

LAKWOOD BOARD OF EDUCATION

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

LAKWOOD, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Lakewood Board of Education

Lakewood, New Jersey

For The Fiscal Year Ended June 30, 2015

Prepared by

Business Office

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INTRODUCTORY SECTION



Lakewood Board of Education

200 Ramsey Avenue, Lakewood, NJ 08701

Main Office: 732-364-2400 Fax: 732-905-3687

Laura A. Winters, Superintendent of Schools

Thaddeus Thompson, Business Administrator

December 16, 2015

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, 2015 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 15-08, 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.

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 2014-2015 fiscal year with an enrollment of 6,184 students.

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

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014/15	6,184	7.5%
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 two elementary buildings, Preschool through Grade 1, two elementary schools that are grades 2-5, and one elementary school grades 1-5, a Middle School (grades 6-8), a High School and a large pre-school campus, serving a student population of approximately 6,184. 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 Achievement Academy. Our 2014 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. 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 and Drawing.

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 field 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.

Since 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 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, and 2014-2015 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 2015-2016 school year at which time it will be distributed to all administrators throughout the district.

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, 2015.

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

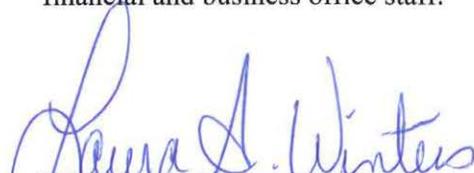
The district passed a thirty-four million dollar bond referendum to upgrade the school facilities and prior lease purchase defeasance. The upgrades included roofing and heating ventilation air conditioning systems throughout the district. The newer and more efficient technology installed is anticipated to lower energy costs in the future. A significant reduction in the annual repair and maintenance costs are also expected due to the enhancements.

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 15-08-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.

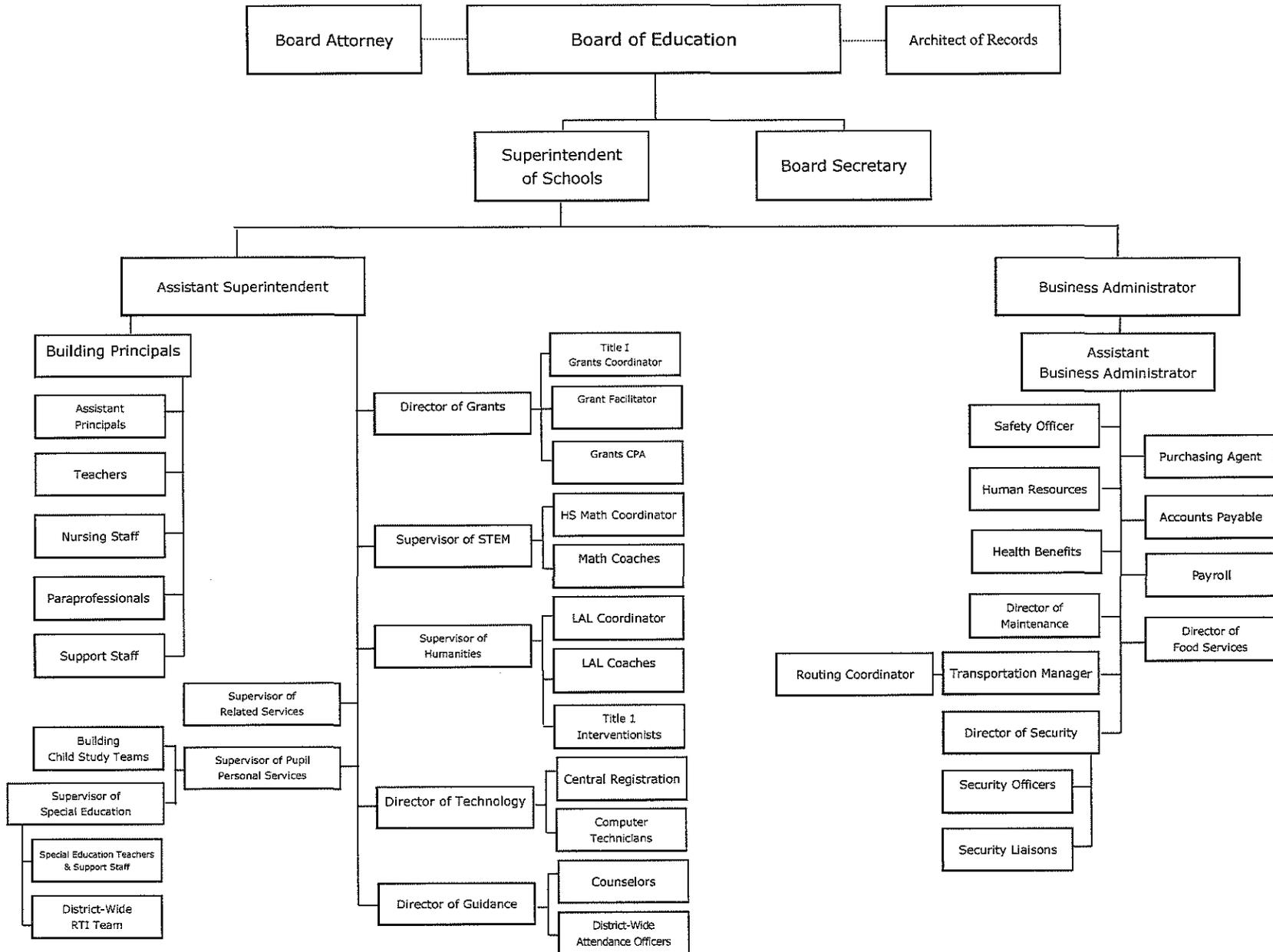


Laura A. Winters
Superintendent of Schools



Thaddeus Thompson
Business Administrator/Board Secretary

Lakewood Board of Education Organizational Chart



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LAKEWOOD BOARD OF EDUCATION

LAKEWOOD, New Jersey

June 30, 2015

Members of the Board of Education

Term Expires

Ada Gonzalez, President

2017

Mehachem Friedman, Vice President

2017

David Jacobovitch

2017

Heriberto Rodriguez

2017

Joshua Weinberger

2017

Isaac Zlatkin

2016

Alex Janklowicz

2016

Joel Schwartz

2015

Tracy Tift

2015

Other Officials

Laura A. Winters, Superintendent of Schools

Kevin Campbell, Assistant Business Administrator

Michael Azzara, State Monitor

David Schafter, State Monitor

Timothy Adams, Director of Facilities

James Trischitta, IT Director

Mark H. Zitomer, Esq., Board Attorney

LAKWOOD BOARD OF EDUCATION

LAKWOOD, New Jersey

June 30, 2015

CONSULTANTS AND ADVISORS

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Parette Somjen Architects
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FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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, 2015 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakewood Board of Education as of June 30, 2015, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Lakewood Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension 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

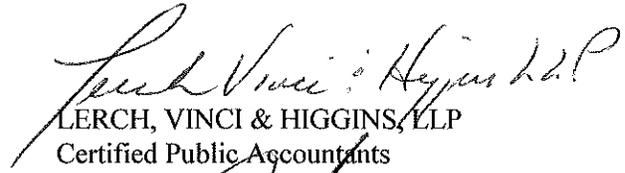
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lakewood Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures 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 15-08, 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.

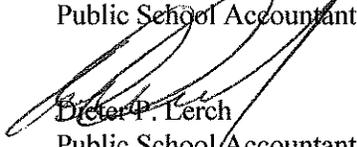
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2015 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 16, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

LAKWOOD BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2015

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, 2015. 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 (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the 2014-2015 fiscal year are as follows:

- The liabilities and deferred inflows of resources of the Lakewood Board of Education exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$20,576,069 (net position).
- Net position decreased from \$(18,543,800) at June 30, 2014, as restated, to \$(20,576,069) at June 30, 2015, which represents a decrease of \$2,032,269.
- Overall general revenues of \$102,187,219 accounted for 59 percent of all revenues and overall program revenues of \$71,791,548 accounted for 41 percent of total revenues of \$173,978,767.
- The School District had \$176,011,036 in overall expenses of which \$71,791,548 were offset by program specific charges for services, grants or contributions. General revenues of \$102,187,219 helped offset these expenses.
- The School District had \$170,898,214 in expenses for governmental activities; only \$66,747,497 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$102,186,359 were adequate to provide for these programs.
- At June 30, 2015, the District's governmental funds reported a combined fund balance of \$10,574,830, an increase of \$24,879,950 when compared to the previous year ending fund balance (deficit) of \$14,305,120 at June 30, 2014.
- The General Fund unassigned fund deficit at June 30, 2015 was \$14,700,589, an increase to the deficit of \$2,697,664 when compared with the ending fund deficit of \$12,002,925 at June 30, 2014.
- The General Fund unassigned budgetary fund deficit at June 30, 2015 was \$2,952,396, which represents a decrease in the deficit of \$3,114,549 when compared to the ending unassigned budgetary fund balance of \$6,066,945 at June 30, 2014.

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

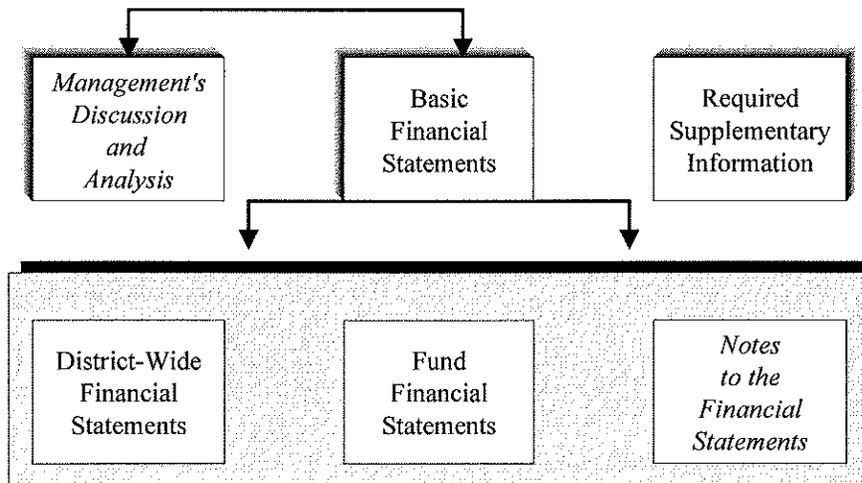
FISCAL YEAR ENDED JUNE 30, 2015

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.

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2015

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, deferred outflow of resources, liabilities and deferred inflows of resources, 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 statement 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.

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2015

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 fund is included here.

Fund Financial Statements

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

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2015

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 \$(20,576,069) on June 30, 2015 and \$(18,543,800), on June 30, 2014.

Net Position
as of June 30, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)
Assets						
Current and Other Assets	\$ 46,083,366	\$ 4,809,035	\$ 3,112,954	\$ 3,185,965	\$ 49,196,320	\$ 7,995,000
Capital Assets	21,588,605	18,256,039	537,704	237,632	22,126,309	18,493,671
Total Assets	67,671,971	23,065,074	3,650,658	3,423,597	71,322,629	26,488,671
Deferred Outflows of Resources	446,240	-	-	-	446,240	-
Total Assets and Deferred Outflows of Resources	68,118,211	23,065,074	3,650,658	3,423,597	71,768,869	26,488,671
Liabilities						
Long-Term Liabilities	54,593,960	25,622,745			54,593,960	25,622,745
Other Liabilities	35,683,950	19,141,343	558,412	265,000	36,242,362	19,406,343
Total Liabilities	90,277,910	44,764,088	558,412	265,000	90,836,322	45,029,088
Deferred Inflows of Resources	1,503,673	-	4,943	3,383	1,508,616	3,383
Total Liabilities and Deferred Inflows of Resources	91,781,583	44,764,088	563,355	268,383	92,344,938	45,032,471
Net Position						
Net Investment in Capital Assets	11,469,917	13,072,369	537,704	237,632	12,007,621	13,310,001
Restricted	874,494	910,733			874,494	910,733
Unrestricted	(36,007,783)	(35,682,116)	2,549,599	2,917,582	(33,458,184)	(32,764,534)
Total Net Position	\$ (23,663,372)	\$ (21,699,014)	\$ 3,087,303	\$ 3,155,214	\$ (20,576,069)	\$ (18,543,800)

LAKESWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2015

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, 2015 and 2014 of \$(2,032,269) and \$(9,868,177), respectively.

**Change in Net Position
For the Fiscal Years Ended June 30, 2015 and 2014**

Revenues	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues						
Charges for Services	\$ -	\$ 51,619	\$ 465,169	\$ 564,933	\$ 465,169	\$ 616,552
Operating Grants and Contributions	66,119,440	62,666,142	4,578,882	3,753,537	70,698,322	66,419,679
Capital Grants and Contribution	628,057	840,909	-	-	628,057	840,909
General Revenues						
Property Taxes	84,901,097	77,315,256			84,901,097	77,315,256
State Aid	15,372,400	15,287,208			15,372,400	15,287,208
Miscellaneous	1,912,862	1,192,721	860	899	1,913,722	1,193,620
Total Revenues	168,933,856	157,353,855	5,044,911	4,319,369	173,978,767	161,673,224
Expenses						
Instruction	84,004,981	75,258,134			84,004,981	75,258,134
Support Services						
Student and Instruction Related Services	45,616,152	49,368,421			45,616,152	49,368,421
General Administrative Services	3,232,042	2,590,492			3,232,042	2,590,492
School Administrative Services	4,440,359	3,797,677			4,440,359	3,797,677
Central and Other Support Services	2,392,174	2,069,456			2,392,174	2,069,456
Plant Operation and Maintenance	6,409,213	7,376,514			6,409,213	7,376,514
Pupil Transportation	23,926,991	22,160,268			23,926,991	22,160,268
Food Service/Community School			5,112,822	3,680,858	5,112,822	3,680,858
Unallocated Depreciation	580,484	773,373			580,484	773,373
Interest on Long Term Debt	295,818	103,829	-	-	295,818	103,829
Total Expenses	170,898,214	163,498,164	5,112,822	3,680,858	176,011,036	167,179,022
Transfers and Special Items						
Transfers		(1,176,774)				(1,176,774)
Special Item						
Disallowed Federal Grant Program Costs	-	(3,185,605)	-	-	-	(3,185,605)
Total Transfers and Special Items	-	(4,362,379)	-	-	-	(4,362,379)
Changes in Net Position	\$ (1,964,358)	\$ (10,506,688)	\$ (67,911)	\$ 638,511	\$ (2,032,269)	\$ (9,868,177)

LAKWOOD BOARD OF EDUCATION

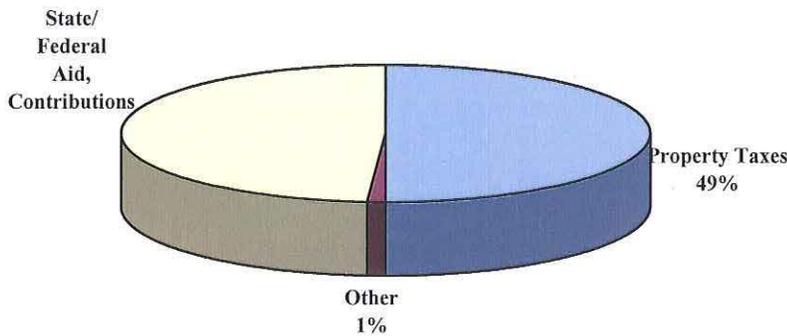
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2015

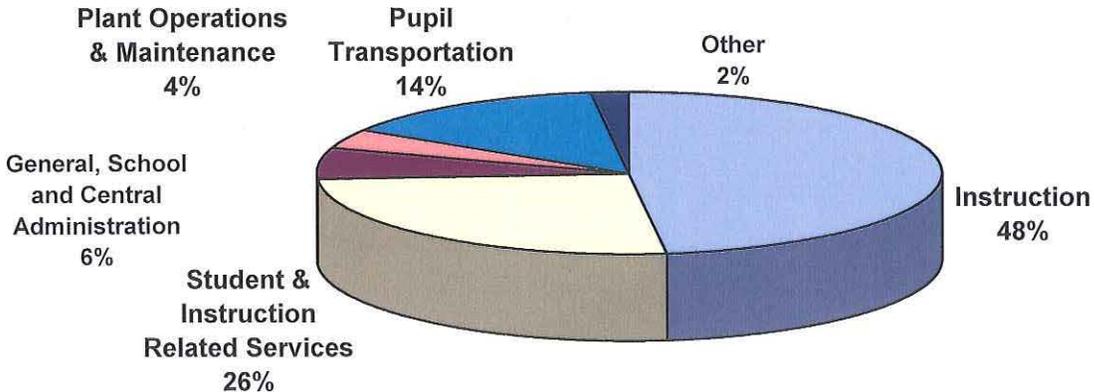
Changes in net position. The District's total revenues were \$173,978,767 and \$161,673,224 for the years ended June 30, 2015 and 2014, respectively. Property taxes in excess of \$84 million and \$70 million accounted for 49% and 48% of the total revenues for the years ended June 30, 2015 and 2014, respectively. State and Federal formula aid accounted for 9% and 9%, while operating grants and contributions were 41% and 41% of total revenues for the years ended June 30, 2015 and 2014. 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 \$176,011,036 and \$167,179,022 for the years ended June 30, 2015 and 2014, respectively. The District's expenses are predominantly related to educating and caring for students. Instruction represented 48% and 45% of total expenses in fiscal years 2015 and 2014. The purely administrative activities of the District accounted for only 6% and 5% of total costs for fiscal years 2015 and 2014, respectively.

Sources of Revenues
For Fiscal Year 2015



Sources of Expenses
For Fiscal Year 2015



LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2015

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 \$1,964,358 and \$10,506,688 for the year ended June 30, 2015 and 2014, respectively.
- The total revenue earned from all governmental activities was \$168,933,856 and \$157,353,855 for the years ended June 30, 2015 and 2014, respectively.
- The cost of all governmental activities was \$170,898,214 and \$163,498,164 for the years ended June 30, 2015 and 2014.
- After applying program revenues, derived from operating grants and contributions of \$66,119,440 and \$62,666,142, capital grants and contribution of \$628,057 and \$840,909, and charges for services of \$-0- and \$51,619 for the years ended June 30, 2015 and 2014, respectively; the net cost of services of the District were \$104,150,717 and \$99,939,494 for the fiscal years ended June 30, 2015 and 2014.
- The amount that taxpayers paid for these activities through property taxes was \$84,901,097 and \$77,315,256 for fiscal years 2015 and 2014, respectively. Unrestricted State and Federal aid provided \$15,372,400 and \$15,287,208 in fiscal years 2015 and 2014 to fund the District programs.

**Net Expense of Governmental Activities
For the Fiscal Years Ended June 30, 2015 and 2014**

Function/Program:	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction	\$ 84,004,981	\$ 75,258,134	\$ 56,879,842	\$ 55,717,790
Support Services				
Student and Instruction Related Services	45,616,152	49,368,421	13,791,251	12,753,582
General Administrative Services	3,232,042	2,590,492	3,232,042	2,590,492
School Administrative Services	4,440,359	3,797,677	3,722,939	3,446,450
Central and Other Support Services	2,392,174	2,069,456	2,098,761	1,961,007
Plant Operations and Maintenance	6,409,213	7,376,514	4,249,408	5,212,326
Pupil Transportation	23,926,991	22,160,268	19,301,643	17,383,101
Unallocated Depreciation	580,484	773,373	580,484	773,373
Interest on Long Term Debt	295,818	103,829	294,347	101,373
Total	\$ 170,898,214	\$ 163,498,164	\$ 104,150,717	\$ 99,939,494

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2015

Business-Type Activities

The cost of Business-Type activities for the fiscal year ended June 30, 2015 and 2014 was \$5,112,822 and \$3,680,858, respectively. These expenses relate to the operation of the District's school breakfast, lunch, snack and summer food programs. These costs were funded in 2015 and 2014 by operating grants (91% and 87%), charges for services (9% and 13%) 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 \$10,574,830 for the year ended June 30, 2015 compared to a fund balance (deficit) of \$(14,305,120) for the year ended June 30, 2014, an increase of \$24,879,950 for the current year.

Revenues for the District's governmental funds were \$163,177,922 and \$157,353,855, while total expenditures were \$173,799,737 and \$168,474,921 for the fiscal years ended June 30, 2015 and 2014, respectively. The District also realized other financing sources of \$35,501,765 during fiscal year 2015 from the sale of general serial bonds to fund capital projects.

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.

	<u>June 30,</u>		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2015</u>	<u>2014</u>		
Local Sources:				
Property Taxes	\$ 84,693,837	\$ 77,097,641	\$ 7,596,196	10%
Tuition		51,619	(51,619)	-100%
Other Local Revenue	1,883,188	1,192,721	690,467	58%
State Sources	34,989,643	33,641,558	1,348,085	4%
Federal Sources	<u>646,603</u>	<u>414,583</u>	<u>232,020</u>	56%
Total Revenues	<u>\$ 122,213,271</u>	<u>\$ 112,398,122</u>	<u>\$ 9,815,149</u>	9%

LAKEWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2015

GENERAL FUND (Continued)

Total General Fund revenues increased by \$9,815,149, or 9% from the previous year. Local property taxes increased \$7,596,196, or 10% from the previous year. Overall state and federal aid increased \$1,580,105 or 4% from the previous year.

The following schedule presents a comparison of General Fund expenditures:

	<u>June 30,</u>		Amount of	Percent
	<u>2015</u>	<u>2014</u>	Increase	Increase
			(Decrease)	(Decrease)
Instruction	\$ 69,104,571	\$ 67,623,174	\$ 1,481,397	2%
Support Services	53,833,440	51,465,640	2,367,800	5%
Capital Outlay	248,104	487,824	(239,720)	-49%
Debt Service	113,779	830,392	(716,613)	-86%
Total General Fund Expenditures	<u>\$ 123,299,894</u>	<u>\$ 120,407,030</u>	<u>\$ 2,892,864</u>	2%

The general fund expenditures increased by \$2,892,864 or 2%.

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 revenues and other financing sources exceeded budgetary expenditures increasing budgetary fund balance \$3,014,087 over the previous year. The unassigned budgetary fund balance increased \$3,114,549 from a deficit of \$6,066,945 at June 30, 2014 to a deficit of \$2,952,396 at June 30, 2015.

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2015

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 \$40,708,021 for the year ended June 30, 2015. State sources accounted for \$22,121,620 or 54% of the total. Federal sources accounted for \$18,574,012 or 46% of the total.

Expenditures of the Special Revenue Fund totaled \$40,679,886 for the year ended June 30, 2015. Expenditures were for instruction (26%), student and instruction related support services (71%) and transportation (1%) and capital outlay (2%).

At June 30, 2015 the Special Revenue Fund reported deferred revenue of \$78,304. This amount represents funds that were received during the 2014/15 school year but were not expended as of June 30, 2015. 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. The District issued serial bonds, in the amount of \$34,695,000 as a result of a successful referendum passed by the voters of the District. The proceeds of the bonds are being utilized to fund various capital improvement projects for district facilities.

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 program. 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.

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2015

CAPITAL ASSETS

At June 30, 2015, the District had invested in excess of \$22 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 \$1,059,559. No depreciation is recorded on construction in progress until such facilities are placed into service.

Capital Assets at June 30, 2015 and 2014

	Governmental		Business- Type		Total	
	Activities		Activities			
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2013</u> (Restated)
Land	\$ 143,800	\$ 143,800			\$ 143,800	\$ 143,800
Buildings and Improvements	41,479,785	35,734,004			41,479,785	35,734,004
Machinery and Equipment	4,547,695	3,802,630	826,369	507,538	5,374,064	4,310,168
Construction in Progress	3,460,966	5,578,446			3,460,966	5,578,446
Less: Accumulated Depreciation	<u>(28,043,641)</u>	<u>(27,002,841)</u>	<u>(288,665)</u>	<u>(269,906)</u>	<u>(28,332,306)</u>	<u>(27,272,747)</u>
Total	<u>\$ 21,588,605</u>	<u>\$ 18,256,039</u>	<u>\$ 537,704</u>	<u>\$ 237,632</u>	<u>\$ 22,126,309</u>	<u>\$ 18,493,671</u>

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

LAKWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2015

Long-Term Liabilities

At year-end, the District has \$54,593,960 in long-term liabilities; the District had \$35,710,765 in outstanding general obligation bonds, including unamortized premium, \$352,926 in outstanding capital leases, \$14,910,964 in outstanding net pension liability, \$155,202 in outstanding deferred pension obligations, \$565,192 in outstanding deferred health benefit obligations and \$3,618,911 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, 2015 and 2014

	Governmental Activities		
	<u>2015</u>	<u>2014</u> (Restated)	<u>Percentage</u> <u>Change</u>
General Obligation Bonds	\$ 34,904,000	\$ 419,000	8230%
Add: Unamortized Premium on Bond	806,765		100%
Obligations Under Capital Lease Agreements	352,926	434,920	-19%
Obligations Under Lease Purchase Agreements		5,000,000	-100%
Net Pension Liability	14,190,964	15,264,918	-7%
Deferred Pension Obligations	155,202	167,234	-7%
Deferred Health Benefit Obligation	565,192	855,995	100%
Compensated Absences Payable	<u>3,618,911</u>	<u>3,480,678</u>	4%
Total	<u>\$ 54,593,960</u>	<u>\$ 25,622,745</u>	113%

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 2015-2016 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

LAKWOOD BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 31,448,265	\$ 283,650	\$ 31,731,915
Prepaid Expense	1,741,177		1,741,177
Receivables, net			
Receivables from Other Governments	14,453,314	366,023	14,819,337
Accounts	849,292	19,951	869,243
Internal Balances	(2,408,682)	2,408,682	
Inventories		34,648	34,648
Capital Assets, not being depreciated	3,604,766		3,604,766
Capital Assets, being depreciated, net	17,983,839	537,704	18,521,543
	<u>67,671,971</u>	<u>3,650,658</u>	<u>71,322,629</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	446,240	-	446,240
	<u>446,240</u>	<u>-</u>	<u>446,240</u>
Total Assets and Deferred Outflows of Resources	<u>68,118,211</u>	<u>3,650,658</u>	<u>71,768,869</u>
LIABILITIES			
Intergovernmental Accounts Payable	13,035,118		13,035,118
Accounts Payable and Other Liabilities	22,395,114	558,412	22,953,526
Unearned Revenue	78,304		78,304
Accrued Interest Payable	175,414		175,414
Noncurrent Liabilities			
Due Within One Year	1,504,587		1,504,587
Due Beyond One Year	53,089,373		53,089,373
	<u>90,277,910</u>	<u>558,412</u>	<u>90,836,322</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	1,503,673		1,503,673
USDA Commodities	-	4,943	4,943
	<u>1,503,673</u>	<u>4,943</u>	<u>1,508,616</u>
Total Liabilities and Deferred Inflows of Resources	<u>91,781,583</u>	<u>563,355</u>	<u>92,344,938</u>
NET POSITION			
Net Investment in Capital Assets	11,469,917	537,704	12,007,621
Restricted for:			
Capital Projects	130,315		130,315
Debt Service	744,179		744,179
Unrestricted	(36,007,783)	2,549,599	(33,458,184)
	<u>\$ (23,663,372)</u>	<u>\$ 3,087,303</u>	<u>\$ (20,576,069)</u>

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, 2015**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities						
Instruction						
Regular	\$ 31,984,055		\$ 9,262,337	\$ 585,707	\$ (22,135,991)	\$ (22,135,991)
Special Education	38,847,354		15,534,907		(23,312,447)	(23,312,447)
Other Instruction	11,797,288		1,699,838	42,350	(10,055,100)	(10,055,100)
School Sponsored Activities/Athletics	1,376,304				(1,376,304)	(1,376,304)
Support Services						
Student and Instruction Related Svcs.	45,616,152		31,824,901	-	(13,791,251)	(13,791,251)
General Administrative Services	3,232,042				(3,232,042)	(3,232,042)
School Administrative Services	4,440,359		717,420		(3,722,939)	(3,722,939)
Plant Operations and Maintenance	6,409,213		2,159,805		(4,249,408)	(4,249,408)
Pupil Transportation	23,926,991		4,625,348		(19,301,643)	(19,301,643)
Central Services	2,392,174		293,413		(2,098,761)	(2,098,761)
Interest on Long-Term debt	295,818		1,471		(294,347)	(294,347)
Unallocated Depreciation	580,484				(580,484)	(580,484)
Total Governmental Activities	170,898,214	-	66,119,440	628,057	(104,150,717)	(104,150,717)
Business-Type Activities						
Food Service	5,112,822	\$ 465,169	4,578,882			(68,771)
Total Business-Type Activities	5,112,822	465,169	4,578,882	-	-	(68,771)
Total Primary Government	\$176,011,056	\$ 465,169	\$ 70,698,322	\$ 628,057	(104,150,717)	(68,771)
General Revenues, Special Items and Transfers:						
General Revenues:						
Property Taxes, Levied for General Purposes, Net				84,693,837		84,693,837
Taxes Levied for Debt Service				207,260		207,260
Federal and State Aid - Unrestricted				15,354,175		15,354,175
Federal and State Aid Restricted for Debt Service				18,225		18,225
Unrestricted Interest Earnings				73,203	860	74,063
Miscellaneous Income				1,839,659	-	1,839,659
Total General Revenues and Transfers				102,186,359	860	102,187,219
Change in Net Position				(1,964,358)	(67,911)	(2,032,269)
Net Position, Beginning of Year (Restated)				(21,699,014)	3,155,214	(18,543,800)
Net Position, End of Year				\$ (23,663,372)	\$ 3,087,303	\$ (20,576,069)

FUND FINANCIAL STATEMENTS

**LAKEWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash	\$ 300	\$ 4,350,145	\$ 26,353,641	\$ 744,179	\$ 31,448,265
Prepaid Tuition	1,741,177				1,741,177
Receivables					
Receivables From Other Governments	595,905	13,857,409			14,453,314
Accounts Receivable		515,882			515,882
Due from Other Funds	333,410	3,754,472	99,153	-	4,187,035
Total Assets	<u>\$ 2,670,792</u>	<u>\$ 22,477,908</u>	<u>\$ 26,452,794</u>	<u>\$ 744,179</u>	<u>\$ 52,345,673</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 3,085,030	\$ 17,293,347	\$ 377,476		20,755,853
Other Liabilities	1,568,081				1,568,081
Due to Other Funds	6,333,487				6,333,487
Intergovernmental Accounts Payable	143,606	8,391,512			8,535,118
State Aid Advance Loan Payable	4,500,000				4,500,000
Unearned Revenue		78,304			78,304
Total Liabilities	<u>15,630,204</u>	<u>25,763,163</u>	<u>377,476</u>	<u>-</u>	<u>41,770,843</u>
Fund Balances					
Nonspendable					
Prepaid Items	1,741,177				1,741,177
Restricted					
Capital Projects			26,075,318		26,075,318
Debt Service				\$ 744,179	744,179
Unassigned	<u>(14,700,589)</u>	<u>(3,285,255)</u>	<u>-</u>	<u>-</u>	<u>(17,985,844)</u>
Total Fund Balances (Deficits)	<u>(12,959,412)</u>	<u>(3,285,255)</u>	<u>26,075,318</u>	<u>744,179</u>	<u>10,574,830</u>
Total Liabilities and Fund Balances	<u>\$ 2,670,792</u>	<u>\$ 22,477,908</u>	<u>\$ 26,452,794</u>	<u>\$ 744,179</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$49,632,246 and the accumulated depreciation is \$28,043,641. 21,588,605

The District has financed capital assets through the issuance of long-term bonds payable. The accrued interest at year end is (175,414)

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	\$ (35,710,765)
Capital Lease Obligations	(352,926)
Deferred Pension Obligation	(155,202)
Deferred Health Benefit Obligation	(565,192)
Net Pension Liability	(14,190,964)
Add: Deferred Inflow of Resources	(1,503,673)
Less: Deferred Outflow of Resources	446,240
Compensated Absences Payable	<u>(3,618,911)</u>
	<u>(55,651,393)</u>

Net Position of Governmental Activities (Exhibit A-1) \$ (23,663,372)

**LAKEWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 84,693,837			\$ 207,260	\$ 84,901,097
Interest Earned	43,529		\$ 29,674		73,203
Unrestricted Miscellaneous Revenues	1,839,659	\$ 12,389	-	-	1,852,048
Total - Local Sources	86,577,025	12,389	29,674	207,260	86,826,348
State Sources	34,989,643	22,121,620		19,696	57,130,959
Federal Sources	646,603	18,574,012	-	-	19,220,615
Total Revenues	<u>122,213,271</u>	<u>40,708,021</u>	<u>29,674</u>	<u>226,956</u>	<u>163,177,922</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	25,283,817	3,982,882			29,266,699
Special Education Instruction	31,528,014	6,504,939			38,032,953
Other Instruction	10,911,604	204,090			11,115,694
School Sponsored Activities and Athletics	1,381,136				1,381,136
Support Services and Undistributed Costs					
Student and Instruction Related Services	15,303,990	29,050,918			44,354,908
General Administration	2,250,146		21,667		2,271,813
School Administration	4,117,425				4,117,425
Central Services	2,215,482				2,215,482
Plant Operations and Maintenance	6,324,001				6,324,001
Pupil Transportation	23,622,396	309,000			23,931,396
Debt Service					
Principal	94,026		5,000,000	210,000	5,304,026
Interest and Other Charges	19,753		110,883	16,956	147,592
Bond Issuance Costs			963,246		963,246
Capital Outlay	248,104	628,057	3,497,205		4,373,366
Total Expenditures	<u>123,299,894</u>	<u>40,679,886</u>	<u>9,593,001</u>	<u>226,956</u>	<u>173,799,737</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,086,623)</u>	<u>28,135</u>	<u>(9,563,327)</u>	<u>-</u>	<u>(10,621,815)</u>
OTHER FINANCING SOURCES (USES)					
Serial Bond Proceeds			34,695,000		34,695,000
Premium on Issuance of Bonds			806,765		806,765
Transfers Out			(29,674)		(29,674)
Transfers In	29,674	-	-	-	29,674
Total Other Financing Sources and Uses	<u>29,674</u>	<u>-</u>	<u>35,472,091</u>	<u>-</u>	<u>35,501,765</u>
Net Change in Fund Balances	(1,056,949)	28,135	25,908,764	-	24,879,950
Fund Balance, Beginning of Year	<u>(11,902,463)</u>	<u>(3,313,390)</u>	<u>166,554</u>	<u>744,179</u>	<u>(14,305,120)</u>
Fund Balance, End of Year	<u>\$ (12,959,412)</u>	<u>\$ (3,285,255)</u>	<u>\$ 26,075,318</u>	<u>\$ 744,179</u>	<u>\$ 10,574,830</u>

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

**LAKWOOD 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, 2015**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 24,879,950**

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	\$ (1,040,800)	
Capital Outlay - Additions	4,373,366	
		3,332,566

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		
Serial Bond Proceeds	(34,695,000)	
Original Issue Premium	(806,765)	
		(35,501,765)
Principal Repayments		
Serial Bonds	210,000	
Lease Purchase	5,000,000	
Capital Lease	81,994	
Deferred Pension Obligation	12,032	
		5,304,026

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	(148,226)	
Decrease in Deferred Health Benefit Obligation	290,803	
Decrease in Net Pension Liability	16,521	
Net Increase in Compensated Absences	(138,233)	
		20,865

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ (1,964,358)**

**LAKWOOD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015**

	Business-Type <u>Activities</u> Enterprise Fund - <u>Food Service</u>
ASSETS	
Current Assets	
Cash	\$ 283,650
Receivables	
Intergovernmental	
Federal	361,809
State	4,214
Other	19,951
Due from Other Funds	2,408,682
Inventories	<u>34,648</u>
Total Current Assets	<u>3,112,954</u>
Noncurrent Assets	
Machinery and Equipment	826,369
Less: Accumulated Depreciation	<u>(288,665)</u>
Total Noncurrent Assets	<u>537,704</u>
Total Assets	<u>3,650,658</u>
LIABILITIES	
Accounts Payable	293,412
Due to Other Funds	<u>265,000</u>
Total Liabilities	<u>558,412</u>
DEFERRED INFLOWS OF RESOURCES	
USDA Commodities	<u>4,943</u>
Total Deferred Inflows or Resources	<u>4,943</u>
NET POSITION	
Net Investment in Capital Assets	537,704
Unrestricted	<u>2,549,599</u>
Total Net Position	<u>\$ 3,087,303</u>

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

**LAKWOOD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type <u>Activities</u> Enterprise Fund - <u>Food Service</u>
OPERATING REVENUES	
Local Sources	
Daily Sales	\$ 465,169
Total Operating Revenues	<u>465,169</u>
 OPERATING EXPENSES	
Salaries and Wages	1,346,491
Cost of Sales	2,684,957
Repairs and Maintenance	83,352
Indirect Cost Allocation	511,565
Depreciation	18,759
Management Fee	346,890
Miscellaneous Expenditures	<u>120,808</u>
Total Operating Expenses	<u>5,112,822</u>
Operating Income (Loss)	<u>(4,647,653)</u>
 Nonoperating Revenues (Expenses)	
State Sources	
State School Lunch Program	48,292
Federal Sources	
National School Breakfast Program	1,283,116
National School Lunch Program	2,689,444
After School Snack Program	62,565
Fresh Fruit and Vegetable program	172,692
Food Distribution Program	244,884
Summer Food Program	77,889
Interest and Investment Revenue	<u>860</u>
Total Nonoperating Revenues	<u>4,579,742</u>
Change in Net Position	(67,911)
Net Position, Beginning of Year (Restated)	<u>3,155,214</u>
Net Position, End of Year	<u>\$ 3,087,303</u>

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

**LAKEWOOD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type <u>Activities</u> Enterprise Fund - <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 445,218
Cash Payments for Employees' Salaries and Wages	(1,346,491)
Cash Payments to Suppliers for Good and Services	<u>(3,201,896)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(4,103,169)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from Federal and State Sources	4,332,871
Cash Received from Other Funds	<u>(63,520)</u>
Net Cash Provided by Noncapital Financing Activities	<u>4,269,351</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	<u>(318,831)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(318,831)</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>860</u>
Net Cash Provided by Investing Activities	<u>860</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(151,789)
Cash and Cash Equivalents, Beginning of Year	<u>435,439</u>
Cash and Cash Equivalents, End of Year	<u>\$ 283,650</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ (4,647,653)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	18,759
Non-Cash Federal Assistance - Food Distribution Program	244,884
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	(19,951)
(Increase)/Decrease in Inventories	5,820
Increase/(Decrease) in Accounts Payable	293,412
Increase/(Decrease) in Deferred Commodities Revenue	<u>1,560</u>
Total Adjustments	<u>544,484</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (4,103,169)</u>
Non-Cash Investing, Capital and Financing Activities: Value Received - Food Distribution Program	<u>\$ 246,444</u>

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

**LAKWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	<u>Workers Compensation Trust</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Scholarship Fund</u>	<u>Parent Resource Center/ College Application Fund</u>	<u>Agency Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 7,072	\$ 91,074	\$ 46,763	\$ 11,762	\$ 773,599
Investments			129,566		
Due from Other Funds	<u>-</u>	<u>71,180</u>	<u>-</u>	<u>-</u>	<u>385,954</u>
Total Assets	<u>7,072</u>	<u>162,254</u>	<u>176,329</u>	<u>11,762</u>	<u>\$ 1,159,553</u>
LIABILITIES					
Due to Student Groups					\$ 107,482
Due to Other Funds		120,954			333,410
Intergovernmental Accounts Payable		26,948			
Summer Payment Plan Deposits					655,355
Flexible Spending Plan Deposits					30,812
Accrued Salaries and Wages					(32,848)
Payroll Deductions and Withholdings Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,342</u>
Total Liabilities	<u>-</u>	<u>147,902</u>	<u>-</u>	<u>-</u>	<u>\$ 1,159,553</u>
NET POSITION					
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 7,072</u>	<u>\$ 14,352</u>	<u>\$ 176,329</u>	<u>\$ 11,762</u>	

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

LAKWOOD BOARD OF EDUCATION
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Workers Compensation Trust</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Scholarship Fund</u>	<u>Parent Resource Center/ College Application Fund</u>
ADDITIONS				
Contributions				
District		\$ 422,854		
Employee		74,476		
Investment Earnings				
Interest	\$ 24	109	\$ 566	\$ 40
Total Additions	<u>24</u>	<u>497,439</u>	<u>566</u>	<u>40</u>
DEDUCTIONS				
Scholarships Awarded			2,250	
Unemployment Claims and Contributions	-	390,998	-	-
Total Deductions	<u>-</u>	<u>390,998</u>	<u>2,250</u>	<u>-</u>
Change in Net Position	24	106,441	(1,684)	40
Net Position, Beginning of Year	<u>7,048</u>	<u>(92,089)</u>	<u>178,013</u>	<u>11,722</u>
Net Position, End of Year	<u>\$ 7,072</u>	<u>\$ 14,352</u>	<u>\$ 176,329</u>	<u>\$ 11,762</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 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 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. 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.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

C. Basis of Presentation - Financial Statements

The 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.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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.

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.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment 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 may have been reclassified in order to be consistent with the current year's presentation.

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.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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 deferred inflows of resources.

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. *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, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	15-50
Building Improvements	20
Machinery and Equipment	5-20

6. *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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. It is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One item 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. The other item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

7. *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.

8. *Pensions*

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

9. *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. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. *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.

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.

Nonspendable Fund Balance – Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Prepays – Represents the portion of fund balance not available for future spending related to costs associated with and chargeable to future accounting periods.

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.

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.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 revenues are 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.

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 2013-2014 and 2014-2015 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.

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. 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.

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 2014/2015. Also, during 2014/2015 the original budget was increased by \$19,719,362. The increase was funded by additional revenues appropriated, grant awards a state aid loan advance 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.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Central Service			
Salaries	\$762,364	\$770,941	\$8,577

The above variances were offset with other available resources.

**LAKESWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$14,700,589 in the General Fund and \$3,285,255 in the Special Revenue Fund as of June 30, 2015 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 2014/2015 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 deficit(s) do(es) 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 deficits in the future.

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 \$14,700,589 in the General Fund and \$3,285,255 in the Special Revenue Fund are more than the delayed state aid payments.

The general fund deficit represents \$5,507,016 as a result of a delay in state aid payments, \$4,500,000 in state aid advanced, and \$1,741,177 as a result of prepaid tuition and \$2,952,396 in a deficit in operations. The special revenue fund deficit represents \$99,650 as a result of a delay in state aid payments and \$3,185,605 as a result of prior year disallowed grant expenditures.

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, 2015, the book value of the Board's deposits were \$32,662,185 and bank and brokerage firm balances of the Board's deposits amounted to \$37,374,703. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 37,314,226
Uninsured and Collateralized	<u>60,477</u>
	<u>\$ 37,374,703</u>

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (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, 2015 the Board’s bank balance of \$60,477 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

\$ 60,477

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, 2015, the Board had the following investments:

Investment:

U.S. Government Securities
 Nuveen Core Bond Fund

**Fair
Value**

\$ 129,566

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, 2015, 129,566 of the Board’s investments 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

**Fair
Value**

\$ 129,566

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.

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

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 Investments. These investments are 100% of the District’s total investments.

The fair value of the above-listed investment was based on quoted market prices.

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

B. Receivables

Receivables as of June 30, 2015 for the district’s individual major funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$	515,882	\$ 19,951	\$ 535,833
Intergovernmental				
Federal	\$ 99,094	13,797,260	361,809	14,258,163
State	496,811	55,149	4,214	556,174
State	-	5,000	-	5,000
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	595,905	14,373,291	385,974	15,355,170
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 595,905</u>	<u>\$ 14,373,291</u>	<u>\$ 385,974</u>	<u>\$ 15,355,170</u>

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:

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 59,808
Grant Draw Downs Reserved for Encumbrances	<hr/> 18,496
 Total Unearned Revenue for Governmental Funds	 <u>\$ 78,304</u>

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance, <u>July 1, 2014</u> <u>(Restated)</u>	<u>Increases</u>	Decreass/ <u>Adjustments</u>	Balance, <u>June 30, 2015</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 143,800			\$ 143,800
Construction in Progress	<u>5,578,446</u>	<u>\$ 3,460,966</u>	<u>\$ (5,578,446)</u>	<u>3,460,966</u>
Total Capital Assets, Not Being Depreciated	<u>5,722,246</u>	<u>3,460,966</u>	<u>(5,578,446)</u>	<u>3,604,766</u>
Capital Assets, Being Depreciated:				
Land Improvements	2,406,289			2,406,289
Buildings and Building Improvements	33,327,715	167,335	5,578,446	39,073,496
Machinery and Equipment	<u>3,802,630</u>	<u>745,065</u>	<u>-</u>	<u>4,547,695</u>
Total Capital Assets Being Depreciated	<u>39,536,634</u>	<u>912,400</u>	<u>5,578,446</u>	<u>46,027,480</u>
Less Accumulated Depreciation for:				
Land Improvements	(2,163,161)	(23,631)		(2,186,792)
Buildings and Building Improvements	(23,425,969)	(580,209)		(24,006,178)
Machinery and Equipment	<u>(1,413,711)</u>	<u>(436,960)</u>	<u>-</u>	<u>(1,850,671)</u>
Total Accumulated Depreciation	<u>(27,002,841)</u>	<u>(1,040,800)</u>	<u>-</u>	<u>(28,043,641)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,533,793</u>	<u>(128,400)</u>	<u>5,578,446</u>	<u>17,983,839</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,256,039</u>	<u>\$ 3,332,566</u>	<u>\$ -</u>	<u>\$ 21,588,605</u>

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2014</u> (Restated)	<u>Increases</u>	<u>Decrease/</u> <u>Adjustments</u>	Balance, <u>June 30, 2015</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 507,538	\$ 318,831	-	\$ 826,369
Total Capital Assets Being Depreciated	<u>507,538</u>	<u>318,831</u>	-	<u>826,369</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(269,906)	(18,759)	-	(288,665)
Total Accumulated Depreciation	<u>(269,906)</u>	<u>(18,759)</u>	-	<u>(288,665)</u>
Total Capital Assets, Being Depreciated, 1	<u>237,632</u>	<u>300,072</u>	-	<u>537,704</u>
Business-Type Activities Capital Assets, 1	<u>\$ 237,632</u>	<u>\$ 300,072</u>	<u>\$ -</u>	<u>\$ 537,704</u>

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

Governmental Activities:

Instruction	
Regular	\$ 323,928
Total Instruction	<u>323,928</u>
Support Services	
General Administration	1,060
Central Services	44,920
Operations and Maintenance of Plant	90,408
Total Support Services	<u>136,388</u>
Unallocated	<u>580,484</u>
Total Support Services	<u>716,872</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,040,800</u>
Business-Type Activities:	
Food Service Fund	\$ 18,759
Total Depreciation Expense-Business-Type Activities	<u>\$ 18,759</u>

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Roof Replacements - Various Schools	\$ 2,116,178	\$ 3,518,822
HVAC Upgrades - Phase I		3,565,407
HVAC Upgrades - Phase II		<u>7,783,200</u>
		<u>\$ 14,867,429</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	\$ 333,410
Food Service Fund	General Fund	2,408,682
Special Revenue Fund	General Fund	3,754,472
Capital Projects Fund	General Fund	99,153
Unemployment Trust Fund	General Fund	71,180
Payroll Agency Fund	Food Service Fund	265,000
Payroll Agency Fund	Unemployment Trust Fund	<u>120,954</u>
		<u>\$ 7,052,851</u>

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

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

LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Total</u>
<u>Transfer Out:</u>		
Capital Projects Fund	\$ 29,674	<u>29,674</u>
Total Transfers Out	<u>\$ 29,674</u>	<u>\$ 29,674</u>

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

F. Leases

Capital Leases

The District is leasing copier equipment and school buses totaling \$459,454 under capital leases. The leases are for terms of 5 and 3 years, respectively.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ 424,200
Less: Accumulated Depreciation	<u>(106,050)</u>
Total	<u>\$ 318,150</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 84,915
2017	80,458
2018	<u>206,643</u>
Total minimum lease payments	372,016
Less: amount representing interest	<u>(19,090)</u>
Present value of minimum lease payments	<u>\$ 352,926</u>

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements

The District had entered into a five (5) year lease purchase agreement for the funding of certain capital projects to be undertaken by the District. During 2015, the District issued serial bonds and utilized a portion of the proceeds to refund this lease purchase.

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, 2015 are comprised of the following issues:

\$2,494,000, 2000 Bonds, due in an annual installment of \$209,000 on August 1, 2015, interest at 5.40%	\$209,000
\$34,695,000, 2015 Bonds, due in annual installments of \$1,250,000 to \$2,500,000 through September 15, 2034 interest at 2.50% to 3.00%	<u>34,695,000</u>
Total	<u>\$34,904,000</u>

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 209,000	\$ 1,097,447	\$ 1,306,447
2017	1,250,000	997,388	2,247,388
2018	1,300,000	963,888	2,263,888
2019	1,350,000	927,451	2,277,451
2020	1,400,000	889,638	2,289,638
2021-2025	7,960,000	3,813,807	11,773,807
2026-2030	9,675,000	2,513,475	12,188,475
2031-2035	<u>11,760,000</u>	<u>906,900</u>	<u>12,666,900</u>
	<u>\$ 34,904,000</u>	<u>\$ 12,109,994</u>	<u>\$ 47,013,994</u>

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 295,320,352
Less: Net Debt (Including Unfunded Authorizations)	<u>34,906,241</u>
Remaining Borrowing Power	<u>\$ 260,414,111</u>

H. Other Long-Term Liabilities

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, 2015 is \$249,174.

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. The total liability as of June 30, 2015 amounts to \$2,133,273, of which \$565,192 is reflected as a long term liability on the District wide statement of net position and \$1,568,081 is accrued as a liability on the general fund balance sheet. It is expected that the long term portion of the liability will be funded over a 2 year period.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance, <u>July 1, 2014</u> (Restated)	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2015</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 419,000	\$ 34,695,000	\$ 210,000	\$ 34,904,000	\$ 209,000
Add: Premium	-	806,765	-	806,765	-
	<u>419,000</u>	<u>35,501,765</u>	<u>210,000</u>	<u>35,710,765</u>	<u>209,000</u>
Obligations Under Lease Purchase	5,000,000		5,000,000		
Capital Leases	434,920		81,994	352,926	76,926
Compensated Absences	3,480,678	268,506	130,273	3,618,911	200,000
Net Pension Liability	15,264,918		1,073,954	14,190,964	723,002
Deferred Health Benefit Obligation	855,995		290,803	565,192	282,596
Deferred Pension Obligations	<u>167,234</u>	<u>-</u>	<u>12,032</u>	<u>155,202</u>	<u>13,063</u>
Governmental activity Long-term liabilities	<u>\$ 25,622,745</u>	<u>\$ 35,770,271</u>	<u>\$ 6,799,056</u>	<u>\$ 54,593,960</u>	<u>\$ 1,504,587</u>

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

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

I. State Aid Advance Loan Payable

The Board has entered into a loan agreement with the State of New Jersey in the amount of \$4,500,000 pursuant to N.J.S.A. 18A:7A-56 in the form of an advancement of state aid to provide funds to eliminate the unassigned budgetary fund deficit in the General Fund at June 30, 2014. The advance State aid payment will be repaid by the school district through automatic reductions in the State aid provided to the school district in subsequent years. The term of the repayment is ten (10) years beginning in the 2015/2016 school year at a minimum amount of \$450,000 per year, but may be for a shorter term as determined by the State Treasurer. At any time during the term of the repayment the State Treasurer, in consultation with the Commissioner of Education, may determine to impose interest on the unpaid balance. The State Treasurer has not imposed interest during the 2014/2015 school year. The state aid advance loan balance outstanding at June 30, 2015 is reported as a liability in the General Fund. The Board's State aid advance loan activity for the fiscal year ended June 30, 2015 is as follows:

<u>Purpose</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance, July 1, 2014</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, June 30, 2015</u>
State Aid Advance Loan			\$ -	\$ 4,500,000	\$ -	\$ 4,500,000
			<u>\$ -</u>	<u>\$ 4,500,000</u>	<u>\$ -</u>	<u>\$ 4,500,000</u>

J. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2015 was as follows:

Bond Anticipation Notes/Grant Anticipation Notes/Loans Payable

The Board issues Bond Anticipation Notes ("Project Notes") to interim finance Capital Projects. The Board's short-term debt activity for the fiscal year ended June 30, 2015 was as follows:

<u>Purpose</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance, July 1, 2014</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, June 30, 2015</u>
Bond Anticipation Note			\$ -	\$ 8,000,000	\$ 8,000,000	\$ -
			<u>\$ -</u>	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ -</u>

State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date; provided however that notes are not renewed beyond the third anniversary date of the originals unless an amount of such notes equal to the first legally payable installment of the bonds such notes were issued in anticipation of are paid and retired in each subsequent year.

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 Group 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.

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 respective insurance funds 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:

<u>Fiscal Year Ended</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 422,854	\$ 74,476	\$ 390,998	\$ 14,352
2014	215,582	78,459	420,860	(92,089)
2013	310,263	44,636	278,865	34,723

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.

The Lakewood Board of Education is currently a defendant to approximately fifty-five special education disputes, which individually are not expected to exceed the materiality threshold, although may do so in the aggregate. In these cases, the parents are seeking prospective placement in out-of-district educational programs. A few cases also involve a request for compensatory education or independent evaluations. The School District is vigorously defending each matter, however if unsuccessful at hearing, the Board would likely be required to reimburse the parents for reasonable attorney fees and costs. This would not exceed \$250,000 in any individual case, however may exceed that limit in the aggregate.

LAKESWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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, 2015, 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, 2015, the District had no estimated arbitrage earnings due to the IRS or the District has not estimated its arbitrage earnings due to the IRS, if any.

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. DCRP is a defined contribution pension plan.

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.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

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

Basis of Accounting

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

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 or at www.state.nj/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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 funding limitations on the pattern of cost sharing between the employer and members in the future.

**LAKESWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the July 1, 2013 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 of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 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 6.9% for PERS, 6.9% 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, 2015 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.

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 654,809	\$ 1,664,875	NONE
2014	601,811	1,336,476	NONE
2013	596,356	2,096,738	NONE

For fiscal years 2014/2015 and 2012/2013, the state contributed \$1,664,875 and \$2,096,738, respectively for normal cost pension, accrued liability and the NCGI premium. For 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.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

**LAKESWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,267,987 during the fiscal year ended June 30, 2015 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$14,190,964 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District’s proportionate share was 0.07579 percent, which was a decrease of 0.00408 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$506,607 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 446,240	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 845,704
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	657,969
	<hr/>	<hr/>
Total	<u>\$ 446,240</u>	<u>\$ 1,503,673</u>

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>		
2016	\$	(250,347)
2017		(250,347)
2018		(250,347)
2019		(250,347)
2020		(38,921)
Thereafter		<u>(17,124)</u>
	\$	<u>(1,057,433)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
Based on Age	
Thereafter	3.15-5.40%
Based on Age	
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**LAKWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$7,420,809 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$168,849,420. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 - June 30, 2012
Study Upon Which Actuarial Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**LAKESWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

TPAF

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	1% Decrease <u>(3.68%)</u>	Current Discount Rate <u>(4.68%)</u>	1% Increase <u>(5.68%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 203,081,951</u>	<u>\$ 168,849,420</u>	<u>\$ 140,378,031</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

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 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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.

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.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 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.

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 or 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, 2013, 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.

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 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 employer 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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 fiscal years ended June 30, 2015, 2014 and 2013 were \$2,642,990, \$2,191,318 and \$2,370,882, 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.

NOTE 5 RESTATEMENTS

On July 1, 2014, the Lakewood Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Lakewood Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$15,264,918.

The District conducted an update of its capital asset inventory as of June 30, 2014. The District has restated its July 1, 2014 capital asset values, including accumulated depreciation amounts, to reflect the amounts reported in the capital asset appraisal report. The net effect of this restatement was a decrease to governmental activities net position of \$159,395 and a decrease to business-type activities net position of \$132,401.

The net effect of these restatements combined, is a decrease in total net position of governmental activities at June 30, 2014 from a deficit of \$6,274,701, as originally reported, to a deficit of \$21,699,014; and a reduction in total net position of business-type activities at June 30, 2014 from \$3,287,615, as originally reported to \$3,155,214.

NOTE 6 SUBSEQUENT EVENT

On July 25, 2015, the District entered into a lease agreement for the acquisition of textbooks. The total cost of the textbooks was \$555,000 with an interest rate of 3.27%. The lease is for a term of four (4) years.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**LAKWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 84,693,837		\$ 84,693,837	\$ 84,693,837	
Investment Income	50,000		50,000	43,529	\$ (6,471)
Unrestricted Miscellaneous Revenues	1,174,809	\$ 406,000	1,580,809	1,839,659	258,850
Total Local Sources	85,918,646	406,000	86,324,646	86,577,025	252,379
Federal Sources:					
Medicaid Reimbursement	137,660	276,923	414,583	646,603	232,020
Total Federal Sources	137,660	276,923	414,583	646,603	232,020
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	4,000,000	129,426	4,129,426	3,147,306	(982,120)
PARCC Readiness Aid		58,370	58,370	58,370	
Per Pupil Growth Aid		58,370	58,370	58,370	
Non Public Transportation Aid	270,050	180,000	450,050	385,385	(64,665)
State Aid Advance Loan		4,500,000	4,500,000	4,500,000	
On Behalf TPAF Pension Contribution (Non Budgeted)				1,553,134	1,553,134
On Behalf TPAF Non-Contributory Life Insurance Contribution (Non Budgeted)				111,741	111,741
On Behalf TPAF Post Retirement Medical Contribution (Non Budgeted)				2,642,990	2,642,990
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	2,267,987	2,267,987
Total State Sources	28,605,446	4,926,166	33,531,612	39,060,679	5,529,067
Total Revenues	114,661,752	5,609,089	120,270,841	126,284,307	6,013,466
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	1,041,913	(31,351)	1,010,562	1,010,554	8
Grades 1-5	5,325,874	88,692	5,414,566	5,414,564	2
Grades 6-8	3,526,363	(488,409)	3,037,954	3,037,953	1
Grades 9-12	4,195,063	57,504	4,252,567	4,252,567	
Regular Programs - Home Instruction					
Salaries of Teachers	200,000	(113,589)	86,411	82,160	4,251
Purchased Professional/Educational Services	125,000	131,666	256,666	204,304	52,362
Regular Programs - Undistributed Instruction					
Other Salaries	916,597	(413,884)	502,713	502,712	1
Purchased Professional/Educational Services	1,100,000	19,455	1,119,455	1,119,454	1
Other Purchased Services	350,000	(132,236)	217,764	217,764	
General Supplies	250,000	49,434	299,434	296,735	2,699
Textbooks	400,000	123,189	523,189	517,563	5,626
Other Objects	19,500	(17,430)	2,070	1,941	129
Total Regular Programs	17,450,310	(726,959)	16,723,351	16,658,271	65,080

(Continued)

**LAKWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
CURRENT					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 613,956	201,268	\$ 815,224	\$ 815,221	\$ 3
Other Salaries for Instruction	337,571	15,294	352,865	352,863	2
General Supplies	8,000	(3,907)	4,093	3,693	400
Total Learning and/or Language Disabilities	<u>959,527</u>	<u>212,655</u>	<u>1,172,182</u>	<u>1,171,777</u>	<u>405</u>
Multiple Disabilities					
Salaries of Teachers	745,403	(87,050)	658,353	658,351	2
Other Salaries for Instruction	453,904	(238,057)	215,847	215,845	2
General Supplies	6,000	(1,999)	4,001	3,867	134
Total Multiple Disabilities	<u>1,205,307</u>	<u>(327,106)</u>	<u>878,201</u>	<u>878,063</u>	<u>138</u>
Resource Room/Resource Center					
Salaries of Teachers	2,608,828	(187,591)	2,421,237	2,420,987	250
General Supplies	15,000	(10,437)	4,563	4,562	1
Total Resource Room	<u>2,623,828</u>	<u>(198,028)</u>	<u>2,425,800</u>	<u>2,425,549</u>	<u>251</u>
Autism					
Salaries of Teachers	159,543	16,918	176,461	176,459	2
Other Salaries for Instruction	129,054	(63,661)	65,393	65,391	2
General Supplies	6,000	(5,215)	785	195	590
Total Autism	<u>294,597</u>	<u>(51,958)</u>	<u>242,639</u>	<u>242,045</u>	<u>594</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	719,820	(70,619)	649,201	649,201	
Other Salaries for Instruction	455,387	(11,127)	444,260	444,259	1
Purchased Professional/Educational Services		30,914	30,914	30,913	1
General Supplies	6,500	4,164	10,664	2,770	7,894
Total Preschool Disabilities - Part-Time	<u>1,181,707</u>	<u>(46,668)</u>	<u>1,135,039</u>	<u>1,127,143</u>	<u>7,896</u>
Home Instruction					
Salaries of Teachers		9,010	9,010	9,010	
Purchased Professional/Educational Services	50,000	(45,640)	4,360	3,182	1,178
Total Home Instruction	<u>50,000</u>	<u>(36,630)</u>	<u>13,370</u>	<u>12,192</u>	<u>1,178</u>
Total Special Education	<u>6,314,966</u>	<u>(447,735)</u>	<u>5,867,231</u>	<u>5,856,769</u>	<u>10,462</u>

**LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Favorable (Unfavorable)
CURRENT					
Basic Skills/Remedial - Instruction					
Salaries of Teachers	\$ 1,023,960	\$ (377,198)	\$ 646,762	\$ 646,762	-
Total Basic Skills/Remedial	<u>1,023,960</u>	<u>(377,198)</u>	<u>646,762</u>	<u>646,762</u>	<u>-</u>
Bilingual Education - Instruction					
Salaries of Teachers	2,819,346	463,957	3,283,303	3,283,303	
Other Salaries for Instruction	230,808	(68,508)	162,300	162,299	\$ 1
Health Benefits		1,259	1,259	1,259	
Purchased Professional-Educational Services		36,711	36,711	35,711	1,000
General Supplies	14,000	(12,500)	1,500	1,500	-
Total Bilingual Education	<u>3,064,154</u>	<u>420,919</u>	<u>3,485,073</u>	<u>3,484,072</u>	<u>1,001</u>
School Sponsored Co-Curricular Activities					
Salaries	110,000	15,883	125,883	125,883	
Purchased Services	10,000	4,002	14,002	13,952	50
Supplies and Materials	26,000	(16,249)	9,751	9,345	406
Total School Sponsored Co-Curricular Activities	<u>146,000</u>	<u>3,636</u>	<u>149,636</u>	<u>149,180</u>	<u>456</u>
School Sponsored Athletics - Instruction					
Salaries	608,730	1,956	610,686	610,685	1
Purchased Services	157,891	(73,822)	84,069	84,069	
Supplies and Materials	78,400	(6,158)	72,242	70,941	1,301
Other Objects	22,325	16,039	38,364	37,825	539
Total School Sponsored Athletics - Instruction	<u>867,346</u>	<u>(61,985)</u>	<u>805,361</u>	<u>803,520</u>	<u>1,841</u>
Before/After School Programs - Instruction					
Purchased Professional and Technical Services	-	20,060	20,060	20,059	1
Total Before/After School Programs - Instruction	<u>-</u>	<u>20,060</u>	<u>20,060</u>	<u>20,059</u>	<u>1</u>
Total - Instruction	<u>28,866,736</u>	<u>(1,169,262)</u>	<u>27,697,474</u>	<u>27,618,633</u>	<u>78,841</u>
Undistributed Expenditures					
Instruction					
Tuition LEA's within State - Regular	76,400	85,354	161,754	131,208	30,546
Tuition LEA's within State - Special	501,459	(350,155)	151,304	151,304	
Tuition to County Vocational School District-Reg.	50,000	(44,000)	6,000	6,000	
Tuition to County Vocational School District-Spec.	80,000	(60,145)	19,855	19,380	475
Tuition to CSSD and Regional Day Schools	879,362	174,499	1,053,861	1,010,452	43,409
Tuition to Private Schools - Disabled w/i State	23,145,180	(1,651,128)	21,494,052	21,056,687	437,365
Tuition to Private Schools - Disabled and Other LEAs- Special Outside State	229,100	(123,519)	105,581	65,450	40,131
Tuition - State Facilities	226,398		226,398	226,398	
Tuition - Other	89,052	4,161,240	4,250,292	4,162,319	87,973
Total Undistributed Expenditures - Instruction	<u>25,276,951</u>	<u>2,192,146</u>	<u>27,469,097</u>	<u>26,829,198</u>	<u>639,899</u>
Attendance and Social Work Services					
Salaries	92,160	86,755	178,915	176,375	2,540
Other Purchased Services	500	(447)	53	52	1
Total Attendance and Social Work Services	<u>92,660</u>	<u>86,308</u>	<u>178,968</u>	<u>176,427</u>	<u>2,541</u>

**LAKWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 333,803	\$ 12,180	\$ 345,983	\$ 345,982	\$ 1
Purchased Professional and Technical Services	85,000	(61,426)	23,574	23,574	
Supplies and Materials	30,250	(7,408)	22,842	22,838	4
Total Health Services	449,053	(56,654)	392,399	392,394	5
Speech, OT, PT and Related Services					
Salaries	1,774,078	657	1,774,735	1,774,732	3
Purchased Professional/Educational Services	1,884,339	(378,389)	1,505,950	716,881	789,069
Supplies and Materials	55,000	8,818	63,818	63,300	518
Total Speech, OT, PT and Related Services	3,713,417	(368,914)	3,344,503	2,554,913	789,590
Other Support Services - Students - Extra.Serv.					
Salaries	456,189	659,885	1,116,074	1,116,070	4
Purchased Professional/Educational Services	900,000	895,724	1,795,724	1,420,593	375,131
Total Other Support Services - Students - Extra Services	1,356,189	1,555,609	2,911,798	2,536,663	375,135
Guidance					
Salaries of Other Professional Staff	903,441	(17,827)	885,614	885,611	3
Salaries of Secretarial and Clerical Assistants	114,924	1,297	116,221	116,221	
Other Salaries	5,000	68,728	73,728	73,728	
Purchased Professional/Educational Services	2,000		2,000	1,275	725
Other Purchased Prof. and Technical Services	85,000	(64,410)	20,590	20,590	
Other Purchased Services	-	56,977	56,977	56,977	
Supplies and Materials	5,000	(585)	4,415	4,414	1
Other Objects	1,000	1,034	2,034	2,034	-
Total Guidance	1,116,365	45,214	1,161,579	1,160,850	729
Child Study Teams					
Salaries of Other Professional Staff	2,311,722	(402,617)	1,909,105	1,909,103	2
Salaries of Secretarial and Clerical Assistants	306,076	(55,847)	250,229	250,229	
Other Salaries	250,732	(35,870)	214,862	214,862	
Purchased Professional/Educational Services	85,000	(32,397)	52,603	48,779	3,824
Other Purchased Prof. and Technical Services	55,000	(11,063)	43,937	19,407	24,530
Miscellaneous Purchased Services	1,000	177,521	178,521	115,169	63,352
Supplies and Materials	40,000	(19,438)	20,562	20,402	160
Other Objects	10,000	(1,120)	8,880	6,145	2,735
Total Child Study Teams	3,059,530	(380,831)	2,678,699	2,584,096	94,603
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	718,138	(172,386)	545,752	545,751	1
Salaries of Other Professional Staff		1,981	1,981	1,980	1
Salaries of Secretarial and Clerical Assistants	74,240	(44,544)	29,696	29,696	
Salaries of Facilitators		154,317	154,317	154,315	2
Purchased Professional Educational Services	10,000	(8,833)	1,167	966	201
Other Purchased Services	1,000	(1,000)			
Supplies and Materials	1,000	(1,000)			
Other Objects	25,500	(825)	24,675	24,675	-
Total Improvement of Instruction Services	829,878	(72,290)	757,588	757,383	205

(Continued)

**LAKWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 424,796	\$ (46,096)	\$ 378,700	\$ 378,699	\$ 1
Other Salaries		22,476	22,476	22,476	
Salaries of Technology Coordinators	22,476	2,435	24,911	24,911	
Purchased Professional & Technical Services	2,500	(1,815)	685	685	
Supplies and Materials	50,000	(11,303)	38,697	38,695	2
Total Educational Media Services/School Library	499,772	(34,303)	465,469	465,466	3
Instructional Staff Training Services					
Purchased Professional Educational Services	25,000	(4,693)	20,307	20,307	
Other Purchased Services	2,000	2,972	4,972	4,970	2
Supplies and Materials	1,000	(300)	700	699	1
Total Instructional Staff Training Services	28,000	(2,021)	25,979	25,976	3
Support Services General Administration					
Salaries	493,132	128,435	621,567	621,567	
Legal Services	800,000	5,269	805,269	805,269	-
Audit Fees	85,000		85,000	85,000	
Other Purchased Professional Services		10,500	10,500	10,500	
Communications/Telephone	175,000	(121,735)	53,265	43,793	9,472
BOE Other Purchased Services	20,000	(12,864)	7,136	7,136	
Other Purchased Services	50,000	(35,864)	14,136	11,970	2,166
General Supplies	15,000	184	15,184	14,662	522
BOE In-House Training/Meeting Supplies	8,500	(4,633)	3,867	3,867	
Judgements Against the School District	188,876	63,473	252,349	245,307	7,042
Miscellaneous Expenditures	12,000	(1,700)	10,300	10,043	257
BOE Membership Dues and Fees	26,663	2,186	28,849	28,849	-
Total Support Services General Administration	1,874,171	33,251	1,907,422	1,887,963	19,459
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,482,830	402,191	1,885,021	1,885,017	4
Salaries of Secretarial and Clerical Assistants	584,401	100,928	685,329	685,321	8
Other Purchased Services	7,500	(7,500)			
Supplies and Materials	50,000	8,869	58,869	56,036	2,833
Other Objects	3,000	(3,000)	-	-	-
Total Support Services School Administration	2,127,731	501,488	2,629,219	2,626,374	2,845
Central Services					
Salaries	486,776	275,588	762,364	770,941	(8,577)
Purchased Technical Services	79,000	(28,374)	50,626	50,626	
Misc. Purchased Services	115,000	(61,895)	53,105	53,104	1
Supplies and Materials	25,000	(305)	24,695	24,695	
Interest on Lease Purchase Agreements	85,025	(38,750)	46,275	46,275	
Miscellaneous Expenditures	6,000	2,335	8,335	8,335	-
Total Central Services	796,801	148,599	945,400	953,976	(8,576)
Admin. Info. Tech.					
Salaries	302,336	24,146	326,482	326,482	
Purchased Professional Services	190,000	34,921	224,921	224,921	
Other Purchased Services	75,000	(29,721)	45,279	45,279	
Supplies and Materials	20,000	8,137	28,137	28,137	-
Total Admin. Info. Tech.	587,336	37,483	624,819	624,819	-

(Continued)

**LAKWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 53,760		\$ 53,760	\$ 53,760	
Cleaning, Repair and Maintenance Services	1,174,886	\$ (50,963)	1,123,923	1,088,351	\$ 35,572
General Supplies	225,000	(101,575)	123,425	121,977	1,448
Other Objects	4,500	(2,600)	1,900	1,900	-
Total Required Maint. For School Facilities	1,458,146	(155,138)	1,303,008	1,265,988	37,020
Custodial Services					
Salaries	113,152	45,603	158,755	158,754	1
Purchased Professional and Technical Services	45,000	(44,814)	186	(5,082)	5,268
Cleaning, Repair and Maintenance Services	1,299,878	(34,679)	1,265,199	1,265,060	139
Rental of Land and Bldg. Oth. Than Lease Purchase	203,701	(25,119)	178,582	178,581	1
Other Purchased Property Services	370,000	(60,486)	309,514	304,871	4,643
Insurance	985,000	(381,537)	603,463	599,513	3,950
Miscellaneous Purchased Services	160,248	(143,555)	16,693	16,407	286
General Supplies	20,000	(15,302)	4,698	4,698	-
Energy (Natural Gas)	335,000	60,000	395,000	370,370	24,630
Energy (Heat and Electricity)	960,000	(60,000)	900,000	879,914	20,086
Energy (Oil)	37,000	26,764	63,764	63,764	-
Total Custodial Services	4,528,979	(633,125)	3,895,854	3,836,850	59,004
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	225,000	(93,929)	131,071	128,971	2,100
General Supplies	20,000	8	20,008	20,007	1
Total Care and Upkeep of Grounds	245,000	(93,921)	151,079	148,978	2,101
Security					
Salaries	522,376	57,315	579,691	579,691	
Other Purchased Services		320	320	319	1
Cleaning, Repair and Maintenance Services	17,000	(16,266)	734	(1,616)	2,350
General Supplies	41,400	(8,127)	33,273	32,298	975
Other Objects	750	(55)	695	695	-
Total Security	581,526	33,187	614,713	611,387	3,326
Student Transportation Services					
Sal. Pupil Trans (Between Home and School) - Reg.	521,547	149,992	671,539	671,538	1
Management Fee - ESC & CTSA Transp. Prog.	40,000	(40,000)			
Other Purchased Professional and Technical Services	124,000	70,563	194,563	181,597	12,966
Cleaning, Repair and Maintenance Services	30,000	27,343	57,343	42,299	15,044
Contracted Services (Aid in Lieu Payments - Nonpublic Schools	820,000	(14,487)	805,513	662,171	143,342
Contracted Services (Between Home and School) - Vendors	12,800,473	4,510,708	17,311,181	17,238,877	72,304
Contracted Services (Other Than Between Home and School) - Vendors	257,224	19,598	276,822	211,053	65,769
Contracted Services (Between Home and School) - Joint Agreements		63,388	63,388	61,600	1,788
Contracted Services (Special Education Students)- Vendors	2,892,000	255,838	3,147,838	2,886,122	261,716
Contracted Services (Special Education Students)- Joint Agreements		48,566	48,566	36,381	12,185
Contracted Services (Special Education Students)- ESCs and CTSA	810,000	489,252	1,299,252	1,224,888	74,364
General Supplies	30,000	(9,987)	20,013	19,071	942
Total Student Transportation Services	18,325,244	5,570,774	23,896,018	23,235,597	660,421

**LAKWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
CURRENT					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Group Insurance		\$ 210	\$ 210	\$ 210	
Social Security Contributions - PERS	\$ 780,463	69,520	849,983	800,744	\$ 49,239
Other Retirement Contribution-Regular - PERS	650,000	(111,318)	538,682	523,128	15,554
Unemployment Compensation	560,000	(143,665)	416,335	416,335	
Workmen's Compensation	850,000	(71,096)	778,904	778,904	
Health Benefits	14,342,469	(523,117)	13,819,352	13,192,859	626,493
Tuition Reimbursement	50,000	9,219	59,219	59,219	-
Other Employee Benefits	250,000	(119,726)	130,274	130,273	1
Total Unallocated Benefits	<u>17,482,932</u>	<u>(889,973)</u>	<u>16,592,959</u>	<u>15,901,672</u>	<u>691,287</u>
On Behalf Payments (Non-Budgeted)					
TPAF Pension Contribution				1,553,134	(1,553,134)
TPAF Non Contributory Insurance				111,741	(111,741)
TPAF Post Retirement Medical Contribution				2,642,990	(2,642,990)
Reimbursed TPAF Social Security Contribution	-	-	-	2,267,987	(2,267,987)
Total On-Behalf Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,575,852</u>	<u>(6,575,852)</u>
Total Undistributed Expenditures	<u>84,429,681</u>	<u>7,516,889</u>	<u>91,946,570</u>	<u>95,152,822</u>	<u>(3,206,252)</u>
Total - Current Expenditures	<u>113,296,417</u>	<u>6,347,627</u>	<u>119,644,044</u>	<u>122,771,455</u>	<u>(3,127,411)</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Non-Instructional Services - Admin. Info. Tech		5,897	5,897		5,897
Non-Instructional equipment - Grounds		36,006	36,006	36,006	
Non-Instructional equipment		6,866	6,866	6,866	
School Buses - Regular	74,100	-	74,100	74,100	
School Buses - Special	-	74,136	74,136	74,136	-
Total Equipment	<u>74,100</u>	<u>122,905</u>	<u>197,005</u>	<u>191,108</u>	<u>5,897</u>
Facilities Acquisition and Construction Services					
Constructional Services	185,000	38,557	223,557	131,096	92,461
Lease Purchase Principal	1,105,596	(900,000)	205,596	205,596	
Other Objects	639	-	639	639	-
Total Facilities Acquisition and Construction Services	<u>1,291,235</u>	<u>(861,443)</u>	<u>429,792</u>	<u>337,331</u>	<u>92,461</u>
Total Capital Outlay	<u>1,365,335</u>	<u>(738,538)</u>	<u>626,797</u>	<u>528,439</u>	<u>98,358</u>
Total Expenditures - General Fund	<u>114,661,752</u>	<u>5,609,089</u>	<u>120,270,841</u>	<u>123,299,894</u>	<u>(3,029,053)</u>

LAKEWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	\$ 2,984,413	\$ 2,984,413
Other Financing Sources (Uses) Operating Transfers In	-	-	-	29,674	29,674
Total Other Financing Sources (Uses)	-	-	-	29,674	29,674
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	3,014,087	3,014,087
Fund Balances, Beginning of Year	\$ (5,966,483)	\$ -	\$ (5,966,483)	\$ (5,966,483)	\$ -
Fund Balances, End of Year	<u>\$ (5,966,483)</u>	<u>\$ -</u>	<u>\$ (5,966,483)</u>	<u>\$ (2,952,396)</u>	<u>\$ 3,014,087</u>
Recapitulation of Fund Balance:					
Unassigned				\$ (2,952,396)	
Fund Balance - Budgetary Basis				(2,952,396)	
Reconciliation to Governmental Funds Fund Balance (GAAP)					
Less: State Aid Revenue Not Recognized on GAAP Basis					
State Aid Revenue Not Recognized on GAAP Basis			\$ (5,507,016)		
State Aid Advance Loan Not Recognized on GAAP Basis			(4,500,000)		
				<u>(10,007,016)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ (12,959,412)</u>	

**LAKWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources		\$ 7,500	\$ 7,500	\$ 12,389	\$ 4,889
State Sources	\$ 18,474,285	7,573,518	26,047,803	22,111,981	(3,935,822)
Federal Sources	18,835,713	6,529,255	25,364,968	18,465,248	(6,899,720)
Total Revenues	<u>37,309,998</u>	<u>14,110,273</u>	<u>51,420,271</u>	<u>40,589,618</u>	<u>(10,830,653)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	1,498,651	1,100,994	2,599,645	2,074,455	525,190
Other Salaries	191,039	74,206	265,245	265,244	1
Purchased Professional and Technical Services	360,000	(26,911)	333,089	76,191	256,898
Other Purchased Services	900,000	(759,599)	140,401	99,340	41,061
Tuition	1,034,258	244,697	1,278,955	1,278,955	
General Supplies	915,700	1,366,332	2,282,032	1,232,051	1,049,981
Textbooks	1,342,279	-	1,342,279	1,235,586	106,693
Other Objects	13,029,350	(12,994,579)	34,771	4,214	30,557
Total Instruction	<u>19,271,277</u>	<u>(10,994,860)</u>	<u>8,276,417</u>	<u>6,266,036</u>	<u>2,010,381</u>
Support Services					
Salaries of Supervisors of Instruction	110,584	(30,581)	80,003	80,003	
Salaries of Program Directors	59,898	1,000	60,898	60,898	
Salaries of Other Professional Staff	564,190	708,072	1,272,262	1,078,693	193,569
Salaries of Secretarial and Clerical Assistants	44,215	(153)	44,062	43,170	892
Other Salaries	414,670	33,679	448,349	428,679	19,670
Personal Services Employee-Benefits	645,152	889,723	1,534,875	1,429,067	105,808
Purchased Professional and Technical Services	5,151,095	5,397,233	10,548,328	8,979,488	1,568,840
Purchased Prof./Ed. Serv.	5,395,009	21,974,628	27,369,637	20,816,068	6,553,569
Other Purchased Services	2,740	425,207	427,947	225,374	202,573
Transportation	85,000	298,288	383,288	383,288	
Supplies and Materials	2,780	248,421	251,201	170,797	80,404
Other Objects	5,563,388	(5,522,786)	40,602	-	40,602
Total Support Services	<u>18,038,721</u>	<u>24,422,731</u>	<u>42,461,452</u>	<u>33,695,525</u>	<u>8,765,927</u>
Facilities and Acquisition Construction Svcs.					
Instructional Equipment		40,652	40,652	36,600	4,052
Non Instructional Equipment	-	641,750	641,750	591,457	50,293
Total Facilities and Acquisition Construction Svcs.	<u>-</u>	<u>682,402</u>	<u>682,402</u>	<u>628,057</u>	<u>54,345</u>
Total Expenditures	<u>37,309,998</u>	<u>14,110,273</u>	<u>51,420,271</u>	<u>40,589,618</u>	<u>10,830,653</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>(3,185,605)</u>	<u>-</u>	<u>(3,185,605)</u>	<u>(3,185,605)</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ (3,185,605)</u>	<u>\$ -</u>	<u>\$ (3,185,605)</u>	<u>\$ (3,185,605)</u>	<u>\$ -</u>
Reconciliation to Governmental Funds Statements (GAAP):				\$ (3,185,605)	
Less: State Aid Not Recognized on GAAP Basis				(99,650)	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ (3,285,255)</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**LAKWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 126,284,307	\$ 40,589,618
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, 2015		(18,496)
Encumbrances, June 30, 2014		108,764
State Aid Advance Loan recognized for budgetary purposes, not recognized for GAAP statements	(4,500,000)	
State Aid recognized for budgetary purposes, not recognized for GAAP statements (2014/15 State Aid)	(5,507,016)	(99,650)
State Aid recognized for GAAP purposes, not recognized for budgetary statements (2013/2014 State Aid)	<u>5,935,980</u>	<u>127,785</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 122,213,271</u>	<u>\$ 40,708,021</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 123,299,894	\$ 40,589,618
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, 2015		(18,496)
Encumbrances, June 30, 2014	<u>-</u>	<u>108,764</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 123,299,894</u>	<u>\$ 40,679,886</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**LAKESWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Two Fiscal Years*

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.07579%	0.07987%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 14,190,964	\$ 15,264,918
District's Covered-Employee Payroll	\$ 5,999,031	\$ 5,226,881
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	236.55%	292.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

LAKWOOD BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Two Fiscal Years
 (Dollar amounts in thousands)

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 654,809	\$ 601,811
Contributions in Relation to the Contractually Required Contribution	<u>654,809</u>	<u>601,811</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 5,999,031	\$ 5,226,881
Contributions as a Percentage of Covered-Employee Payroll	10.91%	11.51%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**LAKESWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Two Fiscal Years*

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$-0-	\$-0-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 168,849,820</u>	<u>\$ 163,997,053</u>
Total	<u>\$ 168,849,820</u>	<u>\$ 163,997,053</u>
District's Covered-Employee Payroll	\$ 32,555,698	\$ 32,689,117
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**LAKESWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

SCHOOL LEVEL SCHEDULES

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

NOT APPLICABLE

SPECIAL REVENUE FUND

LAKWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Title I, Part A	Title I - SIA	Title II-A	Title III	IDEA PART B		Carl D. Perkins Grant	21st Century CCLC	CDC	Sub-Total Carried Forward
					Basic	Preschool				
REVENUES										
Intergovernmental										
Local									\$ 4,890	\$ 4,890
Federal	\$ 10,665,447	\$ 7,641	\$ 527,056	\$ 438,945	\$ 6,244,658	\$ 260,281	\$ 295,081	\$ 26,139	-	18,465,248
Total Revenues	10,665,447	7,641	527,056	438,945	6,244,658	260,281	295,081	26,139	4,890	18,470,138
EXPENDITURES										
Instruction										
Salaries of Teachers	1,379,015							13,390		1,392,405
Purchased Professional and Technical Services	20,497						545			21,042
Other Purchased Services	79,401			19,939						99,340
Tuition					1,115,553	163,402				1,278,955
General Supplies	580,163			32,000			178,442			790,605
Other Objects	-	-	-	-	-	-	3,674	540	-	4,214
Total Instruction	2,059,076	-	-	51,939	1,115,553	163,402	182,661	13,930	-	3,586,561
Support Services										
Salaries of Other Professional Staff	849,860		16,314	104,182			38,861	10,466		1,019,683
Other Salaries									2,400	2,400
Personal Services Employee-Benefits	493,018		8,784	44,468			2,973		184	549,427
Purchased Professional Technical Services	1,427,761		274,798	9,891	5,129,105	96,879	12,000			6,950,434
Purchased Prof./Ed. Serv.	5,164,204		227,160							5,391,364
Other Purchased Services	141,136	3,368		25,716			16,236	1,397		187,853
Supplies and Materials	38,392	4,273	-	109,042	-	-	-	346	2,306	154,359
Total Support Services	8,114,371	7,641	527,056	293,299	5,129,105	96,879	70,070	12,209	4,890	14,255,520
Facilities and Acquisition Construction Svcs.										
Instructional Equipment							36,600			36,600
Non-Instructional Equipment	492,000	-	-	93,707	-	-	5,750	-	-	591,457
Total Facilities and Acquisition Construction Svcs.	492,000	-	-	93,707	-	-	42,350	-	-	628,057
Total Expenditures	\$ 10,665,447	\$ 7,641	\$ 527,056	\$ 438,945	\$ 6,244,658	\$ 260,281	\$ 295,081	\$ 26,139	\$ 4,890	\$ 18,470,138

LAKEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Sub-Total Brought Forward	Local Grant	Preschool Education Aid	New Jersey Nonpublic Aid			Sub-Total Carried Forward
				Textbooks	Technology	Nursing	
REVENUES							
Intergovernmental							\$ 12,389
Local Sources	\$ 4,890	\$ 7,499					5,791,593
State Sources			\$ 2,033,130	\$ 1,235,586	\$ 442,870	\$ 2,080,007	18,465,248
Federal Sources	18,465,248	-	-	-	-	-	18,465,248
Total Revenues	18,470,138	7,499	2,033,130	1,235,586	442,870	2,080,007	24,269,230
EXPENDITURES							
Instruction							
Salaries of Teachers	1,392,405		682,050				2,074,455
Other Salaries			265,244				265,244
Purchased Professional and Technical Services	21,042						21,042
Other Purchased Services	99,340						99,340
Tuition	1,278,955						1,278,955
General Supplies	790,605	7,499	11,789		422,158		1,232,051
Textbooks				1,235,586			1,235,586
Other Objects	4,214	-	-	-	-	-	4,214
Total Instruction	3,586,561	7,499	959,083	1,235,586	422,158	-	6,210,887
Support Services							
Salaries of Supervisors of Instruction			80,003				80,003
Salaries of Program Directors			60,898				60,898
Salaries of Other Professional Staff	1,019,683		59,010				1,078,693
Salaries of Secretarial and Clerical Assistants			19,062				19,062
Other Salaries	2,400		81,656		13,463	33,106	130,625
Personal Services Employee-Benefits	549,427		699,130		7,249	17,826	1,273,632
Purchased Professional and Technical Services	6,950,434					2,029,054	8,979,488
Purchased Prof./Ed. Serv.	5,391,364						5,391,364
Contracted Services - Transportation			74,288				74,288
Other Purchased Services	187,853					21	187,874
Supplies and Materials	154,359	-	-	-	-	-	154,359
Total Support Services	14,255,520	-	1,074,047	-	20,712	2,080,007	17,430,286
Facilities and Acquisition Construction Svcs.							
Instructional Equipment	36,600						36,600
Non-Instructional Equipment	591,457	-	-	-	-	-	591,457
Total Facilities and Acquisition Construction Svcs.	628,057	-	-	-	-	-	628,057
Total Expenditures	\$ 18,470,138	\$ 7,499	\$ 2,033,130	\$ 1,235,586	\$ 442,870	\$ 2,080,007	\$ 24,269,230

LAKWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	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									
Local	\$ 12,389								\$ 12,389
State	5,791,593	\$ 9,607,376	\$ 136,442	\$ 309,000	\$ 55,149	\$ 1,169,657	\$ 2,871,430	\$ 2,171,334	22,111,981
Federal	18,465,248	-	-	-	-	-	-	-	18,465,248
Total Revenues	\$ 24,269,230	\$ 9,607,376	\$ 136,442	\$ 309,000	\$ 55,149	\$ 1,169,657	\$ 2,871,430	\$ 2,171,334	\$ 40,589,618
EXPENDITURES									
Instruction									
Salaries of Teachers	2,074,455								2,074,455
Other Salaries	265,244								265,244
Purchased Professional and Technical Services	21,042				55,149				76,191
Other Purchased Services	99,340								99,340
Tuition	1,278,955								1,278,955
General Supplies	1,232,051								1,232,051
Textbooks	1,235,586								1,235,586
Other Objects	4,214	-	-	-	-	-	-	-	4,214
Total Instruction	6,210,887	-	-	-	55,149	-	-	-	6,266,036
Support Services									
Salaries of Supervisors of Instruction	80,003								80,003
Salaries of Program Directors	60,898								60,898
Salaries of Other Professional Staff	1,078,693								1,078,693
Salaries of Secretarial and Clerical Assistants	19,062	24,108							43,170
Other Salaries	130,625	298,054							428,679
Personal Services Employee-Benefits	1,273,632	155,435							1,429,067
Purchased Professional and Technical Services	8,979,488								8,979,488
Purchased Prof./Ed. Serv.	5,391,364	9,075,841	136,442			1,169,657	2,871,430	2,171,334	20,816,068
Contracted Services - Transportation	74,288			309,000					383,288
Other Purchased Services	187,874	37,500							225,374
Supplies and Materials	154,359	16,438	-	-	-	-	-	-	170,797
Total Support Services	17,430,286	9,607,376	136,442	309,000	-	1,169,657	2,871,430	2,171,334	33,695,525
Facilities and Acquisition Construction Svcs.									
Instructional Equipment	36,600								36,600
Non-Instructional Equipment	591,457	-	-	-	-	-	-	-	591,457
Total Facilities and Acquisition Construction Svcs.	628,057	-	-	-	-	-	-	-	628,057
Total Expenditures	\$ 24,269,230	\$ 9,607,376	\$ 136,442	\$ 309,000	\$ 55,149	\$ 1,169,657	\$ 2,871,430	\$ 2,171,334	\$ 40,589,618

LAKEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

EXPENDITURES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Instruction					
Salaries of Teachers	\$ 706,659	\$ (24,609)	\$ 682,050	\$ 682,050	
Other Salaries for Instruction	191,039	74,206	265,245	265,244	\$ 1
General Supplies	79,784	(67,994)	11,790	11,789	1
Total Instruction	977,482	(18,397)	959,085	959,083	2
Support Services					
Salaries of Supervisors of Instruction	110,584		80,003	80,003	
Salaries of Other Professional Staff	59,898		60,898	60,898	
Salaries of Secretarial and Clerical Assts.	75,200		59,011	59,010	1
Other Salaries	18,615		19,062	19,062	
Salaries of Master Teachers	62,898		81,656	81,656	
Personal Services - Employee Benefits	643,456		699,130	699,130	
Contracted Services - Transportation (Bet. Home & School)	85,000	-	74,288	74,288	-
Total Support Services	1,055,651	-	1,074,048	1,074,047	1
Total Expenditures	\$ 2,033,133	\$ (18,397)	\$ 2,033,133	\$ 2,033,130	\$ 3
Total Revised 2014-15 Preschool Education Aid Allocation					\$ 2,033,133
Actual ECPA/PEA Carryover (June 30, 2014)					103,660
Total Preschool Education Aid Funds Available for 2014-15 Budget					2,136,793
Less: 2014-15 Budgeted Preschool Education Aid (Including Prior Year Carryover)					(2,033,133)
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2015					103,660
Add: June 30, 2015 Unexpended Preschool Education Aid					3
2014-15 Carryover - Preschool Education Aid Programs					\$ 103,663
2014-15 Preschool Education Aid Carryover Budgeted in 2015-15 for Preschool Programs					\$ -

CAPITAL PROJECTS FUND

**LAKWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue/Project Title</u>	<u>Expenditures to Date</u>			<u>Unexpended Balance, June 30, 2015</u>
	<u>Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	
<i>2013 Lease Purchase</i>				
High School HVAC Replacement	\$ 505,462	\$ 469,223	\$ 36,239	
High School Hot Water Heater Replacement	32,940	32,940		
Middle School Roof Project	2,233,705	2,233,705		
Board Office Project	1,974,125	1,974,125		
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
	<hr/>	<hr/>	<hr/>	<hr/>
Lease-Purchase Sub-Total	5,745,000	5,578,446	36,239	130,315
 <i>2015 Bond Referendum</i>				
HVAC System Upgrades at Lakewood HS, Oak St. School, Spruce Street School, Clifton Avenue School, Lakewood Middle School and E.G. Clarke School and roofing replacement and related repairs at Oak Street School, Spruce Street School, Clifton Avenue School and E.G. Clarke School	29,497,241		3,639,114	25,858,127
Refinance Outstanding Lease Purchase	5,200,000	-	5,110,883	89,117
	<hr/>	<hr/>	<hr/>	<hr/>
Referendum Sub-Total	34,697,241	-	8,749,997	25,947,244
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 40,442,241	\$ 5,578,446	\$ 8,786,236	\$ 26,077,559
				<hr/>
				\$ 26,077,559
				(2,241)
				<hr/>
Fund Balance				\$ 26,075,318

**LAKESWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Revenues and Other Financing Sources

Bond Sale Proceeds	\$ 34,695,000
Interest on Investments	29,674
	34,724,674
Total Revenues and Other Financing Sources	34,724,674

Expenditures and Other Financing Uses

General Administration	
Interest on Bond Anticipation Notes	21,667
Capital Outlay	
Purchased Professional and Technical Services	1,200,457
Construction Services	2,296,748
Debt Service	
Principal	5,000,000
Interest	110,883
Bond Sale Costs of Issuance (Net of Premium)	156,481
Transfer to General Fund	29,674
	8,815,910
Total Expenditures and Other Financing Uses	8,815,910

Excess (Deficiency) of Revenues Over/(Under) Expenditures	25,908,764
Fund Balance - Beginning of Year	166,554
Fund Balance - End of Year	\$ 26,075,318

Recapitulation of Fund Balance:

Reserve for Encumbrances	\$ 15,596,528
Available for Capital Projects	10,478,790
	\$ 26,075,318

**LAKESWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2014 LEASE PURCHASE - VARIOUS CAPITAL IMPROVEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	\$ 5,745,000	-	\$ 5,745,000	\$ 5,745,000
 Total Revenues	 5,745,000	 -	 5,745,000	 5,745,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	355,295		355,295	355,800
Construction Services	5,223,151	\$ 36,239	5,259,390	5,389,200
 Total Expenditures	 5,578,446	 36,239	 5,614,685	 5,745,000
 Excess (Deficiency) or Revenues Over (Under) Expenditures	 \$ 166,554	 \$ (36,239)	 \$ 130,315	 \$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Lease Purchase Issue Date	6/28/2013
Lease Purchase Authorized	5,745,000
Lease Purchase Issued	5,745,000
Original Authorized Cost	5,745,000
Adjustment	-
Revised Authorized Cost	5,745,000
 Percentage Increase Over Original Authorized Cost	 -
Percentage Completion	98%
Original Target Completion Date	2014/15
Revised Target Completion Date	2014/15

**LAKWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2015 REFERENDUM - VARIOUS CAPITAL IMPROVEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Serial Bond Proceeds	-	\$ 34,695,000	\$ 34,695,000	\$ 34,697,241
Total Revenues	-	34,695,000	34,695,000	34,697,241
Expenditures and Other Financing Uses				
General Administration				
Costs of Issuance		156,481	156,481	156,481
Interest on Notes		21,667	21,667	21,667
Debt Service				
Refunding of Lease Purchase		5,110,883	5,110,883	5,200,000
Capital Outlay				
Purchased Professional and Technical Services		1,200,457	1,200,457	1,394,236
Construction Services	-	2,260,509	2,260,509	27,924,857
Total Expenditures	-	8,749,997	8,749,997	34,697,241
Excess (Deficiency) or Revenues Over (Under) Expenditures	-	\$ 25,945,003	\$ 25,945,003	-

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	2/17/2015
Bonds Authorized	\$ 34,697,241
Bonds Issued	\$ 34,695,000
Original Authorized Cost	\$ 34,697,241
Adjustment	\$ -
Revised Authorized Cost	\$ 34,697,241
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	25%
Original Target Completion Date	2016/17
Revised Target Completion Date	2016/17

ENTERPRISE FUND

EXHIBIT G-1

**LAKWOOD BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

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, 2015**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-3

**COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**LAKWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET POSITION
AS OF JUNE 30, 2015**

	<u>Agency</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS			
Cash and Cash Equivalents	\$ 107,482	\$ 666,117	\$ 773,599
Due from Other Funds	-	385,954	385,954
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 107,482</u>	<u>\$ 1,052,071</u>	<u>\$ 1,159,553</u>
LIABILITIES			
Due to Other Funds		\$ 333,410	\$ 333,410
Summer Payment Plan Deposits		655,355	655,355
Flexible Spending Plan Deposits		30,812	30,812
Payroll Deductions and Withholdings		65,342	65,342
Accrued Salaries and Wages		(32,848)	(32,848)
Due to Student Groups	\$ 107,482	-	107,482
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 107,482</u>	<u>\$ 1,052,071</u>	<u>\$ 1,159,553</u>

**LAKWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE.

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8.

**LAKWOOD BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>School</u>	<u>Balance July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2015</u>
ELEMENTARY SCHOOLS				
Oak Street School	\$ 482			\$ 482
HIGH SCHOOL/JUNIOR HIGH				
Lakewood High School & Middle School	<u>73,374</u>	<u>\$ 120,824</u>	<u>\$ 111,851</u>	<u>82,347</u>
Total All Schools	<u>73,856</u>	<u>120,824</u>	<u>111,851</u>	<u>82,829</u>
ATHLETIC ACCOUNT				
Due to Student Groups	<u>20,922</u>	<u>91,052</u>	<u>87,321</u>	<u>24,653</u>
Total Athletics	<u>20,922</u>	<u>91,052</u>	<u>87,321</u>	<u>24,653</u>
Total	<u>\$ 94,778</u>	<u>\$ 211,876</u>	<u>\$ 199,172</u>	<u>\$ 107,482</u>

**LAKWOOD BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance, July 1, 2014	Cash Receipts	Cash Disbursements	Balance, June 30, 2015
ASSETS				
Cash and Cash Equivalents	\$ 1,224,249	\$ 49,124,128	\$ 49,682,260	\$ 666,117
Total Assets	<u>\$ 1,224,249</u>	<u>\$ 49,124,128</u>	<u>\$ 49,682,260</u>	<u>\$ 666,117</u>
LIABILITIES				
Due to Other Funds				
Due (from) to Unemployment Compensation Trust	\$ (71,180)		\$ 49,774	\$ (120,954)
Due (from) to Food Service Fund	(265,000)			(265,000)
Due (from) to General Fund	695,983	\$ 2,142,342	2,504,915	333,410
Accrued Salaries and Wages	30,234	27,049,112	27,112,194	(32,848)
Summer Payment Plan Deposits	468,212	657,020	469,877	655,355
Flexible Spending Account Deposits	45,586	49,610	64,384	30,812
Payroll Deductions and Withholdings	<u>320,414</u>	<u>19,226,044</u>	<u>19,481,116</u>	<u>65,342</u>
	<u>\$ 1,224,249</u>	<u>\$ 49,124,128</u>	<u>\$ 49,682,260</u>	<u>\$ 666,117</u>

LONG-TERM DEBT

**LAKWOOD BOARD OF EDUCATION
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
New Roofing and Repairs	5/24/00	\$ 2,494,000	08/01/15	\$ 209,000	5.40%	\$ 419,000		\$ 210,000	\$ 209,000
2015 Referendum	2/17/2015	34,695,000	9/15/2016	1,250,000	2.50%				
			9/15/2017	1,300,000	2.75%				
			9/15/2018	1,350,000	2.75%				
			9/15/2019	1,400,000	2.75%				
			9/15/2020	1,470,000	2.75%				
			9/15/2021	1,525,000	2.75%				
			9/15/2022	1,590,000	2.75%				
			9/15/2023	1,650,000	3.00%				
			9/15/2024	1,725,000	3.00%				
			9/15/2025	1,785,000	3.00%				
			9/15/2026	1,850,000	3.00%				
			9/15/2027	1,925,000	3.00%				
			9/15/2028	2,015,000	3.00%				
			9/15/2029	2,100,000	3.00%				
			9/15/2030	2,175,000	3.00%				
			9/15/2031	2,270,000	3.00%				
			9/15/2032	2,365,000	3.00%				
			9/15/2033	2,450,000	3.00%				
			9/15/2034	2,500,000	3.00%				
						-	\$ 34,695,000	-	34,695,000
						\$ 419,000	\$ 34,695,000	\$ 210,000	\$ 34,904,000

LAKWOOD BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Date of Lease</u>	<u>Term of Lease (in Months)</u>	<u>Amount of Original Issue</u>		<u>Amount Outstanding July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2015</u>
			<u>Principal</u>	<u>Interest</u>				
Copier Equipment (Saving 9040B) - Transportation	09/01/10	60	\$ 10,516	\$ 3,337	\$ 2,758		\$ 2,352	\$ 406
Copier Equipment (Savin 0-21D) - Ella Clarke	12/01/10	60	5,189	920	1,648		1,147	501
Copier Equipment (Savin 9021D) - Early Childhood	12/01/10	60	5,189	979	1,754		1,221	533
Copier Equipment (Savin 9021D) - Early Learning Center	12/01/10	60	5,524	979	1,754		1,221	533
Copier Equipment (Savin 9025B) - Community School	12/01/10	60	8,836	1,567	2,806		1,953	853
Fifty-Four Passenger School Buses (5)	5/25/2015	36	424,200	20,400	<u>424,200</u>	<u>\$ -</u>	<u>74,100</u>	<u>350,100</u>
					<u>\$ 434,920</u>	<u>\$ -</u>	<u>\$ 81,994</u>	<u>\$ 352,926</u>

**LAKESWOOD BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 207,260		\$ 207,260	\$ 207,260	
State Sources					
Debt Service Aid - Type II	19,696	-	19,696	19,696	-
Total Revenues	<u>226,956</u>	<u>-</u>	<u>226,956</u>	<u>226,956</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Debt	16,956		16,956	16,956	
Redemption of Principal	210,000		210,000	210,000	-
Total Regular Debt Service	<u>226,956</u>	<u>-</u>	<u>226,956</u>	<u>226,956</u>	<u>-</u>
Total Expenditures	<u>226,956</u>	<u>-</u>	<u>226,956</u>	<u>226,956</u>	<u>-</u>
Excess of Revenues Over Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>744,179</u>		<u>744,179</u>	<u>744,179</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 744,179</u>	<u>\$ -</u>	<u>\$ 744,179</u>	<u>\$ 744,179</u>	<u>\$ -</u>
Recapitulation of Fund Balance:					
Designated for Subsequent Year's Expenditures				<u>\$ 744,179</u>	

**LAKWOOD BOARD OF EDUCATION
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
Various Capital Improvements	6/28/2014	\$ 5,745,000						
						5,000,000	\$ 5,000,000	-
						<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>-</u>

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.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 5,246,987	\$ 6,481,769	\$ 6,972,812	\$ 8,455,577	\$ 10,326,554	\$ 11,536,711	\$ 12,110,017	\$ 12,022,392	\$ 13,072,369	\$ 11,469,917
Restricted			270,000		2	45	43	4,123,316	910,733	874,494
Unrestricted	(3,647,746)	(5,113,632)	(11,363,364)	(6,838,288)	(3,632,854)	(89,679)	(3,655,333)	(11,913,721)	(35,682,116)	(36,007,783)
Total Governmental Activities Net Position	<u>\$ 1,599,241</u>	<u>\$ 1,368,137</u>	<u>\$ (4,120,552)</u>	<u>\$ 1,617,289</u>	<u>\$ 6,693,702</u>	<u>\$ 11,447,077</u>	<u>\$ 8,454,727</u>	<u>\$ 4,231,987</u>	<u>\$ (21,699,014)</u>	<u>\$ (23,663,372)</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 257,105	\$ 421,145	\$ 386,822	\$ 386,586	\$ 369,726	\$ 368,458	\$ 427,816	\$ 397,052	\$ 237,632	\$ 537,704
Unrestricted	426,209		253,147	537,808	870,243	1,288,067	1,533,546	1,075,278	2,917,582	2,549,599
Total Business-Type Activities Net Position	<u>\$ 683,314</u>	<u>\$ 421,145</u>	<u>\$ 639,969</u>	<u>\$ 924,394</u>	<u>\$ 1,239,969</u>	<u>\$ 1,656,525</u>	<u>\$ 1,961,362</u>	<u>\$ 1,472,330</u>	<u>\$ 3,155,214</u>	<u>\$ 3,087,303</u>
District-Wide										
Net Investment in Capital Assets	\$ 5,504,092	\$ 6,902,914	\$ 7,359,634	\$ 8,842,163	\$ 10,696,280	\$ 11,905,169	\$ 12,537,833	\$ 12,419,444	\$ 13,310,001	\$ 12,007,621
Restricted	2	-	270,000	-	2	45	43	4,123,316	910,733	874,494
Unrestricted	(3,221,537)	(5,113,632)	(11,110,217)	(6,300,480)	(2,762,611)	1,198,388	(2,121,787)	(10,838,443)	(32,764,534)	(33,458,184)
Total District Net Position	<u>\$ 2,282,557</u>	<u>\$ 1,789,282</u>	<u>\$ (3,480,583)</u>	<u>\$ 2,541,683</u>	<u>\$ 7,933,671</u>	<u>\$ 13,103,602</u>	<u>\$ 10,416,089</u>	<u>\$ 5,704,317</u>	<u>\$ (18,543,800)</u>	<u>\$ (20,576,069)</u>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 31,984,035
Special Education	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	38,847,354
Other Special Instruction	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	11,797,288
School Sponsored Activities/Athletics	653,687	768,883	592,827	835,774	843,857	905,868	1,266,845	1,195,455	1,399,341	1,376,304
Community Service Programs/Operations	180,000	153,520	300,479	218,100	78,174	108,989				
Support Services:										
Tuition	8,995,160	10,853,855	10,663,217	15,271,616	15,497,723	15,798,337				
Student & Instruction Related Services	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	45,616,152
General Administrative Services	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	3,232,042
School Administrative Services	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	4,440,359
Central Services							1,639,754	1,765,810	2,069,456	2,392,174
Plant Operations and Maintenance	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	6,409,213
Pupil Transportation	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	23,926,991
Unallocated Benefits	15,791,999	17,606,895	19,050,792	16,108,033	17,512,777	12,454,456				
Special Schools	124,946	153,918	60,616	126,884	152,783					
Interest on Long-Term Debt	404,205	353,613	396,227	316,752	238,609	147,822	61,347	54,973	103,829	295,818
Adjustment to Budgetary Revenues and Expenditures		1,223,384	165,654							
Unallocated Loss on Disposal of Capital Assets				253,469						
Unallocated Depreciation and Amortization	711,261	661,278	733,204	666,788	615,066	576,769	691,091	773,373	773,373	580,484
Total Governmental Activities Expenses	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	170,898,214
Business-Type Activities:										
Food Service	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	5,112,822
Latchkey Program	165,943	171,575	203,774	186,019	158,480	2,087				
Community School	256,480	347,334	377,244	524,533	277,611	209,086	263	205	18	-
Total Business-Type Activities Expense	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	5,112,822
Total District Expenses	\$ 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	\$ 176,011,036
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 142,944	\$ 20,913	\$ 91,790	\$ 74,173	\$ 98,025	\$ 52,832	\$ 125,040	\$ 93,062	\$ 51,619	
Operating Grants and Contributions	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	\$ 66,119,440
Capital Grants and Contributions	8,516	20,671	7,618	37,118	579,798	180,961		649,855	840,909	628,057
Total Governmental Activities Program Revenues	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	66,747,497
Business-Type Activities:										
Charges for Services										
Food Service	645,420	613,844	521,454	523,747	488,489	480,231	459,731	426,725	562,259	465,169
Latchkey Program	161,268	170,779	169,745	152,082	111,133	3				
Community School	208,895	293,264	328,528	339,879	120,967	81,372	4,574	-	2,674	
Operating Grants and Contributions	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	4,578,882
Capital Grants and Contributions						17,525				
Total Business Type Activities Program Revenues	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	5,044,051
Total District Program Revenues	\$ 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	\$ 71,791,548
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (104,150,717)
Business-Type Activities	(102,281)	148,792	53,026	85,089	221,631	212,548	303,083	708,784	637,612	(68,771)
Total District-Wide Net Expense	\$ (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)	\$ (104,219,488)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 84,693,837
Taxes Levied for Debt Service	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	207,260
Federal and State Aid - Unrestricted	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	15,354,175
Federal and State Aid - Restricted	76,575	77,779	79,232	82,635	86,065	75,849	74,461	18,225	18,225	18,225
Unrestricted Interest Earnings	226,251	279,383	178,260	104,271	12,805	22,400	5,030	26,862	30,825	73,203
Miscellaneous Income	401,471	389,932	1,378,476	395,258	321,837	332,304	529,517	197,576	1,161,896	1,839,659
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	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	102,186,359
Business-Type Activities:										
Unrestricted Interest Earnings	16,166	28,481	25,031	2,329	1,014	1,800	1,754	2,184	899	860
Miscellaneous Income	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	(10,729)	28,481	165,795	180,825	93,946	196,207	1,754	(1,197,816)	1,177,673	860
Total District-Wide	\$ 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	\$ 102,187,219
Change in Net Position										
Governmental Activities	\$ 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)	\$ (1,964,358)
Business-Type Activities	(113,010)	177,273	218,821	265,914	315,577	408,755	304,837	(489,032)	1,815,285	(67,911)
Total District	\$ 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)	\$ (2,032,269)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable										\$ 1,741,177
Restricted			\$ 12,655				\$ 954,752	\$ 698,252		
Assigned				\$ 151,227	\$ 2,972,622	\$ 3,108,209	2,982,437	326,488	\$ 100,462	
Unassigned	\$ (351,665)	\$ (1,741,544)			273,342	176,875	(3,089,293)	(4,165,721)	(12,002,925)	(14,700,589)
Total General Fund	<u>\$ (351,665)</u>	<u>\$ (1,741,544)</u>	<u>\$ 12,655</u>	<u>\$ 151,227</u>	<u>\$ 3,245,964</u>	<u>\$ 3,285,084</u>	<u>\$ 847,896</u>	<u>\$ (3,140,981)</u>	<u>\$ (11,902,463)</u>	<u>\$ (12,959,412)</u>
All Other Governmental Funds										
Nonspendable			\$ 16,253							
Restricted				\$ 1	\$ 2	\$ 45	\$ 43	\$ 4,123,316	\$ 910,733	\$ 26,819,497
Assigned						1,126,703				
Unassigned	\$ (308,728)	\$ (318,728)	(433,022)	(247,130)	(268,566)			\$ (228,210)	\$ (3,313,390)	(3,285,255)
Total All Other Governmental Funds	<u>\$ (308,728)</u>	<u>\$ (318,728)</u>	<u>\$ (433,022)</u>	<u>\$ (247,129)</u>	<u>\$ (268,564)</u>	<u>\$ 1,126,748</u>	<u>\$ 43</u>	<u>\$ 3,895,106</u>	<u>\$ (2,402,657)</u>	<u>\$ 23,534,242</u>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 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	\$ 84,901,097
Tuition Charges	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	662,537	664,292	8,074,737	1,449,529	330,346	352,047	549,109	224,438	1,192,721	1,925,251
Federal Sources	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	19,220,615
State Sources	37,643,922	40,710,856	45,842,092	47,658,605	46,862,942	47,808,054	49,240,781	54,635,985	56,128,060	57,130,959
Local Sources			16,795	75,800						
Total revenue	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	163,177,922
Expenditures										
Instruction										
Regular Instruction	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	29,266,699
Special Education Instruction	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	38,032,953
Other Special Instruction	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	11,115,694
Other Instruction	653,687	768,883	592,827	819,944	845,877	939,903	1,266,166	1,182,770	1,410,891	1,381,136
Community Services Programs/Operations	180,000	153,520	300,479	212,548	78,412	114,053				
Support Services and Undistributed Costs:										
Tuition	8,995,160	10,824,614	10,663,217	15,271,616	15,497,723	15,798,337				
Student & Inst. Related Services	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	44,354,908
Other Administrative Services	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	4,487,295
School Administrative Services	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	4,117,425
Plant Operations and Maintenance	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	6,324,001
Pupil Transportation	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	23,931,396
Unallocated Benefits	15,792,000	17,606,895	19,050,792	15,911,604	17,512,777	12,454,456	-	-	-	-
Capital Outlay	321,998	4,623,616	687,542	1,588,718	956,872	137,188	643,081	3,142,878	4,461,820	4,373,366
Special Schools	124,946	153,918	60,616	123,778	153,233					
Debt Service:										
Principal	990,000	1,010,000	1,040,000	1,085,000	1,135,000	1,859,513	873,043	226,676	973,297	5,304,026
Interest and Other Charges	423,371	373,904	323,166	269,009	209,532	179,168	112,871	59,763	95,391	1,110,838
Total Expenditures	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	173,799,737
Excess (Deficiency) of Revenues Over (Under) Expenditures	(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)	(10,621,815)
Other Financing sources (uses)										
Serial Bond Proceeds (Incl. Premium)										35,501,765
Capital Leases (Non-Budgeted)						35,589			424,200	
Proceeds from Capital Lease Agreement		3,600,000						5,745,000		
Cancellation of Accounts Receivable		(29,241)		(552,543)	(81,944)	(67,194)				
Cancellation of Accounts Payable		5,022			4,296	2,657				
Adjustment to Budgetary Expenditures		(1,223,384)	(143,763)						(3,185,605)	
Adjustment to Budgetary Revenues			(21,891)						(1,176,774)	
Disallowed Federal Grant Program Costs										
Operating Transfers	464,560	439,441				(93,158)		1,200,000		-
Total Other Financing Sources (Uses)	464,560	2,791,838	(165,654)	(552,543)	(77,648)	(122,106)	-	6,945,000	(3,938,179)	35,501,765
Net Change in Fund Balances	\$ (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)	\$ 24,879,950
Debt Service as a Percentage of										
Noncapital Expenditures	1.28%	1.18%	1.06%	1.06%	0.96%	1.49%	0.70%	0.19%	0.65%	3.79%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Interest</u> <u>Earned</u>	<u>Tuition</u>	<u>Sale of</u> <u>Assets</u>	<u>Textbook</u> <u>Sales/Rentals</u>	<u>Insurance/</u> <u>Other Refunds</u>	<u>Facility</u> <u>Rental</u>	<u>E-Rate</u>	<u>Cancelled Prior</u> <u>Year Payables</u>	<u>Indirect</u> <u>Costs</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2015	43,529				974,316	20,654		\$ 268,352	\$ 511,565	64,772	1,883,188

**LAKWOOD 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	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
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	\$ 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	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	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	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	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	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	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	7,482,887,100	1.190
2014	244,960,100	4,523,966,500	3,715,500	629,335,100	464,296,800	285,645,800	6,151,919,800	11,728,940	6,163,648,740	7,171,837,814	1.307
2015	256,079,600	4,625,968,400	3,716,700	630,153,600	470,101,100	285,946,300	6,271,965,700	-	6,271,965,700	7,742,833,837	1.403

Source: County Abstract of Ratables

^a Tax rates are per \$100

LAKWOOD BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

Calendar Year	<u>Overlapping Rates</u>				Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate	Fire District	Municipality	County	
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	1.307	0.055	0.861	0.466	2.689
2015	1.403	0.058	0.861	0.513	2.835

Source: County Abstract of Ratables

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

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value

Information Not Available

Information Not Available

Source: Municipal Tax Assessor

**LAKWOOD 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	
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
2015	84,901,097	84,901,097	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities		Business- Type Activities	Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases / Lease Purchase				
2006	\$ 7,062,000			\$ 7,062,000	69,427	\$ 102
2007	6,052,000	\$ 2,886,671		8,938,671	69,876	128
2008	5,012,000	2,206,747		7,218,747	70,960	102
2009	2,792,000	1,499,721		4,291,721	71,359	60
2010	2,792,000	764,513		3,556,513	92,955	38
2011	1,697,000			1,697,000	92,881	18
2012	839,000	25,047		864,047	92,760	9
2013	629,000	5,763,117		6,392,117	93,591	68
2014	419,000	5,434,920		5,853,920	95,177	63
2015	34,904,000	352,926		35,256,926	95,177 *	370

* - Estimated

Source: District records

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	<u>Deductions</u>	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	<u>Per Capita</u>
2006	\$ 7,062,000		\$ 7,062,000	0.09%	\$ 102
2007	6,052,000		6,052,000	0.08%	87
2008	5,012,000		5,012,000	0.06%	71
2009	3,927,000		3,927,000	0.05%	55
2010	2,792,000		2,792,000	0.04%	30
2011	1,697,000		1,697,000	0.03%	18
2012	839,000		839,000	0.01%	9
2013	629,000		629,000	0.01%	7
2014	419,000		419,000	0.01%	4
2015	34,904,000		34,904,000	0.56%	366.73

Source: District records

**LAKWOOD BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Lakewood Township Public Schools	\$ 34,744,991	\$ 34,744,991	
Township of Lakewood	<u>54,736,081</u>	<u>840,000</u>	<u>\$ 53,896,081</u>
	<u>\$ 89,481,072</u>	<u>\$ 35,584,991</u>	<u>53,896,081</u>
Overlapping Debt Apportioned to the Municipality:			
County of Ocean (A)			<u>36,494,290</u>
			<u>36,494,290</u>
Total Direct and Overlapping Debt			<u>\$ 90,390,371</u>

Source:

(1) Township's 2014 Annual Debt Statement

(A) The debt for this entity was apportioned to Lakewood Township Public Schools by dividing the municipality's 2014 equalized value by the total 2014 equalized value for Ocean County. (Information not available).

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 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	\$ 295,320,352
Total net debt applicable to limit	7,062,000	6,052,000	5,012,000	2,792,000	2,792,000	1,697,000	839,000	629,000	419,000	34,906,241
Legal debt margin	<u>\$ 193,621,531</u>	<u>\$ 239,041,673</u>	<u>\$ 23,512,901</u>	<u>\$ 309,415,174</u>	<u>\$ 318,976,990</u>	<u>\$ 321,558,691</u>	<u>\$ 315,503,262</u>	<u>\$ 304,335,374</u>	<u>\$ 295,080,011</u>	<u>\$ 260,414,111</u>
Total net debt applicable to the limit as a percentage of debt limit	3.52%	2.47%	17.57%	0.89%	0.87%	0.52%	0.27%	0.21%	0.14%	11.82%

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized valuation basis	
2014	\$ 7,574,390,298
2013	7,254,943,039
2012	7,319,693,042
	<u>\$ 22,149,026,379</u>
Average equalized valuation of taxable property	\$ 7,383,008,793
Debt limit (4% of average equalization value)	295,320,352
Total Net Debt Applicable to Limit	<u>34,906,241</u>
Legal debt margin	<u>\$ 260,414,111</u>

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	69,427	38,094	4.9%
2007	69,876	40,368	4.6%
2008	70,960	41,347	5.9%
2009	71,359	40,612	8.9%
2010	92,955	40,689	9.1%
2011	92,881	42,121	7.5%
2012	92,760	43,016	7.8%
2013	93,591	43,214	6.5%
2014	95,177	not available	6.3%
2015	95,177 *	not available	not available

* - Estimate

Source: New Jersey State Department of Education

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

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013*</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	323	288	262	248	250	257	291	-	-	-
Special education	119	140	137	136	136	138	154	-	-	-
Other Special Instruction	17	19	18	18	20	22	40	-	-	-
Other instruction	12	13	13	12	12	12	12	-	-	-
Community Services Programs/Operations	3	3	3	3	2	2	2	-	-	-
Support Services:										
Student & instruction related services	237	248	240	230	214	217	189	-	-	-
Other Administrative Services	17	17	28	27	27	31	35	-	-	-
School administrative services	61	61	55	54	54	54	57	-	-	-
Plant operations and maintenance	1	1	1	1	1	1	3	-	-	-
Pupil Transportation	4	4	5	5	5	4	5	-	-	-
Special Schools	2	3	3	3	3	3	-	-	-	-
Total	796	797	765	737	724	741	788	-	-	-

Source: District Personnel Records

* 2014 Information Not Provided

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
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	153,020,373			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%	
2015*	0	163,011,507			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.

* 2014 and 2015 Information not provided.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>District Building</u>										
<u>Elementary</u>										
<u>Ella G. Clarke School (1946)</u>										
Square Feet	74,000	74,000	74,000	74,000	74,000	74,000	74,000	61,370	61,370	61,370
Capacity (students)	432	432	432	432	432	432	432	432	432	432
Enrollment	964	939	911	863	863	864	864	-	-	-
<u>Clifton Avenue School (1923)</u>										
Square Feet	75,000	75,000	75,000	75,000	75,000	75,000	75,000	79,039	79,039	79,039
Capacity (students)	782	782	782	782	782	782	782	782	782	782
Enrollment ^a	799	749	780	881	881	830	830	-	-	-
<u>Oak Street School (1983)</u>										
Square Feet	114,000	114,000	114,000	114,000	114,000	114,000	114,000	70,659	70,659	70,659
Capacity (students)	799	799	799	799	799	799	799	799	799	799
Enrollment	937	1,016	997	886	886	1,049	1,049	-	-	-
<u>Spruce Street School (1960)</u>										
Square Feet	54,672	54,672	54,672	54,672	54,672	54,672	54,672	49,724	49,724	49,724
Capacity (students)	443	443	443	443	443	443	443	443	443	443
Enrollment ^a	629	686	647	762	762	716	716	-	-	-
<u>Middle School</u>										
<u>Lakewood Middle School (1957)</u>										
Square Feet	83,272	83,272	83,272	91,272	91,272	91,272	91,272	102,080	102,080	102,080
Capacity (students)	537	537	537	537	537	537	537	537	537	537
Enrollment	753	762	895	776	776	624	624	-	-	-
<u>High School</u>										
<u>Lakewood High School (1971)</u>										
Square Feet	295,000	295,000	295,000	295,000	295,000	295,000	295,000	276,916	276,916	276,916
Capacity (students)	714	714	714	714	714	714	714	714	714	714
Enrollment	1,331	1,300	1,112	1,135	1,135	1,057	1,057	-	-	-
<u>Other</u>										
<u>Ella G. Clarke Annex (2001)</u>										
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	6,000	6,000	6,000
Capacity (students)	200	200	200	200	200	200	200	200	200	200
Enrollment										
<u>Administration Building</u>										
Square Feet								49,483	49,483	49,483
Capacity (students)								N/A	N/A	N/A
Enrollment								N/A	N/A	N/A

Number of Schools at June 30, 2015

- Elementary = four
- Middle School = one
- High School = one

Source: District Records

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
School Facilities										
Ella G. Clarke School	\$ 142,094	\$ 70,476	\$ 55,689	\$ 86,413	\$ 124,374	\$ 146,377	\$ 119,607	\$ 134,707	\$ 110,392	\$ 118,370 ✓
Clifton Avenue School	144,935	71,181	71,723	111,293	160,183	179,417	146,605	173,400	142,152	152,424 ✓
Oak Street School	218,824	105,714	64,119	99,493	143,199	163,747	133,801	155,048	127,158	136,347 ✓
Spruce Street School	105,149	49,333	45,121	70,015	100,772	124,599	101,813	109,103	89,494	95,961 ✓
Middle School	128,310	69,979	92,631	143,736	206,878	222,505	181,813	224,038	183,712	196,988 ✓
High School	574,058	288,304	251,282	397,488	577,579	549,448	448,964	607,534	498,359	534,372 ✓
Princeton Avenue	89,519	42,286	44,903	69,676						
Ella G. Clarke Annex	17,051	7,847	5,445	8,448	12,160	42,835	35,001	13,229	10,744	11,508 ✓
White House	426	440	2,269	3,520	5,067	36,290	29,653	5,549	4,487	4,811 ✓
Total School Facilities	<u>1,420,366</u>	<u>705,560</u>	<u>633,182</u>	<u>990,082</u>	<u>1,330,212</u>	<u>1,465,218</u>	<u>1,197,257</u>	<u>1,422,608</u>	<u>1,166,498</u>	<u>1,250,781</u>
Other Facilities	<u>569</u>	<u>231</u>	<u>2,269</u>	<u>3,520</u>	<u>5,067</u>	<u>36,290</u>	<u>29,653</u>	<u>16,666</u>	<u>14,168</u>	<u>15,207</u>
Grand Total	<u>\$ 1,420,935</u>	<u>\$ 705,791</u>	<u>\$ 635,451</u>	<u>\$ 993,602</u>	<u>\$ 1,335,279</u>	<u>\$ 1,501,508</u>	<u>\$ 1,226,910</u>	<u>\$ 1,439,274</u>	<u>\$ 1,180,666</u>	<u>\$ 1,265,988</u>

Source: District Records

LAKWOOD BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2015
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
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		
Kenneth Jannarone, School District Treasurer	500,000	

Source: District's records

SINGLE AUDIT SECTION



CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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, 2015 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 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Whatever 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.

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 deficiency described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

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 deficiency described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a significant deficiency.

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 2015-001, 2015-003 and 2015-004.

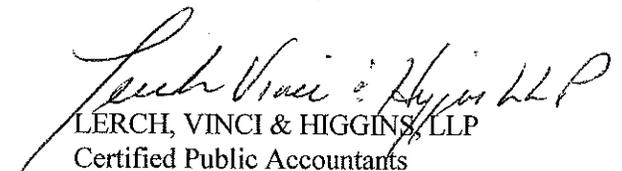
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Lakewood Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 16, 2015.

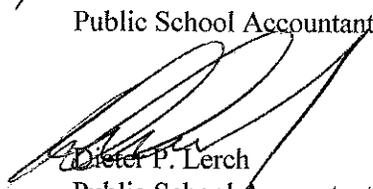
Lakewood Board of Education's Responses to Findings

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 16, 2015



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
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 15-08**

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 15-08 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, 2015. 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 15-08, 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, 2015.

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 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2015-005 through 2015-010. 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 15-08, 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-005 through 2015-007 and 2015-010 that we consider 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.

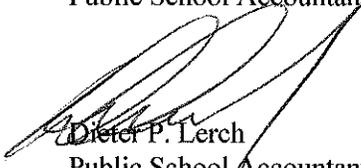
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable 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 15-08

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, 2015 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 16, 2015, 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 15-08 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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 16, 2015

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 basis 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 15-08, "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 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 \$4,071,036 for the general fund and an increase \$118,403 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 financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 646,603	\$ 34,989,643	\$ 35,636,246
Special Revenue Fund	18,574,012	22,121,620	40,695,632
Debt Service Fund		19,696	19,696
Food Service Fund	<u>4,530,590</u>	<u>48,292</u>	<u>4,578,882</u>
Total Financial Assistance	<u>\$ 23,751,205</u>	<u>\$ 57,179,251</u>	<u>\$ 80,930,456</u>

**LAKWOOD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 \$2,267,976 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, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$1,664,875 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,642,990 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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.

LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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? yes X 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
<u>84.010</u>	<u>Title I</u>
<u>84.367</u>	<u>Title II-A</u>
<u>84.027</u>	<u>IDEA Part B, Basic</u>
<u>84.173</u>	<u>IDEA Preschool</u>
<u> </u>	<u> </u>

Dollar threshold used to determine Type A programs: \$ 706,937

Auditee qualified as low-risk auditee? yes X no

LAKESWOOD BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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? _____ yes X 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
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5120-014</u>	<u>Transportation Aid</u>
<u>100-034-5120-473</u>	<u>Extraordinary Aid</u>
<u>495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>
<u>495-034-5120-086</u>	<u>Preschool Education Aid</u>
<u>100-034-5120-070</u>	<u>Nonpublic Nursing Aid</u>
<u>100-034-5120-067</u>	<u>Nonpublic Auxiliary Services (Ch. 192)</u>
<u>100-034-5120-066</u>	<u>Nonpublic Handicapped Services (Ch. 193)</u>

Dollar threshold used to determine between type A and type B programs: \$ 1,707,983

**LAKESWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 2015-001:

The District ended the year with fund balance deficits in the General and Special Revenue Funds.

Criteria or specific requirement:

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

Condition:

The general fund and special revenue fund ended the year with deficits in fund balance.

Questioned Costs:

None.

Context:

The District's General Fund unassigned budgetary fund balance was in a deficit position of \$\$2,952,396 at June 30, 2015. In addition, the fund balance of the Special Revenue Fund was in a deficit position of \$3,328,255 at June 30, 2015.

Effect:

The District is in a deficit position as of June 30, 2015.

Cause:

Unknown.

Recommendation:

Continued efforts be made to eliminate the cumulative deficits in the General and Special Revenue Funds.

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, 2015**

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 2015-002:

Our audit revealed certain outstanding purchase orders classified as Accounts Payable in the Special Revenue Fund did not accurately reflect year end obligations of the District. In addition, certain liabilities in the General and Capital Projects Funds were not accrued at year end.

Criteria or specific requirement:

GAAP Technical Systems Manual

Condition:

Certain balances reflected as Accounts Payable in the Special Revenue Fund were not valid year end liabilities of the District. In addition, certain actual liabilities of the General and Capital Projects Fund were not accrued at year end.

Questioned Costs:

None.

Context:

Special revenue accounts payable of \$3,443,722 were determined to be invalid and did not reflect actual liabilities of the District. In addition, liabilities of \$573,011 in the General Fund and \$7,783,200 in the Capital Projects Fund were not accrued at year end.

Effect:

Accounts Payable 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 all obligations of the District are accurately reported in the financial records.

View of Responsible Officials and Planned Corrective Action:

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

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 2015-003:

Our audit revealed that reimbursements due to the State of New Jersey for pension and social security for salaries funded by federal programs for the 2013-14 fiscal year has not been filed or paid.

Criteria or specific requirement:

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

Condition:

Reimbursements were not paid for pension and social security benefits due to the State of New Jersey for federally funded salaries pertaining to the 2013-14 fiscal year.

Questioned Costs:

None.

Context:

The District owes \$143,606 to the State of New Jersey related to salaries charged to federal grant programs in the 2013-14 fiscal year.. The District did to remit 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.

Cause:

Unknown.

Recommendation:

The 2013-14 year reimbursement due to the State for TPAF pension and FICA for federally funded programs be filed and paid.

View of Responsible Officials and Planned Corrective Action:

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

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 2015-004:

Our audit indicated that the District did not submit the required notification to the Office of the State Comptroller of a certain contract awarded in excess of \$2 million in accordance with NJSA 52:15C-10.

Criteria or specific requirement:

NJSA 52:15C-10.

Condition:

A contract was noted in which the award amount exceeded \$2 million for which the District did not provide notification to the Office of the State Comptroller.

Questioned Costs:

None.

Context:

Notification to the Office of State Comptroller for a contracts exceeding \$2 million awarded to Tender Touch Educational Services, LLC. was not provided.

Effect:

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

Cause:

Unknown.

Recommendation:

In all instances, notification to the Office of the State Comptroller be submitted for contracts awarded by the District which exceed \$2 million.

View of Responsible Officials and Planned Corrective Action:

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

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Finding 2015-005:

Our audit revealed certain outstanding purchase orders classified as Accounts Payable in the Special Revenue Fund did not accurately reflect year end obligations of the District.

Federal Program Information:

NCLB – Title I	84,010
IDEA Basic	84,027

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 2014-15 Title I final expenditure report reflected total expenditures of \$10,665,447; The District's financial records for the grant period reflected expenditures of \$12,552,697.

The District's 2014-15 IDEA final expenditure report reflected expenditures of \$6,244,658; The District's financial records for the grant period reflected expenditures of \$6,367,514.

Cause:

Unknown.

Effect:

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

Recommendation:

Internal controls be reviewed and enhanced to ensure all obligations of the District are accurately reported in the financial records.

View of Responsible Officials and Planned Corrective Action:

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

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2015-006:

Our audit revealed certain outstanding purchase orders classified as Accounts Payable in the Special Revenue Fund did not accurately reflect year end obligations of the District.

State Program Information:

Nonpublic Handicapped Services	100-034-5120-066
Nonpublic Auxiliary Services	100-034-5120-067
Nonpublic Nursing Services	100-034-5120-070

Criteria or Specific Requirement:

State Grant Compliance Supplement

Condition:

Expenditures reported on the District's financial records were not in agreement with amounts reported on the nonpublic project completion report.

Questioned Costs:

None.

Context:

The District's 2014-15 Nonpublic Project Completion Report reflected total expenditures for Nonpublic Handicapped Services of \$6,212,421; District records reflected \$6,589,028.

The District's 2014-15 Nonpublic Project Completion Report reflected total expenditures for Nonpublic Auxiliary Services of \$10,052,818; District records reflected \$11,377,535.

The District's 2014-15 Nonpublic Project Completion Report reflected total expenditures for Nonpublic Nursing Services of \$2,080,007; District records reflected \$2,086,342.

Cause:

Unknown.

Effect:

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

Recommendation:

Internal controls be reviewed and enhanced to ensure all obligations of the District are accurately reported in the financial records.

View of Responsible Officials and Planned Corrective Action:

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

**LAKESWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2015-007:

Our audit of the District's extraordinary aid application revealed that costs claimed for students sent out of district were not always in agreement with the respective tuition contract. In addition, costs claimed for in district students were not always supported by sufficient documentation.

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 \$3,147,306 in Special Education Extraordinary Aid in 2014-15. 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:

Only eligible costs be claimed on the Application for Special Education Extraordinary Aid and documentation be retained to support such costs.

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, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB’s Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2015-008:

Our audit of the District’s Application for State School Aid revealed that documentation to support students reported was not always retained for audit.

State program Information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097

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 provided for audit.

Questioned Costs:

Unknown.

Context:

Variances noted can be found in the Auditor’s Management Report.

Cause:

Unknown.

Effect:

Student counts reported on the ASSA were not able to verified to actual student counts as reflected in supporting workpapers and documentation.

Recommendation:

Internal controls be enhanced to ensure that documentation to support students reported on the ASSA is retained for audit.

View of Responsible Officials and Planned Corrective Action:

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

**LAKWOOD 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-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2015-09:

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 16,002 students transported to non-public schools. The audit included a test sample of 277, of which 30 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.

**LAKWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2015-010:

The District ended the year with a general fund balance deficit.

State program Information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097

Criteria or specific requirement:

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

Condition:

The general fund ended the year in a deficit position.

Questioned Costs:

None.

Context:

The District's unassigned budgetary fund balance was in a deficit position of \$2,952,396 at June 30, 2015

Cause:

Unknown.

Effect:

None.

Recommendation:

Continued efforts be made to eliminate the cumulative deficit in the general fund.

View of Responsible Officials and Planned Corrective Action:

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

**LAKWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 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.

Current Status

See Finding 2015-001.

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.

Current Status

Corrective action has been taken.

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.

Current Status

Corrective action has been taken.

Finding 2014-004:

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

Current Status

See Finding 2015-002.

**LAKWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 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.

Current Status

Corrective action has been taken.

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.

Current Status

Corrective action has been taken.

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.

Current Status

See Finding 2015-003.

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.

Current Status

See Finding 2015-004.

**LAKWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 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 findings with respect to areas of noncompliance.

Current Status

A corrective action plan has been developed.

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.

Current Status

See Findings 2015-005.

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.

Current Status

Corrective action has been taken.

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.

Current Status

Corrective action has been taken.

**LAKWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 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.

Current Status

Corrective action has been taken.

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.

Current Status

See Finding 2015-007.

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.

Current Status

Corrective action has been taken.

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.

Current Status

See Finding 2015-008.

**LAKEWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 2014-017:

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

Current Status

See Finding 2015-009.

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.

Current Status

See Finding 2015-010.