

**SCHOOL DISTRICT
OF
LAKELAND REGIONAL**

**Lakeland Regional High School District
Wanaque, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

Lakeland Regional High School District

Wanaque, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

**Lakeland Regional High School District
Board of Education**

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2016

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal	1
Organizational Chart.....	8
Roster of Officials.....	9
Consultants and Advisors	10

FINANCIAL SECTION 11

Independent Auditors' Report	12
Required Supplementary Information	15
Management's Discussion and Analysis (Unaudited).....	16
Basic Financial Statements (Sections A. and B.).....	30
A. District-Wide Financial Statements	31
A-1 Statement of Net Position.....	32
A-2 Statement of Activities	33
B. Fund Financial Statements	35
B-1 Balance Sheet - Governmental Funds	36
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds	37
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	38
B-4 Statement of Net Position - Proprietary Funds.....	39
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position - Proprietary Funds.....	40
B-6 Statement of Cash Flows - Proprietary Funds.....	41
B-7 Statement of Fiduciary Net Position - Fiduciary Funds	42
B-8 Statement of Changes in Fiduciary Net Position - Fiduciary Funds	43
Notes to the Basic Financial Statements	44

Required Supplementary Information (Unaudited)

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited).....	77
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees' Retirement System.....	77
L-2 Schedule of District Contributions – Public Employees' Retirement System	78
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Attributable to the District – Teachers' Pension and Annuity Fund.....	79
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund.....	80
Notes to Required Supplementary Information.....	81
C. Budgetary Comparison Schedules (Unaudited)	82
C-1 Budgetary Comparison Schedule - General Fund	83
C-2 Budgetary Comparison Schedule - Special Revenue Fund	97
C-3 Budgetary Comparison Schedule - Note to RSI.....	98

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (D. to I.)

D. School Level Schedules (Not Applicable)	100
E. Special Revenue Fund.....	101
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund - Budgetary Basis	102
E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis (Not Applicable)	
F. Capital Projects Fund	103
F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	104
F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis – Facility Improvement and Technical Upgrades	105
F-1b Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis – HVAC Upgrades	106
F-1c Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis – Boiler Replacement.....	107
F-1d Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis – Paving Project – Phase II	108
F-1e Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis – Construction of an Addition to and Upgrading of Existing Facilities.....	109
G. Proprietary Funds	110
Enterprise Fund:	
G-1 Statement of Net Position	111
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position	112
G-3 Statement of Cash Flows	113
Internal Service Fund:	
G-4 Statement of Net Position	114
G-5 Statement of Revenue, Expenses and Changes in Fund Net Position	115
G-6 Statement of Cash Flows	116
H. Fiduciary Funds.....	117
H-1 Combining Statement of Fiduciary Net Position.....	118
H-2 Statement of Changes in Fiduciary Net Position.....	119
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	120
H-4 Student Activity Agency Fund Statement of Activity.....	121
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements.....	122

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (D. to I.) (Cont'd)

I.	Long-Term Debt.....	123
I-1	Schedule of Serial Bonds.....	124
I-2	Schedule of Obligations Under Capital Leases (Not Applicable).....	125
I-3	Debt Service Fund Budgetary Comparison Schedule	126

STATISTICAL SECTION (Unaudited)

J.	Statistical Section	127
J-1	Net Position by Component.....	128
J-2	Changes in Net Position	129
J-3	Fund Balances - Governmental Funds	131
J-4	Changes in Fund Balances - Governmental Funds.....	132
J-5	General Fund Other Local Revenue by Source	134
J-6	Assessed Value and Estimated Actual Value of Taxable Property	135
J-7	Direct and Overlapping Property Tax Rates.....	136
J-8	Principal Property Taxpayers	137
J-9	Property Tax Levies and Collections	138
J-10	Ratios of Outstanding Debt by Type	139
J-11	Ratios of Net General Bonded Debt Outstanding	140
J-12	Ratios of Overlapping Governmental Activities Debt	141
J-13	Legal Debt Margin Information	142
J-14	Demographic and Economic Statistics.....	143
J-15	Principal Employers	144
J-16	Full-Time Equivalent District Employees by Function/Program.....	145
J-17	Operating Statistics.....	146
J-18	School Building Information	147
J-19	Schedule of Required Maintenance for School Facilities	148
J-20	Insurance Schedule.....	149

K. SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	152
K-2	Report on Compliance for Each Major State Program; Report on Internal Control over Compliance	154
	Schedule of Expenditures of Federal Awards	156
	Schedule of Expenditures of State Awards	157
	Notes to the Schedules of Expenditures of Federal and State Awards.....	158
	Schedule of Findings and Questioned Costs	160
	Summary Schedule of Prior Audit Findings	162

INTRODUCTORY SECTION

Lakeland Regional High School
 205 Conklintown Road
 Wanaque, New Jersey 07465-2198
 973-835-1900
 FAX: 973-835-2834

Kathryn Davenport
 Business Administrator

November 16, 2016

Honorable President and
 Members of the Board of Education
 Lakeland Regional High School District
 County of Passaic, New Jersey 07465

Dear Board Members:

The comprehensive annual financial report of the Lakeland Regional High School District (the "District") for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials and consultants. The financial section includes the Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Lakeland Regional High School District is an independent reporting entity within the criteria adopted in Governmental Accounting Standards Board ("GASB") in Codification Section 2100. All funds and account groups of the District are included in this report. The Lakeland Regional High School District Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12. These services include a wide range of academic and elective courses as well as special education for handicapped youngsters. The District completed the 2015-16 school year with an enrollment of 985 students.

2. ECONOMIC CONDITION AND OUTLOOK:

The overall regional equalized property assessment decreased once again, from \$2,909,239,213 in 2014-15 to \$2,887,206,475 in 2015-16, by \$22 million. However, this showed a slowing in property value decreases – the previous year's decrease was \$53.7 million.

3. MAJOR INITIATIVES:

A. **District Planning Initiatives**

Lakeland Regional High School District

Lakeland Regional High School, serving grades 9-12, is a comprehensive high school district. Students come to the high school from the Ringwood and Wanaque elementary districts and several private schools. The constituent communities have a combined population of approximately 25,000.

As a comprehensive high school, Lakeland offers an extensive curriculum designed to serve the interests and abilities of all students. The high school operates under an intensive scheduling format, consisting of five, 80-minute blocks per day. In the intensive scheduling format, students concentrate in greater depth in longer periods. We have moved to an A/B full year course schedule to prepare students for end-of-course testing. To be eligible for graduation each student must acquire 130 credits, meet all State and District course requirements and pass all New Jersey State and Federal NCLB EASA required testing.

During the 2015-16 school year the District completed its 3rd year of its Strategic Plan. This Strategic Plan is in place for the 2013-2018 school years and is listed on the school's website.

The Strategic Plan delineates four District-wide goals for 2013-2018:

1. Deliver exemplary educational program preparing our students for 21st Century college and career readiness.
2. Provide and maintain Lakeland community with exemplary facilities in a safe and cost effective manner.
3. Continue to establish and build upon communication amongst the Wanaque, Haskell and Ringwood communities.
4. Continue to foster a positive and engaging learning environment for students and staff.

The District has also gone through the Quality Single Accountability Continuum Performance Review (QSAC) during the 2015-16 school year and remains on target in all areas during the 2016-17 school year. The goal is to remain at the current scores from the last review or to grow based on the scores. **District's scores** = 100% Instruction & Program, 90% Fiscal Management, 100% Governance, 100% Operations and 100% Personnel. All five areas of the District Performance Review are satisfactory and we are designated as a high achieving school. The Fiscal score of 90% is due only to a diminishing pattern of staff making purchases prior to submitting a purchase order and for no other fiscal issues. These staff members have been warned and soon will be documented and charged the cost of the purchase in order to terminate this practice.

Lakeland Regional High School for 21st Century College and Career Readiness by offering an extensive multi-leveled curriculum in all subject areas to meet the needs of all students within the District. Our annual career day is presented to the entire sophomore class to assist them with this career research, as well as the College & Career Day for juniors. These presentations incorporate speakers from the community as well as companies in the tri-state area who take the time to discuss the job performance requirement and the educational needs to become involved in each career.

To prepare students for their high school experience the entire 9th grade class is invited to participate in the **Connections Program** in August. This two-day program involves student-driven activities by students who are leaders in various clubs within the school. In addition club advisors, counselors, teachers and administrators work with these students in a review of study skills, character, academic opportunities and an introduction to co-curricular activities and athletics. Students are scheduled for this program based on their Pathways class assignment. The peer leaders and counselors they work with during the two days are the same individuals they will be with during meetings through the school year. This gives new students the opportunity to become part of the school culture and most importantly build school connectedness for a successful high school experience.

Connections is an ongoing process throughout the Freshman year and offers support and guidance to 9th grade students as they adjust to the high school experience. In addition to this program we now have our Speak With a Newbie Program (SWAN) that offers the same experience to students who transfer into LRHS at all grade levels again offering them ongoing support and guidance for connectedness and adjusting to their new school environment. This includes students moving in from other communities, states and in some cases other countries.

Pathways to College and Career is a Freshman course which prepares students to succeed in high school along with planning their future endeavors. This course also assists students with test taking skills, communication, and study strategies. In addition, counselors work with students using Naviance to help students develop educational and career goals as well as building upon the Connections Program with a focus on character and providing tolerance and diversity education. This also makes students aware that harassment, intimidation and bullying does not belong in our school or anywhere else. These programs are continued in 10th grade with EXPLORE which provides students with support and awareness if testing. PSAT, ACT, PLAN etc which are used to

identify student weaknesses and strengths in several academic areas. The Junior Conference takes place in the 11th grade and parents and students work with counselors to review student's progress and to build post secondary plans for college and careers. Students experience profession in a senior level program which incorporates all the work from Pathway, Explore, and Junior Conference. Students are given the opportunity to job shadow based on their career choice.

In addition, we offer the Accu-Placer to Juniors to measure their progress prior to moving onto their Senior year so that they can receive assistance in specific areas prior to attending college.

A major course offering during the 2015-16 school year was the **SUPA Earth Systems Science** in collaboration with Syracuse University. This course illustrates the interconnectedness of biologic, hydrologic, atmospheric and geologic processes in shaping the planet. Students who pass this class receive college credit.

As required, the LRHS District implements a new-teacher and administrative observation tool under ACHIEVE NJ. This includes multiple observations and conferences along with ongoing training for teachers and administrators. Student Growth Objectives are used to measure student performance and require a review by the School Improvement Panel and the DEAC Committee. The results of all observations during the 2015-16 school year have been reported to the state via NJSMART.

Lakeland Regional High School District conducted its second year of PARCC Assessments which are now mandatory for all New Jersey public schools and was featured as a District with one of the State's most-improved series of PARCC scores.

Working closely with the community and elementary sending districts, Lakeland provides a variety of informational meetings. During the past school year, the Lakeland Regional High School District with the cooperation of the Ringwood and Wanaque school districts held a series of articulation meetings. The meetings bring the teachers, supervisors and curriculum coordinators of all three districts together to discuss curriculum in the areas of mathematics, science, language arts, social studies, world languages, health and physical education, special education, guidance and technology. These ongoing articulation sessions promote a well-coordinated and sequenced educational experience for every child in the District. Through this process a Bi-District initiative involving the Wanaque and Lakeland Districts has developed a K-12 Language Arts curriculum that will be implemented throughout these two districts. This shared effort will assure more continuity for all Wanaque students within this important content area.

Lakeland Regional High School also has a comprehensive school counseling program, which highlights the 2015-16 school counseling accountability report card using the national SPARC model, which Lakeland is the first school in the state of New Jersey to demonstrate this level of accountability for school counseling. The school counseling department provides individualized student plans for each student beginning in freshman year. Lakeland Regional HS was also the 1st and only school in NJ to achieve the "Recognized ASCA Model Program" (RAMP) award.

The District conducted its annual informational programming which included: Back to School Night, a Guidance Informational Night for parents, a meeting for parents of academically talented seventh grade students, a Financial Aid Workshop for parents of seniors, an Open House for incoming freshman students and their parents. Other parent/community contacts included: Guidance Advisory Committee, parents teachers and administrators, partnership with Kaplan test prep, Ringwood and Wanaque libraries, and Passaic County Community College (PCCC). The Superintendent Advisory Committee is now the DEAC Committee consisting of Administrators and Parents and continues to review programs, courses and student support for academic and social success. The main focus is on student performance and monitoring the Stronge Evaluation Model.

The school continues to implement the Connections Program, a 2 day program where incoming Freshmen meet and work with teachers, administrators and Peer Mentors. Parent meetings for students who are at risk took place and students have enrolled in our Educational Support Programs (ESP) to assist them in the areas of Language Arts Literature and Mathematics. This ESP Program also runs in the summer.

The Lakeland Website continues to serve as a very valuable tool for communication to the parents, students and the greater Lakeland community. The District added a Facebook page at the end of the year which continues in 2016-17 with great success. The Parent Portal is a principal component for parental/school communication. Parent Portal enables parents, through a password protected connection, to view their child's schedule, grades and attendance and discipline records via Lakeland's website. In addition to Parent Portal, every staff member has an e-mail address and voice mail telephone number. Our School Messenger system allows the District to contact the entire community of Board members, parents, staff and administrators or many subgroups through a broadcast telephone SMS & E-mail. This was used many times during the 2015-16 school year, particularly with the regular snowfall our area receives during the winter months. The community feedback on these two communications systems has been extremely positive. Our online services include the use of School Office Pro which makes all required forms available to parents online. This program contains various permission agreements such as technology usage, sports physicals, Emergency Management etc. The use of this system drastically reduces the amount of funds spent on mailings and also works as a tracking system for response and completion of forms.

The Renaissance Program has been an ongoing project at Lakeland. This program is designed to inspire acceptance and excitement for academic success in high school. Through this program Lakeland continues to increase student performance and teacher enthusiasm. At the same time the Renaissance program initiative strives to raise the level of community participation in school activities. The District's (SWAP - Speak With A Peer) and LEAP (Leaders Encouraging Adolescent Progress) also continues providing many student-to-student programs and contacts supporting student success during the year and throughout the summer.

Along with its extensive and comprehensive curriculum, Lakeland Regional High School is proud of the 29 varsity athletic teams (65 total teams) and more than 50 clubs and activities that are available to the students from Ringwood and Wanaque. Over the past few years student participation in these offerings has increased and as a result the school has enjoyed many county, conference and state championships. This success promotes enthusiasm and pride throughout the entire Lakeland complex.

Some of the co-curricular offerings include Robotics, Cultural Clubs, Performing Arts programs and a plethora of everything in between. These programs along with our athletic programs are known throughout the community and utilized as a means of community support and communication.

B. Facilities Improvements

During the 2015-16 school year, the Board of Education pursued and completed most of the budgeted 28 capital projects, both large and small, designed to update the school's functionality and appearance. The most significant of these projects continued into July and August of 2016 for their completion. The new state-of-the-art STEM Lab contains flexible student work stations and conferencing areas. The renovation and re-purposing of the previous Auto Shop to an instructional Health & Wellness Center incorporates a new aerobic section, dedicated instructional space, indoor sprinting track, adaptive physical education area, upgraded free-weight systems, as well as numerous other tools to improve student health and inspire career study in the Health/Wellness areas. One of the District's Team Rooms was overhauled and made more functional as well as more sanitary. The East Building Gymnasium was entirely renovated including a complete repainting, new banners, new state-of-the-art bleachers and repaired basketball backboards.

The Board of Education approved applications for two ROD grants early in August 2013 for the replacement of two boilers in the West Building and replacement of the HVAC Controls, also in the West Building. The ROD grants offered 40% State monies to augment District funding of these two facility upgrades. The design phase and public bidding for these initiatives were accomplished in the 2013-14 school year. Then, both these projects went into full swing during the 2014-15 school year and continued in the 2015-16 school year with a focus on "balancing" the system to ensure the money was well-invested for student/staff health and comfort.

Future capital improvement plans for 2016-17 and subsequent years include the installation of air conditioning in the East Building – including the Cafeteria – as well as the West Building Gymnasium. One or two other projects will be paired with this sizable initiative, such as an updating of the District's Media Center in order to incorporate more modern aspects of study, research and communications.

C. Test Results

In two key areas, Scholastic Aptitude Test (SAT) and Advanced Placement (AP) tests, Lakeland experienced positive results.

The SAT class of 2016 averages are excellent for both the verbal and math sections of the test. The following list provides results for the last 10 years for comparison:

	Verbal	Math	Writing	Total SAT	% of Class Taking Test
Class of 2016	505	524	496	1525	74%
Class of 2015	494	512	487	1493	70%
Class of 2014	507	522	509	1538	78%
Class of 2013	510	520	503	1533	76%
Class of 2012	492	503	499	1494	81%
Class of 2011	510	521	515	1546	76%
Class of 2010	508	520	512	1540	53%
Class of 2009	514	513	509	1536	65%
Class of 2008	520	516	522	1558	72%
Class of 2007	503	493	504	1500	75%

D. Implementation of School - Level Plans (N.J.A.C. 6:8-4.4) for the 2015-2016 School Year

During the 2015-16 school year we continued to focus on the goals and objectives set within the new Strategic Plan. There has been a focus on delivering an exemplary educational program for our students, including the use of additional technology and the implementation of online programs for students and staff. We continue to move in the area of wireless technology by installing additional wireless ports for iPads and for the possibility of moving towards Bring Your Own Device. During 2015-16 as the District developed the 2016-17 budget, we included funding for an additional 80 wireless access points to complete wireless access throughout the campus. This project has since been completed and has enhanced the PARCC testing process. In addition, our computer labs have been updated with new equipment and software to facilitate our PARCC Assessment process. Other upgrades included a Chromebook initiative, a new backup solution and purchase of a new Student Transportation software system. All of these areas relate the District's Technology Plan created at the end of the 2013 school year.

The Renaissance Program has now expanded to recognize the growth and achievements of students and staff. The Connections Program is also continuing to guide and assist freshman in adjusting to social and academic requirements in high school. In addition to the QSAC review many hours and days were spent in training staff in meeting the needs of ACHIEVE. This includes training for new evaluation system and SGOS.

E. Professional Development Activities (N.J.A.C. 6:8-4.8)

The Lakeland Regional High School District will provide workshops/trainings in the areas identified in our Needs Assessment and Professional Development Plan. These opportunities will be offered to staff and address areas such as 21st Century Classroom Skills, Implementing the NJCCC, Common Core Standards and NJ PARCC Assessments. Opportunities will also be provided for training teachers in the use of hand held devices in the classroom, cooperative learning, data driven instruction/assessment and the infusion of technology throughout the curriculum. Lakeland Regional High School provides three means for faculty to obtain professional development hours based on our most recent Professional Development Plan

1. Topics discussed during our scheduled professional days address the use and implementation of technology in the classroom and District. During the professional development process, our Professional Development Committee reviews the District Strategic Plan, Technology Plan and surveys the staff to determine and coordinate the District's professional development activities. The District continues to make a commitment to providing quality professional development, 2 full days and up to 6 half days are built into the school calendar. This is in addition to the District sending staff members to out of district workshops, on-line courses for advanced learners and reimbursement for college courses.

2. The New Jersey Department of Education requires annual training on a variety of topics. To abide by this requirement, the Lakeland Regional High School District has contracted with Global Compliance Network (GCN). GCN is an internet based training program. After finishing a required training module, an electronic record of that training goes to an on-line database. After all the necessary modules are completed, a staff member can print a record of those trainings. Examples of these trainings are: Affirmative Action, The New Jersey Anti-Bullying Bill of Rights, The I&RS Process, Section 504 and Gang Awareness.

3. Teachers will be trained on the use of any and all assistive technologies that are to be used in the classroom, Media Center and other parts of the school facility. Training/professional development will be provided before the implementation of the assistive technology in the classroom and on-going training will be offered for additional support. This model will also apply to any assistive technology that is mandated for use by student IEPs and 504 plans. This also includes the use of new software for IEPs and ongoing training for co-teaching in the in class support environment.

F. Multimedia Lab In service 2015-16

Lakeland provides three days of new teacher training on a variety of topics including: the Stronge Model, OASYS software, turnitin.com- an anti-plagiarism tool- electronic lesson plans, cyber bullying, etc. Staff members conducted these sessions at the end of August to assist new staff hires with the various technology used by the District. At Back-to-School night in September, the guidance director and counselors supplied information to parents regarding logon procedures for the Powerschool Parent Portal application.

In 2015-16, computer technology classes continue to host a variety of student projects using Final Cut Pro, PowerPoint, Adobe Photoshop, Adobe Premiere, Flash, and Audacity. The lab utilization calendar shows classes made use of EBSCO, Facts on File, and Proquest databases, Blue Jay compiling, Everfi, International Business Plan, Microsoft Office Suite and turnitin.com software to research information, model scenarios, and create reports. Lab opportunities are offered to all staff on a regular basis in order to provide students with computer sessions for class use. Professional development seminars were also offered to staff regarding data input for SGO Excel worksheets and document log assembly required for staff evaluation.

4. INTERNAL ACCOUNTING CONTROLS

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

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipalities. 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.

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 reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, workers compensation, health, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

The Board is a member of the Pooled Insurance Program of New Jersey ("PIP"). The PIP is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the PIP is included in Note 11 to the Basic Financial Statements.

9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10. ACKNOWLEDGMENTS:

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

Respectfully submitted,

Hugh Beattie

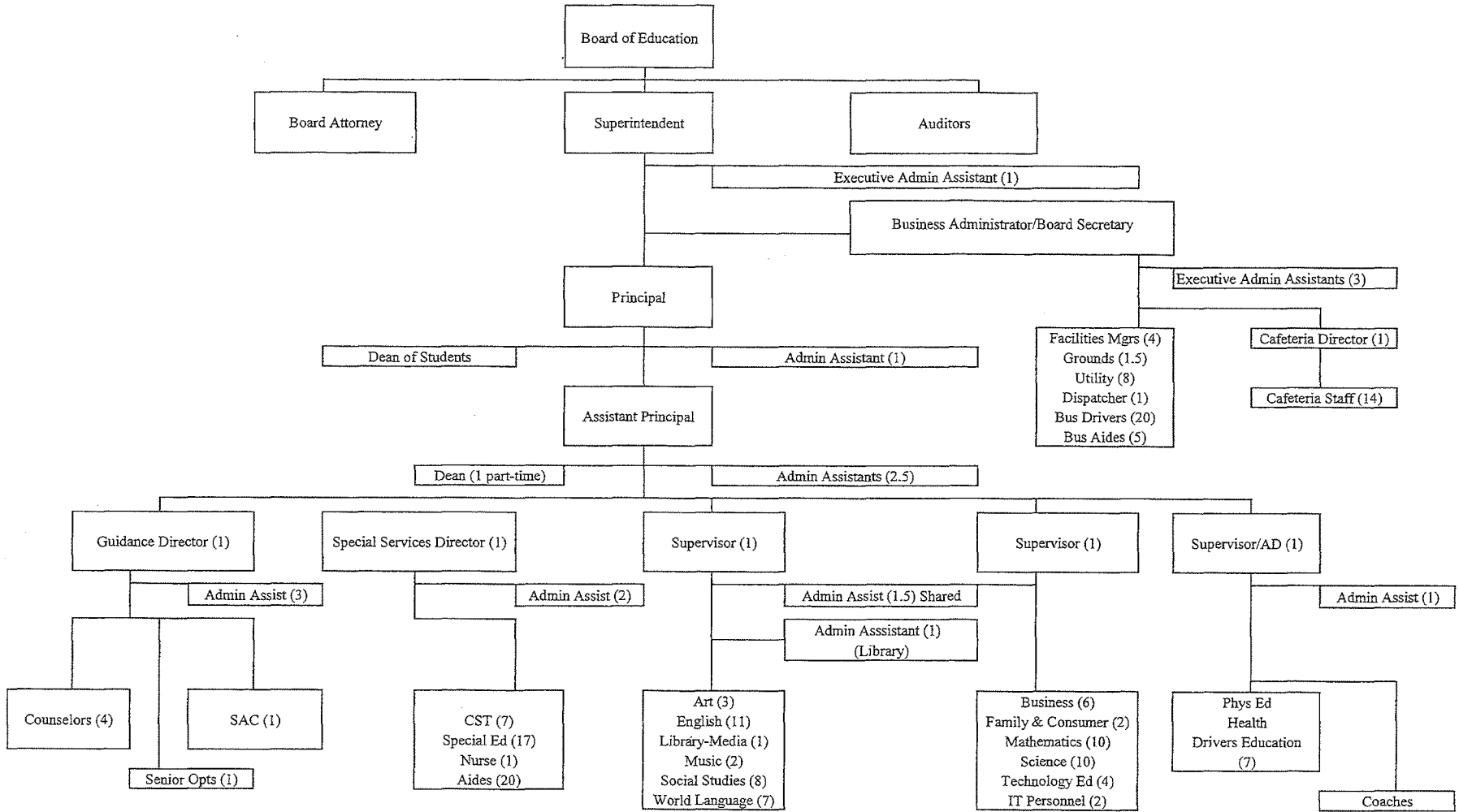
Hugh Beattie
Superintendent of Schools

Kathryn Davenport

Kathryn Davenport
Board Secretary/Business Administrator

LAKELAND REGIONAL HIGH SCHOOL - ORGANIZATION CHART - 2016-2017

As of 11/29/2016



**LAKELAND REGIONAL HIGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Bruce Gibson, President	2016
Robert Adams, Vice President	2017
Maryann Brett	2016
John Griffin	2017
Eileen Lerro	2016
Carol Preus Gardner	2017
Suzanne Raoul	2018
Daniel Sinclair	2018
Joseph Walker	2018

<u>Other Officers</u>	<u>Title</u>
Hugh Beattie	Superintendent of Schools
Kathryn Davenport	Board Secretary/School Business Administrator
Virginia Merlino	Treasurer

**LAKELAND REGIONAL HIGH SCHOOL DISTRICT
Consultants and Advisors**

Architect/Engineer

Solutions Architecture
81 Clay Street
2nd Floor, Suite #2
Newark, NJ 07104

FKA Architects
306 Ramapo Valley Road
Oakland, NJ 07436

Audit Firm

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

Attorney

Porzio, Bromberg & Newman P.C.
100 Southgate Parkway
PO Box 1997
Morristown, NJ 07960

Official Depository

Lakeland Bank
94 Ringwood Avenue
Wanaque, NJ 07465

FINANCIAL SECTION



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Lakeland Regional High School District
County of Passaic, 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 Lakeland Regional High School District (the "District") in the County of Passaic as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise of the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

The Honorable President and Members
of the Board of Education
Lakeland Regional High School District
Page 2

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 District, as of and for the fiscal year ended June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Honorable President and Members
of the Board of Education
Lakeland Regional High School District
Page 3

Other Matters (Cont'd)

Other Information (Cont'd)


The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 16, 2016


NISIVOCCIA LLP



Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

This discussion and analysis of the Lakeland Regional High School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2016. The intent of this is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2015-2016 school year are as follows:

- The District's financial status improved over the prior year.
- Overall revenue was \$29.41 million.
- Actual revenue was \$660,572 higher than expected primarily in tuition, miscellaneous revenue and state sources, offset by lower than expected maintenance reserve interest.
- Outlays for new capital assets decreased due to recent projects authorized just getting underway and decreases in the prior projects authorized that were funded in part by Regular Operating District (ROD) grants from the Schools Development Authority (SDA).
- The District reduced its outstanding long-term bonded debt by 14.32 percent.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

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

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

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)**

**Figure A-1
Organization of Lakeland Regional High's Financial Report**

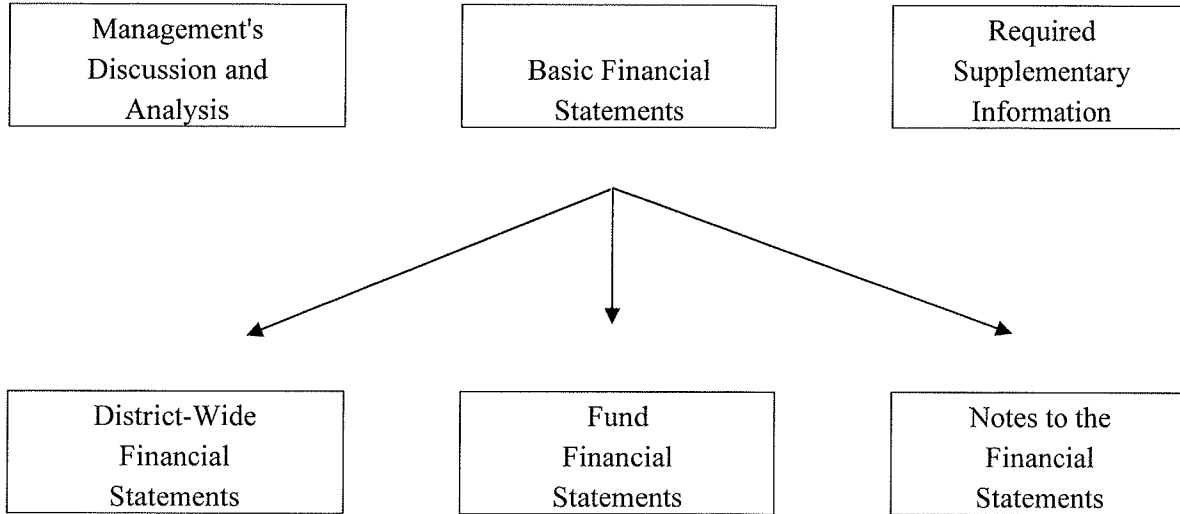


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)**

*Figure A-2**Major Features of the District-Wide and Fund Financial Statements*

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

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)**

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, deferred inflows and outflows, and liabilities. All of the current fiscal year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

Fund Financial Statements

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

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

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)**

Fund Financial Statements

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 fiscal year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently maintains an internal service fund for transportation.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Notes to Financial Statements

Provide additional information essential to full understanding of District-wide and fund financial statements.

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)**

Financial Analysis of the District as a Whole

The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2016 and 2015. The District's combined net position was \$12,001,281 on June 30, 2016, \$883,515 or 7.95% more than the year before. The change in the District's financial position came from its governmental activities, as net position increased from \$10,961,663 to \$11,861,764. The net position of the business-type activities decreased by \$16,586. A factor affecting the net position was the pay-down of long-term bonded debt in the amount of \$265,000 that decreased debt and increased net position.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	Change 2015/16
Current and							
Other Assets	\$ 7,892,236	\$ 7,960,273	\$ 110,777	\$ 124,770	\$ 8,003,013	\$ 8,085,043	-1.01%
Capital Assets, Net	13,553,855	12,652,233	28,740	31,333	13,582,595	12,683,566	7.09%
Total Assets	21,446,091	20,612,506	139,517	156,103	21,585,608	20,768,609	3.93%
Deferred Outflows of							
Resources	999,964	300,824			999,964	300,824	232.41%
Other Liabilities	414,923	239,222			414,923	239,222	73.45%
Long-Term Liabilities	9,507,228	9,324,953			9,507,228	9,324,953	1.95%
Total Liabilities	9,922,151	9,564,175	-0-	-0-	9,922,151	9,564,175	3.74%
Deferred Inflows of							
Resources	662,140	387,492			662,140	387,492	70.88%
Net Position:							
Net Investment in							
Capital Assets	11,862,430	10,674,523	28,740	31,333	11,891,170	10,705,856	11.07%
Restricted	3,090,397	6,600,013			3,090,397	6,600,013	-53.18%
Unrestricted/(Deficit)	(3,091,063)	(6,312,873)	110,777	124,770	(2,980,286)	(6,188,103)	51.84%
Total Net Position	\$ 11,861,764	\$ 10,961,663	\$ 139,517	\$ 156,103	\$ 12,001,281	\$ 11,117,766	7.95%

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)**

Changes in Net Position

Total revenue increased 7.33% to \$29,410,782. Property taxes and federal and state aid/awards accounted for most of the District's revenue, approximately 94.87% of the total. The increase in total revenue is the result of increases in charges for services, federal and state aid/awards and property taxes for general purposes and debt service, offset by a decrease in other miscellaneous revenue.

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	Change 2015/16
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,053,242	\$ 880,367	\$ 268,385	\$ 273,665	\$ 1,321,627	\$ 1,154,032	14.52%
Operating Grants and Contributions	6,383,969	5,469,816	142,770	125,994	6,526,739	5,595,810	16.64%
Capital Grants and Contributions	480,070				480,070		100.00%
General Revenue:							
Property Taxes	16,859,363	16,335,325			16,859,363	16,335,325	3.21%
State Aid	4,034,184	4,031,210			4,034,184	4,031,210	0.07%
Other	188,586	286,065	213	257	188,799	286,322	-34.06%
Total Revenue	<u>28,999,414</u>	<u>27,002,783</u>	<u>411,368</u>	<u>399,916</u>	<u>29,410,782</u>	<u>27,402,699</u>	7.33%
Expenses:							
Instruction	15,128,087	14,360,726			15,128,087	14,360,726	5.34%
Pupil and Instruction Services	7,419,339	6,987,349			7,419,339	6,987,349	6.18%
Administrative and Business	1,755,959	1,949,521			1,755,959	1,949,521	-9.93%
Maintenance and Operations	2,170,359	1,864,147			2,170,359	1,864,147	16.43%
Transportation	1,503,503	1,647,997			1,503,503	1,647,997	-8.77%
Other	48,606	60,290	427,954	434,994	476,560	495,284	-3.78%
Total Expenses	<u>28,025,853</u>	<u>26,870,030</u>	<u>427,954</u>	<u>434,994</u>	<u>28,453,807</u>	<u>27,305,024</u>	4.21%
Transfers	(73,460)				(73,460)		100.00%
Increase/(Decrease) in Net Position	<u>\$ 900,101</u>	<u>\$ 132,753</u>	<u>\$ (16,586)</u>	<u>\$ (35,078)</u>	<u>\$ 883,515</u>	<u>\$ 97,675</u>	804.55%

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)**

Revenue Sources. The District's total revenue for the 2015/16 school year was \$29,410,782. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$16,859,363 of the total, or 57.33 percent. (See Figure A-5). Another 37.54 percent came from federal and state aid/awards for general and specific programs and the remainder from charges for services and other miscellaneous sources.

**Figure A-5
Sources of Revenue for Fiscal Year 2016**

	Amount	Percentage
Sources of Income:		
Charges for Services	\$ 1,321,627	4.49%
Operating Grants and Contributions	6,526,739	22.19%
Capital Grants and Contributions	480,070	1.63%
Property Taxes	16,859,363	57.33%
State Aid	4,034,184	13.72%
Other	188,799	0.64%
	\$ 29,410,782	100.00%

The total cost of all programs and services was \$28,453,807. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (84.53 percent). (See Figure A-6). The District's administrative and business activities accounted for 6.17 percent of total costs. The most significant contributors to the cost of maintenance and operations are salaries, energy costs (including fuel), and cleaning, repair and maintenance services.

**Figure A-6
Expenses for Fiscal Year 2016**

	Amount	Percentage
Expense Category:		
Instruction	\$ 15,128,087	53.17%
Pupil and Instruction Services	7,419,339	26.08%
Administrative and Business	1,755,959	6.17%
Maintenance and Operations	2,170,359	7.63%
Transportation	1,503,503	5.28%
Other	476,560	1.67%
	\$ 28,453,807	100.00%

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)**

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Figure A-7 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

As discussed elsewhere in this commentary, the financial position of the District improved. Maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils places great demands on the District's resources. During the past few years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to offset increased enrollment, increased special education programs and increased health benefit costs.

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

- Shared Services with other area school districts to provide transportation routes for Lakeland High School, field trips and to out-of-district special education schools.
- Standard practice has been to maintain lower maintenance costs by seeking competitive proposals each fiscal year for these services and performing work in-house.
- Shared Services with Ringwood and Wanaque School Districts to provide for Tri-District position in the following area: Substance Abuse Coordinator.
- Purchased supplies and services through four purchasing shared services agreements and one insurance pool.

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)**

Governmental Activities

It is crucial that the District examine its expenses carefully. Figure A-7 presents the cost of six major District activities; instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2015/2016	2014/2015	2015/2016	2014/2015
Instruction	\$ 15,128,087	\$ 14,360,726	\$ 9,327,862	\$ 9,520,635
Pupil and Instruction Services	7,419,339	6,987,349	6,062,306	5,883,743
Administrative and Business	1,755,959	1,949,521	1,595,394	1,785,311
Maintenance and Operations	2,170,359	1,864,147	1,690,289	1,864,148
Transportation	1,503,503	1,647,997	1,384,115	1,405,720
Other	48,606	60,290	48,606	60,290
	<u>\$ 28,025,853</u>	<u>\$ 26,870,030</u>	<u>\$ 20,108,572</u>	<u>\$ 20,519,847</u>

- The net cost of all governmental activities this fiscal year was \$20,108,572.
- The federal and state governments subsidized certain programs with grants and contributions (\$6.864 million).
- Most of the District's costs, however, were financed by District taxpayers.
- A portion of governmental activities was financed with \$4.034 million in state aid based on the SFRA formula.
- The remainder of the funding came from charges for services, investment earnings and other miscellaneous revenue.

Business-Type Activities

Net position from the District's business-type activities decreased by \$16,586. (Refer to Figure A-4). Factors contributing to these results included:

- Food services expenses exceeded revenues by \$16,586, accounting for all of the decrease in the net position of the business-type activities. Lakeland's Food Service Manager continues to improve the food quality and variety to the students and faculty; however, the recently implemented new federal meal pattern requirements and nutrition standards and a decline in student enrollment resulted in decreased participation in the school lunch program.

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)**

Financial Analysis of the District's Funds

The District's financial position diminished due to significant changes in the student clientele and difficult economic times. Revenue, as discussed earlier, was realized in excess of budgeted amounts while expenditures were less than the final budget.

The current economy has had a direct impact upon the District's revenue sources. Interest from investments continued to be negatively affected. Ratables in the municipalities had been declining and have now remained relatively level the last three years while the Towns' tax collection percentages have remained relatively stable.

These factors are likely to continue for the near future. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the fiscal year, the District revised the annual operating budget monthly. Revisions in the budget were made to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation.

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires as well as program adjustments necessitated by student population changes.
- Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year, which necessitates transferring funds to the appropriate account to pay these special education costs.
- Property and liability insurance policies were renewed at a rate just under \$1,600 more than budgeted. This cost is counter to the national trend of the insurance industry. Also, the cost of workmen's compensation insurance was less than budgeted by just over \$45,500.
- Teachers' Pension and Annuity Fund, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the District but is required to be reflected in the financial statements.

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)**

Capital Asset and Debt Administration

**Figure A-8
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Site Improvements	\$ 1,250,137	\$ 1,417,260			\$ 1,250,137	\$ 1,417,260	-11.79%
Buildings and Building Improvements	3,555,614	3,668,742			3,555,614	3,668,742	-3.08%
Equipment and Furniture	567,539	624,643	\$ 28,740	\$ 31,333	596,279	655,976	-9.10%
Construction in Progress	8,180,565	6,941,588			8,180,565	6,941,588	17.85%
	<u>\$ 13,553,855</u>	<u>\$ 12,652,233</u>	<u>\$ 28,740</u>	<u>\$ 31,333</u>	<u>\$ 13,582,595</u>	<u>\$ 12,683,566</u>	<u>7.09%</u>

More detailed information about the District's capital assets is presented in Note 7 to the Basic Financial Statements.

Long-term Liabilities

At fiscal year-end, the District had \$1,585,000 in general obligation bonds, a reduction of \$265,000 from last fiscal year – as shown in Figure A-9. More detailed information about the District's long-term liabilities is presented in Note 8 to the Basic Financial Statements.

**Figure A-9
Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	2015/16	2014/15	
General Obligation Bonds (Financed with Property Taxes)	\$ 1,585,000	\$ 1,850,000	-14.32%
Net Pension Liability	7,019,615	6,502,131	7.96%
Other Long-Term Liabilities	902,613	972,822	-7.22%
	<u>\$ 9,507,228</u>	<u>\$ 9,324,953</u>	<u>1.95%</u>

- The District continued to pay down its debt, retiring \$265,000 of its general obligation debt and \$59,743 of its early retirement incentive payable.
- The District's net pension liability increased by \$517,484.
- Unamortized bond issuance premiums decreased by \$21,285.
- Compensated absences increased \$10,819.

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)**

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

The economy continued to struggle during the past school year. Although the housing market continues to improve, it was still somewhat stagnant in both sales and value. Consumer confidence has increased slightly but remains reserved which stimulates less than robust retail activity.

This state of affair translates into lower revenue collections at all levels of government in New Jersey. Despite this, funding for education remained constant the past fiscal year. Lakeland was able to retain all programs with only a slight reduction in staff both this past fiscal year and for the upcoming school year. In fact, new professional positions were added to address the increasing number of students requiring special services.

After examination of the shared Supervisor of Special Services position both the districts of Ringwood and Lakeland Regional High School decided to hire their own district Special Services Director – rather than to share one. Escalating numbers of students, increased demand for services and the increasing frequency of litigation has forced the districts to make this change. While this impacted both district finances initially, it is the hope that better supervision may lead to cost containment in future fiscal years.

The Affordable Health Care Act requirements became a major issue for school districts in the 2014-15 school year and in the 2015-16 school year all districts focus on compliance with the new IRS ACA reporting that is required in January and February of 2016. These requirements of reporting on costs of benefits and new plan descriptions and options has had a major impact on business office operations that are as yet undetermined throughout all school districts.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator at the Lakeland Regional High School Board of Education, 205 Conklintown Road, Wanaque, NJ 07456.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,073,787	\$ 81,429	\$ 4,155,216
Receivables from Other Governments	842,385	21,382	863,767
Other Receivables, Net	21,726		21,726
Inventory		7,966	7,966
Restricted Cash and Cash Equivalents:			
Capital Reserve Account	1,866,388		1,866,388
Maintenance Reserve Account	1,087,950		1,087,950
Capital Assets, Net:			
Construction in Progress	8,180,565		8,180,565
Depreciable Site Improvements, Buildings and Building Improvements, and Machinery, Furniture and Equipment	5,373,290	28,740	5,402,030
Total Assets	<u>21,446,091</u>	<u>139,517</u>	<u>21,585,608</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in Assumptions - Pensions	753,851		753,851
Changes in Proportion - Pensions	78,650		78,650
Difference Between Expected and Actual Experience - Pensions	167,463		167,463
District Contribution Subsequent to the Measurement Date - Pensions	302,536		302,536
Total Deferred Outflows of Resources	<u>1,302,500</u>		<u>1,302,500</u>
LIABILITIES			
Current Liabilities:			
Payable to Federal Government	2,142		2,142
Accounts Payable	678,889		678,889
Accrued Interest Payable	34,114		34,114
Unearned Revenue	2,314		2,314
Noncurrent Liabilities:			
Due Within One Year	356,255		356,255
Due Beyond One Year	9,150,973		9,150,973
Total Liabilities	<u>10,224,687</u>		<u>10,224,687</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in Proportion - Pensions	549,278		549,278
Investment Gains - Pensions	112,862		112,862
Total Deferred Inflows of Resources	<u>662,140</u>		<u>662,140</u>
NET POSITION			
Net Investment in Capital Assets	11,862,430	28,740	11,891,170
Restricted for:			
Capital Projects	1,994,222		1,994,222
Maintenance	1,087,950		1,087,950
Debt Service	8,225		8,225
Unrestricted (Deficit)	(3,091,063)	110,777	(2,980,286)
Total Net Position	<u>\$ 11,861,764</u>	<u>\$ 139,517</u>	<u>\$ 12,001,281</u>

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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	Total
Governmental Activities:							
Instruction:							
Regular	\$ 10,360,870	\$ 1,045,332	\$ 2,598,286		\$ (6,717,252)		\$ (6,717,252)
Special Education	3,296,413		1,815,984		(1,480,429)		(1,480,429)
Other Special Instruction	29,113		11,995		(17,118)		(17,118)
Other Instruction	1,441,691		328,628		(1,113,063)		(1,113,063)
Support services:							
Tuition	2,462,167		227,079		(2,235,088)		(2,235,088)
Student & Instruction Related Services	4,957,172		1,129,954		(3,827,218)		(3,827,218)
General Administrative Services	523,254				(523,254)		(523,254)
School Administrative Services	697,432		160,565		(536,867)		(536,867)
Central Services	374,992				(374,992)		(374,992)
Administrative Information Technology	160,281				(160,281)		(160,281)
Plant Operations and Maintenance	2,170,359			\$ 480,070	(1,690,289)		(1,690,289)
Pupil Transportation	1,503,503	7,910	111,478		(1,384,115)		(1,384,115)
Interest on Long-Term Debt	48,606				(48,606)		(48,606)
Total Governmental Activities	28,025,853	1,053,242	6,383,969	480,070	(20,108,572)		(20,108,572)

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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	Total	
Business-Type Activities:								
Food Service	\$ 427,954	\$ 268,385	\$ 142,770			\$ (16,799)	\$ (16,799)	
Total Business-Type Activities	427,954	268,385	142,770			(16,799)	(16,799)	
Total Primary Government	<u>\$ 28,453,807</u>	<u>\$ 1,321,627</u>	<u>\$ 6,526,739</u>	<u>\$ 480,070</u>	<u>\$ (20,108,572)</u>	<u>(16,799)</u>	<u>(20,125,371)</u>	
General Revenues:								
Taxes:								
					16,520,000		16,520,000	
					339,363		339,363	
					4,034,184		4,034,184	
					188,586	213	188,799	
					(73,460)		(73,460)	
					<u>21,008,673</u>	<u>213</u>	<u>21,008,886</u>	
						900,101	(16,586)	883,515
					<u>10,961,663</u>	<u>156,103</u>	<u>11,117,766</u>	
					<u>\$ 11,861,764</u>	<u>\$ 139,517</u>	<u>\$ 12,001,281</u>	

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 827,752		\$ 3,212,428	\$ 8,225	\$ 4,048,405
Interfunds Receivable	24,513				24,513
Receivables from Other Governments	319,749	\$ 42,566	480,070		842,385
Other Receivables	21,726				21,726
Restricted Cash and Cash Equivalents	2,954,338				2,954,338
Total Assets	\$ 4,148,078	\$ 42,566	\$ 3,692,498	\$ 8,225	\$ 7,891,367
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	\$ 600,000	\$ 24,513			\$ 624,513
Payable to Federal Government		2,142			2,142
Accounts Payable	284,727	13,597	\$ 68,439		366,763
Unearned Revenue		2,314			2,314
Total Liabilities	884,727	42,566	68,439		995,732
Fund Balances:					
Restricted for:					
Capital Reserve Account	1,866,388				1,866,388
Maintenance Reserve Account	1,087,950				1,087,950
Capital Projects			127,834		127,834
Debt Service				\$ 8,225	8,225
Assigned:					
Encumbrances	56,258				56,258
Committed			3,496,225		3,496,225
Unassigned	252,755				252,755
Total Fund Balances	3,263,351		3,624,059	8,225	6,895,635
Total Liabilities and Fund Balances	\$ 4,148,078	\$ 42,566	\$ 3,692,498	\$ 8,225	\$ 7,891,367

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Total Fund Balances (Per Above)	\$ 6,895,635
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds. The cost of the assets is \$22,448,369 and the accumulated depreciation is \$8,894,514.	13,553,855
Internal service funds are used by management to charge the costs of transportation to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.	615,792
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.	(2,381,188)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(34,114)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(7,019,615)
Certain amounts related to the Net Pension Liability and Deferred and Amortized in the Statement of Activities are not reported in the Governmental Funds:	
Changes in Assumptions - Pensions	753,851
Changes in Proportions - Pensions	78,650
Difference Between Expected and Actual Experience - Pensions	167,463
Changes in Proportions - Pensions	(549,278)
Investment Gains - Pensions	(112,862)
Bond Issuance Premiums are reported as revenue in the Funds. These premiums total \$255,426 and the accumulated amortization is \$149,001.	(106,425)
Net Position of Governmental Activities	\$ 11,861,764

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

Exhibit B-2

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 16,520,000			\$ 339,363	\$ 16,859,363
Tuition Charges	1,045,332				1,045,332
Miscellaneous	188,347	\$ 6,094			194,441
Total - Local Sources	17,753,679	6,094		339,363	18,099,136
State Sources	7,300,651		\$ 480,070		7,780,721
Federal Sources	12,463	311,534			323,997
Total Revenues	25,066,793	317,628	480,070	339,363	26,203,854
EXPENDITURES					
Current:					
Regular Instruction	6,120,028				6,120,028
Special Education Instruction	1,910,935	54,520			1,965,455
Other Special Instruction	13,298	6,094			19,392
Other Instruction	900,292				900,292
Support Services and Undistributed Costs:					
Tuition	2,235,088	227,079			2,462,167
Student & Instruction Related Services	3,106,143	29,935			3,136,078
General Administrative Services	447,947				447,947
School Administrative Services	432,345				432,345
Central Services	303,576				303,576
Administration Information Technology	152,532				152,532
Plant Operations and Maintenance	1,665,105				1,665,105
Pupil Transportation	1,478,421				1,478,421
Unallocated Benefits	5,904,307				5,904,307
Debt Service:					
Principal				265,000	265,000
Interest and Other Charges				74,363	74,363
Capital Outlay	58,405		1,319,192		1,377,597
Total Expenditures	24,728,422	317,628	1,319,192	339,363	26,704,605
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	338,371		(839,122)		(500,751)
OTHER FINANCING SOURCES/(USES)					
Transfers In			4,076,070		4,076,070
Transfers Out	(4,149,530)				(4,149,530)
Total Other Financing Sources/(Uses)	(4,149,530)		4,076,070		(73,460)
Net Change in Fund Balances	(3,811,159)	-0-	3,236,948		(574,211)
Fund Balance - July 1	7,074,510	-0-	387,111	8,225	7,469,846
Fund Balance - June 30	\$ 3,263,351	\$ -0-	\$ 3,624,059	\$ 8,225	\$ 6,895,635

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total net change in fund balances - governmental funds (from B-2) \$ (574,211)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

Depreciation expense	\$ (446,079)	
Capital outlays	<u>1,347,701</u>	901,622

The governmental funds report the effect of bond issuance premiums when debt is first issued, issued, whereas these amounts are deferred and amortized in the statement of activities (+) 21,285

Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 324,743

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. 5,778

Internal service funds are used by management to charge the costs of transportation to individual funds. The revenue and expenses are netted with governmental activities and are included in governmental activities in the statement of net position. 324,695

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability		(517,484)
Deferred Outflows:		
Changes in Assumptions		549,389
Changes in Proportion		(17,712)
Difference Between Expected and Actual Experience		167,463
Deferred Inflows:		
Changes in Proportion		(549,278)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		274,630

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (10,819)

Change in net position of governmental activities \$ 900,101

Exhibit B-4

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds Food Service	Governmental Activities - Internal Service Fund Transportation
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 81,429	\$ 25,382
Accounts Receivable:		
Interfund		600,000
Other Governments	21,382	
Inventories	7,966	
Total Current Assets	110,777	625,382
Non-Current Assets:		
Capital Assets	99,347	1,644,080
Less: Accumulated Depreciation	(70,607)	(1,270,201)
Total Non-Current Assets	28,740	373,879
Total Assets	139,517	999,261
LIABILITIES:		
Current Liabilities:		
Accounts Payable		9,590
Total Current Liabilities		9,590
Total Liabilities		9,590
NET POSITION:		
Investment in Capital Assets	28,740	373,879
Unrestricted	110,777	615,792
Total Net Position	\$ 139,517	\$ 989,671

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

Exhibit B-5

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds Food Service	Governmental Activities - Internal Service Fund Transportation
Operating Revenue:		
Charges for Services:		
Daily Sales:		
Reimbursable Programs	\$ 157,007	
Non-Reimbursable Programs	100,684	
Total Daily Sales	257,691	
Special Events	10,694	
Charges and Fees		\$ 745,910
Total Operating Revenue	268,385	745,910
Operating Expenses:		
Cost of Sales		
Reimbursable Programs	132,360	
Non-Reimbursable Programs	40,135	
Total Cost of Sales	172,495	
Salaries	232,946	
Contracted Services		206,438
Aid in Lieu		21,574
General Supplies	19,920	
Miscellaneous		193,442
Depreciation Expense	2,593	115,905
Total Operating Expenses	427,954	537,359
Operating Income/(Loss)	(159,569)	208,551
Non-Operating Revenue:		
Federal Sources:		
School Breakfast Program	35,676	
National School Lunch Program	84,269	
Food Distribution Program	19,818	
State Sources:		
School Lunch Program	3,007	
Local Sources:		
Interest Revenue	213	239
Total Non-Operating Revenue	142,983	239
Change in Net Position Before Capital Contributions	(16,586)	208,790
Capital Contributions - Capital Projects Fund		80,215
Change in Net Position After Capital Contributions	(16,586)	289,005
Net Position - Beginning of Year	156,103	700,666
Net Position - End of Year	\$ 139,517	\$ 989,671

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

Exhibit B-6

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 268,385	\$ 408,476
Payments to Employees	(232,946)	
Payments to Suppliers	(173,116)	(468,178)
Net Cash Used for Operating Activities	(137,677)	(59,702)
Cash Flows from Noncapital Financing Activities:		
State Sources	2,897	
Federal Sources	109,637	
Net Cash Provided by Noncapital Financing Activities	112,534	
Cash Flows from Investing Activities:		
Interest Revenue	213	239
Net Cash Provided by Investing Activities	213	239
Net Decrease in Cash and Cash Equivalents	(24,930)	(59,463)
Cash and Cash Equivalents, July 1	106,359	84,845
Cash and Cash Equivalents, June 30	\$ 81,429	\$ 25,382
Reconciliation of Operating Income/(Loss) to Net Cash Used for Operating Activities:		
Operating Income/(Loss)	\$ (159,569)	\$ 208,551
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Used for Operating Activities:		
Depreciation	2,593	115,905
Federal Food Distribution Program	19,818	
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable, Net		177
(Increase) in Interfund Receivable		(337,611)
(Increase) in Inventory	(519)	
(Decrease) in Accounts Payable		(46,724)
Net Cash Used for Operating Activities	\$ (137,677)	\$ (59,702)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$19,818 for the fiscal year ended June 30, 2016.

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

Exhibit B-7

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2016

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 179,178	\$ 695,464	\$ 41,835
Total Assets	<u>179,178</u>	<u>695,464</u>	<u>41,835</u>
LIABILITIES:			
Payroll Deductions and Withholdings	470		
Due to Student Groups	<u>178,708</u>		
Total Liabilities	<u>179,178</u>	<u>-0-</u>	<u>-0-</u>
NET POSITION:			
Held in Trust for:			
Unemployment Compensation Claims		695,464	
Flexible Spending Claims			<u>41,835</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 695,464</u>	<u>\$ 41,835</u>

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

Exhibit B-8

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 34,126	\$ 11,000
Employer		10,000
Total Contributions	<u>34,126</u>	<u>21,000</u>
Investment Earnings:		
Interest	<u>1,362</u>	<u>77</u>
Net Investment Earnings	<u>1,362</u>	<u>77</u>
Total Additions	<u>35,488</u>	<u>21,077</u>
DEDUCTIONS:		
Unemployment Compensation Claims	14,135	
Flexible Spending Claims		8,638
Total Deductions	<u>14,135</u>	<u>8,638</u>
Change in Net Position	21,353	12,439
Net Position - Beginning of the Year	<u>674,111</u>	<u>29,396</u>
Net Position - End of the Year	<u>\$ 695,464</u>	<u>\$ 41,835</u>

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

C. Measurement Focus and Basis of Accounting: (Cont'd)

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the fiscal year).

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

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

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

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants. These grants are recognized on the budgetary basis in full when they are awarded but recognized on the GAAP basis only to the extent of expenditures which have been submitted for reimbursement.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 25,092,906	\$ 317,932
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the related Revenue is Recognized.		(304)
State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	441,166	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(467,279)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 25,066,793</u>	<u>\$ 317,628</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 24,728,422	\$ 317,932
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, not in the Year the Supplies are Received for GAAP Reporting Purposes.		<u>(304)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 24,728,422</u>	<u>\$ 317,628</u>
Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)		<u>\$ 4,415,653</u>
Reconciliation to Governmental Funds Statement (GAAP):		
SDA Grants not Recognized on GAAP Basis		<u>(791,594)</u>
Fund Balance per Governmental Funds (GAAP)		<u>\$ 3,624,059</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

E. Cash and Cash Equivalents and Investments:

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

H. Encumbrances: (Cont'd)

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

I. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

J. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	45 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

K. Short-Term Receivables/Payables:

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

L. Long-Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2016.

N. Compensated Absences:

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$3,263,351 General Fund balance at June 30, 2016, \$56,258 is assigned for encumbrances; \$1,866,388 is restricted in the capital reserve account; \$1,087,950 is restricted in the maintenance reserve account; and \$252,755 is unassigned which is \$467,279 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the final two state aid payments which are not recognized until the fiscal year ended June 30, 2017.

Capital Projects Fund: Of the \$3,624,059 Capital Projects Fund balance at June 30, 2016, \$127,834 is restricted and \$3,496,225 is committed fund balance which is \$791,594 less on the GAAP basis due to SDA grants which are not recognized until the expenditures are submitted for reimbursement.

Debt Service Fund: The Debt Service Fund balance at June 30, 2016 of \$8,225 is restricted and has been included as anticipated budget revenue for the fiscal year ending June 30, 2017.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent fiscal year's budget. The District did not have excess surplus at June 30, 2016.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$467,279 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the fiscal year the State records the payable.

The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Fund Balance Restrictions, Commitments and Assignments:

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources for capital projects at June 30, 2016.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Q. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

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

R. Deficit Net Position:

The \$3,091,063 deficit in unrestricted net position for the governmental activities at June 30, 2016 is primarily the result of accrued interest payable, early retirement incentive program payable, net pension liability and the accrual of compensated absences. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2016, with regard to pensions, for changes in assumptions, changes in proportion, the difference between expected and actual experience, and the District contribution subsequent to the measurement date.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2016, with regard to pensions, for changes in proportion and the net difference between projected and actual investment earnings on plan investments.

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

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

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

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

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions:

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

Custodial Credit Risk – The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

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

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

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Investments

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

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	<u>Unrestricted</u>	<u>Restricted</u>		<u>Total</u>
		<u>Capital Reserve Account</u>	<u>Maintenance Reserve Account</u>	
Checking Accounts	<u>\$ 5,071,693</u>	<u>\$ 1,866,388</u>	<u>\$ 1,087,950</u>	<u>\$ 8,026,031</u>

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016 was \$8,026,031 and the bank balance was \$8,345,991.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution by inclusion of \$1 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 5,503,123
Interest Earnings	6,851
Deposits	504,388
Withdrawals	<u>(4,147,974)</u>
Ending Balance, June 30, 2016	<u>\$ 1,866,388</u>

The balance in the capital reserve account at June 30, 2016 does not exceed the balance of local support costs of uncompleted capital projects in the District's LRFP. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's LRFP.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$311,294 was established by Board resolution on June 23, 2008. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current fiscal year in the advertised recapitulation of balances of the subsequent fiscal year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the fiscal year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be reserved and designated in the subsequent fiscal year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 960,831
Interest Earnings	1,312
Deposits	550,000
Withdrawals	<u>(424,193)</u>
Ending Balance, June 30, 2016	<u>\$ 1,087,950</u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2016, the District transferred \$23,641 to the capital outlay accounts, all of which related to equipment and did not require approval from the County Superintendent.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2016 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 6,941,588	\$ 1,319,192	\$ 80,215	\$ 8,180,565
Total Capital Assets Not Being Depreciated	<u>6,941,588</u>	<u>1,319,192</u>	<u>80,215</u>	<u>8,180,565</u>
Capital Assets Being Depreciated:				
Site Improvements	2,144,942			2,144,942
Buildings and Building Improvements	9,431,684			9,431,684
Machinery and Equipment	2,582,454	28,509	(80,215)	2,691,178
Total Capital Assets Being Depreciated	<u>14,159,080</u>	<u>28,509</u>	<u>(80,215)</u>	<u>14,267,804</u>
Governmental Activities Capital Assets	<u>21,100,668</u>	<u>1,347,701</u>	<u>-0-</u>	<u>22,448,369</u>
Less Accumulated Depreciation for:				
Site Improvements	(727,682)	(167,123)		(894,805)
Buildings and Building Improvements	(5,762,942)	(113,128)		(5,876,070)
Machinery and Equipment	(1,957,811)	(165,828)		(2,123,639)
	<u>(8,448,435)</u>	<u>(446,079)</u>	<u>-0-</u>	<u>(8,894,514)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 12,652,233</u>	<u>\$ 901,622</u>	<u>\$ -0-</u>	<u>\$ 13,553,855</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Equipment and Furniture	\$ 99,347			\$ 99,347
Less Accumulated Depreciation	(68,014)	\$ (2,593)		(70,607)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 31,333</u>	<u>\$ (2,593)</u>	<u>\$ -0-</u>	<u>\$ 28,740</u>

The increases totaling \$1,347,701 represent current fiscal year capitalized expenditures of \$1,319,192 construction in progress in the capital projects fund and \$28,509 in the general fund. The District transferred \$80,215 of completed capital projects to depreciable capital assets during the fiscal year. At June 30, 2016, the District had active construction projects totaling \$4,415,653, including outstanding construction encumbrances totaling \$1,204,972. Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 24,695
Student and Instruction Related Services	8,360
Operations and Maintenance of Plant	297,119
Student Transportation	<u>115,905</u>
	<u>\$ 446,079</u>

Capital Assets of the Internal Service Fund are included as Governmental Activities in the district-wide financial statements.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the District-wide financial statements:

	<u>Balance</u> <u>6/30/2015</u>	<u>Issued/ Accrued</u>	<u>Retired/ Defeased</u>	<u>Balance</u> <u>6/30/2016</u>
Serial Bonds Payable	\$ 1,850,000		\$ 265,000	\$ 1,585,000
Unamortized Bond Issuance				
Premiums	127,710		21,285	106,425
Net Pension Liability	6,502,131	\$ 517,484		7,019,615
Compensated Absences Payable	398,472	68,444	57,625	409,291
Early Retirement Incentive	446,640		59,743	386,897
	<u>\$ 9,324,953</u>	<u>\$ 585,928</u>	<u>\$ 403,653</u>	<u>\$ 9,507,228</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the Debt Service Fund.

The District had serial bonds outstanding as of June 30, 2016 as follows:

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Refunding Bonds	8/1/2021	4.00%-5.00%	<u>\$ 1,585,000</u>

Principal and interest due on serial bonds and loans outstanding are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 270,000	\$ 63,000	\$ 333,000
2018	275,000	52,100	327,100
2019	270,000	41,200	311,200
2020	270,000	29,725	299,725
2021	270,000	17,575	287,575
2022	230,000	5,750	235,750
	<u>\$ 1,585,000</u>	<u>\$ 209,350</u>	<u>\$ 1,794,350</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the Board had no bonds authorized but not issued.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable:

The District had no capital leases at June 30, 2016.

D. Early Retirement Incentive Program:

Principal and interest due at 8.75%, financing of ERIP is as follows:

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 64,970	\$ 33,854	\$ 98,824
2018	70,655	28,169	98,824
2019	76,838	21,986	98,824
2020	83,561	15,263	98,824
2021	90,873	7,951	98,824
	<u>\$ 386,897</u>	<u>\$ 107,223</u>	<u>\$ 494,120</u>

The current portion of ERIP payable at June 30, 2016 is \$64,970 and the long-term portion is \$321,927. The ERIP liability will be liquidated through the general fund.

E. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of unamortized bond issuance premiums at June 30, 2016 is \$21,285 and the long-term portion is \$85,140.

F. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The liability at June 30, 2016 is \$409,291, all of which is a long-term liability.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, no liability existed for compensated absences in the Food Service Fund.

G. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long-term portion is \$7,019,615. See Note 9 for further information on the PERS.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$268,843 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the District reported a liability of \$7,019,615 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion 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 members, actuarially determined. At June 30, 2015, the District's proportion was 0.0313%, which was a decrease of 0.0034% from its proportion measured as of June 30, 2014.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$363,956. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2014	6.44 years	\$ 150,261	
2015	5.72 years	603,590	
Subtotal		<u>753,851</u>	
Changes in Proportion			
2014	6.44 years	78,650	
2015	5.72 years		<u>\$ 549,278</u>
Difference Between Expected and Actual Experience:			
2015	5.72 years	<u>167,463</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2014	5 years		261,682
2015	5 years		<u>(148,820)</u>
Subtotal			<u>112,862</u>
District Contribution Subsequent to the Measurement Date - 2015			
	1 year	<u>302,536</u>	
		<u>\$ 1,302,500</u>	<u>\$ 662,140</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2017	\$ 147,179
2018	147,179
2019	147,179
2020	234,406
2021	132,509
	<u>\$ 808,452</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.04%
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 rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Fiscal Year Ended June 30, 2015</u>		
	1%	Current	1%
	Decrease (3.90%)	Discount Rate (4.90%)	Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 8,724,523	\$ 7,019,615	\$ 5,590,233

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$487,665 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$3,501,860.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$57,352,063. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion 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 members, actuarially determined. At June 30, 2015, the District's proportion was 0.091%, which was a decrease of 0.001% from its proportion measured as of June 30, 2014.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>57,352,063</u>
Total	<u><u>\$ 57,352,063</u></u>

For the fiscal year ended June 30, 2015, the State recognized pension expense on behalf of the District in the amount of \$3,501,860 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2014	8.5 years	\$ 1,999,074,013	
2015	8.3 years	5,201,079,373	
Difference Between Expected and Actual Experience:			
2014	8.5 years		\$ 19,039,817
2015	8.3 years	321,224,871	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2014	5 years		1,305,927,430
2015	5 years		(770,568,242)
		<u>\$ 7,521,378,257</u>	<u>\$ 554,399,005</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	2,196,835,040
	<u>\$ 6,966,979,252</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the actuarial assumptions on the following page, applied to all periods in the measurement.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions (Cont'd)

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the Net Pension			
Liability Associated with the District	\$ 68,160,783	\$ 57,352,063	\$ 48,039,704

Pension Plan Fiduciary Net Position

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

For DCRP, the District recognized pension expense of \$432 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$792 for the fiscal year ended June 30, 2016.

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$850,710, \$778,794 and \$636,939 for 2016, 2015 and 2014, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 11. RISK MANAGEMENT

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

Property, Liability and Health Benefits

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. The District is a member of a joint insurance fund for workers' compensation insurance. Health benefits are provided to employees through Horizon Blue Cross Blue Shield.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ -0-	\$ 34,126	\$ 1,362	\$ 14,135	\$ 695,464
2014-2015	-0-	33,229	1,353	48,310	674,111
2013-2014	-0-	32,525	1,373	27,907	687,839

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

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

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

The June 30, 2016 audit was not available as of the date of this report. Selected, summarized financial information as of June 30, 2015, is as follows:

Total Assets	<u>\$ 21,712,514</u>
Net Position	<u>\$ 6,703,267</u>
Total Revenue	<u>\$ 7,287,919</u>
Total Expenses and Adjustments	<u>\$ 6,088,877</u>
Member Dividends	<u>\$ 1,274,700</u>
Change in Net Position	<u>\$ (75,658)</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

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

Burton Agency
44 Bergen Street
PO Box 270
Westwood, NJ 07675
(201) 664-0310

NOTE 12. COMMITMENTS AND CONTINGENCIES

The Board is periodically involved in lawsuits arising in the normal course of business, including claims regarding special education, disputes over contract awards and performance, and employment matters. The Board does not believe that the ultimate outcome of these cases will have a material negative effect on the District's financial position.

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

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

Governmental Funds			
General	Special Revenue	Capital Projects	Total
\$ 56,258	\$ 304	\$ 1,204,972	\$ 1,261,534

In the District's Governmental Funds Balance Sheet as of June 30, 2016, no amount is assigned for encumbrances in the Special Revenue Fund since encumbrances are not recognized on the GAAP basis until they are paid. Actual encumbrances on the budgetary basis, had there been any, would have been reflected as either a reduction of grants receivable or an increase in unearned revenue on the GAAP basis in the Special Revenue Fund. The \$1,204,972 of fiscal year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$3,496,225 committed fund balance on a GAAP basis at June 30, 2016.

NOTE 13. ECONOMIC DEPENDENCY

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 14. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund balances existed as of June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 24,513	\$ 600,000
Special Revenue Fund		24,513
Proprietary Funds	<u>600,000</u>	<u> </u>
	<u>\$ 624,513</u>	<u>\$ 624,513</u>

The interfund between the General Fund and the Special Revenue Fund is an interfund loan. The interfund between the General Fund and the Proprietary Funds is the balance of the current year interfund not yet remitted as of the fiscal year ended June 30, 2016. In addition, interfund transfers during the fiscal year ended June 30, 2016 were comprised of General Fund operating transfers out to the Student Activity Agency Fund for \$73,460 as a Board contribution for student activities.

During the fiscal year, the General Fund transferred \$4,076,070 from Capital Reserve to the Capital Projects Fund for the local share of capital projects and a Board contribution of \$73,460 to the Student Activity Agency Athletic Account.

NOTE 15. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

403b

Equitable Life Assurance

Metropolitan Life Insurance Company

Variable Annuity Life Insurance Company

457

Equitable Life Assurance

NOTE 16. TAX CALENDAR

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

Taxes are collected by the constituent municipalities and are remitted to the School Districts on a predetermined mutually agreed-upon schedule.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2016:

	Governmental Funds			Internal Service Fund Trans- portation	District Contribution Subsequent to the Measurement Date	Total Governmental Activities
	General Fund	Special Revenue Fund	Capital Projects Fund			
Vendors	\$ 266,715		\$ 68,439	\$ 9,590		\$ 344,744
Due to:						
State of New Jersey		\$ 13,597			\$ 302,536	316,133
Other Governmental Units	18,012					18,012
	<u>\$ 284,727</u>	<u>\$ 13,597</u>	<u>\$ 68,439</u>	<u>\$ 9,590</u>	<u>\$ 302,536</u>	<u>\$ 678,889</u>

**SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION**

L-1

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0347285309%	0.0312705659%
District's proportionate share of the net pension liability	\$ 6,502,131	\$ 7,019,615
District's covered employee payroll	\$ 2,241,542	\$ 2,230,075
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	290.07%	314.77%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

L-2

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 286,297	\$ 268,843
Contributions in relation to the contractually required contribution	<u>(286,297)</u>	<u>(268,843)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,230,075	\$ 2,451,716
Contributions as a percentage of covered employee payroll	12.84%	10.97%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

L-3

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.0918273103%	0.0907408043%
State's proportionate share of the net pension liability attributable to the District	\$ 49,078,709	\$ 57,352,063
District's covered employee payroll	\$ 8,749,635	\$ 9,192,526
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	560.92%	623.90%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

L-4

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 2,640,895	\$ 3,501,860
Contributions in relation to the contractually required contribution	<u>(490,578)</u>	<u>(714,449)</u>
Contribution deficiency/(excess)	<u>\$ 2,150,317</u>	<u>\$ 2,787,411</u>
District's covered employee payroll	\$ 9,192,526	\$ 9,326,909
Contributions as a percentage of covered employee payroll	28.73%	37.55%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 16,520,000		\$ 16,520,000	\$ 16,520,000	
Tuition	628,000		628,000	1,045,332	\$ 417,332
Interest Earned on Maintenance Reserve	2,500		2,500	1,312	(1,188)
Interest Earned on Capital Reserve	6,500		6,500	6,851	351
Miscellaneous	124,263		124,263	180,184	55,921
Total - Local Sources	<u>17,281,263</u>		<u>17,281,263</u>	<u>17,753,679</u>	<u>472,416</u>
State Sources:					
Equalization Aid	3,876,700		3,876,700	3,876,700	
Special Education Categorical Aid	687,768		687,768	687,768	
Security Aid	19,744		19,744	19,744	
Adjustment Aid	126,667		126,667	126,667	
Transportation Aid	96,677		96,677	96,677	
Per Pupil Growth Aid	10,240		10,240	10,240	
PARCC Readiness Aid	10,240		10,240	10,240	
Extraordinary Special Education Aid	100,000		100,000	272,832	172,832
Nonpublic School Transportation Costs				15,324	15,324
On-Behalf Contributions:					
TPAF Post Retirement Medical (Non-Budgeted)				850,710	850,710
TPAF Pension (Non-Budgeted)				714,449	714,449
TPAF Social Security (Reimbursed - Non-Budgeted)				645,413	645,413
Total State Sources	<u>4,928,036</u>		<u>4,928,036</u>	<u>7,326,764</u>	<u>2,398,728</u>
Federal Sources:					
Medicaid Reimbursement	15,737		15,737	12,463	(3,274)
Total Federal Sources	<u>15,737</u>		<u>15,737</u>	<u>12,463</u>	<u>(3,274)</u>
TOTAL REVENUES	<u>22,225,036</u>		<u>22,225,036</u>	<u>25,092,906</u>	<u>2,867,870</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 6,147,816	\$ (279,773)	\$ 5,868,043	\$ 5,827,144	\$ 40,899
Regular Programs - Home Instruction:					
Salaries of Teachers	17,543	14,737	32,280	28,263	4,017
Purchased Professional - Educational Services	12,000	55,626	67,626	67,626	
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	4,000	124	4,124	4,124	
Purchased Technical Services	21,920	(12,566)	9,354	9,354	
Other Purchased Services (400-500 series)	125,000	(23,481)	101,519	24,162	77,357
General Supplies	167,889	(33,254)	134,635	134,158	477
Textbooks	67,280	(41,815)	25,465	25,197	268
Other Objects	500	(500)			
Total Regular Programs - Instruction	<u>6,563,948</u>	<u>(320,902)</u>	<u>6,243,046</u>	<u>6,120,028</u>	<u>123,018</u>
Special Education - Instruction:					
Behavioral Disabilities:					
Salaries of Teachers	140,276	9,590	149,866	149,804	62
Other Salaries for Instruction	31,323	9,089	40,412	40,331	81
General Supplies	1,000	(173)	827	827	
Textbooks	1,000	(1,000)			
Total Behavioral Disabilities	<u>173,599</u>	<u>17,506</u>	<u>191,105</u>	<u>190,962</u>	<u>143</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Multiple Disabilities:					
Salaries of Teachers	\$ 133,858	\$ (19,425)	\$ 114,433	\$ 113,515	\$ 918
Other Salaries for Instruction	46,484	(117)	46,367	46,122	245
Other Purchased Services (400-500 series)	2,000	(2,000)			
General Supplies	6,000	(3,240)	2,760	2,670	90
Textbooks	1,000	(1,000)			
Total Multiple Disabilities	189,342	(25,782)	163,560	162,307	1,253
Resource Room/Resource Center:					
Salaries of Teachers	917,788	(39,906)	877,882	877,882	
Other Salaries for Instruction	84,856	41,203	126,059	124,799	1,260
Other Purchased Services (400-500 series)		11	11	11	
General Supplies	15,000	(2,378)	12,622	12,622	
Textbooks	1,000	819	1,819	1,819	
Total Resource Room/Resource Center	1,018,644	(251)	1,018,393	1,017,133	1,260
Autism:					
Salaries of Teachers	120,997	(49,518)	71,479	71,311	168
Other Salaries for Instruction	258,064	116,229	374,293	366,214	8,079
Purchased Professional - Educational Services	79,501	(5,111)	74,390	74,390	
Other Purchased Services (400-500 series)	500	(412)	88	88	
General Supplies	14,000	(4,253)	9,747	865	8,882
Textbooks	500	(500)			
Total Autism	473,562	56,435	529,997	512,868	17,129

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE					
Home Instruction:					
Salaries of Teachers	\$ 32,360	\$ 7,327	\$ 39,687	\$ 23,205	\$ 16,482
Purchased Professional - Educational Services		4,460	4,460	4,460	
Total Home Instruction	<u>32,360</u>	<u>11,787</u>	<u>44,147</u>	<u>27,665</u>	<u>16,482</u>
Total Special Education Instruction	<u>1,887,507</u>	<u>59,695</u>	<u>1,947,202</u>	<u>1,910,935</u>	<u>36,267</u>
Bilingual Education - Instruction:					
Salaries of Teachers	<u>15,201</u>	<u>(1,887)</u>	<u>13,314</u>	<u>13,298</u>	<u>16</u>
Total Bilingual Education - Instruction	<u>15,201</u>	<u>(1,887)</u>	<u>13,314</u>	<u>13,298</u>	<u>16</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	173,584		173,584	158,963	14,621
Supplies and Materials	<u>28,000</u>		<u>28,000</u>	<u>28,000</u>	
Total School-Sponsored Cocurricular Activities - Instruction	<u>201,584</u>		<u>201,584</u>	<u>186,963</u>	<u>14,621</u>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	476,400	9,336	485,736	484,195	1,541
Purchased Services (300-500 series)	78,671	(23,934)	54,737	54,153	584
Supplies and Materials	67,993	(1,096)	66,897	66,745	152
Other Objects	<u>26,950</u>	<u>(16,128)</u>	<u>10,822</u>	<u>10,808</u>	<u>14</u>
Total School-Sponsored Cocurricular Athletics - Instruction	<u>650,014</u>	<u>(31,822)</u>	<u>618,192</u>	<u>615,901</u>	<u>2,291</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE					
Summer School - Instruction:					
Salaries of Teachers	\$ 20,031	\$ 14,238	\$ 34,269	\$ 34,269	
Other Salaries for Instruction	19,390	11,202	30,592	30,592	
Total Summer School - Instruction	39,421	25,440	64,861	64,861	
Alternative Education Program - Instruction:					
Salaries of Teachers	31,181	1,431	32,612	32,567	\$ 45
Total Alternative Education Program - Instruction	31,181	1,431	32,612	32,567	45
Total Instruction	9,388,856	(268,045)	9,120,811	8,944,553	176,258
Undistributed Expenditures:					
Instruction:					
Tuition to County Vocational Schools - Regular	450,340	(12,723)	437,617	437,617	
Tuition to County Vocational Schools - Special	39,600	(7,077)	32,523	32,000	523
Tuition to County Special Services Schools and Regional Day Schools	722,761	(456,212)	266,549	266,549	
Tuition to Private Schools for the Disabled - Within the State	600,904	809,838	1,410,742	1,410,742	
Tuition to Private Schools for the Disabled and Other LEAs - Special - Outside the State	91,392	(11,411)	79,981	79,980	1
Tuition - Other	17,820	(9,620)	8,200	8,200	
Total Undistributed Expenditures - Instruction	1,922,817	312,795	2,235,612	2,235,088	524

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE					
Undistributed Expenditures:					
Attendance and Social Work Services:					
Salaries	\$ 46,050	\$ (296)	\$ 45,754	\$ 45,649	\$ 105
Salaries of Family Support Teams	110,395	(11,148)	99,247	98,919	328
Other Purchased Services (400-500 series)	500		500	224	276
Total Attendance and Social Work Services	156,945	(11,444)	145,501	144,792	709
Health Services:					
Salaries	206,900	(14,741)	192,159	190,919	1,240
Purchased Professional and Technical Services	20,000	35,646	55,646	54,181	1,465
Other Purchased Services (400-500 series)	1,500	(1,500)			
Supplies and Materials	5,000	(918)	4,082	2,385	1,697
Total Health Services	233,400	18,487	251,887	247,485	4,402
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	85,621	(1,401)	84,220	84,219	1
Purchased Professional - Educational Services	440,000	(24,189)	415,811	409,481	6,330
Total Other Support Services - Speech, OT, PT and Related Services	525,621	(25,590)	500,031	493,700	6,331
Other Support Services - Students - Extraordinary Services:					
Salaries	117,916	49,357	167,273	156,936	10,337
Total Other Support Services - Students - Extraordinary Services	117,916	49,357	167,273	156,936	10,337

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Other Support Services - Guidance:					
Salaries of Other Professional Staff	\$ 518,770	\$ 36,426	\$ 555,196	\$ 540,488	\$ 14,708
Salaries of Secretarial and Clerical Assistants	122,963	(4,114)	118,849	117,596	1,253
Purchased Professional - Educational Services	23,388	(876)	22,512	22,512	
Purchased Professional and Technical Services	2,700	(1,207)	1,493	1,493	
Other Purchased Services (400-500 series)	10,734	2,311	13,045	13,028	17
Supplies and Materials	4,600	304	4,904	4,904	
Other Objects		2,000	2,000	2,000	
Total Other Support Services - Guidance	683,155	34,844	717,999	702,021	15,978
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	189,168	136,664	325,832	323,004	2,828
Salaries of Secretarial and Clerical Assistants	59,986	(4,934)	55,052	54,820	232
Purchased Professional - Educational Services	20,000	(5,080)	14,920	13,820	1,100
Purchased Professional and Technical Services	26,800	(4,581)	22,219	22,219	
Other Purchased Services (400-500 series)	700	682	1,382	1,218	164
Miscellaneous Purchased Services	4,000	(1,891)	2,109	2,109	
Supplies and Materials	12,708	(31)	12,677	12,677	
Total Other Support Services - Child Study Teams	313,362	120,829	434,191	429,867	4,324
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	579,093	24,358	603,451	603,451	
Salaries of Secretarial and Clerical Assistants	40,925	(9,298)	31,627	31,580	47
Purchased Professional - Educational Services	1,000		1,000		1,000
Purchased Professional and Technical Services	6,500		6,500	5,060	1,440
Other Purchased Services (400-500 series)	8,500		8,500	4,023	4,477
Total Improvement of Instructional Services	636,018	15,060	651,078	644,114	6,964

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 107,631	\$ 693	\$ 108,324	\$ 108,226	\$ 98
Salaries of Technology Coordinators	124,546		124,546	123,158	1,388
Other Purchased Services (400-500 series)	6,200	695	6,895	6,895	
Supplies and Materials	49,160	(5,415)	43,745	43,689	56
Other Objects	1,250	(930)	320	320	
Total Educational Media Services/School Library	288,787	(4,957)	283,830	282,288	1,542
Instructional Staff Training Services:					
Purchased Professional - Educational Services	1,600	(309)	1,291	540	751
Other Purchased Services (400-500 series)	11,770		11,770	4,400	7,370
Total Instructional Staff Training Services	13,370	(309)	13,061	4,940	8,121
Support Services - General Administration:					
Salaries	207,091	42,947	250,038	249,980	58
Legal Services	45,000	(9,732)	35,268	35,049	219
Audit Fees	44,000	3,500	47,500	47,500	
Other Purchased Professional Services	5,000	(3,000)	2,000	2,000	
Communications/Telephone	20,500	(7,825)	12,675	12,575	100
BOE Other Purchased Services	4,000	(1,860)	2,140	2,140	
Other Purchased Services (400-500 series)	55,832	(1,669)	54,163	54,063	100
General Supplies	6,500	(1,078)	5,422	5,422	
BOE In-House Training/Meeting Supplies	500	(500)			
Miscellaneous Expenditures	19,000	9,377	28,377	28,340	37
BOE Membership Dues and Fees	10,878		10,878	10,878	
Total Support Services - General Administration	418,301	30,160	448,461	447,947	514

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 362,247	\$ (36,212)	\$ 326,035	\$ 272,974	\$ 53,061
Salaries of Secretarial and Clerical Assistants	120,054	(31,074)	88,980	88,869	111
Purchased Professional and Technical Services	27,275	(10,675)	16,600	15,929	671
Other Purchased Services (400-500 series)	25,000	10,203	35,203	29,914	5,289
Supplies and Materials	15,000	8,872	23,872	22,354	1,518
Other Objects		4,000	4,000	2,305	1,695
Total Support Services - School Administration	549,576	(54,886)	494,690	432,345	62,345
Central Services:					
Salaries	229,022	21,483	250,505	250,505	
Purchased Professional Services	50,000	(22,742)	27,258	27,134	124
Purchased Technical Services	11,000	580	11,580	11,580	
Miscellaneous Purchased Services (400-500 series)	16,700	(3,715)	12,985	4,671	8,314
Supplies and Materials	2,000	5,361	7,361	7,361	
Miscellaneous Expenditures		2,375	2,375	2,325	50
Total Central Services	308,722	3,342	312,064	303,576	8,488
Administration Information Technology:					
Salaries	27,184		27,184	26,972	212
Purchased Professional Services	42,800	1,544	44,344	42,857	1,487
Purchased Technical Services	46,275	14,585	60,860	60,779	81
Other Purchased Services (400-500 series)		2,019	2,019	2,019	
Supplies and Materials	24,119	(2,680)	21,439	19,905	1,534
Total Administration Information Technology	140,378	15,468	155,846	152,532	3,314

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Required Maintenance for School Facilities:					
Salaries	\$ 99,994	\$ 1,418	\$ 101,412	\$ 100,701	\$ 711
Cleaning, Repair and Maintenance Services	270,158	(4,630)	265,528	252,935	12,593
Travel		243	243	243	
General Supplies	84,395	6,581	90,976	82,315	8,661
Other Objects	10,006	3,264	13,270	13,270	
Total Required Maintenance for School Facilities	464,553	6,876	471,429	449,464	21,965
Custodial Services:					
Salaries	480,306	(15,310)	464,996	461,198	3,798
Cleaning, Repair and Maintenance Services	17,000	(3,080)	13,920	13,920	
Other Purchased Property Services	34,000	(25,594)	8,406	8,406	
Insurance	132,093	1,593	133,686	133,686	
Miscellaneous Purchased Services	3,500	43,208	46,708	46,708	
General Supplies	90,000	(13,356)	76,644	76,093	551
Energy (Natural Gas)	144,480	(53,395)	91,085	91,085	
Energy (Electricity)	319,300	(23,986)	295,314	295,314	
Other Objects	1,500	(1,470)	30	30	
Total Custodial Services	1,222,179	(91,390)	1,130,789	1,126,440	4,349
Care and Upkeep of Grounds:					
Salaries	93,808	(1,092)	92,716	89,173	3,543
Cleaning, Repair and Maintenance Services	7,500	(7,500)			
General Supplies	7,437	(7,409)	28	28	
Total Care and Upkeep of Grounds	108,745	(16,001)	92,744	89,201	3,543

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	\$ 66,855	\$ 29,561	\$ 96,416	\$ 96,416	
Between Home and School - Special	631,474	(22,391)	609,083	599,751	\$ 9,332
Other Than Between Home and School - Regular		43,980	43,980	23,825	20,155
Between Home and School - Nonpublic Schools	22,506	(3,901)	18,605	18,604	1
Other Purchased Professional and Technical Services	4,500		4,500	4,500	
Cleaning, Repair and Maintenance Services	57,000		57,000	57,000	
Contracted Services:					
Other Than Between Home and School - Vendors	24,000		24,000	24,000	
Between Home and School - Joint Agreements	253,863	246,000	499,863	499,863	
Special Education Students - Joint Agreements	56,000		56,000	56,000	
Aid in Lieu of Payment for Nonpublic School Students	25,000		25,000	25,000	
Supplies and Materials	73,462		73,462	73,462	
Total Student Transportation Services	1,214,660	293,249	1,507,909	1,478,421	29,488
Unallocated Benefits:					
Social Security Contributions	300,201	53,000	353,201	340,279	12,922
TPAF Contributions - ERIP	95,000	(862)	94,138	94,138	
Other Retirement Contributions - Regular		375	375	375	
Other Retirement Contributions - PERS	295,000	(375)	294,625	268,843	25,782
Workmen's Compensation	175,222	(42,142)	133,080	129,642	3,438
Health Benefits	3,204,578	(437,908)	2,766,670	2,720,732	45,938
Tuition Reimbursement	45,000		45,000	42,039	2,961
Other Employee Benefits	114,316	5,915	120,231	97,687	22,544
Total Unallocated Benefits	4,229,317	(421,997)	3,807,320	3,693,735	113,585

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE					
On-Behalf Contributions:					
TPAF Post Retirement Medical (Non-budgeted)				\$ 850,710	\$ (850,710)
TPAF Pension (Non-budgeted)				714,449	(714,449)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				645,413	(645,413)
Total On-Behalf Contributions				<u>2,210,572</u>	<u>(2,210,572)</u>
Total Personal Services - Employee Benefits	<u>\$ 4,229,317</u>	<u>\$ (421,997)</u>	<u>\$ 3,807,320</u>	<u>5,904,307</u>	<u>(2,096,987)</u>
Total Undistributed Expenses	<u>13,547,822</u>	<u>273,893</u>	<u>13,821,715</u>	<u>15,725,464</u>	<u>(1,903,749)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>22,936,678</u>	<u>5,848</u>	<u>22,942,526</u>	<u>24,670,017</u>	<u>(1,727,491)</u>
CAPITAL OUTLAY					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	42,008	11,242	53,250	28,509	24,741
Undistributed Expenditures:					
Care and Upkeep of Grounds		12,399	12,399		12,399
Total Equipment	<u>42,008</u>	<u>23,641</u>	<u>65,649</u>	<u>28,509</u>	<u>37,140</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Other Objects - Debt Service Assessment	\$ 29,896		\$ 29,896	\$ 29,896	
Total Facilities Acquisition and Construction Services	29,896		29,896	29,896	
TOTAL CAPITAL OUTLAY	71,904	\$ 23,641	95,545	58,405	\$ 37,140
TOTAL EXPENDITURES	23,008,582	29,489	23,038,071	24,728,422	(1,690,351)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(783,546)	(29,489)	(813,035)	364,484	1,177,519
Other Financing Sources/(Uses):					
Transfers Out:					
Board Contribution:					
School-Sponsored Cocurricular Athletics	(73,460)		(73,460)	(73,460)	
From Capital Reserve to Capital Projects Fund	(4,076,070)		(4,076,070)	(4,076,070)	
Total Other Financing Sources/(Uses)	(4,149,530)		(4,149,530)	(4,149,530)	

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	\$ (4,933,076)	\$ (29,489)	\$ (4,962,565)	\$ (3,785,046)	\$ 1,177,519
Fund Balance, July 1	<u>7,515,676</u>		<u>7,515,676</u>	<u>7,515,676</u>	
Fund Balance, June 30	<u>\$ 2,582,600</u>	<u>\$ (29,489)</u>	<u>\$ 2,553,111</u>	<u>\$ 3,730,630</u>	<u>\$ 1,177,519</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 1,866,388	
Maintenance Reserve				1,087,950	
Assigned:					
Year-End Encumbrances				56,258	
Unassigned				<u>720,034</u>	
				3,730,630	
Reconciliation to Governmental Funds Statement (GAAP):					
June State Aid Payments not Recognized on GAAP Basis				<u>(467,279)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,263,351</u>	

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 311,849		\$ 311,849	\$ 311,534	\$ 315
Local Sources		\$ 8,408	8,408	6,398	2,010
Total Revenues	<u>311,849</u>	<u>8,408</u>	<u>320,257</u>	<u>317,932</u>	<u>2,325</u>
EXPENDITURES:					
Instruction					
Personal Services - Salaries	54,520		54,520	54,520	
General Supplies		8,408	8,408	6,398	2,010
Total Instruction	<u>54,520</u>	<u>8,408</u>	<u>62,928</u>	<u>60,918</u>	<u>2,010</u>
Support Services					
Tuition	227,079		227,079	227,079	
Personal Services - Employee Benefits	14,175		14,175	14,175	
Other Purchased Services	16,075		16,075	15,760	315
Total Support Services	<u>257,329</u>		<u>257,329</u>	<u>257,014</u>	<u>315</u>
Total Expenditures	<u>311,849</u>	<u>8,408</u>	<u>320,257</u>	<u>317,932</u>	<u>2,325</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 25,092,906	\$ 317,932
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the related Revenue is Recognized.		(304)
State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	441,166	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(467,279)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 25,066,793	\$ 317,628
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 24,728,422	\$ 317,932
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, not in the Year the Supplies are Received for GAAP Reporting Purposes.		(304)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 24,728,422	\$ 317,628

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>No Child Left Behind</u>		<u>IDEA Part B,</u>	<u>Local</u>	<u>Totals</u>
	<u>Title I</u>	<u>Title II</u>	<u>Basic Regular</u>		
	<u>2015-16</u>	<u>2015-16</u>	<u>2015-16</u>	<u>Sources</u>	<u>June 30, 2016</u>
REVENUE:					
Federal Sources	\$ 68,695	\$ 15,760	\$ 227,079		\$ 311,534
Local Sources				\$ 6,398	6,398
Total Revenue	<u>68,695</u>	<u>15,760</u>	<u>227,079</u>	<u>6,398</u>	<u>317,932</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	54,520				54,520
General Supplies				6,398	6,398
Total Instruction	<u>54,520</u>			<u>6,398</u>	<u>60,918</u>
Support Services:					
Tuition			227,079		227,079
Personal Services - Employee Benefits	14,175				14,175
Other Purchased Services		15,760			15,760
Total Support Services	<u>14,175</u>	<u>15,760</u>	<u>227,079</u>		<u>257,014</u>
Total Expenditures	<u>\$ 68,695</u>	<u>\$ 15,760</u>	<u>\$ 227,079</u>	<u>\$ 6,398</u>	<u>\$ 317,932</u>

CAPITAL PROJECTS FUND

Exhibit F-1

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	<u>\$ 4,076,070</u>
Total Revenue and Other Financing Sources	<u>4,076,070</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	67,338
Construction Services	<u>1,251,854</u>
Total Expenditures and Other Financing Uses	<u>1,319,192</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	2,756,878
Fund Balance - Beginning	<u>1,658,775</u>
Fund Balance - Ending	<u><u>\$ 4,415,653</u></u>
Recapitulation:	
Restricted	\$ 127,834
Committed	<u>4,287,819</u>
	4,415,653
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grants not Recognized on GAAP Basis	<u>(791,594)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 3,624,059</u></u>

Exhibit F-1a

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
FACILITY IMPROVEMENT AND TECHNICAL UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 4,076,070	\$ 4,076,070	\$ 4,076,070
Total Revenue and Other Financing Sources	\$ -0-	4,076,070	4,076,070	4,076,070
Expenditures:				
Purchased Professional and Technical Services		50,394	50,394	525,724
Construction Services		537,551	537,551	3,550,346
Total Expenditures	-0-	587,945	587,945	4,076,070
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 3,488,125	\$ 3,488,125	\$ -0-
Additional Project Information:				
Project Number		Not Applicable		
Grant Date		Not Applicable		
Bond Authorization Date		Not Applicable		
Bonds Authorized		\$ -0-		
Bonds Issued		\$ -0-		
Original Authorized Cost		\$ 4,076,070		
Change Orders		\$ -0-		
Revised Authorized Cost		\$ 4,076,070		
Change Order Percentage		0.00%		
Percentage Completion		14.42%		
Original Target Completion Date		November 30, 2016		
Revised Target Completion Date		November 30, 2017		

Exhibit F-1b

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HVAC UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 847,800		\$ 847,800	\$ 847,800
Transfer from Capital Reserve	1,271,700		1,271,700	1,271,700
Total Revenue and Other Financing Sources	<u>2,119,500</u>	<u>\$ -0-</u>	<u>2,119,500</u>	<u>2,119,500</u>
Expenditures:				
Purchased Professional and Technical Services	149,596	16,376	165,972	213,750
Construction Services	898,782	686,665	1,585,447	1,905,750
Total Expenditures	<u>1,048,378</u>	<u>703,041</u>	<u>1,751,419</u>	<u>2,119,500</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,071,122</u>	<u>\$ (703,041)</u>	<u>\$ 368,081</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	2510-050-14-1002
Grant Date	June 12, 2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 2,119,500
Change Orders	\$ -0-
Revised Authorized Cost	\$ 2,119,500
Change Order Percentage	0.00%
Percentage Completion	82.63%
Original Target Completion Date	August 31, 2014
Revised Target Completion Date	February 1, 2016

Exhibit F-1c

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BOILER REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 423,864		\$ 423,864	\$ 423,864
Transfer from Capital Reserve	635,796		635,796	635,796
Total Revenue and Other Financing Sources	<u>1,059,660</u>	<u>\$ -0-</u>	<u>1,059,660</u>	<u>1,059,660</u>
Expenditures:				
Purchased Professional and Technical Services	68,026		68,026	95,235
Construction Services	560,021		560,021	964,425
Total Expenditures	<u>628,047</u>	<u>-0-</u>	<u>628,047</u>	<u>1,059,660</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 431,613</u>	<u>\$ -0-</u>	<u>\$ 431,613</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	2510-050-14-1001
Grant Date	June 12, 2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 1,059,660
Change Orders	\$ -0-
Revised Authorized Cost	\$ 1,059,660
Change Order Percentage	0.00%
Percentage Completion	59.27%
Original Target Completion Date	August 31, 2014
Revised Target Completion Date	August 16, 2016

Exhibit F-1d

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
PAVING PROJECT - PHASE II
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Final Project Authorization</u>	<u>Adjustment to Project Authorization</u>	<u>Original Project Authorization</u>
Revenue and Other Financing Sources:						
Transfer from Capital Reserve	\$ 1,011,516		\$ 1,011,516	\$ 1,011,516	\$ 60,916	\$ 950,600
Total Revenue and Other Financing Sources	1,011,516	\$ -0-	1,011,516	1,011,516	60,916	950,600
Expenditures:						
Purchased Professional and Technical Services	70,032	568	70,600	70,600		70,600
Construction Services	913,278	27,638	940,916	940,916	60,916	880,000
Total Expenditures	983,310	28,206	1,011,516	1,011,516	60,916	950,600
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 28,206	\$ (28,206)	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 950,600
Increase in Authorized Cost	\$ 60,916
Change Orders	\$ -0-
Revised Authorized Cost	\$ 1,011,516
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	August 31, 2014
Revised Target Completion Date	January 26, 2016

Exhibit F-1e

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF AN ADDITION TO AND UPGRADING OF EXISTING FACILITIES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 2,656,000		\$2,656,000	\$ 2,656,000
Bond Proceeds and Transfers	4,344,000		4,344,000	4,344,000
Total Revenue and Other Financing Sources	<u>7,000,000</u>	<u>\$ -0-</u>	<u>7,000,000</u>	<u>7,000,000</u>
Expenditures:				
Construction Services	6,872,166		6,872,166	7,000,000
Total Expenditures	<u>6,872,166</u>	<u>-0-</u>	<u>6,872,166</u>	<u>7,000,000</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 127,834</u>	<u>\$ -0-</u>	<u>\$ 127,834</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number	SP99279			
Grant Date	March 2001			
Bond Authorization Date	December 14, 2000			
Bonds Authorized	\$ 4,344,000			
Bonds Issued	\$ 4,344,000			
Original Authorized Cost	\$ 7,000,000			
Change Orders	\$ -0-			
Revised Authorized Cost	\$ 7,000,000			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	August 31, 2003			
Revised Target Completion Date	August 31, 2008			

PROPRIETARY FUNDS

Exhibit G-1

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 81,429
Accounts Receivable - Other Governments	21,382
Inventories	<u>7,966</u>
Total Current Assets	<u>110,777</u>
Non-Current Assets:	
Capital Assets	99,347
Less: Accumulated Depreciation	<u>(70,607)</u>
Total Non-Current Assets	<u>28,740</u>
Total Assets	<u>139,517</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	28,740
Unrestricted	<u>110,777</u>
Total Net Position	<u><u>\$ 139,517</u></u>

Exhibit G-2

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Operating Revenue:	
Charges for Services:	
Daily Sales:	
Reimbursable Programs	\$ 157,007
Non-Reimbursable Programs	100,684
Total Daily Sales	<u>257,691</u>
Special Events	<u>10,694</u>
Total Operating Revenue	<u>268,385</u>
Operating Expenses:	
Cost of Sales	
Reimbursable Programs	132,360
Non-Reimbursable Programs	40,135
Total Cost of Sales	<u>172,495</u>
Salaries	232,946
General Supplies	19,920
Depreciation Expense	<u>2,593</u>
Total Operating Expenses	<u>427,954</u>
Operating Loss	<u>(159,569)</u>
Non-Operating Revenue:	
Federal Sources:	
School Breakfast Program	35,676
National School Lunch Program	84,269
Food Distribution Program	19,818
State Sources:	
School Lunch Program	3,007
Local Sources:	
Interest Revenue	<u>213</u>
Total Non-Operating Revenue	<u>142,983</u>
Change in Net Position	(16,586)
Net Position - Beginning of Year	<u>156,103</u>
Net Position - End of Year	<u><u>\$ 139,517</u></u>

Exhibit G-3

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 268,385
Payments to Employees	(232,946)
Payments to Suppliers	<u>(173,116)</u>
Net Cash Used for Operating Activities	<u>(137,677)</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	109,637
State Sources	<u>2,897</u>
Net Cash Provided by Noncapital Financing Activities	<u>112,534</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>213</u>
Net Cash Provided by Investing Activities	<u>213</u>
Net Decrease in Cash and Cash Equivalents	(24,930)
Cash and Cash Equivalents, July 1	<u>106,359</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 81,429</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (159,569)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	2,593
Federal Food Distribution Program	19,818
Changes in Assets and Liabilities:	
(Increase) in Inventory	<u>(519)</u>
Net Cash Used for Operating Activities	<u><u>\$ (137,677)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$19,818 for the fiscal year ended June 30, 2016.

Exhibit G-4

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Transportation</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 25,382
Due from Other Funds	600,000
Total Current Assets	625,382
Non-Current Assets:	
Capital Assets	1,644,080
Less: Accumulated Depreciation	(1,270,201)
Total Non-Current Assets	373,879
Total Assets	999,261
 <u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	9,590
Total Current Liabilities	9,590
Total Liabilities	9,590
 <u>NET POSITION:</u>	
Net Investment in Capital Assets	373,879
Unrestricted	615,792
Total Net Position	\$ 989,671

Exhibit G-5

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Transportation</u>
Operating Revenue	
Local Sources:	
Charges and Fees	\$ 745,910
Total Operating Revenue	745,910
Operating Expenses:	
Contracted Services	206,438
Aid in Lieu	21,574
Miscellaneous	193,442
Depreciation	115,905
Total Operating Expenses	537,359
Operating Income	208,551
Non-Operating Revenue:	
Interest Revenue	239
Total Non-Operating Revenue	239
Change in Net Position Before Capital Contributions	208,790
Capital Contributions - Capital Projects Fund	80,215
Change in Net Position After Capital Contributions	289,005
Net Position - Beginning of Year	700,666
Net Position - End of Year	\$ 989,671

Exhibit G-6

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Transportation</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 408,476
Payments to Suppliers	(468,178)
Net Cash Used for Operating Activities	(59,702)
Cash Flows from Investing Activities:	
Investment Revenue	239
Net Cash Flows Provided by Investing Activities	239
Net Decrease in Cash and Cash Equivalents	(59,463)
Cash and Cash Equivalents, July 1	84,845
Cash and Cash Equivalents, June 30	\$ 25,382
Reconciliation of Operating Income to Net Cash Used for Operating Activities:	
Operating Income	\$ 208,551
Adjustment to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	115,905
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable, Net	177
(Increase) in Interfund Receivable	(337,611)
(Decrease) in Accounts Payable	(46,724)
Net Cash Used for Operating Activities	\$ (59,702)

FIDUCIARY FUNDS

Exhibit H-1

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Agency</u>			<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>		
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 178,708	\$ 470	\$ 179,178	\$ 695,464	\$ 41,835
Total Assets	<u>178,708</u>	<u>470</u>	<u>179,178</u>	<u>695,464</u>	<u>41,835</u>
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings Due to Student Groups	<u>178,708</u>	<u>470</u>	<u>178,708</u>		
Total Liabilities	<u>178,708</u>	<u>470</u>	<u>179,178</u>	<u>-0-</u>	<u>-0-</u>
<u>NET POSITION:</u>					
Held in Trust for:					
Unemployment Compensation Claims				695,464	
Flexible Spending Claims					41,835
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 695,464</u>	<u>\$ 41,835</u>

Exhibit H-2

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Unemployment Compensation Trust	Flexible Spending Trust	Totals
ADDITIONS:			
Contributions:			
Plan member	\$ 34,126	\$ 11,000	\$ 45,126
Employer		10,000	10,000
Total Contributions	34,126	21,000	55,126
Investment Earnings:			
Interest	1,362	77	1,439
Net Investment Earnings	1,362	77	1,439
Total Additions	35,488	21,077	56,565
DEDUCTIONS:			
Unemployment Compensation Claims	14,135		14,135
Flexible Spending Claims		8,638	8,638
Total Deductions	14,135	8,638	22,773
Change in Net Position	21,353	12,439	33,792
Net Position - Beginning of the Year	674,111	29,396	703,507
Net Position - End of the Year	\$ 695,464	\$ 41,835	\$ 737,299

Exhibit H-3

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 197,017	\$ 341,761	\$ 360,070	\$ 178,708
Total Assets	<u>\$ 197,017</u>	<u>\$ 341,761</u>	<u>\$ 360,070</u>	<u>\$ 178,708</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 197,017	\$ 341,761	\$ 360,070	\$ 178,708
Total Liabilities	<u>\$ 197,017</u>	<u>\$ 341,761</u>	<u>\$ 360,070</u>	<u>\$ 178,708</u>

Exhibit H-4

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Senior High Schools:				
Student Athletic Account	\$ 56,684	\$ 94,179	\$ 115,737	\$ 35,126
General Organization Account	140,333	247,582	244,333	143,582
Total All Schools	<u>\$ 197,017</u>	<u>\$ 341,761</u>	<u>\$ 360,070</u>	<u>\$ 178,708</u>

Exhibit H-5

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 16,149	\$ 14,549,291	\$ 14,564,970	\$ 470
Total Assets	<u>\$ 16,149</u>	<u>\$ 14,549,291</u>	<u>\$ 14,564,970</u>	<u>\$ 470</u>
 <u>LIABILITIES:</u>				
Interfund Payable - General Fund	\$ 15,709	\$ 408	\$ 16,117	
Payroll Deductions and Withholdings	440	14,548,883	14,548,853	\$ 470
Total Liabilities	<u>\$ 16,149</u>	<u>\$ 14,549,291</u>	<u>\$ 14,564,970</u>	<u>\$ 470</u>

LONG-TERM DEBT

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2016		Interest Rate	Balance July 1, 2015	Retired/ Matured	Balance June 30, 2016
			Date	Amount				
Refunding Bonds	04/01/10	\$ 2,595,000	08/01/16	\$ 270,000	4.00%			
			08/01/17	275,000	4.00%			
			08/01/18	270,000	4.00%			
			08/01/19	270,000	4.50%			
			08/01/20	270,000	4.50%			
			08/01/21	230,000	5.00%			
					\$ 1,850,000	\$ 265,000	\$ 1,585,000	

Exhibit I-2

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOT APPLICABLE

Exhibit I-3

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 339,363		\$ 339,363	\$ 339,363	
Total Revenues	339,363		339,363	339,363	
EXPENDITURES:					
Regular Debt Service:					
Interest	74,363		74,363	74,363	
Redemption of Principal	265,000		265,000	265,000	
Total Regular Debt Service	339,363		339,363	339,363	
Total Expenditures	339,363		339,363	339,363	
Excess of Revenues Over Expenditures	-0-		-0-	-0-	
Fund Balance, July 1	8,225		8,225	8,225	
Fund Balance, June 30	\$ 8,225	\$ -0-	\$ 8,225	\$ 8,225	\$ -0-
<u>Recapitulation of Fund Balance at June 30, 2016:</u>					
Restricted for Subsequent Year's Expenditures				\$ 8,225	

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION
(UNAUDITED)

This part of the District'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 District's overall financial health.

Contents

	<u>Exhibit</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity</p> <p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</p>	J-10 thru J-13
<p>Demographic and Economic Information</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p>Operating Information</p> <p>These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.</p>	J-16 thru J-20

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

Exhibit J-1

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	June 30,				
	2007	2008	2009	2010	2011
Governmental Activities:					
Net Investment in Capital Assets	\$ 4,514,317	\$ 4,762,690	\$ 4,639,269	\$ 5,599,836	\$ 5,759,476
Restricted	953,313	1,904,101	3,073,219	4,271,254	4,910,146
Unrestricted/(Deficit)	(774,156)	(565,921)	(490,103)	656	1,764,443
Total Governmental Activities Net Position	\$ 4,693,474	\$ 6,100,870	\$ 7,222,385	\$ 9,871,746	\$ 12,434,065
Business-Type Activities:					
Investment in Capital Assets	\$ 6,448	\$ 4,245	\$ 5,917	\$ 13,276	\$ 11,170
Unrestricted	72,550	92,646	101,303	171,600	214,980
Total Business-Type Activities Net Position	\$ 78,998	\$ 96,891	\$ 107,220	\$ 184,876	\$ 226,150
District-Wide:					
Net Investment in Capital Assets	\$ 4,520,765	\$ 4,766,935	\$ 4,645,186	\$ 5,613,112	\$ 5,770,646
Restricted	953,313	1,904,101	3,073,219	4,271,254	4,910,146
Unrestricted/(Deficit)	(701,606)	(473,275)	(388,800)	172,256	1,979,423
Total District Net Position	\$ 4,772,472	\$ 6,197,761	\$ 7,329,605	\$ 10,056,622	\$ 12,660,215

	June 30,				
	2012	2013	2014	2015	2016
Governmental Activities:					
Net Investment in Capital Assets	\$ 7,324,846	\$ 7,435,893	\$ 8,428,835	\$ 10,674,523	\$ 11,862,430
Restricted	7,404,749	8,139,560	9,395,201	6,600,013	3,090,397
Unrestricted/(Deficit)	307,308	653,148	(6,995,126)	(6,312,873)	(3,091,063)
Total Governmental Activities Net Position	\$ 15,036,903	\$ 16,228,601	\$ 10,828,910	\$ 10,961,663	\$ 11,861,764
Business-Type Activities:					
Investment in Capital Assets	\$ 20,857	\$ 39,730	\$ 54,443	\$ 31,333	\$ 28,740
Unrestricted	224,380	197,444	136,738	124,770	110,777
Total Business-Type Activities Net Position	\$ 245,237	\$ 237,174	\$ 191,181	\$ 156,103	\$ 139,517
District-Wide:					
Net Investment in Capital Assets	\$ 7,345,703	\$ 7,475,623	\$ 8,483,278	\$ 10,705,856	\$ 11,891,170
Restricted	7,404,749	8,139,560	9,395,201	6,600,013	3,090,397
Unrestricted/(Deficit)	531,688	850,592	(6,858,388)	(6,188,103)	(2,980,286)
Total District Net Position	\$ 15,282,140	\$ 16,465,775	\$ 11,020,091	\$ 11,117,766	\$ 12,001,281

Source: School District Financial Reports.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
Instruction:										
Regular	\$ 8,221,002	\$ 8,881,408	\$ 8,873,430	\$ 9,922,834	\$ 8,789,802	\$ 8,437,072	\$ 8,809,767	\$ 8,750,044	\$ 8,707,189	\$ 10,360,870
Special Education	1,763,106	2,042,127	2,028,873	1,237,410	2,244,478	2,376,904	2,680,156	2,474,463	2,771,099	3,296,413
Other Special Instruction	146,413	65,389	68,328	72,887	33,879	28,071	17,632	22,763	36,356	29,113
Other Instruction	782,390	819,904	844,499	927,655	975,744	1,162,106	1,232,270	1,133,202	1,226,165	1,441,691
Support Services:										
Tuition	1,695,214	1,728,095	1,650,517	1,150,943	1,059,094	1,396,772	1,483,596	2,012,038	2,413,453	2,462,167
Student & Instruction Related Services	2,722,017	2,776,837	2,851,919	3,286,469	3,201,623	3,271,422	3,369,011	3,391,596	4,129,513	4,957,172
General Administrative Services	926,855	636,988	701,801	522,360	568,586	446,753	482,851	456,326	634,606	523,254
School Administrative Services	1,081,469	1,074,355	1,047,411	675,394	601,948	633,971	633,835	704,331	708,256	697,432
Plant Operations and Maintenance	2,451,638	2,139,592	2,151,206	2,091,550	2,000,551	1,782,700	2,158,166	1,897,239	1,864,148	2,170,359
Pupil Transportation	1,196,671	1,309,115	1,380,054	1,158,366	1,233,285	1,426,083	1,528,171	1,515,123	1,647,997	1,503,503
Central Services	399,416	383,440	343,277	338,878	360,337	359,543	394,632	335,326	350,381	374,992
Administration Information Technology	79,843	107,216	63,489	124,441	137,124	159,342	69,649	72,860	170,260	160,281
Interest on Long-term Debt	171,132	162,858	154,109	275,957	92,739	90,777	83,870	70,069	60,290	48,606
Total Governmental Activities Expenses	21,637,166	22,127,324	22,158,913	21,785,144	21,299,190	21,571,516	22,943,606	22,835,380	24,719,713	28,025,853
Business-type Activities:										
Food Service	474,877	500,714	503,546	473,182	475,672	458,949	446,312	461,037	434,994	427,954
Total Business-type Activities Expenses	474,877	500,714	503,546	473,182	475,672	458,949	446,312	461,037	434,994	427,954
Total District Expenses	22,112,043	22,628,038	22,662,459	22,258,326	21,774,862	22,030,465	23,389,918	23,296,417	25,154,707	28,453,807
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)		284,856	533,188	494,364	614,856	644,224	640,754	679,742	757,110	1,045,332
Pupil Transportation	226,970	399,916	304,681	125,578	179,342	76,345	56,807	70,447	123,257	7,910
Operating Grants and Contributions	3,347,536	3,385,266	2,744,121	2,905,901	2,606,883	3,006,149	3,171,186	2,904,398	3,319,499	6,383,969
Capital Grants and Contributions	1,446	357,543	57,986	167,915	67,001					480,070
Total Governmental Activities Program Revenues	3,575,952	4,427,581	3,639,976	3,693,758	3,468,082	3,726,718	3,868,747	3,654,587	4,199,866	7,917,281

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Business-type Activities:										
Charges for Services:										
Food Service	\$ 380,138	\$ 402,101	\$ 399,142	\$ 402,930	\$ 379,887	\$ 331,433	\$ 301,668	\$ 278,342	\$ 273,665	\$ 268,385
Operating Grants and Contributions	95,772	110,597	111,019	137,012	136,641	145,728	135,657	136,258	125,994	142,770
Total Business-type Activities Revenues	475,910	512,698	510,161	539,942	516,528	477,161	437,325	414,600	399,659	411,155
Total District Program Revenues	4,051,862	4,940,279	4,150,137	4,233,700	3,984,610	4,203,879	4,306,072	4,069,187	4,599,525	8,328,436
Net (Expense)/Revenue										
Governmental Activities	(18,061,214)	(17,699,743)	(18,518,937)	(18,091,386)	(17,831,108)	(17,844,798)	(19,074,859)	(19,180,793)	(20,519,847)	(20,108,572)
Business-type Activities	1,033	11,984	6,615	66,760	40,856	18,212	(8,987)	(46,437)	(35,335)	(16,799)
Total District-wide Net (Expense)/Revenue	(18,060,181)	(17,687,759)	(18,512,322)	(18,024,626)	(17,790,252)	(17,826,586)	(19,083,846)	(19,227,230)	(20,555,182)	(20,125,371)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	14,274,393	14,955,597	15,316,300	15,882,862	16,418,176	15,736,378	15,736,378	15,736,378	16,000,000	16,520,000
Taxes Levied for Debt Service	339,397	341,322	342,771	343,747	343,747	330,631	321,834	337,663	335,325	339,363
Unrestricted Grants and Contributions	3,595,474	3,727,901	3,980,569	3,826,850	3,548,553	3,887,436	4,025,517	4,042,810	4,031,210	4,034,184
Investment Earnings	138,842	115,470	47,352	41,296	8,323	21,324	23,422	23,242	20,388	18,365
Miscellaneous Income	75,468	38,459	28,460	190,356	74,628	471,867	205,350	164,245	265,677	170,221
Transfers	(81,754)	(71,610)	(75,000)	(193,800)						(73,460)
Total Governmental Activities	18,341,820	19,107,139	19,640,452	20,091,311	20,393,427	20,447,636	20,312,501	20,304,338	20,652,600	21,008,673
Business-type Activities:										
Investment Earnings	4,003	5,909	3,714	1,670	418	875	924	444	257	213
Total Business-type Activities	4,003	5,909	3,714	1,670	418	875	924	444	257	213
Total District-wide	18,345,823	19,113,048	19,644,166	20,092,981	20,393,845	20,448,511	20,313,425	20,304,782	20,652,857	21,008,886
Change in Net Position										
Governmental Activities	280,606	1,407,396	1,121,515	1,999,925	2,562,319	2,602,838	1,237,642	1,123,545	132,753	900,101
Business-type Activities	5,036	17,893	10,329	68,430	41,274	19,087	(8,063)	(45,993)	(35,078)	(16,586)
Total District	\$ 285,642	\$ 1,425,289	\$ 1,131,844	\$ 2,068,355	\$ 2,603,593	\$ 2,621,925	\$ 1,229,579	\$ 1,077,552	\$ 97,675	\$ 883,515

Source: School District Financial Reports.

Exhibit J-3

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	June 30,				
	2007	2008	2009	2010	2011
General Fund:					
Reserved/Restricted	\$ 844,182	\$ 1,468,067	\$ 2,596,328	\$ 3,803,945	\$ 4,930,336
Assigned					122,183
Unreserved/Unassigned/(Deficit)	243,992	228,573	(73,515)	124,031	203,608
Total General Fund	<u>\$ 1,088,174</u>	<u>\$ 1,696,640</u>	<u>\$ 2,522,813</u>	<u>\$ 3,927,976</u>	<u>\$ 5,256,127</u>
All Other Governmental Funds:					
Reserved/Restricted	\$ 49,939	\$ 19,299		\$ 286,022	\$ 138,000
Committed					1,501,880
Designated for Subsequent Year Expenditures	59,192	416,735	\$ 476,891	352,249	
Total All Other Governmental Funds	<u>\$ 109,131</u>	<u>\$ 436,034</u>	<u>\$ 476,891</u>	<u>\$ 638,271</u>	<u>\$ 1,639,880</u>
	June 30,				
	2012	2013	2014	2015	2016
General Fund:					
Reserved/Restricted	\$ 7,406,627	\$ 8,011,726	\$ 9,259,142	\$ 6,463,954	\$ 2,954,338
Assigned	125,571	848,738	125,989	399,398	56,258
Unreserved/Unassigned	141,872	99,853	112,533	211,158	252,755
Total General Fund	<u>\$ 7,674,070</u>	<u>\$ 8,960,317</u>	<u>\$ 9,497,664</u>	<u>\$ 7,074,510</u>	<u>\$ 3,263,351</u>
All Other Governmental Funds:					
Reserved/Restricted	\$ 138,000	\$ 127,834	\$ 136,059	\$ 136,059	\$ 136,059
Committed	235,633	147,729			3,496,225
Unreserved/Unassigned/(Deficit)			(97,464)	259,277	
Total All Other Governmental Funds	<u>\$ 373,633</u>	<u>\$ 275,563</u>	<u>\$ 38,595</u>	<u>\$ 395,336</u>	<u>\$ 3,632,284</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 14,613,790	\$ 15,296,919	\$ 15,659,071	\$ 16,226,609	\$ 16,761,923	\$ 16,067,009	\$ 16,058,212	\$ 16,074,041	\$ 16,335,325	\$ 16,859,363
Tuition Charges		284,856	533,188	494,364	614,856	644,224	640,754	679,742	757,110	1,045,332
Interest Earnings	137,282	106,762	40,796	37,710	7,023	18,698	21,210	22,031	19,670	18,126
Miscellaneous	75,468	38,459	28,460	190,356	74,628	131,683	205,350	164,245	266,177	176,315
State Sources	6,634,769	7,188,661	6,506,111	5,770,541	5,817,115	6,294,957	6,889,829	6,656,441	7,056,149	7,780,721
Federal Sources	309,687	282,049	276,565	1,130,125	405,322	598,628	306,874	290,767	294,060	323,997
Total Revenues	21,770,996	23,197,706	23,044,191	23,849,705	23,680,867	23,755,199	24,122,229	23,887,267	24,728,491	26,203,854
Expenditures										
Instruction:										
Regular Instruction	6,074,400	6,555,042	6,650,674	7,357,278	6,342,598	6,192,394	6,302,540	6,335,400	6,114,325	6,120,028
Special Education Instruction	1,324,556	1,552,738	1,532,937	942,039	1,673,264	1,760,158	1,920,170	1,797,528	1,953,692	1,965,455
Other Special Instruction	106,212	47,889	50,746	53,375	24,743	20,250	12,395	16,815	28,216	19,392
Other Instruction	581,016	615,851	641,143	692,979	751,255	906,436	952,603	851,241	910,903	900,292
Support Services:										
Tuition	1,695,214	1,728,095	1,650,517	1,150,943	1,059,094	1,396,772	1,483,596	2,012,038	2,413,453	2,462,167
Student & Instruction Related Services	2,061,568	2,073,603	2,198,122	2,581,925	2,384,295	2,458,819	2,465,934	2,461,894	3,088,447	3,136,078
General Administrative Services	805,461	540,167	598,588	467,898	503,015	390,605	425,435	390,054	576,943	447,947
School Administrative Services	810,184	789,612	809,997	538,951	462,199	477,644	464,447	513,763	516,906	432,345
Plant Operations and Maintenance	1,878,176	1,667,311	1,740,935	1,609,568	1,513,871	1,433,663	1,490,846	1,491,267	1,456,632	1,665,105
Pupil Transportation	951,129	1,293,468	1,152,869	1,076,149	994,190	1,142,498	1,075,460	920,071	987,236	1,478,421
Central Services	300,388	289,069	262,681	283,537	298,539	298,655	330,804	288,960	285,895	303,576
Administration Information Technology	71,763	98,978	55,314	118,944	131,039	153,410	113,486	118,055	113,240	152,532
Unallocated Benefits	4,341,305	4,510,574	4,393,901	4,284,535	4,341,186	4,507,880	5,016,324	4,934,232	5,428,042	5,904,307
Capital Outlay	1,199,527	87,008	20,966	587,494	689,079	1,473,872	548,012	1,126,132	2,585,649	1,377,597
Debt Service:										
Principal	165,000	175,000	185,000	195,000	230,000	220,000	230,000	235,000	250,000	265,000
Interest and Other Charges	174,397	166,322	157,771	148,747	103,581	110,631	102,000	94,438	85,325	74,363
Total Expenditures	22,540,296	22,190,727	22,102,161	22,089,362	21,501,948	22,943,687	22,934,052	23,586,888	26,794,904	26,704,605

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (769,300)	\$ 1,006,979	\$ 942,030	\$ 1,760,343	\$ 2,178,919	\$ 811,512	\$ 1,188,177	\$ 300,379	\$ (2,066,413)	\$ (500,751)
Other Financing Sources (Uses)										
Capital Leases (non-budgeted)					150,841					
Prior Year Accounts Payable Canceled						340,184				
Transfers In				311,028	1,364,550	44,964	210,408		3,052,041	4,076,070
Transfers Out	(81,754)	(71,610)	(75,000)	(504,828)	(1,364,550)	(44,964)	(210,408)		(3,052,041)	(4,149,530)
Total Other Financing Sources (Uses)	(81,754)	(71,610)	(75,000)	(193,800)	150,841	340,184	-0-	-0-	-0-	(73,460)
Net Change in Fund Balances	\$ (851,054)	\$ 935,369	\$ 867,030	\$ 1,566,543	\$ 2,329,760	\$ 1,151,696	\$ 1,188,177	\$ 300,379	\$ (2,066,413)	\$ (574,211)
Debt Service as a Percentage of Noncapital Expenditures	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.5%	1.5%	1.4%	1.4%

Source: School District Financial Reports.

Exhibit J-5

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u>	<u>Total</u>
2007	\$ 137,282	\$ -0-	\$ 75,468	\$ 212,750
2008	106,762	284,856	38,459	430,077
2009	40,796	533,188	28,460	602,444
2010	37,710	494,364	190,356	722,430
2011	7,023	614,856	74,628	696,507
2012	18,698	644,224	131,683	794,605
2013	21,210	640,754	205,350	867,314
2014	22,031	679,742	164,245	866,018
2015	19,670	757,110	265,677	1,042,457
2016	18,126	1,045,332	170,221	1,233,679

Source: Lakeland Regional High School District records.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

BOROUGH OF RINGWOOD

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2006	\$ 36,491,500	\$ 776,476,460	\$ 2,590,100	\$ 145,130	\$ 27,927,400	\$ 17,687,900	\$ -0-	\$ 861,318,490	\$ 100,723,300	\$ 1,179,728	\$ 862,498,218	\$ 1.02	\$ 1,680,338,173
2007	34,966,300	784,304,460	2,720,400	133,030	26,239,900	17,824,100	-0-	866,188,190	100,963,300	1,129,473	867,317,663	1.00	1,838,700,889
2008	34,544,900	787,768,560	2,720,400	133,330	26,299,900	17,824,100	-0-	869,291,190	101,177,100	1,084,483	870,375,673	1.02	1,986,231,254
2009*	78,944,500	1,538,576,800	4,731,400	89,300	67,758,300	33,800,900	-0-	1,723,901,200	162,109,600	2,638,490	1,726,539,690	0.53	1,969,028,284
2010	77,893,500	1,534,609,300	5,547,700	91,000	65,443,100	33,014,800	-0-	1,716,599,400	162,472,400	2,386,377	1,718,985,777	0.54	1,849,100,408
2011	76,695,000	1,532,454,400	6,279,300	93,300	65,268,000	32,787,200	-0-	1,713,577,200	163,109,700	-0-	1,713,577,200	0.52	1,788,226,664
2012	75,741,900	1,532,168,100	5,758,400	282,100	64,018,300	32,787,200	-0-	1,710,756,000	163,768,200	-0-	1,710,756,000	0.53	1,732,676,783
2013	72,592,500	1,296,995,400	4,856,600	88,100	58,605,700	27,696,500	-0-	1,460,834,800	147,554,100	-0-	1,460,834,800	0.57	1,663,039,694
2014	72,228,000	1,299,371,100	4,856,600	87,000	57,819,200	26,997,700	-0-	1,461,359,600	147,844,100	-0-	1,461,359,600	0.63	1,631,134,925
2015	72,018,900	1,299,987,900	4,856,600	85,900	67,867,900	24,401,100	-0-	1,469,218,300	148,872,900	-0-	1,469,218,300	0.67	1,638,586,197

BOROUGH OF WANAUQUE

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2006	\$ 21,801,500	\$ 439,711,174	\$ -0-	\$ -0-	\$ 42,899,120	\$ 12,895,390	\$ 1,600,100	\$ 518,907,284	\$ 290,900,200	\$ 686,471	\$ 519,593,755	\$ 1.12	\$ 1,122,087,188
2007	24,877,300	483,491,974	-0-	-0-	42,143,720	10,828,090	1,600,100	562,941,184	292,308,800	637,511	563,578,695	1.17	1,348,849,124
2008	24,025,200	498,917,774	-0-	-0-	40,972,420	10,828,090	1,600,100	576,343,584	293,031,100	677,148	577,020,732	1.18	1,425,532,571
2009	25,113,400	498,394,774	-0-	-0-	40,494,020	10,828,090	1,600,100	576,430,384	291,576,300	726,242	577,156,626	1.23	1,403,083,133
2010	24,185,700	502,053,074	-0-	3,800	41,896,720	10,591,890	1,600,100	580,331,284	291,958,900	-0-	580,331,284	1.30	1,386,159,406
2011	23,389,700	502,533,774	-0-	3,800	41,631,020	10,321,790	1,379,200	579,259,284	292,146,600	-0-	579,259,284	1.22	1,351,251,430
2012	23,115,800	507,724,774	-0-	3,800	41,574,020	10,321,790	1,379,200	584,119,384	291,753,000	-0-	584,119,384	1.21	1,347,018,699
2013*	43,414,200	963,498,900	-0-	5,800	88,604,200	22,020,000	2,178,100	1,119,721,200	471,787,000	-0-	1,119,721,200	0.70	1,212,597,512
2014	42,582,900	971,990,000	-0-	132,400	86,700,100	21,736,000	2,178,100	1,125,319,500	471,787,000	-0-	1,125,319,500	0.63	1,289,326,322
2015	36,099,300	976,794,800	-0-	132,400	86,193,800	19,791,700	2,178,100	1,121,190,100	476,711,500	-0-	1,121,190,100	0.63	1,257,130,277

* - Property revaluation became effective in this year.

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

b - Tax rates are per \$100.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.
 Reassessment occurs when ordered by the County Board of Taxation.

Source: Municipal Tax Assessors.

Exhibit J-7

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)
UNAUDITED

BOROUGH OF RINGWOOD

Year Ended December 31,	Lakeland Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Ringwood	Borough of Ringwood Public Schools	Passaic County	
2006	\$ 0.9948	\$ 0.0252	\$ 1.02	\$ 0.90	\$ 1.57	\$ 1.02	\$ 4.51
2007	0.9768	0.0232	1.00	0.98	1.63	1.05	4.66
2008	0.9972	0.0228	1.02	1.02	1.73	1.15	4.92
2009*	0.5184	0.0116	0.53	0.54	0.89	0.57	2.53
2010	0.5286	0.0114	0.54	0.58	0.91	0.58	2.61
2011	0.5093	0.0107	0.52	0.60	0.93	0.60	2.65
2012	0.5194	0.0106	0.53	0.63	0.98	0.65	2.79
2013	0.5580	0.0120	0.57	0.75	1.20	0.76	3.28
2014	0.6168	0.0132	0.63	0.75	1.23	0.79	3.40
2015	0.6562	0.0138	0.67	0.76	1.24	0.85	3.52

BOROUGH OF WANAQUE

Year Ended December 31,	Lakeland Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Wanaque	Borough of Wanaque Public Schools	Passaic County	
2006	\$ 1.0924	\$ 0.0276	\$ 1.12	\$ 1.13	\$ 1.88	\$ 1.13	\$ 5.26
2007	1.1428	0.0272	1.17	1.13	2.03	1.18	5.51
2008	1.1537	0.0263	1.18	1.35	1.91	1.25	5.69
2009	1.2031	0.0269	1.23	1.37	2.01	1.22	5.83
2010	1.2725	0.0275	1.30	1.44	2.07	1.30	6.11
2011	1.1950	0.0250	1.22	1.52	2.22	1.34	6.30
2012	1.1857	0.0243	1.21	1.58	2.24	1.46	6.49
2013*	0.6853	0.0147	0.70	0.87	1.18	0.73	3.48
2014	0.6168	0.0132	0.63	0.88	1.21	0.81	3.53
2015	0.6171	0.0129	0.63	0.88	1.24	0.85	3.60

* - Property revaluation became effective in this year.

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

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

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

Source: Municipal Tax Collector and School Business Administrator.

Exhibit J-8

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

BOROUGH OF RINGWOOD

Taxpayer	2015			2006		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
North Jersey District Water Supply Commission	\$ 59,043,000	1	4.02%	\$ 23,179,000	1	2.69%
Tennessee Gas Transmission	12,442,400	2	0.85%	1,434,100	10	0.17%
Ringwood Plaza, LTD Partnership	11,536,700	3	0.79%	5,237,400	2	0.61%
Ringwood Associates, LTD, c/o Berger L	7,125,800	4	0.49%			
Serler LLC	3,615,700	5	0.25%	2,702,400	4	0.31%
Ponderosa Group I LLC	3,061,700	6	0.21%	1,592,600	9	0.18%
Chs Wks (DE) 16-81 Inc.	3,000,000	7	0.20%			
PSE&G Co.	2,967,500	8	0.20%	1,904,900	6	0.22%
Spring Lake Land LLC	2,877,800	10	0.20%	1,613,000	8	0.19%
Ringwood Commons, LLC	2,852,900	9	0.19%			
Franciscan Sisters of Ringwood				4,530,900	3	0.53%
Pitts, Howard T., LLP				2,189,000	5	0.25%
GKV Rental, LLC				1,680,100	7	0.19%
Total	\$ 108,523,500		7.40%	\$ 46,063,400		5.34%

BOROUGH OF WANAQUE

Taxpayer	2015			2006		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
North Jersey District Water Supply Commission	\$ 21,221,300	1	1.89%	\$ 16,155,800	1	3.11%
Wanaque Convalescent Center	16,537,000	2	1.47%	9,240,300	2	1.78%
Omni II LLC	11,641,400	3	1.04%			
Wanaque Building Assoc.	7,269,300	4	0.65%	3,840,000	4	0.74%
Arrow Group Industries	5,201,400	5	0.46%	3,317,300	6	0.64%
Algonquin Gas Trans. Co.	4,489,900	6	0.40%	2,086,890	7	0.40%
Shree Badha Shivan, LLC	3,645,000	7	0.33%			
Ringwood Park Plaza Realty	2,793,000	8	0.25%			
Haskell Town Center LLC	2,697,300	9	0.24%			
Greentree at Wanaque II LLC	2,160,000	10	0.19%			
Di Rubbio, Ruck and McCauley				5,666,200	3	1.09%
Pulte Communities of NJ				3,826,100	5	0.74%
Mountain Lakes Estates, Inc.				1,910,700	8	0.37%
Haskell Properties				1,700,000	9	0.33%
Haskell Products, Inc.				1,265,500	10	0.24%
Total	\$ 77,655,600		6.92%	\$ 49,008,790		9.44%

Source: Municipal Tax Assessors.

Exhibit J-9

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

BOROUGH OF RINGWOOD

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 8,823,939	\$ 8,823,939	100.00%	\$ -0-
2008	8,709,132	8,709,132	100.00%	-0-
2009	8,869,611	8,869,611	100.00%	-0-
2010	9,164,471	9,164,471	100.00%	-0-
2011	9,220,218	9,220,218	100.00%	-0-
2012	8,976,308	8,976,308	100.00%	-0-
2013	8,980,549	8,980,549	100.00%	-0-
2014	8,267,727	8,267,727	100.00%	-0-
2015	9,232,810	9,232,810	100.00%	-0-
2016	9,621,236	9,621,236	100.00%	-0-

BOROUGH OF WANAQUE

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 5,789,851	\$ 5,789,851	100.00%	\$ -0-
2008	6,587,787	6,587,787	100.00%	-0-
2009	6,789,460	6,789,460	100.00%	-0-
2010	7,062,138	7,062,138	100.00%	-0-
2011	7,541,705	7,541,705	100.00%	-0-
2012	7,090,701	7,090,701	100.00%	-0-
2013	7,077,663	7,077,663	100.00%	-0-
2014	7,806,314	7,806,314	100.00%	-0-
2015	7,102,515	7,102,515	100.00%	-0-
2016	7,238,127	7,238,127	100.00%	-0-

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

Source: Lakeland Regional High School District records, including the Certificate and Report of Report of School Taxes (A4F form).

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2007	\$ 4,369,401	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 4,369,401	0.49%	\$ 185.93	
2008	4,163,862	-0-	-0-	-0-	-0-	4,163,862	0.44%	173.09	
2009	3,945,651	-0-	-0-	-0-	-0-	3,945,651	0.40%	159.88	
2010	3,695,534	-0-	-0-	-0-	-0-	3,695,534	0.38%	148.68	
2011	3,426,257	-0-	150,841	-0-	-0-	3,577,098	0.38%	153.08	
2012	3,163,543	-0-	101,770	-0-	-0-	3,265,313	0.33%	137.91	
2013	2,887,092	-0-	51,782	-0-	-0-	2,938,874	0.30%	123.42	
2014	2,601,576	-0-	-0-	-0-	-0-	2,601,576	0.26%	108.41	
2015	2,296,640	-0-	-0-	-0-	-0-	2,296,640	0.22%	94.81	
2016	1,971,897	-0-	-0-	-0-	-0-	1,971,897	0.19%	81.16	

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

b - Includes Early Retirement Incentive Plan (ERIP) refunding.

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

Source: School District Financial Reports.

Exhibit J-11

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 3,589,000	\$ -0-	\$ 3,589,000	0.260%	\$ 152.72
2008	3,414,000	-0-	3,414,000	0.239%	141.92
2009	3,229,000	-0-	3,229,000	0.223%	130.84
2010	3,015,000	-0-	3,015,000	0.131%	121.30
2011	2,785,000	-0-	2,785,000	0.121%	119.18
2012	2,565,000	-0-	2,565,000	0.112%	108.33
2013	2,335,000	-0-	2,335,000	0.102%	98.06
2014	2,100,000	-0-	2,100,000	0.081%	87.51
2015	1,850,000	-0-	1,850,000	0.072%	76.37
2016	1,585,000	-0-	1,585,000	0.061%	65.24

a - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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

Source: School District Financial Reports.

Exhibit J-12

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Ringwood	\$ 12,118,705	100.00%	\$ 12,118,705
Borough of Wanaque	18,391,996	100.00%	18,391,996
Passaic County General Obligation Debt	345,384,061	6.36%	21,978,501
Subtotal, Overlapping Debt			52,489,202
Lakeland Regional High School District Direct Debt			1,585,000
Total Direct and Overlapping Debt			\$ 54,074,202

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

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

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

Exhibit J-13

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2016

Year Ended December 31,	Borough of Ringwood	Borough of Wanaque	Equalized Valuation Basis
2013	\$ 1,629,850,273	\$ 1,279,388,940	\$ 2,909,239,213
2014	1,629,163,434	1,258,043,041	2,887,206,475
2015	1,639,386,632	1,235,743,525	2,875,130,157
	<u>\$ 4,898,400,339</u>	<u>\$ 3,773,175,506</u>	<u>\$ 8,671,575,845</u>
Average Equalized Valuation of Taxable Property			<u>\$ 2,890,525,282</u>
Debt Limit (3% of Average Equalization Value)			\$ 86,715,758 ^a
Net Bonded School Debt			<u>1,585,000</u>
Legal Debt Margin			<u>\$ 85,130,758</u>

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt Limit	\$ 82,322,368	\$ 91,682,684	\$ 97,812,782	\$ 99,422,447	\$ 97,180,441
Total Net Debt Applicable to Limit	<u>3,589,000</u>	<u>3,414,000</u>	<u>3,229,000</u>	<u>3,015,000</u>	<u>2,785,000</u>
Legal Debt Margin	<u>\$ 78,733,368</u>	<u>\$ 88,268,684</u>	<u>\$ 94,583,782</u>	<u>\$ 96,407,447</u>	<u>\$ 94,395,441</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.36%	3.72%	3.30%	3.03%	2.87%

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$ 94,319,983	\$ 91,691,080	\$ 89,385,043	\$ 87,593,392	\$ 86,715,758
Total Net Debt Applicable to Limit	<u>2,565,000</u>	<u>2,335,000</u>	<u>2,100,000</u>	<u>1,850,000</u>	<u>1,585,000</u>
Legal Debt Margin	<u>\$ 91,754,983</u>	<u>\$ 89,356,080</u>	<u>\$ 87,285,043</u>	<u>\$ 85,743,392</u>	<u>\$ 85,130,758</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.72%	2.55%	2.35%	2.11%	1.83%

^a - Limit set by NJSA 18A:24-19 for a 9 through 12 district; other % limits would be applicable for other districts.

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

Exhibit J-14

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

BOROUGH OF RINGWOOD

Year	Population ^a	Personal Income (thousands of dollars) ^b	Passaic County Per Capita Personal Income ^c	Unemployment Rate ^d
2006	12,555	\$ 474,955,650	\$ 37,830	3.8%
2007	12,561	488,585,217	38,897	3.5%
2008	12,602	502,908,014	39,907	4.6%
2009	12,712	494,903,584	38,932	9.0%
2010	12,240	487,237,680	39,807	9.2%
2011	12,320	509,690,720	41,371	9.0%
2012	12,343	516,233,632	41,824	8.9%
2013	12,385	518,398,945	41,857	8.6%
2014	12,420	542,592,540	43,687	5.9%
2015	12,448	543,815,776	43,687 *	4.7%

BOROUGH OF WANAQUE

Year	Population ^a	Personal Income (thousands of dollars) ^b	Passaic County Per Capita Personal Income ^c	Unemployment Rate ^d
2006	10,945	\$ 414,049,350	\$ 37,830	3.6%
2007	11,495	447,121,015	38,897	3.3%
2008	12,077	481,956,839	39,907	4.3%
2009	12,144	472,790,208	38,932	8.4%
2010	11,128	442,972,296	39,807	8.6%
2011	11,357	469,850,447	41,371	8.4%
2012	11,469	479,679,456	41,824	8.3%
2013	11,612	486,043,484	41,857	13.3%
2014	11,804	515,681,348	43,687	6.2%
2015	11,848	517,603,576	43,687 *	5.0%

* - Latest Passaic County per capita personal income available (2014) was used for calculation purposes.

Source:

- a** - Population information provided by the US Department of Census - Population Division.
- b** - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- c** - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- d** - Unemployment data provided by the NJ Department of Labor and Workforce Development.

Exhibit J-15

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Information was not available as of the date of these financial statements.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</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>	<u>2016</u>
Instruction:										
Regular	81	85	83	78	65	62	62	74	75	76
Special Education	17	15	16	16	16	12	12	19	20	19
Other Special Instruction	14.5	13.5	15	16	17	16	16	14	15	20
Support Services:										
Student & Instruction Related Services	19	19	18	26	30	27	29	29	29	28
General Administrative Services	3	4	4	3	2	2	2	2	2	2
School Administrative Services	10	10	10	6	5	5	5	6	6	7
Plant Operations and Maintenance	11	15	15	16	10	10	10	12	12	10
Pupil Transportation	11	15	15	12	14	15	15	16	17	16
Business and Other Support Services	3	3	3	4	4	4	5	5	5	4
Food Service	12	12	11	7	11	12	12	14	14	10
Total	<u>181.5</u>	<u>191.5</u>	<u>190</u>	<u>184</u>	<u>174</u>	<u>165</u>	<u>168</u>	<u>191</u>	<u>195</u>	<u>192</u>

Source: District Personnel Records.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Senior High School					
2007	1,118	\$ 21,001,372	\$ 18,785	19.22%	92	1:12.15		1,118	1,042	-6.21%	93.20%
2008	1,196	21,762,397	18,196	-3.13%	112	1:10.70		1,196	1,137	6.98%	95.07%
2009	1,162	21,738,424	18,708	2.81%	112	1:10.30		1,162	1,085	-2.84%	93.37%
2010	1,167	21,158,121	18,130	-3.09%	110	1:10.60		1,167	1,102	0.43%	94.43%
2011	1,184	20,479,288	17,297	-4.60%	100	1:11.86		1,184	1,139	1.46%	96.20%
2012	1,112	21,139,184	19,010	9.91%	92	1:12.09		1,112	1,057	-6.08%	95.05%
2013	1,117	22,054,040	19,744	3.86%	105	1:10.87		1,117	1,106	0.45%	99.02%
2014	1,047	22,131,318	21,138	7.06%	93	1:11.17		1,039	993	-6.98%	95.57%
2015	1,003	23,873,930	23,803	12.61%	115	1:11.42		999	950	-3.85%	95.10%
2016	985	24,987,645	25,368	6.58%	115	1:12.06		989	942	-1.00%	95.25%

a - Operating expenditures equal total expenditures less debt service and capital outlay.

b - Teaching staff includes only full-time equivalents of certificated staff.

c - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Note: Enrollment based on annual October District count.

Source: Lakeland Regional High School District records.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Building</u>										
Lakeland Regional										
High School (1958):										
Square Feet	208,390	208,390	208,390	208,390	208,390	208,390	208,390	208,390	208,390	208,390
Capacity (students)	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267
Enrollment	1,118	1,196	1,162	1,167	1,184	1,112	1,117	1,047	1,003	985

Number of Schools at June 30, 2016:

Elementary = 0
Middle School = 0
High School = 1
Other = 0

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: Lakeland Regional High School District Facilities Office.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
For School Facilities - Account #11-000-261-XXX:

<u>School Facilities*</u>	Project # (s)	Fiscal Year Ended June 30,				
		2007	2008	2009	2010	2011
High School	N/A	\$ 588,752	\$ 329,070	\$ 308,905	\$ 245,475	\$ 288,071
Total School Facilities		<u>588,752</u>	<u>329,070</u>	<u>308,905</u>	<u>245,475</u>	<u>288,071</u>
Grand Total		<u>\$ 588,752</u>	<u>\$ 329,070</u>	<u>\$ 308,905</u>	<u>\$ 245,475</u>	<u>\$ 288,071</u>

<u>School Facilities*</u>	Project # (s)	Fiscal Year Ended June 30,				
		2012	2013	2014	2015	2016
High School	N/A	\$ 303,513	\$ 311,356	\$ 234,235	\$ 263,032	\$ 449,464
Total School Facilities		<u>303,513</u>	<u>311,356</u>	<u>234,235</u>	<u>263,032</u>	<u>449,464</u>
Grand Total		<u>\$ 303,513</u>	<u>\$ 311,356</u>	<u>\$ 234,235</u>	<u>\$ 263,032</u>	<u>\$ 449,464</u>

N/A - Not Applicable.

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

Source: Lakeland Regional High School District records.

Exhibit J-20
1 of 2

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Zurich Insurance Company:		
Special Multi Peril:		
Property - Blanket Building and Contents (per Building)	\$ 48,414,395	\$ 5,000
Increased Cost of Construction, Combined -		
Per Building, Per Loss	2,000,000	5,000
Earthquake and Volcanic Eruption	5,000,000	5%
Flood - Outside Zones A, B or V	5,000,000	50,000
Flood - Zone B	2,000,000	100,000
Flood - Zone A or V	1,000,000	500,000
Valuable Papers and Records - Per Entity	5,000,000	1,000
EDP Equipment - Catastrophe Limit	2,500,000	5,000
Combined Business Interruption and Extra Expense	5,000,000	5,000
Comprehensive General Liability:		
General Aggregate	2,000,000	
Per Occurrence	1,000,000	
Employee Benefits Liability	1,000,000	
Electronic Data Processing	2,500,000	
Limited Pollution Liability	1,000,000	
Boiler & Machinery: Property Damage - Blanket	100,000,000	1,000
Crime:		
Employee Theft - Per Loss	500,000	5,000
Forgery or Alteration	50,000	1,000
Inside the Premises - Robbery or Safe Burglary	50,000	1,000
Computer Fraud	50,000	1,000
Faithful Performance of Duty - Per Loss	250,000	
Commercial Automobile:		
Automobile Liability - Comprehensive and Collision	1,000,000	1,000
Additional Personal Injury Protection	10,000	
Medical Payments	5,000	
Uninsured Motorist	1,000,000	
Underinsured Motorist	1,000,000	
Commercial Umbrella (above \$1,000,000):		
Per Occurrence/Aggregate Limit	9,000,000	
Retention	10,000	

Source: Lakeland Regional High School District records.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Fireman's Fund Insurance Company:		
High Excess Liability (above \$10,000,000):		
Per Occurrence/Aggregate	\$ 50,000,000	
Pooled Insurance Program of New Jersey:		
Worker's Compensation	Statutory	
State National Casualty Corporation:		
Worker's Compensation Excess Liability	1,000,000	
American Safety Casualty Insurance Company:		
Environmental Impairment Liability:		
Impairment Incident Limit	1,000,000	\$ 15,000
Impairment Aggregate per Named Insured	3,000,000	
Impairment Aggregate Limit	20,000,000	
Darwin National Assurance Company:		
School Board Legal Liability:		
Directors and Officers Policy Per Claim Aggregate	1,000,000	10,000
Employment Practices Liability		15,000
Selective Insurance Company:		
Public Employees' Faithful Performance Surety Position Bond:		
Treasurer	250,000	
Board Secretary/Business Administrator	250,000	
Zurich Insurance Company:		
Student Accident Insurance:		
Maximum Benefit	5,000,000	
XL Group:		
Cyber Liability	1,000,000/3,000,000	

SINGLE AUDIT SECTION



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

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

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Lakeland Regional High School District
County of Passaic, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lakeland Regional Board of Education, in the County of Passaic (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2016.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Lakeland Regional High School District
Page 2

Compliance and Other Matters


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

Purpose of this Report

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

Mount Arlington, New Jersey
November 16, 2016


NISIVOCCIA LLP


Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant



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

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

Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Lakeland Regional High School District
 County of Passaic, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Lakeland Regional High School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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; the audit requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 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 state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

The Honorable President and Members
of the Board of Education
Lakeland Regional High School District
Page 2

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 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 District's internal control over compliance.


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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey
November 16, 2016


NISIVOCIA LLP


Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2015			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2016			Amounts Provided to Subrecipients
			From	To		Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture - Passed-through State Department of Agriculture:															
Child Nutrition Cluster:															
School Breakfast Program	10.553	N/A	7/1/15	6/30/16	\$ 35,676				\$ 29,265	\$ (35,676)		\$ (6,411)			
School Breakfast Program	10.553	N/A	7/1/14	6/30/15	31,125	\$ (3,096)			3,096						
Federal Food Distribution Program	10.555	N/A	7/1/15	6/30/16	19,818				19,818	(19,818)					
National School Lunch Program	10.555	N/A	7/1/15	6/30/16	84,269				69,784	(84,269)		(14,485)			
National School Lunch Program	10.555	N/A	7/1/14	6/30/15	81,345	(7,492)			7,492						
Subtotal Child Nutrition Cluster						(10,588)			129,455	(139,763)		(20,896)			
Total U.S. Department of Agriculture						(10,588)			129,455	(139,763)		(20,896)			
U.S. Department of Education:															
General Fund:															
Medicaid Assistance Program (SEMI)	93.778	N/A	7/1/15	6/30/16	12,463				12,463	(12,463)					
Total General Fund									12,463	(12,463)					
Special Revenue Fund:															
Special Education Cluster:															
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-2510-16	7/1/15	6/30/16	227,079				206,009	(227,079)		(21,070)			
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-2510-15	7/1/14	6/30/15	231,428	(231,428)			231,428						
I.D.E.A. - Part B, Basic Regular - Carryover	84.027	IDEA-2510-08	9/1/07	8/31/09	229,011		\$ 45						\$ 45		
Total Special Education Cluster						(231,428)	45		437,437	(227,079)		(21,070)		45	
No Child Left Behind:															
Title I	84.010A	NCLB-2510-16	7/1/15	6/30/16	68,695				47,285	(68,695)		(21,410)			
Title I	84.010A	NCLB-2510-15	7/1/14	6/30/15	36,952	(36,952)			36,952						
Title II	84.367A	NCLB-2510-16	7/1/15	6/30/16	16,075				15,674	(15,760)		(86)			
Title II	84.367A	NCLB-2510-15	7/1/14	6/30/15	17,284	(14,131)			16,228					2,097	
Total Special Revenue Fund						(282,511)	45		553,576	(311,534)		(42,566)		2,142	
Total U.S. Department of Education						(282,511)	45		566,039	(323,997)		(42,566)		2,142	
TOTAL FEDERAL AWARDS						\$ (293,099)	\$ 45	\$ -0-	\$ 695,494	\$ (463,760)	\$ -0-	\$ (63,462)	\$ -0-	\$ 2,142	\$ -0-

N/A - Not Available

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2015	Cash Received	Budgetary Expenditures	Balance at June 30, 2016		MEMO				
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)			GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures			
State Department of Education:														
General Fund:														
Equalization Aid	16-495-034-5120-078	7/1/15	6/30/16	\$3,876,700		\$3,501,495	\$ (3,876,700)			\$ (375,205)	\$ 3,876,700			
Equalization Aid	15-495-034-5120-078	7/1/14	6/30/15	3,876,700	\$ (354,237)	354,237					3,876,700			
Special Education Categorical Aid	16-495-034-5120-089	7/1/15	6/30/16	687,768		621,203	(687,768)			(66,565)	687,768			
Special Education Categorical Aid	15-495-034-5120-089	7/1/14	6/30/15	687,768	(62,845)	62,845					687,768			
Security Aid	16-495-034-5120-084	7/1/15	6/30/16	19,744		17,833	(19,744)			(1,911)	19,744			
Security Aid	15-495-034-5120-084	7/1/14	6/30/15	19,744	(1,804)	1,804					19,744			
Transportation Aid	16-495-034-5120-014	7/1/15	6/30/16	96,677		87,320	(96,677)			(9,357)	96,677			
Transportation Aid	15-495-034-5120-014	7/1/14	6/30/15	96,677	(8,834)	8,834					96,677			
Adjustment Aid	16-495-034-5120-085	7/1/15	6/30/16	126,667		114,408	(126,667)			(12,259)	126,667			
Adjustment Aid	15-495-034-5120-085	7/1/14	6/30/15	126,667	(11,574)	11,574					126,667			
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15	6/30/16	10,240		9,249	(10,240)			(991)	10,240			
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14	6/30/15	10,240	(936)	936					10,240			
PARCC Readiness Aid	16-495-034-5120-098	7/1/15	6/30/16	10,240		9,249	(10,240)			(991)	10,240			
PARCC Readiness Aid	15-495-034-5120-098	7/1/14	6/30/15	10,240	(936)	936					10,240			
Extraordinary Special Education Aid	16-495-034-5120-044	7/1/15	6/30/16	272,832		265,239	(272,832)	\$ (272,832)		(272,832)	272,832			
Extraordinary Special Education Aid	15-495-034-5120-044	7/1/14	6/30/15	265,239	(265,239)	265,239					265,239			
Nonpublic School Transportation Costs	16-495-034-5120-014	7/1/15	6/30/16	15,324			(15,324)	(15,324)		(15,324)	15,324			
Nonpublic School Transportation Costs	15-495-034-5120-014	7/1/14	6/30/15	22,596	(22,596)	22,596					22,596			
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15	6/30/16	645,413		613,820	(645,413)	(31,593)		(31,593)	645,413			
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	7/1/14	6/30/15	685,336	(33,343)	33,343					685,336			
Total General Fund State Aid								(762,344)	5,736,921	(5,761,605)	(319,749)	(787,028)	11,562,812	
Enterprise Fund:														
State School Lunch Program	16-100-010-3350-023	7/1/15	6/30/16	3,007		2,521	(3,007)	(486)		(486)	3,007			
State School Lunch Program	15-100-010-3350-023	7/1/14	6/30/15	3,122	(287)	287					3,122			
State School Lunch Program - Supplemental	15-100-010-3350-023	7/1/14	6/30/15	89	(89)	89					89			
Total Enterprise Fund								(376)	2,897	(3,007)	(486)	(486)	6,218	
Schools Development Authority:														
Capital Projects Fund:														
Boiler Replacement Project	SP-2510-050-14-1001	6/12/14	6/30/17	423,864	(423,864)		(205,672)	(205,672)		(423,864)	205,672			
HVAC Upgrades	SP-2510-050-14-1002	6/12/14	6/30/17	847,800	(847,800)		(274,398)	(274,398)		(847,800)	274,398			
Total Capital Projects Fund								(1,271,664)		(480,070)	(480,070)	(1,271,664)	480,070	
TOTAL STATE AWARDS								\$ (2,034,384)	\$5,739,818	\$ (6,244,682)	\$ (800,305)	\$ -0-	\$ (2,059,178)	\$ 12,049,100

N/A - Not Available

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state awards activity of the Board of Education, Lakeland Regional School District under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules are presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund and capital projects 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 fiscal year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the June state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the June state aid payments in the subsequent fiscal year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(26,113) for the general fund, \$(304) for the special revenue fund and \$480,070 for the capital projects fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Post-Retirement Medical Benefit and Pension Contributions revenue of \$850,710 and \$714,449, respectively.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Awards and financial assistance revenue are reported on the Board's financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 12,463	\$7,300,651	\$ 7,313,114
Special Revenue Fund	311,534		311,534
Food Service Enterprise Fund	139,763	3,007	142,770
Total Financial Assistance	<u>\$ 463,760</u>	<u>\$7,303,658</u>	<u>\$ 7,767,418</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. Revenue and expenditures reported under the Federal Food Distribution Program represent current fiscal year value received and current fiscal year distributions, respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$1,271,664 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2016, \$480,070 has been expended and submitted for reimbursement and \$-0- has been received. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for fiscal year end June 30, 2016 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Circular.
- The District's state programs tested as major for the current fiscal year were the following:

	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>State Program:</u>				
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$3,876,700	\$ 3,876,700
Special Education				
Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	687,768	687,768
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	126,667	126,667
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	19,744	19,744
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	10,240	10,240
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	10,240	10,240

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The single audit threshold identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in the Uniform Guidance and New Jersey's OMB Circular 15-08.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

The District had no prior year audit findings.