Reconciliation to Governmental Funds Fund Balance (GAAP)		
Less: State Aid Not Recognized on GAAP Basis		
Delayed State Formula Aid	$ (2,325,591)	
Delayed Extraordinary Aid	(3,610,389)	
		(5,935,980)
Fund Balance Per Governmental Funds (GAAP)		$ (11,902,463)

EXHIBIT C-2

LAKEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
State Sources	$ 12,817,947	$ 10,247,354	$ 23,065,301	$ 22,354,247	$ (711,054)
Federal Sources	10,500,000	16,134,445	26,634,445	20,790,239	(5,844,206)
Total Revenues	23,317,947	26,381,799	49,699,746	43,144,486	(6,555,260)
EXPENDITURES					
Instruction					
Salaries of Teachers	1,264,490	1,074,633	2,339,123	1,848,012	491,111
Other Salaries	199,291		199,291	172,057	27,234
Purchased Professional and Technical Services	5,471,801	(4,876,017)	595,784	403,789	191,995
Other Purchased Services		1,102,802	1,102,802	904,266	198,536
Tuition	2,550,000	(1,505,595)	1,044,405	1,044,405	-
General Supplies	251,962	2,734,088	2,986,050	1,932,986	1,053,064
Textbooks	803,000	363,495	1,166,495	1,126,991	39,504
Other Objects	5,020	18,619	23,639	14,879	8,760
Total Instruction	10,545,564	(1,087,975)	9,457,589	7,447,385	2,010,204
Support Services					
Salaries of Supervisors of Instruction	108,514	50,000	158,514	142,168	16,346
Salaries of Program Directors	497,266	924,848	1,422,114	572,985	849,129
Salaries of Other Professional Staff		500,000	500,000	492,555	7,445
Salaries of Secretarial and Clerical Assistants	216,252	(95,695)	120,557	116,102	4,455
Other Salaries	247,108	125,517	372,625	279,789	92,836
Personal Services Employee-Benefits	596,619	1,005,683	1,602,302	892,449	709,853
Purchased Professional and Technical Services	1,669,550	5,891,469	7,561,019	5,486,304	2,074,715
Purchased Prof./Ed. Serv.	8,913,807	17,588,525	26,502,332	26,488,225	14,107
Other Purchased Services	48,267	341,203	389,470	207,963	181,507
Transportation	475,000		475,000	386,262	88,738
Supplies and Materials	-	717,042	717,042	309,940	407,102
Total Support Services	12,772,383	27,048,592	39,820,975	35,374,742	4,446,233
Facilities and Acquisition Construction Svcs.					
Instructional Equipment		391,182	391,182	292,409	98,773
Non Instructional Equipment	-	30,000	30,000	29,950	50
Total Facilities and Acquisition Construction Svcs.	-	421,182	421,182	322,359	98,823
Total Expenditures	23,317,947	26,381,799	49,699,746	43,144,486	6,555,260
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Disallowed Costs - Title I Audit Recovery	-	-	-	(3,185,605)	(3,185,605)
Total Other Financing Sources and Uses	-	-	-	(3,185,605)	(3,185,605)
Net Change in Fund Balances	-	-	-	(3,185,605)	(3,185,605)
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	$ -	$ -	$ -	$ (3,185,605)	$ (3,185,605)
Reconciliation to Governmental Funds Statements (GAAP):				$ (3,185,605)	
Less: State Aid Not Recognized on GAAP Basis				(127,785)	
Fund Balance Per Governmental Funds (GAAP)				$ (3,313,390)	

LAKEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	$ 113,025,485	$ 43,144,486
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2014		(108,764)
Encumbrances, June 30, 2013		1,581,290
State Aid recognized for budgetary purposes, not recognized for GAAP statements (2013/14 State Aid)	(5,935,980)	(127,785)
State Aid recognized for GAAP purposes, not recognized for budgetary statements (2012/2013 State Aid)	5,308,617	228,210
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	$ 112,398,122	$ 44,717,437
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule (Exhibits C-1 and C-2)	$ 120,407,030	$ 43,144,486
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		
Encumbrances, June 30, 2014		(108,764)
Encumbrances, June 30, 2013	-	1,581,290
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	$ 120,407,030	$ 44,617,012

SCHOOL LEVEL SCHEDULES

EXHIBITS D-1, D-2 AND D-3

NOT APPLICABLE

SPECIAL REVENUE FUND

LAKEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Title I, Part A	Title I - SIA	Title II-A	Title III	IDEA PART B Basic	IDEA PART B Preschool	Carl D. Perkins Grant	21st Century Community Learning Centers Program 2013-14	21st Century Community Learning Centers Program 2012-13	Sub-Total Carried Forward
REVENUES										
Intergovernmental										
Federal	$ 12,728,502	$ 66,022	$ 631,331	$ 342,796	$ 5,476,935	$ 472,738	$ 338,478	$ 507,412	$ 43,660	$ 20,607,874
Total Revenues	$ 12,728,502	$ 66,022	$ 631,331	$ 342,796	$ 5,476,935	$ 472,738	$ 338,478	$ 507,412	$ 43,660	$ 20,607,874
EXPENDITURES										
Instruction										
Salaries of Teachers	$ 812,487		$ 43,466	$ 79,849			$ 79,400	$ 95,470	$ 20,830	$ 1,131,502
Purchased Professional and Technical Services	358,719			1,433			437	2,340		362,929
Other Purchased Services	897,729			6,537						904,266
Tuition					$ 910,561	$ 133,844				1,044,405
General Supplies	961,701	$ 66,022		114,520			150,819	8,155		1,301,217
Other Objects	11,319	-	-	-	-	-	2,430	1,130	-	14,879
Total Instruction	3,041,955	66,022	43,466	202,339	910,561	133,844	233,086	107,095	20,830	4,759,198
Support Services										
Salaries of Supervisors of Instruction									22,830	22,830
Salaries of Program Directors	502,564			70,421						572,985
Salaries of Other Professional Staff	314,766						35,730	73,960		424,456
Salaries of Secretarial and Clerical Assistants								135		135
Other Salaries	2,136									2,136
Personal Services Employee-Benefits	230,277		3,325	7,696			28,579			269,877
Purchased Professional Technical Services	541,636				4,566,374	338,894	13,900	15,000		5,475,804
Purchased Prof./Ed. Serv.	7,429,367		567,144	8,468			-	308,684		8,313,663
Other Purchased Services	132,618			5,699			24,933	2,538		165,788
Supplies and Materials	240,774	-	17,396	48,173	-	-	2,250	-	-	308,593
Total Support Services	9,394,138	-	587,865	140,457	4,566,374	338,894	105,392	400,317	22,830	15,556,267
Facilities and Acquisition Construction Svcs.										
Instructional Equipment	292,409	-	-	-	-	-	-	-	-	292,409
Total Facilities and Acquisition Construction Svcs.	292,409	-	-	-	-	-	-	-	-	292,409
Total Expenditures	$ 12,728,502	$ 66,022	$ 631,331	$ 342,796	$ 5,476,935	$ 472,738	$ 338,478	$ 507,412	$ 43,660	$ 20,607,874

(Continued)

LAKEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Sub-Total Brought Forward	SWD Grant 2013-14	Teaching American History	Preschool Education Aid	New Jersey Nonpublic Aid			Sub-Total Carried Forward
					Textbooks	Technology	Nursing	
REVENUES								
Intergovernmental								
State Sources				$ 2,214,314	$ 1,126,991	$ 413,646	$ 1,568,728	$ 5,323,679
Federal Sources	$ 20,607,874	$ 156,806	$ 25,559	-	-	-	-	20,790,239
Total Revenues	$ 20,607,874	$ 156,806	$ 25,559	$ 2,214,314	$ 1,126,991	$ 413,646	$ 1,568,728	$ 26,113,918
EXPENDITURES								
Instruction								
Salaries of Teachers	$ 1,131,502			$ 715,390				$ 1,846,892
Other Salaries				172,057				172,057
Purchased Professional and Technical Services	362,929							362,929
Other Purchased Services	904,266							904,266
Tuition	1,044,405							1,044,405
General Supplies	1,301,217	$ 136,262		81,861		$ 413,646		1,932,986
Textbooks					$ 1,126,991			1,126,991
Other Objects	14,879	-	-	-	-	-	-	14,879
Total Instruction	4,759,198	136,262	-	969,308	1,126,991	413,646	-	7,405,405
Support Services								
Salaries of Supervisors of Instruction	22,830	9600		109,738				142,168
Salaries of Program Directors	572,985			-				572,985
Salaries of Other Professional Staff	424,456		$ 1,813	66,286				492,555
Salaries of Secretarial and Clerical Assistants	135			71,355				71,490
Other Salaries	2,136			53,410				55,546
Personal Services Employee-Benefits	269,877			557,955				827,832
Purchased Professional and Technical Services	5,475,804	10,500						5,486,304
Purchased Prof./Ed. Serv.	8,313,663		23,746				$ 1,568,728	9,906,137
Contracted Services - Transportation				386,262				386,262
Other Purchased Services	165,788							165,788
Supplies and Materials	308,593	444	-	-	-	-	-	309,037
Total Support Services	15,556,267	20,544	25,559	1,245,006	-	-	1,568,728	18,416,104
Facilities and Acquisition Construction Svcs.								
Instructional Equipment	292,409	-	-	-	-	-	-	292,409
Total Facilities and Acquisition Construction Svcs.	292,409	-	-	-	-	-	-	292,409
Total Expenditures	$ 20,607,874	$ 156,806	$ 25,559	$ 2,214,314	$ 1,126,991	$ 413,646	$ 1,568,728	$ 26,113,918

(Continued)

LAKEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Sub-Total Brought Forward	Chapter 192 - Nonpublic Auxiliary Services				Chapter 193 - Nonpublic Handicapped Services			Grand Total
		Compensatory Education	ESL	Transportation	Home Instruction	Supplemental Instruction	Examination and Classification	Corrective Speech	
REVENUES									
Intergovernmental									
State	$ 5,323,679	$ 10,397,590	$ 100,281	$ 847,760	$ 41,980	$ 1,197,707	$ 2,292,107	$ 2,153,143	$ 22,354,247
Federal	20,790,239	-	-	-	-	-	-	-	20,790,239
Total Revenues	$ 26,113,918	$ 10,397,590	$ 100,281	$ 847,760	$ 41,980	$ 1,197,707	$ 2,292,107	$ 2,153,143	$ 43,144,486
EXPENDITURES									
Instruction									
Salaries of Teachers	$ 1,846,892				$ 1,120				$ 1,848,012
Other Salaries	172,057								172,057
Purchased Professional and Technical Services	362,929				40,860				403,789
Other Purchased Services	904,266								904,266
Tuition	1,044,405								1,044,405
General Supplies	1,932,986								1,932,986
Textbooks	1,126,991								1,126,991
Other Objects	14,879	-	-	-	-	-	-	-	14,879
Total Instruction	7,405,405	-	-	-	41,980	-	-	-	7,447,385
Support Services									
Salaries of Supervisors of Instruction	142,168								142,168
Salaries of Program Directors	572,985								572,985
Salaries of Other Professional Staff	492,555								492,555
Salaries of Secretarial and Clerical Assistants	71,490	$ 44,612							116,102
Other Salaries	55,546	224,243							279,789
Personal Services Employee-Benefits	827,832	64,617							892,449
Purchased Professional and Technical Services	5,486,304								5,486,304
Purchased Prof./Ed. Serv.	9,906,137	9,991,090	$ 100,281	$ 847,760		$ 1,197,707	$ 2,292,107	$ 2,153,143	26,488,225
Contracted Services - Transportation	386,262								386,262
Other Purchased Services	165,788	42,175							207,963
Supplies and Materials	309,037	903	-	-	-	-	-	-	309,940
Total Support Services	18,416,104	10,367,640	100,281	847,760	-	1,197,707	2,292,107	2,153,143	35,374,742
Facilities and Acquisition Construction Svcs.									
Instructional Equipment	292,409								292,409
Non-Instructional Equipment	-	29,950	-	-	-	-	-	-	29,950
Total Facilities and Acquisition Construction Svcs.	292,409	29,950	-	-	-	-	-	-	322,359
Total Expenditures	$ 26,113,918	$ 10,397,590	$ 100,281	$ 847,760	$ 41,980	$ 1,197,707	$ 2,292,107	$ 2,153,143	$ 43,144,486

EXHIBIT E-2

LAKEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
Instruction					
Salaries of Teachers	$ 689,267		$ 689,267	$ 715,390	(26,123)
Other Salaries for Instruction	199,291		199,291	172,057	27,234
General Supplies	90,676	-	90,676	81,861	8,815
Total Instruction	979,234	-	979,234	969,308	9,926
Support Services					
Salaries of Supervisors of Instruction	108,514		108,514	109,738	(1,224)
Salaries of Other Professional Staff	57,892		57,892	66,286	(8,394)
Salaries of Secretarial and Clerical Assts.	68,744		68,744	71,355	(2,611)
Other Salaries	18,179		18,179	53,410	(35,231)
Salaries of Master Teachers	48,929		48,929		48,929
Personal Services - Employee Benefits	557,955		557,955	557,955	
Contracted Services - Transportation (Bet. Home & School)	475,000	-	475,000	386,262	88,738
Total Support Services	1,335,213	-	1,335,213	1,245,006	90,207
Total Expenditures	$ 2,314,447	$ -	$ 2,314,447	$ 2,214,314	$ 100,133

Total Revised 2013-14 Preschool Education Aid Allocation	$ 2,314,447
Actual ECPA/PEA Carryover (June 30, 2014)	3,527
Total Preschool Education Aid Funds Available for 2013-14 Budget	2,317,974
Less: 2013-14 Budgeted Preschool Education Aid (Including Prior Year Carryover)	(2,314,447)
Available and Unbudgeted Preshool Education Aid Funds as of June 30, 2014	3,527
Add: June 30, 2014 Unexpended Preschool Education Aid	100,133
2013-14 Carryover - Preschool Education Aid Programs	$ 103,660
2013-14 Preschool Education Aid Carryover Budgeted in 2014-15 for Preschool Programs	$ -

CAPITAL PROJECTS FUND

LAKEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Issue/Project Title	Appropriation	Expenditures to Date Prior Years	Expenditures to Date Current Year	Unexpended Balance, June 30, 2014
High School HVAC Replacement	$ 505,462	$ 33,174	$ 436,049	$ 36,239
High School Hot Water Heater Replacement	32,940	32,940		
Middle School Roof Project	2,233,705	2,232,999	706	
Board Office Project	1,974,125	66,750	1,907,375	
Middle School Window Replacement	534,400		534,400	
Middle School Exhaust Replacement	192,116		192,116	
Soft Costs	62,441		62,441	
Unallocated	209,811	-	79,496	$ 130,315
	$ 5,745,000	$ 2,365,863	$ 3,212,583	$ 166,554

Recapitulation of Fund Balance:

Available for Capital Projects	$ 166,554

EXHIBIT F-2

LAKEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Revenues and Other Financing Sources	
Lease Purchase Proceeds	-
Total Revenues and Other Financing Sources	-
Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	$ 186,165
Construction Services	3,026,418
Total Expenditures and Other Financing Uses	3,212,583
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(3,212,583)
Fund Balance - Beginning of Year	3,379,137
Fund Balance - End of Year	$ 166,554

LAKEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
2014 LEASE PURCHASE - HIGH SCHOOL HVAC REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Lease Purchase Proceeds	$ 505,462	-	$ 505,462	$ 505,462
Total Revenues	505,462	-	505,462	505,462
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	33,174		33,174	33,174
Construction Services	-	$ 436,049	436,049	472,288
Total Expenditures	33,174	436,049	469,223	505,462
Excess (Deficiency) or Revenues Over (Under) Expenditures	$ 472,288	$ (436,049)	$ 36,239	$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Lease Purchase Issue Date	6/28/2013
Lease Purchase Authorized	505,462
Lease Purchase Issued	505,462
Original Authorized Cost	505,462
Adjustment	-
Revised Authorized Cost	505,462
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	93%
Original Target Completion Date	2013/14
Revised Target Completion Date	2014/15

LAKEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
2014 LEASE PURCHASE - HIGH SCHOOL HOT WATER HEATER REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Lease Purchase Proceeds	$ 32,940	-	$ 32,940	$ 32,940
Total Revenues	32,940	-	32,940	32,940
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services				-
Construction Services	32,940	-	32,940	32,940
Total Expenditures	32,940	-	32,940	32,940
Excess (Deficiency) or Revenues Over (Under) Expenditures	$ -	$ -	$ -	$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Lease Purchase Issue Date	6/28/2013
Lease Purchase Authorized	32,940
Lease Purchase Issued	32,940
Original Authorized Cost	32,940
Adjustment	-
Revised Authorized Cost	32,940
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	100%
Original Target Completion Date	2013/2014
Revised Target Completion Date	2013/2014

EXHIBIT F-2c

LAKEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
2014 LEASE PURCHASE - MIDDLE SCHOOL ROOF PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Lease Purchase Proceeds	$ 2,233,705	-	$ 2,233,705	$ 2,233,705
Total Revenues	2,233,705	-	2,233,705	2,233,705
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	68,500	$ 706	69,206	69,206
Construction Services	2,164,499	-	2,164,499	2,164,499
Total Expenditures	2,232,999	706	2,233,705	2,233,705
Excess (Deficiency) or Revenues Over (Under) Expenditures	$ 706	$ (706)	$ -	$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Lease Purchase Issue Date	6/28/2013
Lease Purchase Authorized	2,233,705
Lease Purchase Issued	2,233,705
Original Authorized Cost	2,233,705
Adjustment	-
Revised Authorized Cost	2,233,705
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	100%
Original Target Completion Date	2013/2014
Revised Target Completion Date	2013/2014

LAKEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
2014 LEASE PURCHASE - BOARD OFFICE PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Lease Purchase Proceeds	$ 1,974,125	-	$ 1,974,125	$ 1,974,125
Total Revenues	1,974,125	-	1,974,125	1,974,125
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	66,750	$ 44,228	110,978	110,978
Construction Services	-	1,863,147	1,863,147	1,863,147
Total Expenditures	66,750	1,907,375	1,974,125	1,974,125
Excess (Deficiency) or Revenues Over (Under) Expenditures	$ 1,907,375	$ (1,907,375)	$ -	$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Lease Purchase Issue Date	6/28/2013
Lease Purchase Authorized	1,974,125
Lease Purchase Issued	1,974,125
Original Authorized Cost	1,974,125
Adjustment	-
Revised Authorized Cost	1,974,125
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	100%
Original Target Completion Date	2013/2014
Revised Target Completion Date	2013/2014

LAKEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
2014 LEASE PURCHASE - MIDDLE SCHOOL WINDOW REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Lease Purchase Proceeds	$ 534,400	-	$ 534,400	$ 534,400
Total Revenues	534,400	-	534,400	534,400
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services				
Construction Services	-	$ 534,400	534,400	534,400
Total Expenditures	-	534,400	534,400	534,400
Excess (Deficiency) or Revenues Over (Under) Expenditures	$ 534,400	$ (534,400)	$ -	$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Lease Purchase Issue Date	6/28/2013
Lease Purchase Authorized	534,400
Lease Purchase Issued	534,400
Original Authorized Cost	534,400
Adjustment	-
Revised Authorized Cost	534,400
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	100%
Original Target Completion Date	2013/2014
Revised Target Completion Date	2013/2014

LAKEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
2014 LEASE PURCHASE - MIDDLE SCHOOL EXHAUST REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Lease Purchase Proceeds	$ 192,116	-	$ 192,116	$ 192,116
Total Revenues	192,116	-	192,116	192,116
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services				-
Construction Services	-	$ 192,116	192,116	192,116
Total Expenditures	-	192,116	192,116	192,116
Excess (Deficiency) or Revenues Over (Under) Expenditures	$ 192,116	$ (192,116)	$ -	$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Lease Purchase Issue Date	6/28/2013
Lease Purchase Authorized	192,116
Lease Purchase Issued	192,116
Original Authorized Cost	192,116
Adjustment	-
Revised Authorized Cost	192,116
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	100%
Original Target Completion Date	2013/2014
Revised Target Completion Date	2013/2014

EXHIBIT F-2g

LAKEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
2014 LEASE PURCHASE - UNALLOCATED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Lease Purchase Proceeds	$ 272,252	-	$ 272,252	$ 272,252
Total Revenues	272,252	-	272,252	272,252
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		$ 141,937	141,937	62,441
Construction Services	-	-	-	209,811
Total Expenditures	-	141,937	141,937	272,252
Excess (Deficiency) or Revenues Over (Under) Expenditures	$ 272,252	$ (141,937)	$ 130,315	$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Lease Purchase Issue Date	6/28/2013
Lease Purchase Authorized	272,252
Lease Purchase Issued	272,252
Original Authorized Cost	272,252
Adjustment	-
Revised Authorized Cost	272,252
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	52%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

ENTERPRISE FUND

EXHIBIT G-1

LAKEWOOD BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-2

COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-3

COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

EXHIBIT H-1

LAKEWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET POSITION
AS OF JUNE 30, 2014

	Agency		
	Student Activity	Payroll	Total
ASSETS			
Cash and Cash Equivalents	$ 94,778	$ 1,224,249	$ 1,319,027
Due from Other Funds	-	336,180	336,180
Total Assets	$ 94,778	$ 1,560,429	$ 1,655,207
LIABILITIES			
Due to Other Funds		$ 695,983	$ 695,983
Summer Payment Plan Deposits		468,212	468,212
Flexible Spending Plan Deposits		45,586	45,586
Payroll Deductions and Withholdings		320,414	320,414
Accrued Salaries and Wages		30,234	30,234
Due to Student Groups	$ 94,778	-	94,778
Total Liabilities	$ 94,778	$ 1,560,429	$ 1,655,207

LAKEWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

THIS STATEMENT IS NOT APPLICABLE.

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8.

LAKEWOOD BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

School	Balance July 1, 2013	Cash Receipts	Cash Disbursements	Balance, June 30, 2014
ELEMENTARY SCHOOLS				
Oak Street School	$ 482			$ 482
JUNIOR HIGH SCHOOLS				
Lakewood Middle School	3,991	$ 15,592	$ 13,690	5,893
HIGH SCHOOL				
Lakewood High School	66,898	106,965	106,382	67,481
Total All Schools	71,371	122,557	120,072	73,856
ATHLETIC ACCOUNT				
Due to Student Groups	5,812	92,963	77,853	20,922
Due to Other Funds	-	-	-	-
Total Athletics	5,812	92,963	77,853	20,922
Total	$ 77,183	$ 215,520	$ 197,925	$ 94,778

LAKEWOOD BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance, July 1, 2013	Cash Receipts	Cash Disbursements	Balance, June 30, 2014
ASSETS				
Cash and Cash Equivalents	$ 1,187,358	$ 52,795,389	$ 52,758,498	$ 1,224,249
Total Assets	$ 1,187,358	$ 52,795,389	$ 52,758,498	$ 1,224,249
LIABILITIES				
Due to Other Funds				
Due (from) to Unemployment Compensation Trust	$ 56,813	$ 78,459	$ 206,452	$ (71,180)
Due (from) to Food Service Fund			265,000	(265,000)
Due (from) to General Fund	(1,035,919)	3,609,444	1,877,542	695,983
Accrued Salaries and Wages	481	27,201,053	27,171,300	30,234
Summer Payment Plan Deposits	1,279,710	468,212	1,279,710	468,212
Flexible Spending Account Deposits	5,598	93,922	53,934	45,586
Payroll Deductions and Withholdings	880,675	21,344,299	21,904,560	320,414
	$ 1,187,358	$ 52,795,389	$ 52,758,498	$ 1,224,249

LONG-TERM DEBT

EXHIBIT I-1

LAKEWOOD BOARD OF EDUCATION
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Issue	Date of Issue	Amount of Issue	Maturities Date	Maturities Amount	Interest Rate	Balance, July 1, 2013	Retired	Balance, June 30, 2014
New Roofing and Repairs	5/24/00	$ 2,494,000	08/01/14	$ 210,000				
			08/01/15	209,000	5.40%	$ 629,000	$ 210,000	$ 419,000
						$ 629,000	$ 210,000	$ 419,000

EXHIBIT I-2

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Date of Lease	Term of Lease (in Months)	Amount of Original Issue Principal	Amount of Original Issue Interest	Amount Outstanding July 1, 2013	Increases	Decreases	Balance, June 30, 2014
Copier Equipment (Saving 9040B) - Transportation	09/01/10	60	$ 10,516	$ 3,337	$ 4,966		$ 2,208	$ 2,758
Copier Equipment (Savin 0-21D) - Ella Clarke	12/01/10	60	5,189	920	2,722		1,074	1,648
Copier Equipment (Savin 9021D) - Early Childhood	12/01/10	60	5,189	979	2,897		1,143	1,754
Copier Equipment (Savin 9021D) - Early Learning Cente	12/01/10	60	5,524	979	2,897		1,143	1,754
Copier Equipment (Savin 9025B) - Community School	12/01/10	60	8,836	1,567	4,635		1,829	2,806
Fifty-Four Passenger School Buses (5)	5/25/2014	36	424,200	20,400	-	$ 424,200	-	424,200
					$ 18,117	$ 424,200	$ 7,397	$ 434,920

LAKEWOOD BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Final Budget
REVENUES:					
Local Sources:					
Local Tax Levy	$ 217,615		$ 217,615	$ 217,615	
State Sources					
Debt Service Aid - Type II	20,681	-	20,681	20,681	-
Total Revenues	238,296	-	238,296	238,296	-
EXPENDITURES:					
Regular Debt Service:					
Interest on Debt	20,681		28,296	28,296	
Redemption of Principal	217,615		210,000	210,000	-
Total Regular Debt Service	238,296	-	238,296	238,296	-
Total Expenditures	238,296	-	238,296	238,296	-
Excess of Revenues Over Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	744,179		744,179	744,179	-
Fund Balance, End of Year	$ 744,179	$ -	$ 744,179	$ 744,179	$ -

Recapitulation of Fund Balance:

Available for Debt Service Expenditures	$ 744,179

EXHIBIT I-4

LAKEWOOD BOARD OF EDUCATION
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Issue	Date of Issue	Amount of Issue	Maturities Date	Maturities Amount	Interest Rate	Balance, July 1, 2013	Retired	Balance, June 30, 2014
Various Capital Improvements	6/28/2013	$ 5,745,000	1/15/2015	$ 900,000				
			1/15/2016	1,100,000				
			1/15/2017	1,400,000				
			1/15/2018	1,600,000	1.55%	5,745,000	$ 745,000	$ 5,000,000
						$ 5,745,000	$ 745,000	$ 5,000,000

STATISTICAL SECTION

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

Contents	Exhibits
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	J-1 to J-5
Revenue Capacity	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	J-6 to J-9
Debt Capacity	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	J-14 and J-15
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	J-16 to J-20

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

EXHIBIT J-1

LAKEWOOD BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment in Capital Assets	$ 4,548,790	$ 5,246,987	$ 6,481,769	$ 6,972,812	$ 8,455,577	$ 10,326,554	$ 11,536,711	$ 12,110,017	$ 12,022,392	$ 13,231,764
Restricted				270,000		2	45	43	4,123,316	910,733
Unrestricted	(3,361,870)	(3,647,746)	(5,113,632)	(11,363,364)	(6,838,288)	(3,632,854)	(89,679)	(3,655,333)	(11,913,721)	(20,417,198)
Total Governmental Activities Net Position	$ 1,186,920	$ 1,599,241	$ 1,368,137	$ (4,120,552)	$ 1,617,289	$ 6,693,702	$ 11,447,077	$ 8,454,727	$ 4,231,987	$ (6,274,701)
Business-Type Activities										
Net Investment in Capital Assets	$ 206,586	$ 257,105	$ 421,145	$ 386,822	$ 386,586	$ 369,726	$ 368,458	$ 427,816	$ 397,052	$ 370,033
Unrestricted	911,575	426,209		253,147	537,808	870,243	1,288,067	1,533,546	1,075,278	2,917,582
Total Business-Type Activities Net Position	$ 1,118,161	$ 683,314	$ 421,145	$ 639,969	$ 924,394	$ 1,239,969	$ 1,656,525	$ 1,961,362	$ 1,472,330	$ 3,287,615
District-Wide										
Net Investment in Capital Assets	$ 4,755,376	$ 5,504,092	$ 6,902,914	$ 7,359,634	$ 8,842,163	$ 10,696,280	$ 11,905,169	$ 12,537,833	$ 12,419,444	$ 13,601,797
Restricted	-	2	-	270,000	-	2	45	43	4,123,316	910,733
Unrestricted	(2,450,295)	(3,221,537)	(5,113,632)	(11,110,217)	(6,300,480)	(2,762,611)	1,198,388	(2,121,787)	(10,838,443)	(17,499,616)
Total District Net Position	$ 2,305,081	$ 2,282,557	$ 1,789,282	$ (3,480,583)	$ 2,541,683	$ 7,933,671	$ 13,103,602	$ 10,416,089	$ 5,704,317	$ (2,987,086)

EXHIBIT J-2

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
Instruction										
Regular	$ 23,801,336	$ 25,107,311	$ 21,733,844	$ 25,541,840	$ 25,719,177	$ 26,958,899	$ 26,163,927	$ 31,814,644	$ 34,508,655	$ 35,477,157
Special Education	6,044,070	6,677,600	8,148,999	8,122,586	6,475,575	5,656,990	6,429,849	25,797,869	30,646,304	32,723,399
Other Special Instruction	591,003	941,664	1,097,091	1,332,596	2,946,097	2,429,689	3,744,551	4,847,231	6,064,313	5,658,237
School Sponsored Activities/Athletics	761,960	653,687	768,883	592,827	835,774	843,857	905,868	1,266,845	1,195,455	1,399,341
Community Service Programs/Operations	111,000	180,000	153,520	300,479	218,100	78,174	108,989			
Support Services:										
Tuition	7,806,215	8,995,160	10,853,855	10,663,217	15,271,616	15,497,723	15,798,337			
Student & Instruction Related Services	22,917,856	26,868,950	29,281,871	34,554,016	32,638,706	40,175,072	39,011,375	44,968,464	46,725,353	49,368,421
General Administrative Services	2,672,601	2,523,829	3,292,331	2,553,326	2,462,247	2,291,859	1,986,601	2,144,616	2,169,366	2,590,492
School Administrative Services	3,080,393	3,060,163	3,752,711	3,825,951	3,688,697	3,707,747	3,443,966	4,033,453	3,766,792	3,797,677
Central Services								1,639,754	1,765,810	2,069,456
Plant Operations and Maintenance	5,649,353	5,932,366	6,009,709	6,193,663	6,993,299	6,994,554	7,307,360	6,231,930	6,786,985	7,376,514
Pupil Transportation	9,855,586	11,631,701	13,061,860	14,849,926	15,356,692	16,560,794	16,022,884	18,284,409	20,316,662	22,160,268
Unallocated Benefits	14,176,907	15,791,999	17,606,895	19,050,792	16,108,033	17,512,777	12,454,456			
Special Schools	153,929	124,946	153,918	60,616	126,884	152,783				
Interest on Long-Term Debt	452,458	404,205	353,613	396,227	316,752	238,609	147,822	61,347	54,973	103,829
Adjustment to Budgetary Revenues and Expenditures			1,223,384	165,654						
Unallocated Loss on Disposal of Capital Assets					253,469					
Unallocated Depreciation and Amortization	682,078	711,261	661,278	733,204	666,788	615,066	576,769	691,091	773,373	773,373
Total Governmental Activities Expenses	98,756,745	109,604,842	118,153,762	128,936,920	130,077,906	139,714,593	134,102,754	141,781,653	154,774,041	163,498,164
Business-Type Activities:										
Food Service	2,224,175	2,542,022	2,363,932	2,548,069	2,633,301	2,750,516	3,029,670	3,362,501	3,250,287	3,680,840
Latchkey Program	145,622	165,943	171,575	203,774	186,019	158,480	2,087			
Community School	433,160	256,480	347,334	377,244	524,533	277,611	209,086	263	205	18
Total Business-Type Activities Expense	2,802,957	2,964,445	2,882,841	3,129,087	3,343,853	3,186,607	3,240,843	3,362,764	3,250,492	3,680,858
Total District Expenses	$ 101,559,702	$ 112,569,287	$ 121,036,603	$ 132,066,007	$ 133,421,759	$ 142,901,200	$ 137,343,597	$ 145,144,417	$ 158,024,533	$ 167,179,022
Program Revenues										
Governmental Activities:										
Charges for Services	$ 93,126	$ 142,944	$ 20,913	$ 91,790	$ 74,173	$ 98,025	$ 52,832	$ 125,040	$ 93,062	$ 51,619
Operating Grants and Contributions	29,346,773	32,135,063	32,538,118	39,649,935	32,050,733	42,369,166	41,307,926	53,293,584	61,149,101	62,666,142
Capital Grants and Contributions	2,017	8,516	20,671	7,618	37,118	579,798	180,961		649,855	840,909
Total Governmental Activities Program Revenues	29,441,916	32,286,523	32,579,702	39,749,343	32,162,024	43,046,989	41,541,719	53,418,624	61,892,018	63,558,670
Business-Type Activities:										
Charges for Services										
Food Service	691,306	645,420	613,844	521,454	523,747	488,489	480,231	459,731	426,725	562,259
Latchkey Program	137,323	161,268	170,779	169,745	152,082	111,133	3			
Community School	236,411	208,895	293,264	328,528	339,879	120,967	81,372	4,574	-	2,674
Operating Grants and Contributions	1,915,770	1,846,581	1,953,746	2,162,386	2,413,234	2,687,649	2,874,260	3,201,542	3,532,551	3,753,537
Capital Grants and Contributions							17,525			
Total Business Type Activities Program Revenues	2,980,810	2,862,164	3,031,633	3,182,113	3,428,942	3,408,238	3,453,391	3,665,847	3,959,276	4,318,470
Total District Program Revenues	$ 32,422,726	$ 35,148,687	$ 35,611,335	$ 42,931,456	$ 35,590,966	$ 46,455,227	$ 44,995,110	$ 57,084,471	$ 65,851,294	$ 67,877,140
Net (Expense)/Revenue										
Governmental Activities	$ (69,314,829)	$ (77,318,319)	$ (85,574,060)	$ (89,187,577)	$ (97,915,882)	$ (96,667,604)	$ (92,561,035)	$ (88,363,029)	$ (92,882,023)	$ (99,939,494)
Business-Type Activities	177,853	(102,281)	148,792	53,026	85,089	221,631	212,548	303,083	708,784	637,612
Total District-Wide Net Expense	$ (69,136,976)	$ (77,420,600)	$ (85,425,268)	$ (89,134,551)	$ (97,830,793)	$ (96,445,973)	$ (92,348,487)	$ (88,059,946)	$ (92,173,239)	$ (99,301,882)

EXHIBIT J-2

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	$ 51,818,055	$ 56,551,582	$ 62,254,745	$ 64,722,523	$ 69,597,133	$ 71,593,625	$ 71,593,625	$ 70,238,004	$ 70,630,210	$ 77,097,641
Taxes Levied for Debt Service	1,337,686	1,303,977	1,277,357	1,258,914	1,250,715	1,242,075	1,952,532	867,074	1,615,847	217,615
Federal and State Aid - Unrestricted	16,250,837	18,706,226	18,947,699	17,683,372	27,722,354	28,487,610	25,058,275	14,783,483	14,970,375	15,268,983
Federal and State Aid - Restricted	76,979	76,575	77,779	79,232	82,635	86,065	75,849	74,461	18,225	18,225
Unrestricted Interest Earnings	164,020	226,251	279,383	178,260	104,271	12,805	22,400	5,030	26,862	30,825
Miscellaneous Income	261,908	401,471	389,932	1,378,476	395,258	321,837	332,304	529,517	197,576	1,161,896
Special Items:										
Disallowed Federal Grant Program Costs										(3,185,605)
Gain from Sale of Capital Assets				6,076,001						
Transfers		464,560	1,676,620		950,000		(93,158)		1,200,000	(1,176,774)
Total Governmental Activities	69,909,485	77,730,642	84,903,515	91,376,778	100,102,366	101,744,017	98,941,827	86,497,569	88,659,095	89,432,806
Business-Type Activities:										
Unrestricted Interest Earnings	16,466	16,166	28,481	25,031	2,329	1,014	1,800	1,754	2,184	899
Miscellaneous Income	9,404	321,837								
Contributions		115,828		142,266	178,496	92,932	101,249			
Loss on Disposal of Capital Assets				(1,502)						
Transfers		(464,560)					93,158		(1,200,000)	1,176,774
Total Business-Type Activities	25,870	(10,729)	28,481	165,795	180,825	93,946	196,207	1,754	(1,197,816)	1,177,673
Total District-Wide	$ 69,935,355	$ 77,719,913	$ 84,931,996	$ 91,542,573	$ 100,283,191	$ 101,837,963	$ 99,138,034	$ 86,499,323	$ 87,461,279	$ 90,610,479
Change in Net Position										
Governmental Activities	$ 594,656	$ 412,323	$ (670,545)	$ 2,189,201	$ 2,186,484	$ 5,076,413	$ 6,380,792	$ (1,865,460)	$ (4,222,928)	$ (10,506,688)
Business-Type Activities	203,723	(113,010)	177,273	218,821	265,914	315,577	408,755	304,837	(489,032)	1,815,285
Total District	$ 798,379	$ 299,313	$ (493,272)	$ 2,408,022	$ 2,452,398	$ 5,391,990	$ 6,789,547	$ (1,560,623)	$ (4,711,960)	$ (8,691,403)

EXHIBIT J-3

LAKEWOOD BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Restricted				$ 12,655				$ 954,752	$ 698,252	
Assigned	$ 81,754				$ 151,227	$ 2,972,622	$ 3,108,209	2,982,437	326,488	$ 100,462
Unassigned	421,485	$ (351,665)	$ (1,741,544)			273,342	176,875	(3,089,293)	(4,165,721)	(12,002,925)
Total General Fund	$ 503,239	$ (351,665)	$ (1,741,544)	$ 12,655	$ 151,227	$ 3,245,964	$ 3,285,084	$ 847,896	$ (3,140,981)	$ (11,902,463)
All Other Governmental Funds										
Nonspendable				$ 16,253						
Restricted	$ 1				$ 1	$ 2	$ 45	$ 43	$ 4,123,316	$ 910,733
Assigned							1,126,703			
Unassigned	(318,764)	$ (308,728)	$ (318,728)	(433,022)	(247,130)	(268,566)			$ (228,210)	(3,313,390)
Total All Other Governmental Funds	$ (318,763)	$ (308,728)	$ (318,728)	$ (433,022)	$ (247,129)	$ (268,564)	$ 1,126,748	$ 43	$ 3,895,106	$ (2,402,657)

EXHIBIT J-4

LAKEWOOD BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax Levy	$ 53,155,741	$ 57,855,559	$ 63,532,102	$ 65,981,437	$ 70,847,848	$ 72,835,700	$ 73,546,157	$ 71,105,078	$ 72,246,057	$ 77,315,256
Tuition Charges	93,126	142,944	20,913	91,790	74,173	98,025	52,832	125,040	93,062	51,619
Textbooks Sales and Rentals			1,676,620					5,030	-	
Unrestricted Miscellaneous Revenues	424,724	662,537	664,292	8,074,737	1,449,529	330,346	352,047	549,109	224,438	1,192,721
Federal Sources	11,242,282	13,247,643	10,873,410	11,561,269	12,158,436	24,085,496	18,695,167	18,891,155	22,151,571	22,666,199
State Sources	34,433,529	37,643,922	40,710,856	45,842,092	47,658,605	46,862,942	47,808,034	49,240,781	54,635,985	56,128,060
Local Sources				16,795	75,800					
Total revenue	99,349,402	109,552,605	117,478,193	131,568,120	132,264,391	144,212,509	140,454,237	139,916,193	149,351,113	157,353,855
Expenditures										
Instruction										
Regular Instruction	24,048,270	25,009,598	21,714,431	25,556,448	25,096,788	26,921,964	27,019,482	31,757,162	34,181,671	35,683,752
Special Education Instruction	6,159,794	6,659,838	8,149,000	8,122,586	6,310,871	5,674,237	6,731,756	25,792,359	30,537,677	32,817,339
Other Special Instruction	591,003	941,664	1,097,091	1,332,596	2,871,388	2,437,229	3,899,099	4,843,836	5,993,143	5,718,477
Other Instruction	761,960	653,687	768,883	592,827	819,944	845,877	939,903	1,266,166	1,182,770	1,410,891
Community Services Programs/Operations	111,000	180,000	153,520	300,479	212,548	78,412	114,053			
Support Services and Undistributed Costs:										
Tuition	7,806,215	8,995,160	10,824,614	10,663,217	15,271,616	15,497,723	15,798,337			
Student & Inst. Related Services	22,917,856	26,868,950	29,281,871	34,554,016	32,415,576	40,196,303	39,368,059	44,961,670	46,597,487	49,489,601
Other Administrative Services	2,397,285	2,676,524	3,238,245	2,550,367	2,181,602	2,267,554	1,989,085	3,730,420	3,876,377	4,649,364
School Administrative Services	3,318,300	3,510,978	3,649,353	3,913,858	3,643,345	3,698,403	3,542,117	3,964,770	3,638,398	3,756,320
Plant Operations and Maintenance	5,803,632	6,081,619	5,962,712	6,147,872	6,691,773	6,914,771	7,202,621	6,123,788	6,640,966	6,828,485
Pupil Transportation	9,855,586	11,631,701	13,061,860	14,849,926	15,350,587	16,561,671	16,035,448	18,284,218	20,312,121	22,590,184
Unallocated Benefits	14,176,907	15,792,000	17,606,895	19,050,792	15,911,604	17,512,777	12,454,456	-	-	-
Capital Outlay	277,838	321,998	4,623,616	687,542	1,588,718	956,872	137,188	643,081	3,142,878	4,461,820
Special Schools	153,929	124,946	153,918	60,616	123,778	153,233				
Debt Service:										
Principal	980,000	990,000	1,010,000	1,040,000	1,085,000	1,135,000	1,859,513	873,043	226,676	973,297
Interest and Other Charges	470,891	423,371	373,904	323,166	269,009	209,532	179,168	112,871	59,763	95,391
Total Expenditures	99,830,466	110,862,034	121,669,913	129,746,308	129,844,147	141,061,558	137,270,285	142,353,384	156,389,927	168,474,921
Excess (Deficiency) of Revenues Over (Under) Expenditures	(481,064)	(1,309,429)	(4,191,720)	1,821,812	2,420,244	3,150,951	3,183,952	(2,437,191)	(7,038,814)	(11,121,066)
Other Financing sources (uses)										
Capital Leases (Non-Budgeted)							35,589			424,200
Proceeds from Capital Lease Agreement			3,600,000						5,745,000	-
Cancellation of Accounts Receivable	(256,196)		(29,241)		(552,543)	(81,944)	(67,194)			
Cancellation of Accounts Payable	2,000		5,022			4,296	2,657			
Adjustment to Budgetary Expenditures			(1,223,384)	(143,763)						
Adjustment to Budgetary Revenues				(21,891)						
Disallowed Federal Grant Program Costs										(3,185,605)
Operating Transfers		464,560	439,441				(93,158)		1,200,000	(1,176,774)
Total Other Financing Sources (Uses)	(254,196)	464,560	2,791,838	(165,654)	(552,543)	(77,648)	(122,106)	-	6,945,000	(3,938,179)
Net Change in Fund Balances	$ (735,260)	$ (844,869)	$ (1,399,882)	$ 1,656,158	$ 1,867,701	$ 3,073,303	$ 3,061,846	$ (2,437,191)	$ (93,814)	$ (15,059,245)
Debt Service as a Percentage of Noncapital Expenditures	1.46%	1.28%	1.18%	1.06%	1.06%	0.96%	1.49%	0.70%	0.19%	0.65%

* Noncapital expenditures are total expenditures less capital outlay.

EXHIBIT J-5

LAKEWOOD BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)

Fiscal Year Ended June 30,	Interest Earned	Tuition	Sale of Assets	Textbook Sales/Rentals	Insurance/ Other Refunds	Facility Rental	E-Rate	Miscellaneous	Total
2005	$ 164,020				$ 150,280	$ 25,150		$ 84,478	$ 423,928
2006	226,251					33,438	$ 287,655	80,379	627,723
2007	279,383				215,594	34,311	23,801	111,203	664,292
2008	178,260		$ 6,518,000	$ 321,250	209,094	36,755	133,464	677,914	8,074,737
2009	104,271			950,000	171,081	2,904	185,857	35,416	1,449,529
2010	12,805				84,937		168,139	64,465	330,346
2011	22,400				27,633	48,672	225,124	28,218	352,047
2012	5,030	$ 125,040	15,919		69,811	56,292	252,054	135,441	659,587
2013	26,862	93,062			18,074	4,711	37,640	137,151	317,500
2014	30,825	51,619	-		710,734	3,964	-	447,198	1,244,340

EXHIBIT J-6

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate [a]
2005	$ 142,288,700	$ 1,978,934,000	$ 3,177,700	$ 299,146,300	$ 299,362,700	$ 144,374,200	$ 2,867,283,600	$ 8,833,216	$ 2,876,116,816	$ 453,470,300	$ 6,400,459,609	$ 2
2006	484,032,600	5,351,184,600	6,428,400	732,269,400	599,638,000	347,259,300	7,520,812,300	15,570,739	7,536,383,039	1,126,198,400	7,556,744,207	0.806
2007	516,913,990	5,488,354,800	5,711,600	729,287,500	602,049,000	377,306,100	7,719,622,990	15,994,464	7,735,617,454	1,159,337,500	7,951,462,176	0.837
2008	468,468,400	5,633,818,300	4,932,900	762,189,400	602,901,700	374,283,300	7,846,594,000	15,623,200	7,862,217,200	1,201,530,700	8,249,195,078	0.871
2009	443,346,300	5,697,250,600	4,933,100	753,075,100	602,732,400	356,218,000	7,857,555,500	16,378,436	7,873,933,936	1,263,965,900	8,189,413,073	0.925
2010	306,386,400	4,510,548,500	4,069,100	674,025,700	508,339,000	334,258,700	6,337,627,400	17,183,651	6,354,811,051	1,143,907,000	7,982,028,944	1.160
2011	306,386,400	4,510,548,500	4,069,100	674,025,700	508,339,000	334,258,700	6,337,627,400	12,896,952	6,350,524,352	1,138,277,100	7,600,686,664	1.120
2012	279,418,600	4,597,947,200	4,069,200	649,029,000	534,281,600	307,424,400	6,372,170,000	12,896,952	6,385,066,952	1,138,277,100	7,510,502,900	1.114
2013	235,722,600	4,648,485,100	4,128,400	611,549,700	477,750,200	276,114,903	6,253,750,903	11,813,766	6,265,564,669	1,229,126,200	7,482,887,100	1.190
2014	N/A	-	-	-	-	-	-	-	-	-	-	-

Source: County Abstract of Ratables

a Tax rates are per $100

N/A 2014 Not Available

EXHIBIT J-7

LAKEWOOD BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)

(rate per $100 of assessed value)

Calendar Year	Total Direct School Tax Rate	Overlapping Rates: Fire District	Overlapping Rates: Municipality	Overlapping Rates: County	Total Direct and Overlapping Tax Rate
2005	$ 1.929	$ 0.102	$ 0.828	$ 0.581	$ 3.440
2006	0.806	0.041	0.411	0.252	1.510
2007	0.837	0.048	0.455	0.311	1.651
2008	0.871	0.048	0.504	0.316	1.739
2009	0.925	0.460	0.554	0.319	2.258
2010	1.160	0.057	0.686	0.339	2.242
2011	1.120	0.050	0.686	0.420	2.276
2012	1.114	0.050	0.686	0.349	2.199
2013	1.190	0.044	0.783	0.452	2.469
2014			Information Not available		

Source: County Abstract of Ratables

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

	2014		2005	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Harrogate, Inc.	$ 29,000,000	0.46%		
New Hampshire Avenue Investments LLC	29,000,000	0.46%		
1900 Route 70 Associates LLC	25,000,000	0.40%		
Lakewood Plaza 9 Associated LP	24,385,000	0.39%	Information Not Available	
Leisure Park Venture Limited Partnership	23,432,000	0.37%		
Lakewood Co-Generation LP	19,777,500	0.32%		
Woodlake Village LLC	18,800,000	0.30%		
Lighthouse Washington Square LLC	12,300,000	0.20%		
BCR Pinewood Realty LLC	12,125,000	0.19%		
Verizon - NJ	11,813,768	0.19%		
	$ 98,248,268	1.57%		

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	$ 53,155,741	$ 53,155,741	100.00%	N/A
2006	57,855,559	57,855,559	100.00%	N/A
2007	63,532,102	63,532,102	100.00%	N/A
2008	65,981,437	65,981,437	100.00%	N/A
2009	70,847,848	70,847,848	100.00%	N/A
2010	72,835,700	72,835,700	100.00%	N/A
2011	73,546,157	73,546,157	100.00%	N/A
2012	71,105,078	71,105,078	100.00%	N/A
2013	72,246,057	72,246,057	100.00%	N/A
2014	77,315,256	77,315,256	100.00%	N/A

LAKEWOOD BOARD OF EDUCATION
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities: General Obligation Bonds	Governmental Activities: Capital Leases / Lease Purchase	Business-Type Activities	Total District	Population	Per Capita
2005	$ 8,052,000	$ 191,953		$ 8,243,953	68,552	$ 120
2006	7,062,000			7,062,000	69,427	101.72
2007	6,052,000	2,886,671		8,938,671	69,876	127.92
2008	5,012,000	2,206,747		7,218,747	70,960	101.73
2009	2,792,000	1,499,721		4,291,721	71,359	60.14
2010	2,792,000	764,513		3,556,513	93,004	38.24
2011	1,697,000			1,697,000	93,283	18.19
2012	839,000	25,047		864,047	92,740	9.32
2013	629,000	5,763,117		6,392,117	93,592	68.30
2014	419,000	5,434,920		5,853,920	93,592 *	62.55

* - Estimated

Source: District records

EXHIBIT J-11

LAKEWOOD BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

	General Bonded Debt Outstanding				
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2005	$ 8,052,000		$ 8,052,000	0.28%	$ 117
2006	7,062,000		7,062,000	0.09%	101.72
2007	6,052,000		6,052,000	0.08%	86.61
2008	5,012,000		5,012,000	0.06%	70.63
2009	3,927,000		3,927,000	0.05%	55.03
2010	2,792,000		2,792,000	0.04%	30.02
2011	1,697,000		1,697,000	0.03%	18.19
2012	839,000		839,000	0.01%	9.05
2013	629,000		629,000	0.01%	6.72
2014	419,000		419,000	0.01%	4.48

Source: District records

LAKEWOOD BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2013
(Unaudited)

	Gross Debt	Deductions	Net Debt
Municipal Debt: (1)			
Lakewood Township Public Schools	$ 419,000	$ 419,000	
Township of Lakewood	55,583,843	935,000	$ 54,648,843
	$ 56,002,843	$ 1,354,000	54,648,843
Overlapping Debt Apportioned to the Municipality:			
County of Ocean (A)			34,097,506
			34,097,506
Total Direct and Overlapping Debt			$ 88,746,349

Source:
(1) Township's 2013 Annual Debt Statement

(A) The debt for this entity was apportioned to Lakewood Township Public Schools by dividing the municipality's 2013 equalized value by the total 2013 equalized value for Ocean County. (Information not available).

 EXHIBIT J-13

LAKEWOOD BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 170,330,297	$ 200,683,531	$ 245,093,673	$ 28,524,901	$ 312,207,174	$ 321,768,990	$ 323,255,691	$ 316,342,262	$ 304,964,374	$ 295,499,011
Total net debt applicable to limit	8,052,000	7,062,000	6,052,000	5,012,000	2,792,000	2,792,000	1,697,000	839,000	629,000	419,000
Legal debt margin	$ 162,278,297	$ 193,621,531	$ 239,041,673	$ 23,512,901	$ 309,415,174	$ 318,976,990	$ 321,558,691	$ 315,503,262	$ 304,335,374	$ 295,080,011
Total net debt applicable to the limit as a percentage of debt limit	4.73%	3.52%	2.47%	17.57%	0.89%	0.87%	0.52%	0.27%	0.21%	0.14%

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized valuation basis	
2013	$ 7,254,943,039
2012	7,319,693,042
2011	7,587,789,711
	$22,162,425,792
Average equalized valuation of taxable property	$ 7,387,475,264
Debt limit (4% of average equalization value)	295,499,011
Total Net Debt Applicable to Limit	419,000
Legal debt margin	$ 295,080,011

Source: Annual Debt Statements

LAKEWOOD BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Year	Population	County Per Capita Personal Income	Unemployment Rate
2005	68,552	$ 35,901	4.4%
2006	69,427	38,029	4.9%
2007	69,876	40,302	4.6%
2008	70,960	41,275	5.9%
2009	71,359	40,510	8.9%
2010	93,004	40,611	9.1%
2011	93,283	41,986	7.5%
2012	92,740	43,200	7.8%
2013	93,592	not available	6.5%
2014	93,592 *	not available	not available

* - Estimate

Source: New Jersey State Department of Education

EXHIBIT J-15

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

	2014		2005	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013*
Instruction									
Regular	335	323	288	262	248	250	257	291	-
Special education	115	119	140	137	136	136	138	154	-
Other Special Instruction	11	17	19	18	18	20	22	40	-
Other instruction	14	12	13	13	12	12	12	12	-
Community Services Programs/Operations	2	3	3	3	3	2	2	2	-
Support Services:									
Student & instruction related services	231	237	248	240	230	214	217	189	-
Other Administrative Services	17	17	17	28	27	27	31	35	-
School administrative services	61	61	61	55	54	54	54	57	-
Plant operations and maintenance	1	1	1	1	1	1	1	3	-
Pupil Transportation	4	4	4	5	5	5	4	5	-
Special Schools	3	2	3	3	3	3	3	-	-
Total	794	796	797	765	737	724	741	788	-

Source: District Personnel Records

* 2013 Information Not Provided

EXHIBIT J-17

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

Fiscal Year	Enrollment [a]	Operating Expenditures [b]	Cost Per Pupil [c]	Percentage Change	Teaching Staff	Teacher/Pupil Ratio: Elementary	Teacher/Pupil Ratio: Middle School	Teacher/Pupil Ratio: Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	5,200	$ 98,101,738	$ 18,866	22.48%	470	18.1:1	11.1:1	13.1:1	4,902	4,532	-7.89%	93.78%
2006	5,203	109,126,664	20,974	11.17%	479	18.1:1	11.1:1	13.1:1	5,206	4,807	6.20%	92.45%
2007	5,231	115,662,392	22,111	5.42%	485	18.1:1	11.1:1	13.1:1	5,313	4,930	2.06%	92.34%
2008	5,541	127,695,601	23,046	4.23%	491	18.1:1	11.1:1	13.1:1	5,249	4,906	-1.20%	92.79%
2009	5,162	126,901,422	24,584	6.67%	517	18.1:1	11.1:1	13.1:1	5,298	4,965	0.93%	93.50%
2010	5,261	138,760,155	26,375	7.29%	456	18.1:1	11.1:1	13.1:1	5,076	4,715	-4.19%	93.71%
2011	5,140	135,094,415	26,283	-0.35%	467	12.4:1	9.7:1	9.8:1	5,025	4,697	-1.00%	93.53%
2012	5,290	140,724,389	26,602	1.21%	493	11.3:1	10.1:1	12.8:1	5,281	4,960	5.10%	93.92%
2013*	0	152,960,610			0	0:00	0:00	0:00	0	0	0.0%	
2014*	0	162,944,413			0	0:00	0:00	0:00	0	0	0.0%	

Sources: District records

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

* 2013 and 2014 Information not provided.

EXHIBIT J-18

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
District Building										
Elementary										
Ella g. Clarke School (1946)										
Square Feet	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	61,370	61,370
Capacity (students)	432	432	432	432	432	432	432	432	432	432
Enrollment	966	964	939	911	863	863	864	864	-	-
Clifton Avenue School (1923)										
Square Feet	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	79,039	79,039
Capacity (students)	782	782	782	782	782	782	782	782	782	782
Enrollment [a]	765	799	749	780	881	881	830	830	-	-
Oak Street School (1983)										
Square Feet	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	70,659	70,659
Capacity (students)	799	799	799	799	799	799	799	799	799	799
Enrollment	933	937	1,016	997	886	886	1,049	1,049	-	-
Spruce Street School (1960)										
Square Feet	54,672	54,672	54,672	54,672	54,672	54,672	54,672	54,672	49,724	49,724
Capacity (students)	443	443	443	443	443	443	443	443	443	443
Enrollment [a]	636	629	686	647	762	762	716	716	-	-
Middle School										
Lakewood Middle School (1957)										
Square Feet	83,272	83,272	83,272	83,272	91,272	91,272	91,272	91,272	102,080	102,080
Capacity (students)	528	537	537	537	537	537	537	537	537	537
Enrollment	737	753	762	895	776	776	624	624	-	-
High School										
Lakewood High School (1971)										
Square Feet	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	276,916	276,916
Capacity (students)	714	714	714	714	714	714	714	714	714	714
Enrollment	1,340	1,331	1,300	1,112	1,135	1,135	1,057	1,057	-	-
Other										
Ella G. Clarke Annex (2001)										
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	6,000	6,000
Capacity (students)	200	200	200	200	200	200	200	200	200	200
Enrollment										
Administration Building										
Square Feet									49,483	49,483
Capacity (students)									N/A	N/A
Enrollment									N/A	N/A

Number of Schools at June 30, 2014
- Elementary = four
- Middle School = one
- High School = one

Source: District Records

LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
School Facilities										
Ella G. Clarke School	$ 127,734	$ 142,094	$ 70,476	$ 55,689	$ 86,413	$ 124,374	$ 146,377	$ 119,607	$ 134,707	$ 110,392
Clifton Avenue School	130,289	144,935	71,181	71,723	111,293	160,183	179,417	146,605	173,400	142,152
Oak Street School	196,711	218,824	105,714	64,119	99,493	143,199	163,747	133,801	155,048	127,158
Spruce Street School	94,523	105,149	49,333	45,121	70,015	100,772	124,599	101,813	109,103	89,494
Middle School	115,344	128,310	69,979	92,631	143,736	206,878	222,505	181,813	224,038	183,712
High School	516,047	574,058	288,304	251,282	397,488	577,579	549,448	448,964	607,534	498,359
Princeton Avenue	80,473	89,519	42,286	44,903	69,676					
Ella G. Clarke Annex	15,328	17,051	7,847	5,445	8,448	12,160	42,835	35,001	13,229	10,744
White House	383	426	440	2,269	3,520	5,067	36,290	29,653	5,549	4,487
Total School Facilities	1,276,832	1,420,366	705,560	633,182	990,082	1,330,212	1,465,218	1,197,257	1,422,608	1,166,498
Other Facilities	509	569	231	2,269	3,520	5,067	36,290	29,653	16,666	14,168
Grand Total	$ 1,277,341	$ 1,420,935	$ 705,791	$ 635,451	$ 993,602	$ 1,335,279	$ 1,501,508	$ 1,226,910	$ 1,439,274	$ 1,180,666

Source: District Records

LAKEWOOD BOARD OF EDUCATON
INSURANCE SCHEDULE
JUNE 30, 2014
(Unaudited)

	Coverage	Deductible
Property and Inland Marine		
Building and Business Personal Property	$ 152,847,015	$ 10,000
Blanket Business Income and Extra Expense	5,000,000	
Earthquake	5,000,000	
Electronic Data Processing	2,500,000	
Flood		
Zone C or X	5,000,000	
Zone A, D or V	1,000,000	
Zone B	2,000,000	
Crime		
Computer Fraud	50,000	1,000
Employee Theft including Faithful Performance	500,000	5,000
Forgery/Alteration	50,000	1,000
Theft of Money and Securities	50,000	1,000
General Liability		
Commercial General Liability	1,000,000	
Employee Benefit Liability	1,000,000	
Abusive Act Liability	1,000,000	
Automobile		
Uninsured Motorist	1,000,000	
Umbrella Liability	10,000,000	
Boiler and Machinery	152,847,015	5,000
Public Official Bond		
Thomas A. D'Ambola, Business Administrator/Board Secretary	2,000	
Kenneth Jannarone, School District Treasurer	500,000	

Source: District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
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KEVIN LOMSKI, CPA
EDWARD P. MURPHY, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Lakewood Board of Education
Lakewood, 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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakewood Board of Education as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Lakewood Board of Education's basic financial statements and have issued our report thereon dated December 2, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lakewood Board of Education'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 Lakewood Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lakewood Board of Education's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

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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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2014-003 through 2014-007 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lakewood Board of Education's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 through 2014-005, 2014-007 and 2014-008.

We also noted certain matters that we reported to management of the Lakewood Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 2, 2014.

Lakewood Board of Education's Responses to Findings

The Lakewood Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Lakewood Board of Education's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 results of that testing, and not to provide an opinion on the effectiveness of the Lakewood Board of Education'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 Lakewood Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 2, 2014

LERCH, VINCI & HIGGINS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Lakewood Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Lakewood Board of Education's major federal and state programs for the fiscal year ended June 30, 2014. The Lakewood Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Lakewood Board of Education'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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Lakewood Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Lakewood Board of Education'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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Lakewood Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Lakewood Board of Education 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, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as items 2014-009 through 2014-018. Our opinion on each major federal and state program is not modified with respect to these matters.

The Lakewood Board of Education's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Lakewood Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Lakewood Board of Education 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 Lakewood Board of Education'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 U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lakewood Board of Education's internal control over compliance.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2014-009, 2014-010 and 2014-018 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-011 through 2014-017 to be significant deficiencies.

The Lakewood Board of Education's responses to the internal control over compliance findings identified in our audit is/are described in the accompanying schedule of findings and questioned costs. The Lakewood Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakewood Board of Education as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 2, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Didier P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 2, 2014

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2013	Carryover Amount	Cash Received	Budgetary Expenditures	Accounts Receivable Carryover	Adjustment	Refund of Prior Year Balances	Balance, June 30, 2014 (Accounts Receivable)	Balance, June 30, 2014 Unearned Revenue	Balance, June 30, 2014 Due to Grantor	MEMO GAAP Receivable	MEMO Cumulative Expenditures
U.S. Department of Health and Human Services (Passed through State Department of Education)																
General Fund																
Medical Assistance Program (Medicaid)	93.778	N/A	7/1/13-6/30/14	$ 414,583			$ 414,583	$ 414,583								$ 414,583
U.S. Department of Education Passed-through State Department of Education																
General Fund																
Education Jobs Fund	84.410A		9/1/10-8/31/12	880,113	$ (2,197)	-	2,197	-	-	-	-	-	-	-	-	-
Total General Fund					(2,197)	-	416,780	414,583	-	-	-	-	-	-	-	414,583
Special Revenue Fund																
Title I - Part A	84.010A	NCLB252014	9/1/13-6/30/14	14,511,857		$ 2,526,219	13,541,711	12,728,502	$ (4,247,944)	$ 493,784		$ (5,218,090)	$ 4,803,358		$ 414,732	$ 12,728,502
Title I - Part A	84.010A	NCLB252013	9/1/12-8/31/13	15,433,376	(13,879,452)	(2,526,219)	12,157,727		4,247,944							
Title I - Part A	84.010A	NCLB252012	9/1/11-8/31/12	8,727,354	2,148,092					1,761,088				$ 3,909,180		
Title I, School Improvement Accountability	84.377A	NCLB252013	9/1/12-8/31/13			139,414		66,022	(66,204)			(66,204)	73,392			66,022
Title I, School Improvement Accountability	84.377A	NCLB252013	9/1/12-8/31/13	200,000	(60,586)	(139,414)	133,796		66,204							
Title I, School Improvement Accountability	84.377A	NCLB252012	9/1/11-8/31/12	200,000	29,915									29,915		
Title I, School Improvement Accountability - Part G	84.377	NGO11-SG03-H02	9/1/11-8/31/12		(196,104)							(196,104)			196,104	
Title II, Part A	84.367A	NCLB252014	9/1/13-6/30/14	809,023		534,683	446,126	631,331	(276,817)	7,102		(639,714)	719,477			631,331
Title II, Part A	84.367A	NCLB252013	9/1/12-8/31/13	846,626	(622,957)	(534,683)	880,823		276,817							
Title III, Part A, English Language	84.365A	NCLB252014	9/1/13-6/30/14	337,635		198,590	222,999	342,796	(99,249)	2,528		(213,885)	195,957			342,796
Title III, Part A, English Language	84.365A	NCLB252013	9/1/12-8/31/13	303,496	(229,543)	(198,590)	328,884		99,249							

The Notes to the Schedules of Federal Awards and State Financial Assistance are an Integral Part of the Statement

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2013	Carryover Amount	Cash Received	Budgetary Expenditures	Accounts Receivable Carryover	Adjustment	Refund of Prior Year Balances	Balance, June 30, 2014 (Accounts Receivable)	Balance, June 30, 2014 Unearned Revenue	Balance, June 30, 2014 Due to Grantor	MEMO GAAP Receivable	MEMO Cumulative Expenditures
U.S. Department of Education																
Passed-through State Department of Education (Continued)																
Special Revenue Fund (Continued):																
IDEA Part B, Basic	84.027	IDEA2014	9/1/13-6/30/14	$ 5,362,789		$ 114,146	$ 3,640,025	$ 5,476,935	$ (114,146)			$ (1,836,910)			$ 1,836,910	$ 5,476,935
IDEA Part B, Basic	84.027	IDEA2013	9/1/12-8/31/13	5,717,106	$ (5,602,960)	(114,146)	5,602,960		114,146							
IDEA Part B, Preschool	84.173	IDEA2014	9/1/13-6/30/14	259,012		213,726		472,738	(213,726)			(472,738)			472,738	472,738
IDEA Part B, Preschool	84.173	IDEA2013	9/1/12-8/31/13	276,479	(62,753)	(213,726)	62,753		213,726							
Carl D. Perkins Vocational and Technical Education Act of 1998 - Secondary	84.048A	PERK252014	7/1/13-6/30/14	344,346			297,163	338,478				(47,183)	$ 5,868		41,315	338,478
Carl D. Perkins Vocational and Technical Education Act of 1998 - Secondary	84.048A	PERK252012	7/1/12-6/30/13	374,109	(266,062)		165,022			$ 4,557		(96,483)			96,483	
Carl D. Perkins Vocational and Technical Education Act of 1998 - Secondary	84.048A	PERK252011	7/1/11-6/30/12	242,583	(77,291)							(77,291)			77,291	
SWD Grant			9/1/13-8/31/14	207,624			115,960	156,806				(91,664)	50,818		40,846	156,806
21st Century Community Learning Centers Program	84.287C	13-EK15-H05	9/1/13-8/31/14	535,000			100,211	507,412				(434,789)	27,588		407,201	507,412
21st Century Community Learning Centers Program	84.287C	12-EK15-H05	9/1/12-8/31/13	535,000	(296,951)		358,219	43,660		237			17,845			43,660
21st Century Community Learning Centers Program	84.287C	11-EK15-H05	9/1/11-8/31/12	535,000	(159,626)		167,282						7,656			
21st Century Community Learning Centers Program	84.287C	10-EK15-H05	9/1/10-8/31/11	535,000	302								302			
Teaching American History	84.215X	U215X080079	7/1/11-6/30/13	564,724	(315,687)			25,559				(341,246)			341,246	25,559
Teaching American History	84.215X	U215X080079	7/1/08-6/30/11	909,996	(19,778)							(19,778)			19,778	
U.S. Department of Health and Human Services																
Passed Through State Department of Children and Families																
Social Services Block Grant	93.667	10AEQP	7/1/09-6/30/10	200,000	1,371	-	-	-	-	-	-	-	-	$ 1,371	-	-
Total Special Revenue Fund					(19,610,070)	-	38,221,661	20,790,239	-	$ 2,269,296	-	(9,752,079)	5,902,261	3,940,466	3,944,644	20,790,239
U.S. Department of Agriculture																
Passed-through State Department of Education																
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	915,806			831,264	915,806				(84,542)			84,542	915,806
School Breakfast Program	10.553	N/A	7/1/12-6/30/13	864,062	(82,028)		82,028									
Food Distribution Program																
Non-Cash Assistance	10.555	N/A	7/1/13-6/30/14	225,182			225,182	221,799					3,383			221,799
Non-Cash Assistance	10.555	N/A	7/1/12-6/30/13	182,992	3,807			3,807								3,807
Cash Assistance	10.555	N/A	7/1/13-6/30/14	2,336,511			2,128,157	2,336,511				(208,354)			208,354	2,336,511
Cash Assistance	10.555	N/A	7/1/12-6/30/13	2,187,244	(194,990)		194,990									
After School Snack Program	10.555	N/A	7/1/13-6/30/14	51,318			47,352	51,318				(3,966)			3,966	51,318
After School Snack Program	10.555	N/A	7/1/12-6/30/13	59,101	(4,017)		4,017									
Fresh Fruit and Vegetable Program	10.582	N/A	7/1/13-6/30/14	179,925			115,806	179,925				(64,119)			64,119	179,925
Fresh Fruit and Vegetable Program	10.582	N/A	7/1/12-6/30/13	195,897	(22,041)	-	22,041	-	-	-	-	-	-	-	-	-
Total Enterprise Fund					(299,269)	-	3,650,837	3,709,166	-	-	-	(360,981)	3,383	-	360,981	3,709,166
Total Federal Financial Awards					$ (19,911,536)	$ -	$ 42,289,278	$ 24,913,988	$ -	$ 2,269,296	$ -	$ (10,113,060)	$ 5,905,644	$ 3,940,466	$ 4,305,625	$ 24,913,988

The Notes to the Schedules of Federal Awards and State Financial Assistance are an Integral Part of the Statement

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2013 Deferred Revenue/ (Accts Rec.)	Balance, July 1, 2013 Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	Balance, June 30, 2014 (Accounts Receivable)	Balance, June 30, 2014 Unearned Revenue	Balance, June 30, 2014 Due to Grantor	MEMO GAAP Receivable	MEMO Cumulative Total Expenditures
State Department of Education															
General Fund:															
Equalization Aid	495-034-5120-078	7/1/13-6/30/14	$ 15,263,034				$ 13,804,435	$ 15,263,034			$ (1,458,599)				$ 15,263,034
Equalization Aid	495-034-5120-078	7/1/12-6/30/13	14,972,074	$ (1,464,548)			1,464,548								
Special Education Aid	495-034-5120-089	7/1/13-6/30/14	2,975,869				2,691,483	2,975,869			(284,386)				2,975,869
Special Education Aid	495-034-5120-089	7/1/12-6/30/13	2,904,498	(284,105)			284,105								
Security Aid	495-034-5120-084	7/1/13-6/30/14	2,161,835				1,955,241	2,161,835			(206,594)				2,161,835
Security Aid	495-034-5120-084	7/1/12-6/30/13	2,136,065	(208,947)			208,947								
Transportation Aid	495-034-5120-014	7/1/13-6/30/14	3,935,658				3,558,646	3,934,658			(376,012)				3,934,658
Transportation Aid	495-034-5120-014	7/1/12-6/30/13	3,865,747	(378,142)			378,142								
Extraordinary Special Education Aid	100-034-5120-473	7/1/13-6/30/14	3,610,389					3,610,389			(3,610,389)				3,610,389
Extraordinary Special Education Aid	100-034-5120-473	7/1/12-6/30/13	2,972,875	(2,972,875)			2,972,875								
Reimbursed Non Public Transportation Aid	495-034-5120-015	7/1/13-6/30/14	454,117					454,117			(454,117)			$ 454,117	454,117
Reimbursed Non Public Transportation Aid	495-034-5120-015	7/1/12-6/30/13	332,475	(332,475)			332,475								
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/13-6/30/14	2,341,225				2,227,923	2,341,225			(113,302)			113,302	2,341,225
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/12-6/30/13	2,115,181	(725,940)			725,940								
On-Behalf TPAF Pension Contributions	495-034-5095-006	7/1/13-6/30/14	1,228,078				1,228,078	1,228,078							1,228,078
On-Behalf TPAF Non-Contributory Insurance	495-034-5095-007	7/1/13-6/30/14	108,398				108,398	108,398							108,398
On-Behalf TPAF Post-Retirement Medical Contributions	495-034-5095-001	7/1/13-6/30/14	2,191,318	-	-	-	2,191,318	2,191,318	-	-	-	-	-	-	2,191,318
Total General Fund				(6,367,032)	-	-	34,132,554	34,268,921	-	-	(6,503,399)	-	-	567,419	34,268,921
Special Revenue Fund:															
Preschool Education Aid	495-034-5120-086	7/1/13-6/30/114	2,314,447			$ 3,527	2,083,062	2,214,314			(231,445)	$ 103,660			2,214,314
Preschool Education Aid	495-034-5120-086	7/1/12-6/30/13	2,317,374	(228,210)		(3,527)	231,737								
N.J. Nonpublic Aid															
Textbook Aid	100-034-5120-064	7/1/13-6/30/14	1,166,495				1,166,495	1,126,991					$ 39,504		1,126,991
Textbook Aid	100-034-5120-064	7/1/12-6/30/13	1,037,249		$ 18,957				$ 3,758	$ 18,957			3,758		
Technology Aid	100-034-5120-573	7/1/13-6/30/14	426,800				426,800	413,646					13,154		413,646
Technology Aid	100-034-5120-573	7/1/12-6/30/13	382,802		7,434		-	-	880	7,434			880		
Nursing Services Aid	100-034-5120-070	7/1/13-6/30/14	1,654,550				1,654,550	1,568,728					85,822		1,568,728
Nursing Services Aid	100-034-5120-070	7/1/12-6/30/13	1,433,578		155,877					155,877					
Auxiliary Services (Ch. 192)															
Compensatory Education	100-034-5120-067	7/1/13-6/30/14	10,397,590				10,397,590	10,397,590							10,397,590
Compensatory Education	100-034-5120-067	7/1/12-6/30/13	9,526,881		481,060		-		3,160	481,060			3,160		
Compensatory Education	100-034-5120-067	7/1/05-6/30/06	-						687,842				687,842		
English as a Second Language	100-034-5120-067	7/1/13-6/30/14	335,194				335,194	100,281					234,913		100,281
English as a Second Language	100-034-5120-067	7/1/12-6/30/13	362,355		87,043					87,043					
Transportation	100-034-5120-067	7/1/13-6/30/14	858,572				858,572	847,760					10,812		847,760
Transportation	100-034-5120-067	7/1/12-6/30/13	1,044,850		285,222					285,222					
Home Instruction	100-034-5120-067	7/1/13-6/30/14	40,860					41,980			(41,980)			41,980	41,980
Home Instruction	100-034-5120-067	7/1/12-6/30/13	108,226	(108,226)			108,226								
Handicapped Services (Ch. 193)															
Supplemental Instruction	100-034-5120-066	7/1/13-6/30/14	1,212,832				1,212,832	1,197,707					15,125		1,197,707
Supplemental Instruction	100-034-5120-066	7/1/12-6/30/13	1,240,586		187,610					187,610					
Examination and Classification	100-034-5120-066	7/1/13-6/30/14	2,317,486				2,317,486	2,292,107					25,379		2,292,107
Examination and Classification	100-034-5120-066	7/1/12-6/30/13	1,839,539	(272,336)	135,906		272,336			135,906					
Corrective Speech	100-034-5120-066	7/1/13-6/30/14	2,340,475				2,340,475	2,153,143					187,332		2,153,143
Corrective Speech	100-034-5120-066	7/1/12-6/30/13	2,382,660		449,176				4,933	449,176			4,933		
Anti-Bullying Bill of Rights Act Implementation	Not Available	7/1/11-6/30/12	8,762	5,417	-	-	-	-	-	-	-	5,417	-	-	-
Total Special Revenue Fund				(603,355)	1,808,285	-	23,405,295	22,354,247	700,573	1,808,285	(273,425)	109,077	1,312,614	41,980	22,354,247
Debt Service Fund															
Debt Service Aid- Type II	100-034-5120-075	7/1/13-6/30/14	20,681	-	-	-	20,681	20,681	-	-	-	-	-	-	20,681
Total Debt Service Fund				-	-	-	20,681	20,681	-	-	-	-	-	-	20,681
Enterprise Fund															
New Jersey Department of Agriculture															
State School Lunch Program	100-010-3350-023	7/1/13-6/30/14	44,371				40,456	44,371			(3,915)			3,915	44,371
State School Lunch Program	100-010-3350-023	7/1/12-6/30/13	43,255	(3,825)	-	-	3,825	-	-	-	-	-	-	-	-
Total Enterprise Fund				(3,825)	-	-	44,281	44,371	-	-	(3,915)	-	-	3,915	44,371
Total State Financial Assistance				(6,974,212)	1,808,285	-	57,602,811	56,688,220	700,573	1,808,285	(6,780,739)	109,077	1,312,614	613,314	56,688,220
State Financial Assistance Programs Not Subject to Calculation for Single Audit and Major Program Determination															
On-Behalf TPAF Pension Contributions							(1,228,078)	(1,228,078)							(1,228,078)
On-Behalf TPAF Non-Contributory Insurance							(108,398)	(108,398)							(108,398)
On-Behalf TPAF Post-Retirement Medical Contributions				-	-	-	(2,191,318)	(2,191,318)	-	-	-	-	-	-	(2,191,318)
Total State Financial Assistance Subject to Calculation for Single Audit and Major Program Determination				$ (6,974,212)	$ 1,808,285	$ -	$ 54,075,017	$ 53,160,426	$ 700,573	$ 1,808,285	$ (6,780,739)	$ 109,077	$ 1,312,614	$ 613,314	$ 53,160,426

The Notes to the Schedules of Federal Awards and State Financial Assistance are an Integral Part of this Statement

LAKEWOOD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of $627,363 for the general fund and an increase of $1,572,951 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	Federal	State	Total
General Fund	$ 414,583	$ 33,641,558	$ 34,056,141
Special Revenue Fund	22,251,616	22,465,821	44,717,437
Debt Service Fund		20,681	20,681
Food Service Fund	3,709,166	44,371	3,753,537
Total Financial Assistance	$ 26,375,365	$ 56,172,431	$ 82,547,796

LAKEWOOD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of $2,341,225 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2014. The amount reported as TPAF Pension System Contributions in the amount of $1,336,476 and TPAF Post-Retirement Medical Benefits Contributions in the amount of $2,191,318 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2014.

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

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

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
1) Material weakness(es) identified?	X yes	___ no
2) Were significant deficiencies identified that are not considered to be material weaknesses?	X yes	___ none reported
Noncompliance material to the basic financial statements noted?	X yes	___ no

Federal Awards Section

Internal Control over major programs:		
1) Material weakness(es) identified?	X yes	___ no
2) Were significant Deficiencies identified that are not considered to be material weaknesses?	X yes	___ none reported
Type of auditor's report on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?	X yes	___ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program
84.010	Title I
84.027	IDEA Part B, Basic
84.173	IDEA Preschool
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	After School Snack Program

Dollar threshold used to determine Type A programs:	$ 747,420	
Auditee qualified as low-risk auditee?	___ yes	X no

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section I – Summary of Auditor's Results

State Awards Section

Auditee qualified as low-risk auditee?	_____ yes	X no
Internal Control over major programs:		
1) Material weakness(es) identified?	X yes	_____ no
2) Were significant deficiencies identified that are not considered to be material weaknesses?	X yes	_____ none reported
Type of auditor's report on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 04-04?	X yes	_____ no

Identification of major programs:

GMIS Number(s)	Name of State Program
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5120-014	Transportation Aid
100-034-5120-473	Extraordinary Aid
495-034-5120-015	Reimbursed TPAF Social Security
495-034-5120-086	Preschool Education Aid
100-034-5120-067	Nonpublic Auxiliary Services (Ch. 192)
100-034-5120-066	Nonpublic Handicapped Services (Ch. 193)

Dollar threshold used to determine between type A and type B programs: $ 1,594,813

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards.*

Finding 2014-001:

The District ended the year with a general fund operating deficit. In addition, numerous budgetary line items were overexpended and the monthly certification that no fund has been overexpended and that sufficient funds are available to meet the District's financial obligations for the remainder of the fiscal year was not approved on a monthly basis as required by N.J.A.C. 6A:23A-16.10.

Criteria or specific requirement:

GAAP Technical Systems Manual; NJAC 6A:23A-16.10

Condition:

The general fund ended the year with an operating deficit. Numerous budgetary line items were overexpended. The District did not approve the required certifications of funds on a monthly basis.

Questioned Costs:

None.

Context:

The District's unassigned budgetary fund balance was in a deficit position of $6,066,945 at June 30, 2014. Fifty-seven (57) budget line items were overexpended, totaling $8,907,549. The District did not approve the certification of funds on a monthly basis.

Effect:

The District incurred expenditures without sufficient funds available and is in an operating deficit as of June 30, 2014.

Cause:

Unknown.

Recommendation:

The District develop a course of action to eliminate the general fund operating deficit and to avoid the overexpenditure of budget line item appropriations.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards.*

Finding 2014-002:

Our audit of the general ledger account balances revealed numerous adjusting journal entries were required to reconcile the Board records with subsidiary records and supporting documentation. We noted numerous instances where receipt, disbursement, revenue and expenditure account charges were misclassified. In addition, the financial reporting system was not closed in a timely manner subsequent to year end, resulting in transactions occurring in the 2014-2015 fiscal year being reported in the 2013-2014 fiscal year.

Criteria or specific requirement:

GAAP Technical Systems Manual.

Condition:

The District's general ledger did not properly report transactions to the respective accounts. The year end financial reporting system was not closed out in a timely manner

Questioned Costs:

None.

Context:

Numerous journal entries to the District's financial records were necessary to accurately report year end balances.

Effect:

The District's financial reporting system was materially inaccurate.

Cause:

Unknown.

Recommendation:

Internal controls over financial accounting and reporting procedures be reviewed and enhanced to ensure financial transactions are properly recorded and reported in the District's internal accounting records and that the financial system is closed out in a timely manner subsequent to year end.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards.*

Finding 2014-003:

Our audit revealed that payments for textbook and school bus leases were charged to capital outlay budget line items rather than to the appropriate general fund operating fund budget accounts.

Criteria or Specific Requirement:

Uniform Minimum Chart of Accounts for New Jersey Public Schools; Budget Guidelines

Condition:

The District charged the payments for textbook and school bus leases to the capital outlay budget rather than to the general operating budget.

Questioned Costs:

None.

Context:

The District charged $161,680 for school bus lease payments and $943,337 in textbook lease payments to capital outlay (fund 12) budget line items rather than to the appropriate general operating (fund 11) budget line items.

Effect:

Individual budgetary line items are not properly reported and the District is not compliant with respect to the New Jersey Uniform Minimum Chart of Accounts.

Cause:

Unknown.

Recommendation:

The District should reference The Uniform Minimum Chart of Accounts for New Jersey Public Schools 2008 Edition and other available reference materials, such as budget guidelines, for the proper appropriation classifications required to be in compliance with New Jersey Administrative Code.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that this matter will be forwarded to the Executive County Superintendent.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards.*

Finding 2014-004:

Our audit revealed certain year-end outstanding purchase orders were misclassified between Reserved for Encumbrances and Accounts Payable.

Criteria or specific requirement:

GAAP Technical Systems Manual

Condition:

Certain purchase orders for which goods were received or services rendered prior to June 30 were classified as reserved for encumbrances rather than accounts payable.

Questioned Costs:

None.

Context:

General Fund accounts payable of $47,250 were misclassified as reserved for encumbrances. Special Revenue Fund accounts payable in the amount of $862,236 were misclassified as reserved for encumbrances.

Effect:

Accounts Payable and Reserved for Encumbrances were not accurately reported in the District's year-end financial records. Audit adjustments were made for material variances to ensure accurate reporting in this CAFR.

Cause:

Unknown.

Recommendation:

Internal controls be reviewed and enhanced to ensure open purchase orders are reviewed for validity and properly classified as accounts payable or encumbrances at year end.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards.*

Finding 2014-005:

Our audit revealed that the District's capital asset appraisal and depreciation report was not updated to reflect 2013-14 acquisitions, dispositions and depreciation.

Criteria or specific requirement:

Our audit revealed that the District's capital asset appraisal and depreciation report was not updated to reflect 2013-14 acquisitions, dispositions and depreciation.

Condition:

The District did not maintain an updated asset appraisal and report as of June 30, 2014.

Questioned Costs:

Unknown.

Context:

The District's total capital assets and accumulated depreciation, as reported in the CAFR, are $47,275,405 and $28,859,971, respectively. Current year additions, as reflected in the District's budgetary reporting system, were $4,461,820.

Effect:

The District capital asset records may not agree with actual values of District owned assets.

Cause:

Unknown.

Recommendation:

The District's capital asset appraisal report be updated on an annual basis.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards.*

Finding 2014-006:

Our audit revealed that transactions and balances maintained in the District's lease purchase bank account were not recorded in the District's financial reporting system.

Criteria or specific requirement:

GAAP Technical Systems Manual

Condition:

The District incurred expenditures related to a lease purchase agreement which were paid by directly by the fiscal agent on behalf of the District. These expenditures, or the remaining escrow account balance, were not reflected on the financial records of the District.

Questioned Costs:

None.

Context:

Capital expenditures in the amount of $2,100,888 related to a lease purchase agreement were paid directly by the District's fiscal agent from an escrow account. These expenditures were not reflected on the District's financial records. The remaining balance in the escrow account at June 30, 2014 of $1,216,329 was not reflected on the financial records of the District.

Effect:

The District's financial records did not include expenditures incurred by the District.

Cause:

Unknown.

Recommendation:

Balances and related transactions occurring in the District's lease purchase bank account be reflected in the financial reporting system.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards.*

Finding 2014-007:

Our audit revealed that reimbursements due to the State of New Jersey for pension and social security for salaries funded by federal programs has not been filed.

Criteria or specific requirement:

GAAP Technical Systems Manual; NJSA 18A:66-90

Condition:

Reimbursements were not paid or accrued for pension and social security benefits due to the State of New Jersey for federally funded salaries.

Questioned Costs:

None.

Context:

The District charged $2,161,373 of salaries to federal grant programs. The District did to submit the required reimbursement to the State of New Jersey for pension and social security benefits related to these salaries.

Effect:

The District's is not compliant with state statute and it's financial records do not include a liability which is due. An audit adjustment was made to record an estimated amount due of $411,958.

Cause:

Unknown.

Recommendation:

The reimbursement due to the State for TPAF pension and FICA for federally funded programs be filed in a timely manner.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards.*

Finding 2014-008:

Our audit indicated that the District did not retain documentation to support the notification to the Office of the State Comptroller of contracts awarded for amounts exceeding $2 million in accordance with NJSA 52:15C-10.

Criteria or specific requirement:

NJSA 52:15C-10.

Condition:

Several contracts were noted in which the award amount exceeded $2 million for which documentation to support notification to the Office of the State Comptroller was not retained.

Questioned Costs:

None.

Context:

Documentation was not returned to support the notification to the Office of State Comptroller for contracts exceeding $2 million awarded to Catapult Learning, LLC, Durham School Services, Tender Touch Therapy, Jay's Bus Service, Tree of Knowledge, Student Transportation of America and Tender Touch Educational Services, LLC.

Effect:

The District was not in compliance with state statutes regarding the Office of the State Comptroller.

Cause:

Adequate procedures were not in place to ensure documentation is retained to support the notification to the Office of State Comptroller of contracts awarded for amounts in excess of $2 million.

Recommendation:

Documentation to support the notification of the Office of the State Comptroller of contracts awarded by the District which exceed $2 million be retained and made available for audit.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated procedures have been developed and will be implemented to ensure documentation is retained supporting the notification for required contract awards.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

CURRENT YEAR FEDERAL AWARDS

Finding 2014-009:

On May 19, 2014, the State of New Jersey Office of Fiscal Accountability and Compliance issued a report on their fiscal audit of the District's No Child Left Behind (NCLB) Title I Grant, which covered the period September 1, 2011 through August 31, 2012. The report included the following findings with respect to areas of noncompliance.

Federal Program Information:

84.010 NCLB Title I

Criteria or Specific Requirement:

OMB A-133, Grant Compliance Supplement – Allowable Costs, Cash Management and Reporting Requirements

Condition:

The State's audit of the District's Title I program included findings with respect to various areas of noncompliance.

Questioned Costs:

$3,939,095.41.

Context:

- The District included unexpended FY 2011-2012 Title I, Part A and SIA Part A funds of $1,298,832.50 and $29,914.53 on corresponding Final Expenditure Reports (FERs).
- Inadequately documents non-salary expenditures of $468,484.83 were improperly charged to the Title I, Part A grant.
- Unsupported/unallowable payroll expenditures of $56,851.03 were erroneously charged to the Title I, Part A program.
- Aggregate expenditures of $22,715.00 were improperly charged to the Title I, Part A and SIA Part A programs without any indication of an academic purpose.
- Expenditures of $19,200.00 incurred and charged to the Title I, SIA Part A grant were inadequately documented and/or deemed to be excessive and unnecessary for the efficient performance of the federal programs.
- Nonpublic expenditures of $1,062,220.74 charged to the Title I grant supplanted local funding sources and are therefore deemed to be unallowable program costs.
- Adequate documentation was not provided which demonstrates nonpublic expenditures of $83,892.72 allocated to the Title I, Part A program represent allowable costs.
- Nonpublic expenditures totaling $27,770.86 were improperly charged to the Title I, Part A program without any indication of an academic purpose.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

CURRENT YEAR FEDERAL AWARDS

Finding 2014-009 (Continued):

Context (Continued):

- Nonpublic Expenditures of $19,953.57 incurred and charged to the Title I, Part A grant were inadequately documented and/or deemed to be excessive and unnecessary for the efficient performance of the federal programs.
- On various occasions, the District failed to issued purchase orders prior to services being rendered (confirming order).
- Expenditures should have been allocated to the 2010-11 project period.
- The LEA did not liquidate a Title I purchase order in a timely manner.
- Title I funded personnel did not prepare detailed time and activity reports in a manner consistent with the requirements of OMB Circular A-87.
- Appointments of Title I, Part A personnel, including their related salary and funding percentages, were not recorded in the board of education meeting minutes.
- Certain records were not maintained in accordance with department and federal guidelines.

Cause:

Unknown.

Effect:

The District is required to remit $3,939,095.41 to the State of New Jersey, resulting in a year end budgetary deficit in the Special Revenue Fund of $3,185,605.

Recommendation:

The District develop a course of action to fund the amount due to the State of New Jersey pertaining to the Title I audit.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

CURRENT YEAR FEDERAL AWARDS

Finding 2014-010:

Our audit of the IDEA and NCLB grant award programs revealed that amounts reported as expended in 2012/13 and 2013/14 final reports were not in agreement with the expenditures reported in the District records.

Federal Program Information:

NCLB – Title I	84.010
IDEA Basic	84.027
IDEA Preschool	84.173

Criteria or Specific Requirement:

OMB Circular A-133 Compliance Supplement – Reporting Requirements

Condition:

Expenditures reported on the District's financial records were not in agreement with amounts reported on the respective grant final expenditure reports.

Questioned Costs:

None.

Context:

The District's 2012-13 Title I final expenditure report reflected total expenditures of $12,157,727; The District's financial records for the grant period reflected expenditures of $13,879,452. The District's 2013-14 Title I final expenditure report reflected total expenditures of $14,173,663; The District's financial records for the grant period reflected expenditures of $12,498,225.

The District's 2013-14 IDEA final expenditure report reflected expenditures of $5,476,935 and $472,738 for Basic and Preschool, respectively. The District's financial records for the grant period reflected expenditures of $5,381,223 and $105,254 for Basic and Preschool, respectively.

Cause:

Unknown.

Effect:

The District's financial reports are not in agreement with amounts reported to grantor agencies.

Recommendation:

The District records be reconciled with the final NCLB and IDEA grant reports and documentation be maintained to support adjustments necessary to properly reflect final grant expenditures.

View of Responsible Officials and Planned Corrective Action:

No recommendation is warranted as the scope limitation was beyond the control of the District.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

CURRENT YEAR STATE AWARDS

Finding 2014-011:

Our audit of the District's Chapter 192 – Nonpublic Auxiliary Services revealed the following:

- Expenditures for compensatory education services exceeded the allotment awarded to the District for such services.
- Forms 407-1 for individuals receiving Home Instruction services were not signed approving such services by appropriate District personnel.

State program Information:

100-034-5120-067 Chapter 192 – Auxiliary Services

Criteria or Specific Requirement:

State of New Jersey Grant Compliance Supplement – Allowable Costs

Condition:

The District's financial records reflected on over-expenditure of Compensatory Education funds. Forms 407-1 for Home Instruction students were not signed by District personnel for approval of such services.

Questioned Costs:

Unknown.

Context:

The District's allotment for 2013-14 Compensatory Education services was $10,397,590. Expenditures on the District's financial records were $10,588,177. Forms 407-1 for students receiving Home Instruction were not signed by District personnel.

Cause:

Unknown.

Effect:

The District is not in compliance with State grant requirements.

Recommendation:

Expenditures for Non-Public Compensatory Education services be reviewed to ensure that funds are available to support such services and Forms 407-1 for Non- Public Home Instruction be properly approved by District personnel for students receiving such services.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

CURRENT YEAR STATE AWARDS

Finding 2014-012:

Our audit revealed that the year end certified report of the Treasurer of School Monies was not able to be provided for reconciliation with the report of the Board Secretary.

State program Information:

495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid

Criteria or Specific Requirement:

State of New Jersey Grant Compliance Supplement – State Aid Public

Condition:

A year end certified Treasurer of School Monies report was not able to be provided for audit.

Questioned Costs:

None.

Context:

A draft of the year end Treasurer of School Monies report was provided. Balances reported did not agree with those of the Board Secretary. A final, certified Treasurer's report was not able to be provided for audit.

Cause:

Unknown.

Effect:

The District in not in compliance with State Aid Grant program requirements.

Recommendation:

The year end report of the Treasurer of School Monies be obtained and be reconciled with the report of the Board Secretary.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

CURRENT YEAR STATE AWARDS

Finding 2014-013:

Our audit revealed that the monthly and year to date 10% transfer reports were not submitted to the Executive County Superintendent and specific approval was not sought for transfers exceeding the maximum allowed.

State program Information:

495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid

Criteria or Specific Requirement:

State of New Jersey Grant Compliance Supplement – State Aid Public

Condition:

The monthly and year to date 10% transfer reports were not submitted to the Executive County Superintendent. Certain transfers which exceeded the maximum allowed were not submitted to the County for approval.

Questioned Costs:

None.

Context:

Monthly transfer reports were not submitted to the Executive County Superintendent. Transfers were made into General Administration exceeding 10%; Transfers were made into non-equipment capital outlay line items. These transfers require approval of the Executive County Superintendent.

Cause:

Unkown.

Effect:

The District in not in compliance with State Aid Grant program requirements.

Recommendation:

The monthly and year to date 10% transfer reports be prepared and remitted to the Executive County Superintendent, and specific approval be sought for transfers exceeding the maximum allowed.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

CURRENT YEAR STATE AWARDS

Finding 2014-014:

Our audit of the District's extraordinary aid application revealed that documentation to support the costs claimed could not be provided for audit.

State program Information:

100-034-5120-473 Extraordinary Aid

Criteria or Specific Requirement:

State Grant Compliance Supplement

Condition:

Documentation to support costs claimed on the Extraordinary Aid application was not able to be provided.

Questioned Costs:

Unknown.

Context:

The District was awarded $3,610,389 in Special Education Extraordinary Aid in 2013-14. The costs included on the District's application could not be supported by sufficient documentation.

Cause:

Unknown.

Effect:

The District is not in compliance with grant requirements.

Recommendation:

Documentation to support the amount of costs claimed on the District's extraordinary aid application be maintained and be made available for audit.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

CURRENT YEAR STATE AWARDS

Finding 2014-015:

Our audit of the District's preschool education program revealed that certain line item expenditures exceeded the amount appropriated in the approved District preschool education budget.

State program Information:

495-034-5120-086 Preschool Education Aid

Criteria or Specific Requirement:

State Grant Compliance Supplement

Condition:

The District overexpended certain individual line items in the Preschool Education Aid budget.

Questioned Costs:

None.

Context:

Five (5) individual line items in the Preschool Education Aid budget were overexpended in a total amount of $73,583.

Cause:

Unknown.

Effect:

The District is not in compliance with grant requirements and did not utilize funds in accordance with the approved budget.

Recommendation:

The District review preschool education expenditures on a monthly basis to ensure budget line item appropriations are not overexpended.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

CURRENT YEAR STATE AWARDS

Finding 2014-016:

Our audit of the District's Application for State School Aid revealed that amounts reported were not always in agreement with supporting workpapers and documentation for the respective categories. Additionally, class registers to support student enrollment could not be provided for audit.

State program Information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or Specific Requirement:

State of New Jersey State Aid/Grant Compliance Supplement.

Condition:

Student counts claimed on the ASSA as On-Roll, Special Education, Private School for the Disabled, Low Income and LEP did not always agree with student counts reflected on supporting workpapers and applicable documentation.

Questioned Costs:

Unknown.

Context:

The following variances were noted during our audit of the ASSA:

On-Roll/Special Education

- The District reported 5,607 students on roll. The supporting workpapers show 5,597.
- Ninety-Two (92) students were not able to located on the respective class registers.

Private Schools for the Disabled

- The District reported 207 students as attending Private Schools for the Disabled. The supporting workpapers reflected 212.
- Nine (9) students were not able to be verified to a valid tuition contract and/or IEP.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

CURRENT YEAR STATE AWARDS

Finding 2014-016 (Continued):

Context (Continued):

Low Income

- The District reported 4,871 students as eligible for free or reduced lunch. The supporting workpapers reflect 5,012.
- Seventeen (17) students were not able to verified to class registers.

LEP

- The District reported 1,100 students as LEP, low income. The supporting workpapers reflects a total of 1,124.
- The District reported 63 students as LEP, not low income. The supporting workpapers reflect a total of 44.
- The supporting workpapers included only a total of LEP students rather than a detail list of students.

Cause:

Unknown.

Effect:

Student counts reported on the ASSA did not accurately reflect actual student counts as reflected in supporting workpapers and documentation.

Recommendation:

Internal controls be enhanced to ensure that documentation is retained, updated and in agreement with students reported on the Application for State School Aid.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

CURRENT YEAR STATE AWARDS

Finding 2014-017:

Our audit revealed that B6T and B7T forms were not always able to be located for students reported in their respective schools.

State program Information:

Transportation Aid 495-034-5120-014

Criteria or Specific Requirement:

State of New Jersey State Aid/Grant Compliance Supplement.

Condition:

See Finding.

Questioned Costs:

None.

Context:

The District reported 13,832 students transported to non-public schools. The audit included a test sample of 266, of which 105 B6T and/or B7T forms were not able to be located in the students' respective school.

Cause:

Unknown.

Effect:

The number of students claimed for transportation to non-public schools could not be verified.

Recommendation:

In all instances, B6T and B7T forms be filed and categorized by school for students transported to non public schools as reported on the DRTRS.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

CURRENT YEAR STATE AWARDS

Finding 2014-018:

The District ended the year with a general fund operating deficit. In addition, numerous budgetary line items were overexpended and the monthly certification that no fund has been overexpended and that sufficient funds are available to meet the District's financial obligations for the remainder of the fiscal year was not approved on a monthly basis as required by N.J.A.C. 6A:23A-16.10.

State program Information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

GAAP Technical Systems Manual; NJAC 6A:23A-16.10

Condition:

The general fund ended the year with an operating deficit. Numerous budgetary line items were overexpended. The District did not approve the required certifications of funds on a monthly basis.

Questioned Costs:

None.

Context:

The District's unassigned budgetary fund balance was in a deficit position of $6,066,945 at June 30, 2014. Fifty-seven (57) budget line items were overexpended, totaling $8,907,549. The District did not approve the certification of funds on a monthly basis.

Cause:

Unknown.

Effect:

The District incurred expenditures without sufficient funds available and is in an operating deficit as of June 30, 2014.

Recommendation:

The District develop a course of action to eliminate the general fund operating deficit and to avoid the overexpenditure of budget line item appropriations.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

LAKEWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2013-1

Our audit revealed that payments for textbook leases were budgeted and charged to the Debt Service Fund rather than to the appropriate General Fund budget account. Additionally, a certified A-4F was not able to be provided for audit.

Current Status

Corrective action has been taken.

Finding 2013-2

Our audit revealed certain year-end outstanding purchase orders were misclassified between Reserved for Encumbrances and Accounts Payable.

Current Status

See Finding 2014-004

Finding 2013-3

Our audit revealed that certain transportation services provided to the District were not encumbered in the District's records.

Current Status

Corrective action has been taken.

Finding 2013-4

Our audit indicated that the District did not always provide notification to the Office of the State Comptroller of contracts awarded for amounts exceeding $2 million in accordance with NJSA 52:15C-10.

Current Status

See Finding 2014-008

LAKEWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2013-5

Our audit revealed that the District's capital asset appraisal and depreciation report was not updated to reflect 2012-13 acquisitions, dispositions and depreciation.

Current Status

See Finding 2014-005

Finding 2013-6

Our audit revealed that reimbursement requests for District expenditures of federal funds were not filed in a timely manner.

Current Status

Corrective action has been taken.

Finding 2013-7

Our audit revealed that certain records, including invoices, to support selected NCLB Title I expenditures were removed from the District by Federal and State agencies. As such, they were not available for audit.

Current Status

Corrective action has been taken.

Finding 2013-8

Our audit revealed certain expenditures were reclassified from the General Fund to the Special Revenue Fund and charged to the Chapter 192/193 Non Public Grant Program without sufficient detail to support such reclassification.

Current Status

Corrective action has been taken.

LAKEWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2013-9

Our audit revealed that the monthly reports of the Treasurer of School Monies and Board Secretary, along with related certifications, were not approved in the minutes on a timely basis.

Current Status

See Finding 2014-012

Finding 2013-10

Our audit revealed that certain budgetary line items were overexpended and budget appropriation transfers were not always approved in a timely manner. Additionally, the required monthly 10% transfer was not prepared and submitted to the Executive County Superintendent for approval.

Current Status

See Findings 2014-001 and 2014-013.

Finding 2013-11

Our audit revealed that claims for reimbursements from the State of New Jersey for TPAF FICA amounts were not always submitted in a timely manner.

Current Status

Corrective action has been taken.

Finding 2013-12

Our audit of the District's Application for State School Aid revealed that amounts reported were not always in agreement with supporting workpapers and documentation for the respective categories. Additionally, class registers to support student enrollment could not be provided for audit.

Current Status

See Finding 2014-016.

LAKEWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2013-13

Our audit revealed that B6T forms were not always able to be located for students reported in their respective schools.

Current Status

See Finding 2014-017.

Finding 2013-14

Our audit revealed that certain records, including invoices, to support selected Chapter 192/193 expenditures were removed from the District by Federal and State agencies. As such, they were not available for audit.

Current Status

Corrective action has been taken.