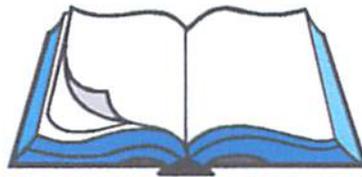


**SCHOOL DISTRICT
OF
BERLIN
TOWNSHIP**



Berlin Township Board of Education
West Berlin, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

BERLIN TOWNSHIP SCHOOL DISTRICT

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	10
K-1 Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	12
Required Supplementary Information - Part I Management's Discussion and Analysis	15
Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Assets	24
A-2 Statement of Activities	25
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	27
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	28
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Proprietary Funds:	
B-4 Statement of Net Assets	30
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	31
B-6 Statement of Cash Flows	32
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	33
B-8 Statement of Changes in Fiduciary Net Assets	34
Notes to the Financial Statements	35

Required Supplementary Information - Part II**C. Budgetary Comparison Schedules**

C-1	Budgetary Comparison Schedule - General Fund	55
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-1b	Budgetary Comparison Schedule - Education Jobs program Fund General Fund	62
C-1ba	Budgetary Comparison Schedule - American Recovery & Reinvestment Act General Fund - Government Service funds	N/A
C-2	Budgetary Comparison Schedule - Special Revenue Fund	63

Notes to the Required Supplementary Information

C-3	Budget-to-GAAP Reconciliation	64
-----	-------------------------------	----

Other Supplementary Information

D.	School Level Schedules :	N/A
----	--------------------------	-----

E. Special Revenue Fund:

E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	67
E-2	Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	68
E-3	Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-4	Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis	N/A
E-5	Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis	N/A
E-6	Statement of Targeted At-Risk (TARA) Aid - Budgetary Basis	N/A

F.	Capital Projects Fund:	N/A
----	------------------------	-----

F-1	Summary Statement of Revenues, Expenditures, and changes in Fund Balance - Budgetary Basis	70
F-1A	Statement of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis - Huster Admin. Bldg. Roof Repairs	71
F-1B	Statement of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis - Eisenhower Middle School Roof & HVAC Rehab.	72
F-1C	Statement of Project Revenues, Expenditures, Project Balance, and Project Status -Budgetary Basis - Kennedy Elemen. School Roof & HVAC Rehab.	73

G. Proprietary Fund:**Enterprise Fund:**

G-1	Combining Statement of Net Assets	75
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	76
G-3	Combining Statement of Cash Flows	77

	<u>Page</u>
Internal Service Fund:	N/A

H. Fiduciary Funds:

H-1	Combining Statement of Fiduciary Net Assets	79
H-2	Combining Statement of Changes in Fiduciary Net Assets	90
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	91
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	82
H-5	Community Education Agency Fund Schedule of Receipts and Disbursements	83

I. Long-Term Debt:

I-1	Schedule of Serial Bonds	85
I-2	Schedule of Obligations under Capital Leases	86
I-3	Budgetary Comparison Schedule - Debt Service Fund	87

STATISTICAL SECTION (Unaudited)

J-1	Net Assets by Component	89
J-2	Changes in Net Assets, Last Four Fiscal Years	90
J-3	Fund Balances, Governmental Funds, Last Five Fiscal Years	92
J-4	Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	93
J-5	General Fund - Other Local Revenue by Source, Last Ten Fiscal Years	94
J-6	Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	95
J-7	Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	96
J-8	Principal Property Tax Payers, Current Year and Nine Years Ago	97
J-9	Property Tax Levies and Collections, Last Ten Fiscal Years	98
J-10	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	99
J-11	Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	100
J-12	Ratios of Overlapping Governmental Activities Debt, As of December 31, 2010	101
J-13	Legal Debt Margin Information, Last Ten Fiscal Years	102
J-14	Demographic and Economic Statistics	103
J-15	Principal Employers, Current Year & Nine Years Ago (information not available)	N/A
J-16	Full-time Equivalent District Employees by Function/Program, Last Ten Fiscal Years	104
J-17	Operating Statistics, Last Ten Fiscal Years	105
J-18	School Building Information, Last Ten Fiscal Years	106
J-19	Schedule of Required Maintenance, Last Six Fiscal Years	107
J-20	Insurance Schedule	108

SINGLE AUDIT SECTION

K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	110
K-3	Schedule of Expenditures of Federal Awards, Schedule A	112
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	113
K-5	Notes to the Schedules of Awards and Financial Assistance	114
K-6	Schedule of Findings and Questioned Costs	116
K-7	Summary Schedule of Prior Audit Findings	120

**Comprehensive Annual
Financial Report**

of the

Berlin Township Board of Education

West Berlin, New Jersey

For the Fiscal Year Ended June 30, 2012

**Prepared by
Berlin Township Board of Education
Finance Department**

Introductory Section



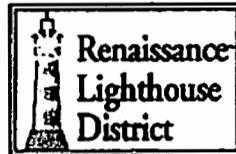
Dr. Leonard D. Fitts
Interim Superintendent

Maureen McMurtry
Business Administrator

Joseph J. DiStasio
Supervisor of Special Services

BERLIN TOWNSHIP SCHOOL DISTRICT

(856) 767-9480 Fax (856) 767-8235 225 Grove Avenue West Berlin, NJ 08091
www.btwpsschools.org



September 7, 2012

Honorable President and Members of the Board of Education
Berlin Township School District
West Berlin, NJ 08091

Dear Board Members:

The Comprehensive Annual Financial Report of the Berlin Township School District for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Berlin Township Board of Education. To the best of my knowledge and belief, the data presented in this report is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various fund account groups 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 charge and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section contains selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the State Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Berlin Township School District is an independent reporting entity within the criteria adopted by the GASB Statement No. 14. All funds and account groups of the District are included in this report. The Berlin Township Board of Education constitutes the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as, special education for handicapped children. The district completed the 2011/2012 fiscal year with an average daily enrollment of 640 students which is an increase of 29 students from the previous year. The following details the changes in the average daily student enrollment of the district over the last seven years.

<u>Fiscal Year</u>	<u>AVERAGE DAILY ENROLLMENT:</u>	
	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	640	9.00%
2010-2011	598	(2.00%)
2009-2010	611	1.00%
2008-2009	598	1.00%
2007-2008	588	(2.00%)
2006-2007	601	(12.4%)
2005-2006	686	3.00%

"Educating Today For Tomorrow's Success"

2. **ECONOMIC CONDITION AND OUTLOOK:**

The student population of Berlin Township School District was, according to the District's Long Range Plan, predicted to plateau at approximately 700 students. Enrollment is increasing. Student mobility stemming from a small transient population can be documented and accounts for most changes in student population numbers.

The Township of Berlin contains very little land for residential construction and no significant growth pattern is expected. A senior upscale neighborhood is in the early phases of construction in the eastern portion of the township. Construction of single family homes has also begun.

3. **MAJOR INITIATIVES**

During the 2011-2012 school year, the teaching staff of Berlin Township School District received professional development in the areas of differentiating instruction, Understanding by Design, Renaissance Learning, My Access writing program, curriculum mapping and rubric design. All staff members also received training in computer technology and utilizing technology in the classroom.

Technology upgrades continue to be made across all areas of the district. Berlin Township won the Renaissance Learning Beacon of Hope award for math in June of 2011. The use of School Insight Teacher Ease, a student management software program, was used by teachers to communicate with parents and sharing student achievement progress. Having been successful in a December 2009 referendum, repairs to our roofs and HVAC system were completed by the end of August 2011.

The most effective way to address student achievement is through giving the professional staff members the skills necessary to teach a diverse population of learners. The concentrated and focused professional development plan will continue training in the concept of unit development and implementation outlined in Understanding by Design, curriculum mapping, Renaissance Learning, Wilson Reading, Foundations, Trailblazers, Let me Learn and the use of effective instructional strategies as defined by Lauren Resnick's Principles of Learning. In June, 2006, Berlin Township was chosen as a Renaissance Lighthouse District, 1 of 10 in the world. As a result of this partnership, Berlin Township receives professional development opportunities and discounts on Renaissance products for use in our classrooms. Our teachers continue to receive professional development opportunities through Renaissance Learning. Continual policy revision, cross-training, and review of regulations continue at the board office level.

4. **INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principals (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance recognizing 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 the management.

As a recipient of federal and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluations by the district management.

“Educating Today For Tomorrow’s Success”

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

5. **BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special 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 re-appropriations of fund balance in the subsequent year. Those amounts are reported as reservations of fund balance at June 30, 2012.

6. **ACCOUNTING SYSTEM AND REPORTS:**

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

7. **CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Units from a 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 funds only in public depositories located in New Jersey, where the funds are secured in accordance with the act.

8. **RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, workman's compensation, hazard and theft insurance on property and contents, and fidelity bonds. Additionally, the Board carries student accident insurance and provides the ability of parents to purchase this coverage for 24-hour wraparound coverage. The district's risk management is carried through the New Jersey School Boards Association Insurance Group for all lines of coverage.

9. **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Inverso and Stewart, P.A. In

"Educating Today For Tomorrow's Success"

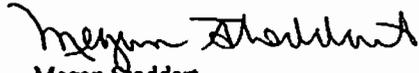
addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and State Treasury circular Letter 04-04. The auditor's report on the general-purpose financial statement and combining and individual fund statements and schedule is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

10. **ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the Berlin Township School Board for their concern in providing fiscal accountability to the development and maintenance of our financial operation

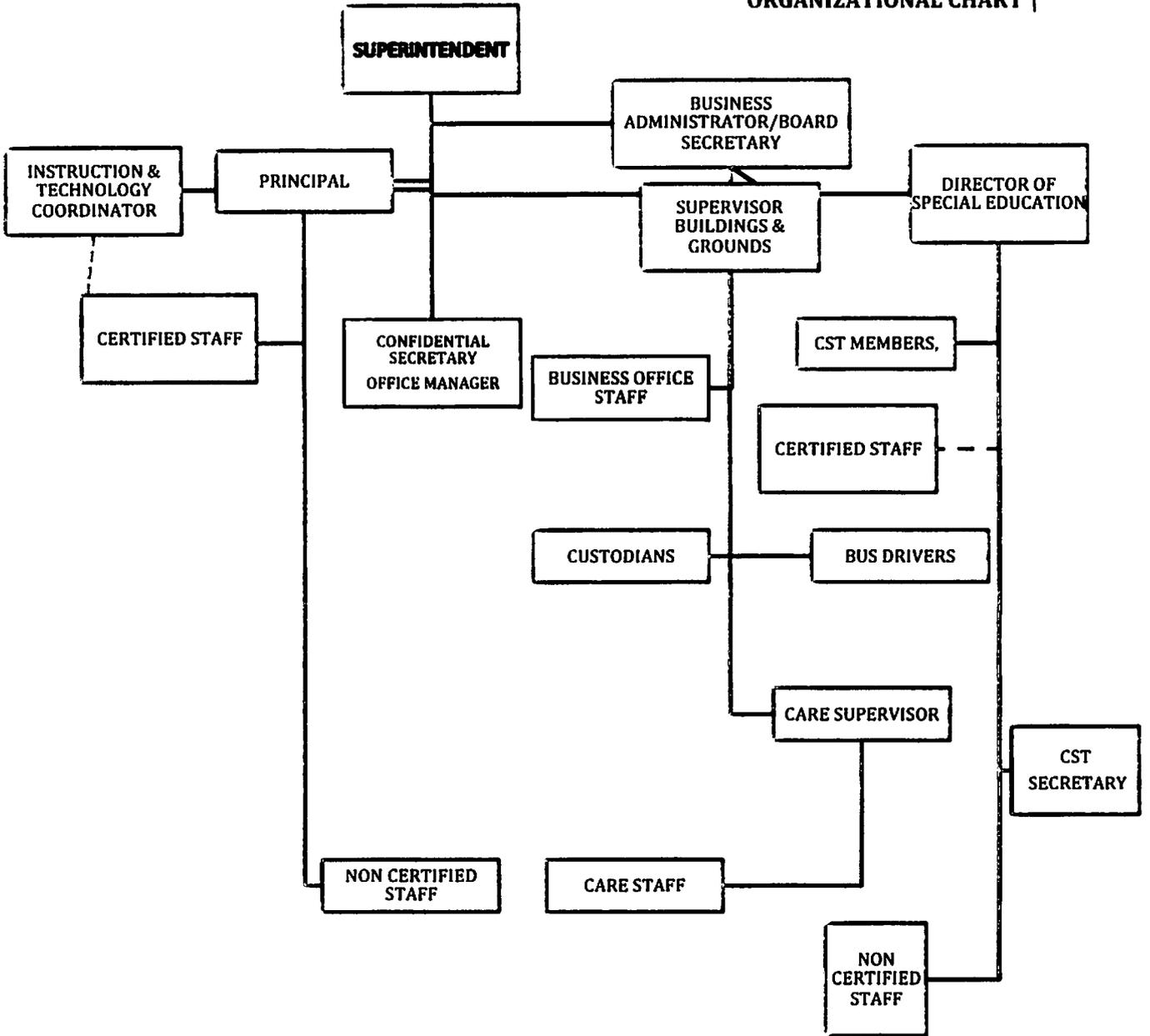
Respectfully submitted,


Dr. Leonard D. Fitts
Interim Superintendent of Schools


Megan Stoddart
School Business Administrator

"Educating Today For Tomorrow's Success"

Berlin Township School District | 1
ORGANIZATIONAL CHART



BERLIN TOWNSHIP SCHOOL DISTRICT

Roster of Officials June 30, 2012

Members of the Board of Education:

Term Expires

Mary Williams, President	2014
Deanna Reilly, Vice-President	2012
Keith Jones	2014
Jocelyn Lewis	2013
Linda R. Davis	2013
Melanie Middleman	2014
Jeffrey Souza	2012
Cynthia Mozee	2013
Cecil Rodrigues	2012

Other Officials:

Brian Betze, Superintendent
Megan Stoddart, Business Administrator/Board Secretary
Kathleen Forsythe, Treasurer
Charles Rizzi, Esq. Solicitor

**BERLIN TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Inverso & Stewart, LLC
12000 Lincoln Drive West, Suite 402
Marlton, NJ 08053

Attorney

Charles Rizzi, Jr., Esquire
Acting for Capehart & Scatchard
8000 Midlantic Drive, Suite 300
Mount Laurel, NJ 08054

Official Depository

Citizens Bank
TD Bank, N.A.

Financial Section

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: lscpas@concentric.net

**-Member of-
American Institute of CPAs
New Jersey Society of CPAs**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Berlin Township School District
County of Camden
West Berlin, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Berlin Township School District, in the County of Camden, State of New Jersey (School District), as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Berlin Township School District, in the County of Camden, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2012 on our consideration of the Berlin Township School District, in the County of Camden, State of New Jersey's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Berlin Township School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of New Jersey Circular 04-04-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the financial statements. In addition, the introductory section, combining statements and related major fund supporting statements and schedules, and statistical section listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal Awards and State Financial Assistance, combining statements and related major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
July 31, 2012

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: lscpas@concentric.net

**-Member of-
American Institute of CPAs
New Jersey Society of CPAs**

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

The Honorable President and Members
of the Board of Education
Berlin Township School District
County of Camden
West Berlin, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Berlin Township School District (School District), in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated July 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Berlin Township School 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* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to management of the Berlin Township School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated July 31, 2012.

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
July 31, 2012

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Berlin Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

As management of the Board of Education of the Berlin Township, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$6,347,809 (*net assets*).
- Governmental activities have an unrestricted net assets deficit of \$753,119. The accounting treatments in the governmental funds for compensated absences payable, capital lease payable, unfunded pension liability, the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net assets of the School District increased by \$1,051,077, or a 19.84% increase from the prior fiscal year-end balance. The majority of this increase is attributable to a spending freeze put in place during the year and the reduction of the School Districts long-term debt liabilities.
- Fund balance of the School District's governmental funds increased by \$662,260 resulting in an ending fund balance of \$2,189,905. The increase is attributable to the spending freeze that was put into place during the year.
- Business-type activities have unrestricted net assets of \$114,022 which may be used to meet the School District's ongoing obligations of the enterprise-related activities (Food Services Program and After School Program).
- The School District's long-term obligations decreased by \$493,825 which is the result of current year payments on existing debt obligations.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net assets and the statement of activities.

The *statement of net assets* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the School District changed during the current fiscal year. Changes in net assets are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities consolidate the Food Service Fund and the After School Program.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains one type of proprietary fund - the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the district-wide financial statements, only in more detail.

The School District's two enterprise funds (Food Service Fund and After School Program) are listed individually and are considered to be a major fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

District-wide Financial Analysis

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements and equipment. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued interest expense on long-term debt, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2012. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2012.

The assets of the primary government activities exceeded liabilities by \$6,233,787 with an unrestricted deficit balance of \$821,749. The net assets of the primary government do not include internal balances. As mentioned earlier, deficit unrestricted net assets are primarily due to the accounting treatment for compensated absences payable, capital lease payable, unfunded pension liability, accrued interest expense and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance. Therefore, this deficit alone does not indicate that the district is facing financial difficulties.

A net investment of \$4,609,576 in land, improvements, buildings and equipment which provide the services to the School District's students, represents most of the School District's net assets.

Net assets of \$2,445,960 have been restricted as follows:

Restricted for Future Budget Appropriatic	\$ 623,382
Restricted for Future Debt Service Costs	4,950
Restricted for Future Capital Projects	1,151,950
Restricted for Subsequent Year's Budget	<u>665,678</u>
Total	<u>\$ 2,445,960</u>

Comparative Summary of Net Assets As of June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		District-Wide	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current assets	\$ 5,743,470	\$ 4,390,549	\$ 96,985	\$ 129,333	\$ 5,840,455	\$ 4,519,882
Capital assets	9,611,576	9,703,894	27,392		9,638,968	9,703,894
Total assets	<u>15,355,046</u>	<u>14,094,443</u>	<u>124,377</u>	<u>129,333</u>	<u>15,479,423</u>	<u>14,223,776</u>
LIABILITIES						
Current liabilities	3,942,980	3,260,667	10,355		3,953,335	3,260,667
Noncurrent liabilities	5,178,279	5,666,377			5,178,279	5,666,377
Total liabilities	<u>9,121,259</u>	<u>8,927,044</u>	<u>10,355</u>	<u>-</u>	<u>9,131,614</u>	<u>8,927,044</u>
Net Assets	<u>\$ 6,233,787</u>	<u>\$ 5,167,399</u>	<u>\$ 114,022</u>	<u>\$ 129,333</u>	<u>\$ 6,347,809</u>	<u>\$ 5,296,732</u>
Net Assets Consist of:						
Invested in Capital Assets	\$ 4,609,576	\$ 4,311,894	\$ 27,392		\$ 4,636,968	\$ 4,311,894
Restricted Assets	2,445,960	1,730,357			2,445,960	1,730,357
Unrestricted Assets	<u>(821,749)</u>	<u>(874,852)</u>	<u>86,630</u>	<u>\$ 129,333</u>	<u>(735,119)</u>	<u>(745,519)</u>
Net Assets	<u>\$ 6,233,787</u>	<u>\$ 5,167,399</u>	<u>\$ 114,022</u>	<u>\$ 129,333</u>	<u>\$ 6,347,809</u>	<u>\$ 5,296,732</u>

Governmental Activities

Governmental activities increased the net assets of the School District by \$1,066,388 during the current fiscal year. Key elements of the increase in net assets for governmental activities are as follows:

- Spending was limited to 97.05% of the budget resulting in a reduction of expenditures by \$327,604.
- Unrestricted State aid increased by \$562,697.

Business-type Activities

- Business-type activities decreased the School District's net assets by \$15,311. The Food Service program had a loss of \$5,497 during the year and the After School Program loss \$9,814 during the year.

Comparative Schedule of Changes in Net Assets As of and for the Fiscal Year Ended June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		District-Wide	
	2012	2011	2012	2011	2012	2011
Revenues:						
Charges for services	\$ 204,126		\$ 202,727	\$ 200,825	\$ 406,853	\$ 200,825
Operating grants and contributions	1,414,959	\$1,370,702	166,033	153,328	1,580,992	1,524,030
Property taxes	8,008,803	7,844,102			8,008,803	7,844,102
State aid - unrestricted	5,289,478	4,719,782			5,289,478	4,719,782
State aid - capital project	114,158	2,343,802			114,158	2,343,802
Other revenues	46,243	281,425	49	152	46,292	281,577
Total Revenues	15,077,767	16,559,813	368,809	354,305	15,446,576	16,914,118
Expenses:						
Governmental Activities:						
Instruction	4,783,789	4,882,971			4,783,789	4,882,971
Tuition	3,127,489	3,330,557			3,127,489	3,330,557
Related services	1,170,602	1,162,357			1,170,602	1,162,357
Administrative services	763,437	712,346			763,437	712,346
Operations and Maintenance	607,624	722,140			607,624	722,140
Transportation	604,197	609,996			604,197	609,996
Employee benefits	2,597,600	2,555,680			2,597,600	2,555,680
Interest on debt	192,933	199,229			192,933	199,229
Other	163,708	163,707			163,708	163,707
Business-Type Activities:						
Food Service			266,305	230,101	266,305	230,101
After School Program			117,815	118,561	117,815	118,561
Total Expenses	14,011,379	14,338,983	384,120	348,662	14,395,499	14,687,645
Increase (Decrease) in Net Assets before transfers	1,066,388	2,220,830	(15,311)	5,643	1,051,077	2,226,473
Transfers						
Change in Net Assets	1,066,388	2,220,830	(15,311)	5,643	1,051,077	2,226,473
Net Assets, July 1	5,167,399	2,946,569	129,333	123,690	5,296,732	3,070,259
Net Assets, June 30	\$ 6,233,787	\$5,167,399	\$ 114,022	\$ 129,333	\$ 6,347,809	\$ 5,296,732

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$2,189,905, an increase of \$662,260 in comparison with the prior year. The increase is attributable to the freeze on spending during the year.

The unreserved fund balance for the School District at the end of the fiscal year includes a combination of an unreserved deficit fund balance for the General Fund of \$256,055. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as follows: 1) appropriated as a revenue source in the subsequent year's budget (\$665,678), 2) reserved for excess surplus (\$623,382), 3) reserved for debt service payments (\$4,950) and 4) reserved for future capital projects (\$1,151,950).

The general fund is the chief operating fund of the School District. As discussed earlier, the deficit balance in the unreserved fund balance is due, primarily, to the accounting treatment of the June state aid payments as discussed in the notes to the basic financial statements, and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

Revenue is generally recognized at the time that the outlays are identified; therefore no fund balances are normally generated in the special revenue fund.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$7,339, or an increase of .05%. This increase to the budget represents prior year encumbrances carried over to the current year.

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$252,784, while total fund balance (budgetary basis) was \$1,793,510. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$13,292,096. Unreserved fund balance (budgetary basis) represents 1.90% of expenditures while total fund balance (budgetary basis) represents 13.49% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2012, totaled \$9,638,968 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$64,926, or a .66% decrease.

Major capital assets events during the current fiscal year included the following:

- Depreciation expense for the current fiscal year was \$268,568.
- Capital assets increased during the year in the amount of \$175,695 due to the new capital projects program.

Capital Asset (net of accumulated depreciation) June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		District-Wide	
	2012	2011	2012	2011	2012	2011
Land	\$ 114,012	\$ 114,012			\$ 114,012	\$ 114,012
Const. in Progress		5,207,446			-	5,207,446
Site Improvements	21,594	25,854			21,594	25,854
Building and Building Improvements	9,088,273	3,905,338			9,088,273	3,905,338
Vehicles	242,576	298,106			242,576	298,106
Equipment	145,121	153,138	\$ 27,392		172,513	153,138
Net Assets	<u>\$ 9,611,576</u>	<u>\$ 9,703,894</u>	<u>\$ 27,392</u>	<u>\$ -</u>	<u>\$ 9,638,968</u>	<u>\$ 9,703,894</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Long-term debt – During the fiscal year ended June 30, 2012, the School District had total bonded debt outstanding of \$5,002,000 backed by the full faith and credit of the School District. Additionally, the School District has long-term obligations for the unfunded pension liability from the regional school dissolution of \$333,771, compensated absences liability of \$172,671 and a capital lease for the purchase of school buses in the amount of \$52,837.

General obligation bonds, capital lease payments and unfunded pension liability for the School District decreased during the current fiscal year according to the normal schedule of payments.

The School District continues to maintain its AA rating from Standard & Poor's Corporation for its general obligation bond issues.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$17,388,779 and the legal debt margin was \$12,386,779.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2012-13 fiscal year.

- For the 2012-2013 fiscal year the School District has received an increase in state aid from the 2011-2012 fiscal year. The increase is a result of the district participating in the school choice program.
- Special Education outside placement tuition rates have declined as a result of the district initiated Behavioral Disabilities and Multiply Disabilities classrooms to service children within the district. We are also charging tuition for students sent from other school districts. For the 2012-2013 fiscal year we are creating an auditory impaired classroom which will further reduce out-of-district tuition costs and increase incoming tuition revenue from other school districts.
- The Board of Education continues to offer tuition based full day preschool program.
- The Board of Education continues to seek shared service arrangements for alternate services of revenue and cost saving. Currently, the Board has a shared service arrangement with our local Township for sharing of snow removal and ground issues. For 2012-2013 we are sharing a technology coordinator with the Camden County Educational Services Commission.
- The Board of Education continues to examine its budgetary requirements in conjunction with the economic factors of the community in an effort to prevent additional burden on the taxpayers of the Berlin Township School District.

Requests for Information

This financial report is designed to provide a general overview of the Berlin Township School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Berlin Township School District, Business Office, 225 Grove Avenue, West Berlin, New Jersey, 08091.

Basic Financial Statements

District-Wide Financial Statements

BERLIN TOWNSHIP SCHOOL DISTRICT
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 5,032,287	\$ 75,951	\$ 5,108,238
Receivables, net	669,224	18,803	688,027
Inventory		2,231	2,231
Deferred bond issuance costs - net	41,959		41,959
Capital assets, net (Note 5)	<u>9,611,576</u>	<u>27,392</u>	<u>9,638,968</u>
Total Assets	<u>15,355,046</u>	<u>124,377</u>	<u>15,479,423</u>
LIABILITIES:			
Accounts payable	256,362	10,355	266,717
Note payable	3,246,000		3,246,000
Deferred revenue	9,244		9,244
Accrued interest payable	48,374		48,374
Noncurrent liabilities (Note 7):			
Due within one year	383,000		383,000
Due beyond one year	<u>5,178,279</u>		<u>5,178,279</u>
Total Liabilities	<u>9,121,259</u>	<u>10,355</u>	<u>9,131,614</u>
NET ASSETS:			
Invested in capital assets, net of related debt	4,609,576	27,392	4,636,968
Restricted for:			
Capital projects	1,151,950		1,151,950
Debt service	4,950		4,950
Other purposes	1,289,060		1,289,060
Unrestricted	<u>(821,749)</u>	<u>86,630</u>	<u>(735,119)</u>
Total Net Assets	<u>\$ 6,233,787</u>	<u>\$ 114,022</u>	<u>\$ 6,347,809</u>

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

BERLIN TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 2,544,341	\$ 204,126			\$ (2,340,215)		\$ (2,340,215)
Special Education	1,948,495		\$ 389,889		(1,558,606)		(1,558,606)
Other instruction	290,953				(290,953)		(290,953)
Support Services:							
Tuition	3,127,489				(3,127,489)		(3,127,489)
Student & instruction related services	1,170,602		38,712		(1,131,890)		(1,131,890)
General administrative services	347,875				(347,875)		(347,875)
School administrative services	234,875				(234,875)		(234,875)
Central services	180,887				(180,887)		(180,887)
Plant operations and maintenance	607,624				(607,624)		(607,624)
Pupil transportation	604,197				(604,197)		(604,197)
Unallocated benefits	2,597,600		843,407		(1,754,193)		(1,754,193)
Interest on long-term debt	192,933		142,951		(49,982)		(49,982)
Unallocated depreciation and amortization	163,708				(163,708)		(163,708)
Total Governmental Activities	14,011,379	204,126	1,414,959		(12,392,294)		(12,392,294)
Business-Type Activities:							
Food service	266,305	94,726	166,033			\$ (5,546)	(5,546)
After School Program	117,815	108,001				(9,814)	(9,814)
Total Business-Type Activities	384,120	202,727	166,033			(15,360)	(15,360)
Total Primary Government	\$ 14,395,499	\$ 406,853	\$ 1,580,992		(12,392,294)	(15,360)	(12,407,654)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					7,564,479		7,564,479
Taxes levied for debt service					444,324		444,324
Federal and State aid not restricted					5,289,478		5,289,478
State aid for capital projects					114,158		114,158
Investment earnings						49	49
Miscellaneous Income					46,243		46,243
Total general revenues, special items, extraordinary items and transfers					13,458,682	49	13,458,731
Change in Net Assets					1,066,388	(15,311)	1,051,077
Net Assets - July 1, 2011					5,167,399	129,333	5,296,732
Net Assets - June 30, 2012					\$ 6,233,787	\$ 114,022	\$ 6,347,809

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

Fund Financial Statements

BERLIN TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2012

ASSETS	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 1,106,434	\$ (88,376)		\$ 4,950	\$ 1,023,008
Receivables, net:					
State aid	40,370	7,360	\$ 488,947		536,677
Federal aid		127,001			127,001
Other	5,546				5,546
Restricted assets:					
Cash and cash equivalents	<u>251,666</u>		<u>3,757,613</u>		<u>4,009,279</u>
Total Assets	<u>\$ 1,404,016</u>	<u>\$ 45,985</u>	<u>\$ 4,246,560</u>	<u>\$ 4,950</u>	<u>5,701,511</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 119,345	\$ 40,961	\$ 96,056		256,362
Note payable			3,246,000		3,246,000
Deferred revenues		<u>5,024</u>	<u>4,220</u>		<u>9,244</u>
Total Liabilities	<u>119,345</u>	<u>45,985</u>	<u>3,346,276</u>		<u>3,511,606</u>
Fund Balances:					
Restricted for:					
Capital reserve	251,666				251,666
Capital projects			900,284		900,284
Excess surplus	623,382				623,382
Assigned to:					
Subsequent year's budget	665,678			\$ 4,011	669,689
Unassigned	<u>(256,055)</u>			<u>939</u>	<u>(255,116)</u>
Total Fund Balances	<u>1,284,671</u>		<u>900,284</u>	<u>4,950</u>	<u>2,189,905</u>
Total Liabilities and Fund Balances	<u>\$ 1,404,016</u>	<u>\$ 45,985</u>	<u>\$ 4,246,560</u>	<u>\$ 4,950</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$14,381,593 and the accumulated depreciation is \$4,770,017. 9,611,576

Bond issuance costs are amortized over the life of the bonds on the statement of net assets. 41,959

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:

General Obligation Bonds	\$ (5,002,000)	
Capital Lease Payable	(52,837)	
Early Retirement Incentive Payable	(333,771)	
Compensated Absences Payable	(172,671)	
Accrued Interest Payable	<u>(48,374)</u>	
		<u>(5,609,653)</u>

Net assets of governmental activities \$ 6,233,787

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

BERLIN TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 7,564,479			\$ 444,324	\$ 8,008,803
Tuition	204,126				204,126
Miscellaneous	45,305		\$ 938		46,243
Total local sources	7,813,910		938	444,324	8,259,172
State sources	5,951,013	\$ 82,800	114,158	142,951	6,290,922
Federal sources	181,872	345,801			527,673
Total Revenues	13,946,795	428,601	115,096	587,275	15,077,767
EXPENDITURES:					
Current expense:					
Regular instruction	2,511,690				2,511,690
Special education instruction	1,567,806	380,689			1,948,495
Other instruction	290,953				290,953
Support services and undistributed costs:					
Tuition	3,127,489				3,127,489
Student & instruction related services	1,131,890	38,712			1,170,602
General administrative services	346,000				346,000
School administrative services	234,875				234,875
Central services	180,887				180,887
Plant operations and maintenance	707,610				707,610
Pupil transportation	542,142				542,142
Unallocated employee benefits	2,650,754				2,650,754
Capital outlay			115,602		115,602
Debt service:					
Principal				390,000	390,000
Interest and other charges				198,408	198,408
Total Expenditures	13,292,096	419,401	115,602	588,408	14,415,507
Excess (deficiency) of revenues over (under) expenditures	654,699	9,200	(506)	(1,133)	662,260
Other Financing Sources (Uses):					
Transfers in				938	938
Transfers out			(938)		(938)
Total other financing sources (uses)			(938)	938	
Net Change in Fund Balance	654,699	9,200	(1,444)	(195)	662,260
Fund balance - July 1, 2011 (Deficit)	629,972	(9,200)	901,728	5,145	1,527,645
Fund Balance - June 30, 2012	\$ 1,284,671	\$ -	\$ 900,284	\$ 4,950	\$ 2,189,905

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

**BERLIN TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2012**

Total net change in fund balances - governmental funds (from B-2) \$ 662,260

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

Governmental Funds report capital outlays 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 in the current period.

Depreciation expense	\$ (268,013)	
Fixed assets additions	<u>175,695</u>	(92,318)

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

General Obligation Bonds	390,000	
Capital Leases Payable	50,671	
Early Retirement Incentive Payable	<u>53,154</u>	493,825

Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.

(4,127)

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. This amount is the net effect of the difference in the treatment of interest on long-term debt.

5,475

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 (+)

1,273

Change in net assets of governmental activities

\$ 1,066,388

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

BERLIN TOWNSHIP SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities		
	Enterprise Funds		
	Food Service	After School Program	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 70,120	\$ 5,831	\$ 75,951
Intergovernmental receivables			
State	212		212
Federal	10,311		10,311
Other		8,280	8,280
Inventories	2,231		2,231
Total current assets	82,874	14,111	96,985
Noncurrent assets:			
Machinery and equipment (net of accumulated depreciation)	27,392		27,392
Total noncurrent assets	27,392		27,392
Total Assets	110,266	14,111	124,377
LIABILITIES:			
Current liabilities:			
Accounts payable	10,355		10,355
Total Liabilities	10,355		10,355
NET ASSETS:			
Invested in capital assets, net	27,392		27,392
Unrestricted	72,519	14,111	86,630
Total Net Assets	\$ 99,911	\$ 14,111	\$ 114,022

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

BERLIN TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	Business-Type Activities		
	Enterprise Funds		
	Food Service	After School Program	Total
Operating Revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ 62,522		\$ 62,522
Daily sales - non-reimbursable programs	32,204		32,204
Program fees		\$ 108,001	108,001
Total Operating Revenues	<u>94,726</u>	<u>108,001</u>	<u>202,727</u>
Operating Expenses:			
Cost of sales	118,442		118,442
Management fee	19,223		19,223
Salaries	103,599	117,387	220,986
Supplies	16,598		16,598
Repairs and maintenance	6,918		6,918
Other costs	970	428	1,398
Depreciation	555		555
Total Operating Expenses	<u>266,305</u>	<u>117,815</u>	<u>384,120</u>
Operating Income (Loss)	<u>(171,579)</u>	<u>(9,814)</u>	<u>(181,393)</u>
Nonoperating Revenues:			
State sources:			
State school lunch program	3,284		3,284
Federal sources:			
National school lunch program	118,686		118,686
National school breakfast program	30,906		30,906
Food distribution program	13,157		13,157
Local sources:			
Interest earned	39	10	49
Total Nonoperating Revenues	<u>166,072</u>	<u>10</u>	<u>166,082</u>
Change in Net Assets	(5,507)	(9,804)	(15,311)
Net Assets - July 1, 2011	<u>105,418</u>	<u>23,915</u>	<u>129,333</u>
Net Assets - June 30, 2012	<u>\$ 99,911</u>	<u>\$ 14,111</u>	<u>\$ 114,022</u>

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

BERLIN TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	Business-Type Activities		
	Enterprise Funds		
	Food	After	Total
	Service	School	
	Program		
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 94,726	\$ 103,465	\$ 198,191
Cash payments to employees for services	(103,599)	(117,387)	(220,986)
Cash payments to suppliers for goods and services	<u>(154,236)</u>	<u>(428)</u>	<u>(154,664)</u>
Net cash used by operating activities	<u>(163,109)</u>	<u>(14,350)</u>	<u>(177,459)</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from state sources	3,072		3,072
Cash received from federal sources	152,438		152,438
Operating transfer in			
Net cash provided by noncapital financing activities	<u>155,510</u>		<u>155,510</u>
Cash Flows Used by Capital and Related Financing Activities:			
Purchase of equipment	<u>(27,947)</u>		<u>(27,947)</u>
Cash Flow Provided by Investing Activities:			
Interest on cash equivalents	<u>39</u>	<u>10</u>	<u>49</u>
Net increase (decrease) in cash and cash equivalents	(35,507)	(14,340)	(49,847)
Cash and cash equivalents - July 1, 2011	<u>105,627</u>	<u>20,171</u>	<u>125,798</u>
Cash and cash equivalents - June 30, 2012	<u>\$ 70,120</u>	<u>\$ 5,831</u>	<u>\$ 75,951</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (171,579)	\$ (9,814)	\$ (181,393)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	555		555
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	6,933	(4,536)	2,397
(Increase) decrease in inventory	1,529		1,529
Increase (decrease) in accounts payable	<u>(547)</u>		<u>(547)</u>
Net cash provided by (used for) operating activities	<u>\$ (163,109)</u>	<u>\$ (14,350)</u>	<u>\$ (177,459)</u>
Noncash Noncapital Financing Activities:			
During the year the District received \$13,157 of food commodities from the U.S. Department of Agriculture.			

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

BERLIN TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Trust Funds</u>		<u>Agency Funds</u>
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefit Trust</u>	
ASSETS:			
Cash and cash equivalents	<u>\$ 2,729</u>	<u>\$ 590</u>	<u>\$ 34,109</u>
 Total Assets	 <u>2,729</u>	 <u>590</u>	 <u>34,109</u>
 LIABILITIES:			
Payroll deductions and withholdings			12,453
Due to community groups			4,058
Due to student groups	<u> </u>	<u> </u>	<u>17,598</u>
 Total Liabilities	 <u> </u>	 <u> </u>	 <u>\$ 34,109</u>
 NET ASSETS:			
Held in trust for claims	<u>\$ 2,729</u>	<u>\$ 590</u>	

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

BERLIN TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2012

	<u>Flexible Benefits Trust Fund</u>	<u>Unemployment Compensation Insurance Trust Fund</u>
ADDITIONS:		
Contributions:		
Employee	\$ 1,860	\$ 6,874
Employer		<u>36,311</u>
Total Contributions	<u>1,860</u>	<u>43,185</u>
Investment earnings:		
Interest earned		<u>6</u>
Total Additions	<u>1,860</u>	<u>43,191</u>
DEDUCTIONS:		
Claims paid	1,270	54,438
Total Deductions	<u>1,270</u>	<u>54,438</u>
Change in Net Assets	590	(11,247)
Net Assets - July 1, 2011		<u>13,976</u>
Net Assets - June 30, 2012	<u>\$ 590</u>	<u>\$ 2,729</u>

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

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Berlin Township School District ("School District") is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 8. Students in grades 9 through 12 attend, on a tuition basis, the Pine Hill School District. The Berlin Township School District has an approximate enrollment at June 30, 2012 of 795 students.

The primary criteria for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School district over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 to its governmental and business-type activities and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

The School District's basic financial statements consists of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state 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 revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

In addition to the capital outlay sub-fund, the School District is accountable for an additional sub-fund, the Education Jobs Fund ("Ed Jobs"), resulting from federal legislation signed into law on August 10, 2010. The Ed Jobs program was created to provide funding assistance to states in order to save or create education jobs for the period from the September 30, 2010 through September 30, 2012. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education. Ed Jobs revenues and expenditures are recorded in the general fund (fund 18) on a reimbursement basis. As such, revenue is not included in the fiscal year surplus, and no portion of general fund balance at June 30, 2012 is considered to be attributable to Ed Jobs. Ed Jobs expenditures are included as a component of overall general fund expenditures, and are also included in general fund expenditures for purposes of the excess surplus calculation.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account 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 New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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.

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those in the private sector.

Enterprise Funds - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The School District's enterprise funds are:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued) –

After School Fund - This fund accounts for the financial activity related to providing day care services for School District students before and after school and during the summer.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net assets) is segregated into investment in capital assets, net of related debt, and unrestricted net assets, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: trust funds and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds (i.e. payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has four fiduciary funds; an unemployment compensation trust fund, a flexible spending trust fund, a student activity fund, and a payroll fund.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Revenues - Exchange and Non-exchange 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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that 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 School District, available means expected to be received within sixty days after fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, 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.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; tuition, grants, fees, and rentals.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets/Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. 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. 6:23A-16.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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 accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund. 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 budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1, Exhibit C-2 and Exhibit I-3, includes all amendments to the adopted budget, if any.

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control (Continued) - Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances – governmental funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the one or more June state aid payments.

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. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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 public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Tuition Receivable - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2012 and 2011 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

Inventories - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out basis.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed, and is not recorded since any amounts are considered immaterial to the basic financial statements.

Inventories recorded in the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Deferred Expenditures - Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure/expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring cost of operations.

Short-Term Interfund Receivables / Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Capital Assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and the proprietary fund statement of net assets. .

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000.00. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land and Improvements	10-20 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	12 years
Vehicles	5-10 years	4-6 years

Accrued Salaries and Wages - Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2012, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued) - The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance - The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2012.

Restricted - This fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.

Assigned - This fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - This fund balance classification is the residual classification for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued) – When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the School District’s policy to spend restricted fund balances first. Likewise, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program and tuition fees for the before and after school program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses

Interfund Activity - Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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 proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. Banks that qualify as public depositories under New Jersey statutes hold cash deposits, with bank balances totaling \$1,674,172 at June 30, 2012.

3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District 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 School District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school 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.

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

3. CAPITAL RESERVE ACCOUNT (Continued)

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Balance July 1, 2011		\$	251,666	
Increased by:				
Interest Earned				
Board Resolution			-	
			251,666	
Decreased by:				
Budget Withdrawal				
Board Resolution			-	
			-	
Balance June 30, 2012		\$	251,666	

The June 30, 2012 capital reserve balance does not exceed the LRF balance of local support costs of uncompleted projects.

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2012 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2012 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Fund	Total
Intergovernmental					
State	\$ 40,370	\$ 7,360	\$ 488,947	\$ 212	\$ 536,889
Federal		127,001		10,311	137,312
Other	5,546			8,280	13,826
Total	\$ 45,916	\$ 134,361	\$ 488,947	\$ 18,803	\$ 688,027

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

5. CAPITAL ASSETS

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

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Governmental Activities:				
Land	\$ 114,012			\$ 114,012
Construction in Progress	5,207,446	\$ (5,207,446)		-
Total Capital Assets not being Depreciated	5,321,458	(5,207,446)	-	114,012
Land Improvements	268,066			268,066
Building and Improvements	7,301,547	5,354,846		12,656,393
Vehicles	585,419			585,419
Equipment	729,408	\$ 28,295		757,703
Total Historical Cost	<u>14,205,898</u>	<u>175,695</u>	<u>-</u>	<u>14,381,593</u>
Less Accumulated Depreciation:				
Land Improvements	(242,212)	(4,260)		(246,472)
Building and Improvements	(3,396,209)	(171,911)		(3,568,120)
Vehicles	(287,313)	(55,530)		(342,843)
Equipment	(576,270)	(36,312)		(612,582)
Total Accumulated Depreciation	<u>(4,502,004)</u>	<u>(268,013)</u>	<u>-</u>	<u>(4,770,017)</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,703,894</u>	<u>\$ (92,318)</u>	<u>\$ -</u>	<u>\$ 9,611,576</u>
Business-Type Activities:				
Equipment	56,600	27,947		84,547
Less - Accumulated Depreciation	(56,600)	(555)		(57,155)
Business-Type Activities Capital Assets, Net	<u>-</u>	<u>27,392</u>	<u>-</u>	<u>27,392</u>

Depreciation expense in the amount of \$268,013 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 33,924
General Administration	1,675
Plant Operations and Maintenance	10,778
Transportation	62,055
Unallocated	159,581
Total depreciation expense	<u>\$ 268,013</u>

During the year ended June 30, 2012, management reclassified construction-in-progress costs to their appropriate category. Certain costs were removed from the records as they do not represent capital cost with a useful life.

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

6. INVENTORY

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	\$	1,738
Supplies		<u>493</u>
	\$	<u><u>2,231</u></u>

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2012, the following changes occurred in long-term obligations:

	<u>Principal Outstanding June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2012</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 173,944		1,273	\$ 172,671	
Unfunded Pension Liability	386,925		53,154	333,771	
Obligations under Capital Leases	103,508		50,671	52,837	
General Obligation Bonds	<u>5,392,000</u>		<u>390,000</u>	<u>5,002,000</u>	\$ 383,000
	<u>\$ 6,056,377</u>	<u>\$ -</u>	<u>\$ 495,098</u>	<u>\$ 5,561,279</u>	<u>\$ 383,000</u>

Bonds Payable - Bonds and loans are authorized in accordance with State law by the voters of the School District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are as follows:

1993 General Obligation Bonds dated January 15, 1993 in the amount of \$148,000 due in annual installments through January 15, 2013, bearing interest rate of 5.70%.

2010 General Obligation Bonds dated April 1, 2010 in the amount of \$3,334,000 due in annual installments through April 1, 2030, bearing interest rate of 3.50% to 4.25%.

2010 Refunding Bonds dated April 1, 2010 in the amount of \$1,520,000 due in annual installments through April 1, 2019, bearing interest rate of 2.00% to 3.50%.

As of June 30, 2012, principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 383,000	\$ 185,059	\$ 568,059
2014	330,000	171,922	501,922
2015	320,000	162,673	482,673
2016	315,000	153,672	468,672
2017	260,000	143,760	403,760
2018-2022	1,204,000	588,250	1,792,250
2023-2027	1,300,000	350,875	1,650,875
2028-2030	<u>890,000</u>	<u>76,712</u>	<u>966,712</u>
	<u>\$ 5,002,000</u>	<u>\$ 1,832,923</u>	<u>\$ 6,834,923</u>

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

7. LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2012 the School District had no authorizations to issue additional bonded debt.

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid.

Unfunded Pension Liability

In accordance with the Lower Camden County Regional High School dissolution agreement, effective July 1, 2001, the Berlin Township School District assumed liability for its proportionate share of the "Regional High School Early Retirement Incentive Program" permitted by State legislation during 1995 for certain members of the Teachers Pension and Annuity Fund and the Public Employees Retirement Fund. The members had to meet certain age and service requirements and had to apply for retirement between certain dates in fiscal year 1996 to be eligible. The School District is liable for its proportionate share of additional costs under this program. As of June 30, 2012 the School District had an accrued liability of \$333,771 payable in annual installments with the last installment due on April 1, 2021.

Capital Leases Payable

The District has entered into capital lease agreements for the following:

<u>Equipment</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
School Buses	July 1, 2013	4.280%	\$ 253,797

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2012:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 52,837	\$ 2,264	\$ 55,101
	<u>\$ 52,837</u>	<u>\$ 2,264</u>	<u>\$ 55,101</u>

8. OPERATING LEASES

At June 30, 2012, the School District had operating lease agreements in effect for copy machines and a postage meter. Total rental payments for such leases were \$35,496 for the fiscal year ended June 30, 2012. The future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 33,948
2014	33,948
2015	2,500
	<u>\$ 70,396</u>

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

9. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund is a cost-sharing contributory defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2012	\$ 30,586	\$ 61,172	\$ 5,846	\$ 97,604
2011	33,297	53,056	6,558	92,911
2010	25,659	32,968	8,130	66,757

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

9. PENSION PLANS (Continued)

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the School District's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

No contributions were made during the year ended June 30, 2012 for the School District employees enrolled in the DCRP.

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the School District.

10. POST-RETIREMENT BENEFITS

The School District contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established to provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program 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 issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (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, 2011 there were 93,323 retirees eligible for post-retirement medical benefits. 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 premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

The State establishes the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contribution to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the year ended June 30, 2012 was \$318,417, which equaled the required contributions. The State's contribution to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2012, the School District has recognized as revenues and expenditures \$158,397 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$366,593 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

12. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

Property and Liability Insurance - The School 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.

Joint Insurance Pool - The School District is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained at www.njsbaig.com.

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

The following is a summary of School District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the School 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>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 36,317	\$ 6,874	\$ 54,438	\$ 2,729
2011	45,345	10,488	68,505	13,976
2010	47	10,787	10,907	26,648

13. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, available to all permanent School District employees, permit participants to defer a portion of their current salary to future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

14. COMPENSATED ABSENCES

The School 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.

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2012, the liability for compensated absences in the governmental activities was \$172,671.

15. CONTINGENCIES

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2012, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

16. FLEXIBLE BENEFITS PROGRAM

The School District offers its employees a Flexible Benefits Program. The purpose of the program is to provide a tax incentive for plan participants incurring health premium expenses, dependent care expenses and other medical expenses not covered by other insurance. The School District, who is the plan administrator, has contracted with American Family Life Assurance Company (AFLAC) to act as its agent to furnish reimbursement services. The plan participants redirect a prescribed amount of their gross pay (tax-free) into a reimbursement account and then in-turn submit claims to AFLAC for repayment. Because of Internal Revenue Service regulations, if at the end of any plan year unexpended funds remain, these funds will be forfeited by the participants and returned to the School District.

The following is a summary of School District contributions, employee contributions, reimbursements to the plan participants for benefits paid and the ending balance of the School District's fiduciary fund for the current and prior two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ -	\$ 1,860	\$ 1,270	\$ 590
2011	-	-	-	-
2010	-	-	-	-

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

17. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$256,055 in the General Fund as of June 30, 2012 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, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. 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 payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$256,055 is equal to or less than the June state aid payment.

18. DEFICIT UNRESTRICTED NET ASSETS

As of June 30, 2012, a deficit of \$821,749 existed in the Unrestricted Net Assets of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Assets reported on Exhibited A-1 as follows:

Balances, June 30, 2012:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Unassigned	\$ (256,055)
Add - Accrued Interest on Bonds	41,959
Liabilities:	
Accrued Interest Payable	(48,374)
Capital Lease Payable	(52,837)
Early Retirement Incentive Payable	(333,771)
Compensated Absences	(172,671)
Unrestricted Net Assets (Deficit)	<u><u>\$ (821,749)</u></u>

19. FUND BALANCES

RESTRICTED

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of 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 years' budget. The excess fund balance at June 30, 2012 is 623,382 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$394,965 of excess fund balance generated during the 2010-2011 fiscal year has been restricted and designated for utilization in the 2012-2013 budget.

**Berlin Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

19. FUND BALANCES (Continued)

General Fund:

Capital Reserve – As of June 30, 2012, the balance in the capital reserve account is \$251,666. The entire amount is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

Capital Projects Fund – As of June 30, 2012, the restricted fund balance amount was \$900,284 all of which is designated for subsequent year's expenditures.

Debt Service Fund – As of June 30, 2012, the restricted fund balance amount was \$4,950 of which \$4,011 has been designated for utilization in the 2012-2013 budget and \$939 is restricted for future debt service expenditures.

ASSIGNED

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2013, \$665,678 of general fund balance at June 30, 2012.

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund – As of June 30, 2012, the fund balance of the general fund was a deficit of \$256,055, thus resulting in the fund balance classification of unassigned. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 17).

Required Supplementary Information - Part II

Budgetary Comparison Schedules

BERLIN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	\$ 7,564,479		\$ 7,564,479	\$ 7,564,479	
Tuition	83,880		83,880	204,126	\$ 120,246
Miscellaneous	20,000		20,000	45,305	25,305
Total local sources	7,668,359		7,668,359	7,813,910	145,551
State sources:					
Categorical special education aid	408,527		408,527	408,527	
Equalization aid	4,376,515		4,376,515	4,396,297	19,782
School choice aid				232,864	232,864
Security aid				114,441	114,441
Nonpublic transportation aid				2,784	2,784
On-behalf TPAF pension contrib.. (non-budgeted)				476,814	476,814
Reimbursed TPAF social security contribution (non-budgeted)				366,593	366,593
Total state sources	4,785,042		4,785,042	5,998,320	1,213,278
Federal sources:					
Medicaid assistance	15,334		15,334		
Education Jobs fund	176,674	\$ 5,198	176,674	181,872	5,198
Total state sources	192,008	5,198	192,008	181,872	5,198
TOTAL REVENUES	12,645,409	5,198	12,645,409	13,994,102	1,364,027
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool	43,926	30,000	73,926	73,926	
Kindergarten	200,522		200,522	200,522	
Grades 1-5	1,080,105	(25,000)	1,055,105	1,019,034	36,071
Grades 6-8	802,105		802,105	802,105	
Regular Programs - Home Instruction:					
Salaries of teachers	5,000		5,000		5,000
Purchased professional - educational services	1,000		1,000		1,000
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	25,391		25,391	25,391	
Purchased professional - educational services	170,000	15,830	185,830	182,795	3,035
Other purchased services	66,004		66,004	50,760	15,244
General supplies	120,815	1,400	122,215	115,800	6,415
Textbooks	35,850	5,507	41,357	41,357	
Other objects	2,800	(1,000)	1,800		1,800
Total - Regular Programs - Instruction	2,553,518	26,737	2,580,255	2,511,690	68,565
Special Education Instruction:					
Learning and/or Language Disabilities:					
Salaries of teachers	180,259		180,259	180,259	
Other salaries for instruction	54,922		54,922	54,922	
General supplies	2,075		2,075	1,149	926
Textbooks	1,550		1,550	741	809
Total learning and/or language disab.	238,806		238,806	237,071	1,735

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

BERLIN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education Instruction:					
Behavioral Disabilities:					
Salaries of teachers	\$ 99,426		\$ 99,426	\$ 71,942	\$ 27,484
Other salaries for instruction	39,377		39,377	38,986	391
General supplies	1,975		1,975		1,975
Textbooks	1,550		1,550	886	664
Other objects	250		250		250
Total behavioral disabilities	142,578		142,578	111,814	30,764
Multiple Disabilities:					
Salaries of teachers	103,726		103,726	103,626	100
Other salaries for instruction	27,830		27,830	27,732	98
Purchased professional educational services	500		500		500
General supplies	4,125		4,125	2,037	2,088
Textbooks	360		360		360
Other objects	100		100		100
Total multiple disabilities	136,641		136,641	133,395	3,246
Resource room/resource center:					
Salaries of teachers	895,133		895,133	895,133	
Other salaries for instruction	27,911	\$ 25,000	52,911	52,911	
General supplies	2,076		2,076	1,891	185
Textbooks	720		720		720
Total resource room/resource center	925,840	25,000	950,840	949,935	905
Preschool Disabilities - Full-Time:					
Salaries of teachers	105,326		105,326	105,326	
Other salaries for instruction	29,351		29,351	29,351	
Supplies	1,100		1,100	914	186
Total preschool disabilities - full-time	135,777		135,777	135,591	186
Total Special Education - Instruction	1,579,642	25,000	1,604,642	1,567,806	36,836
Basic Skills/Remedial - Instruction					
Salaries of teachers	214,050		214,050	214,050	
Purchased professional - educational services	2,500		2,500		2,500
General supplies	5,525		5,525	732	4,793
Total basic skills/remedial - instruction	222,075		222,075	214,782	7,293
Bilingual Education - Instruction					
Salaries of teachers	64,113		64,113	64,113	
General supplies	1,610		1,610	327	1,283
Total bilingual education - instruction	65,723		65,723	64,440	1,283
School-Sponsored Cocurricular Act - Instruction:					
Salaries	7,000	1,500	8,500	8,310	190
Other objects	1,000		1,000		1,000
Total school-sponsored cocurr. act. - instruct.	8,000	1,500	9,500	8,310	1,190

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

BERLIN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Athletics - Instruction:					
Salaries		\$ 10,000	\$ 10,000		\$ 10,000
Purchased services		3,000	3,000	\$ 2,421	579
Supplies and materials	\$ 1,000		1,000	1,000	
Total school-sponsored athletics - instruct.	1,000	13,000	14,000	3,421	10,579
Total Instruction	4,429,958	66,237	4,496,195	4,370,449	125,746
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	2,694,994	35,030	2,730,024	2,730,024	
Tuition to County Voc. School - reg.	177,345	(2,282)	175,063	150,439	24,624
Tuition to CSSD & Regional Day Schools	36,820	2,391	39,211	39,211	
Tuition to priv. sch. for the disabled in state	262,630	(76,542)	186,088	158,664	27,424
Tuition - other		49,151	49,151	49,151	
Total undistributed expenditures - instruction	3,171,789	7,748	3,179,537	3,127,489	52,048
Attendance and Social Work Services:					
Salaries	31,420		31,420	31,420	
Other purchased services	11,500		11,500	10,832	668
Total	42,920		42,920	42,252	668
Health Services:					
Salaries	97,061		97,061	97,061	
Purchased prof and technical services		1,550	1,550	1,543	7
Supplies and materials	2,675	(800)	1,875	1,812	63
Other objects	750	(750)			
Total health services	100,486		100,486	100,416	70
Speech, OT, PT, Related & Extraordinary Services					
Salaries	149,378	45	149,423	149,423	
Purchased professional - educational services	3,000	400	3,400	3,400	
Supplies and materials	1,075	(445)	630		630
Total speech, ot, pt, related & extra. serv.	153,453		153,453	152,823	630
Other Support Services Student - Extra Serv.					
Salaries	122,750		122,750	122,242	508
Total other support services student - extra serv.	122,750		122,750	122,242	508
Guidance:					
Salaries of other professional staff	110,826		110,826	110,826	
Other purchased prof. and educational services	300		300		300
Other purchased prof. and technical services	2,000		2,000		2,000
Supplies and materials	250		250		250
Total guidance	113,376		113,376	110,826	2,550

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

BERLIN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Child Study Teams:					
Salaries of other professional staff	\$ 236,238	\$ (30,000)	\$ 206,238	\$ 206,238	
Salaries of secretarial and clerical assistants	40,930		40,930	40,930	
Other purchased prof. and technical services	121,000	4,602	125,602	125,602	
Supplies and materials	6,000	166	6,166	6,166	
Other objects	1,000	(556)	444	219	\$ 225
Total child study teams	405,168	(25,788)	379,380	379,155	225
Improvement of Instructional Services:					
Salaries supervisor of instruction	82,809		82,809	82,809	
Other salaries	6,200	1,520	7,720	7,520	200
Total improvement of instructional services	89,009	1,520	90,529	90,329	200
Educational Media Services/School Library:					
Salaries	90,582		90,582	90,582	
Other purchased services (400-500 series)	31,870		31,870	28,677	3,193
Supplies and materials	14,170		14,170	11,300	2,870
Other objects	1,870		1,870	1,334	536
Total educational media services/school library	138,492		138,492	131,893	6,599
Instructional Staff Training Services:					
Purchased professional - educational services	20,000	(12,087)	7,913	1,954	5,959
Other purchased services	1,500		1,500		1,500
Supplies and materials	600		600		600
Total instructional staff training services	22,100	(12,087)	10,013	1,954	8,059
General Administration:					
Salaries	162,904		162,904	162,904	
Legal services	48,900		48,900	47,521	1,379
Audit fees	24,000		24,000	24,000	
Other purchased professional services	4,200		4,200	2,250	1,950
Purchased technical services	4,500	8,500	13,000	13,000	
Communications / telephone	45,000	876	45,876	34,071	11,805
Other purchased services	33,000	26,500	59,500	51,020	8,480
General supplies	3,000		3,000		3,000
BOE in-house training/meeting supplies	1,500		1,500		1,500
Miscellaneous expenditures	3,000		3,000	2,930	70
BOE membership dues and fees	8,500		8,500	8,304	196
Total general administration	338,504	35,876	374,380	346,000	28,380
School Administration:					
Salaries of principals/assist. principals	144,346		144,346	144,346	
Salaries of secretarial and clerical assistants	79,305		79,305	79,305	
Purchased professional and technical services	1,000		1,000	825	175
Supplies and materials	11,625	(2,235)	9,390	6,907	2,483
Other objects	3,170	835	4,005	3,492	513
Total school administration	239,446	(1,400)	238,046	234,875	3,171

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

BERLIN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Central Services:					
Salaries	\$ 101,009	\$ (800)	\$ 100,209	\$ 100,209	
Purchased professional services	20,250		20,250	19,319	\$ 931
Misc. purchased services	1,550	(500)	1,050	924	126
Supplies and materials	1,000	(100)	900	745	155
Other objects	250	1,400	1,650	1,650	
Total central services	124,059		124,059	122,847	1,212
Administrative Info. Technology:					
Salaries	42,224		42,224	40,139	
Purchased technical services	2,020	8,705	10,725	10,725	
Supplies and materials	10,665	(2,755)	7,910	6,671	1,239
Other objects	1,115		1,115	505	610
Total admin. info. tech.	56,024	5,950	61,974	58,040	1,849
Required Maintenance School Facilities:					
Salaries	81,722		81,722	81,145	577
Cleaning, repair and maintenance services	85,000	(8,400)	76,600	75,520	1,080
General supplies	8,000	1,000	9,000	8,434	566
Other objects	300		300	218	82
Total required maintenance school facilities	175,022	(7,400)	167,622	165,317	2,305
Custodial Services:					
Salaries	217,222		217,222	217,222	
Purchased professional and technical services	6,400	1,200	7,600	7,531	69
Cleaning, repair and maintenance services	38,800	(1,200)	35,600	26,434	9,166
Other purchased property services	30,000		30,000	25,012	4,988
Insurance	58,000		58,000	49,401	8,599
General Supplies	42,000		42,000	34,218	7,782
Energy (Natural Gas)		80,000	80,000	20,496	59,504
Energy (Electricity)	250,000	(80,000)	170,000	161,323	8,677
Other objects	1,300		1,300	405	895
Total custodial services	641,722		641,722	542,042	99,680
Care & Upkeep of Grounds:					
General supplies	1,000		1,000	251	749
Total care & upkeep of grounds	1,000		1,000	251	749
Total operation & maint. of plant services	817,744	(7,400)	810,344	707,610	102,734
Student Transportation Services:					
Salaries for Pupil Trans (between home and school) - regular	179,183		179,183	179,183	
Management fee - ESC	7,500		7,500	6,087	1,413
Other purchased prof. and technical services	500		500	325	175
Cleaning, repair and maintenance services	28,000	255	28,255	28,254	1
Lease purchase payments - school buses	55,101		55,101	55,101	
Contr. serv. (aid-in-lieu) - Choice students		442	442	442	
Contr. serv. (not between home & sch) - vendor		3,066	3,066	1,595	1,471
Contr. serv. (between home & sch) - joint agree.	5,000		5,000	4,475	525
Contr. Serv. (Spl. Ed. Students) - ESC	218,300	(14,896)	201,404	192,496	8,908
Contr. serv. - Aid in Lieu of Payments	31,700		31,700	29,177	2,523
Misc. purchased services - transportation	3,100	2,780	5,880	5,733	147
Supplies and materials	30,000	9,050	39,050	39,049	1
Other objects	500	628	1,128	225	903
Total student transportation services	556,884	1,325	558,209	542,142	16,067

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

BERLIN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits - Employee Benefits:					
Social security contributions	\$ 100,000		\$ 100,000	\$ 89,052	\$ 10,948
TPAF Contributions - ERIP	500		500		500
Other Retirement contributions - PERS	104,600		104,600	99,808	4,792
Other Retirement contributions - ERIP	51,000		51,000	50,292	708
Unemployment compensation	156,971	\$ (101,634)	55,337	41,411	13,926
Workmen's compensation	75,000	869	75,869	75,868	1
Health benefits	1,397,352	51,321	1,448,673	1,444,145	4,528
Tuition Reimbursement	10,000		10,000	6,771	3,229
Other employee benefits	10,000	(10,000)			
Total unallocated benefits - employee benefits	1,905,423	(59,444)	1,845,979	1,807,347	38,632
On-behalf TPAF pension contr. (non-budgeted)				476,814	(476,814)
Reimbursed TPAF social security contr. (non-budgeted)				366,593	(366,593)
Total Undistributed Expenditures	8,397,627	(53,700)	8,343,927	8,921,647	(579,805)
Total General Current Expense	12,827,585	12,537	12,840,122	13,292,096	(454,059)
TOTAL EXPENDITURES	12,827,585	12,537	12,840,122	13,292,096	(454,059)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(182,176)	(7,339)	(194,713)	702,006	909,968
Other Financing Sources:					
Operating transfers out					
Total other financing sources					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(182,176)	(7,339)	(194,713)	702,006	909,968
Fund Balance - July 1, 2011	1,091,504		1,091,504	1,091,504	
Fund Balance - June 30, 2012	\$ 909,328	\$ (7,339)	\$ 896,791	\$ 1,793,510	\$ 909,968

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

BERLIN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Actual
Recapitulation of Fund Balance:	
Restricted Fund Balance:	
Capital reserve	\$ 251,666
Excess surplus	623,382
Assigned Fund Balance:	
Designated for subsequent year's expenditures	665,678
Unassigned Fund Balance	252,784
	1,793,510
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payment not Recognized on GAAP Basis	(508,839)
Fund Balance per Governmental Funds (GAAP)	\$ 1,284,671

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**BERLIN TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Education Jobs Program Fund
 General Fund
 For the Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal sources:					
Education Jobs Program Fund	\$ 181,872		\$ 181,872	\$ 181,872	
	<u>181,872</u>		<u>181,872</u>	<u>181,872</u>	
Total Revenues	<u>181,872</u>		<u>181,872</u>	<u>181,872</u>	
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures - Unallocated Benefits:					
Employee Benefits	<u>181,872</u>		<u>181,872</u>	<u>181,872</u>	
Total Undistributed Expenditures	<u>181,872</u>		<u>181,872</u>	<u>181,872</u>	
Total Expenditures	<u>181,872</u>		<u>181,872</u>	<u>181,872</u>	
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BERLIN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 73,600		\$ 73,600	\$ 73,600	
Federal sources	402,805		402,805	345,801	\$ (57,004)
Total Revenues	476,405		476,405	419,401	(57,004)
EXPENDITURES:					
Instruction:					
Salaries of teachers	220,883		220,883	220,883	
Purchased professional - tech. services	33,663		33,663	23,805	9,858
Tuition	135,000		135,000	127,939	7,061
General supplies	8,372		8,372	8,062	310
Total Instruction	397,918		397,918	380,689	17,229
Support Services:					
Salaries	34,928		34,928	180	34,748
Personal services - employee benefits	29,457		29,457	29,457	
Purchased professional - tech. services	13,971		13,971	9,075	4,896
General supplies	131		131		131
Total Support Services	78,487		78,487	38,712	39,775
Facilities Acquisition and Construction Services:					
Instructional equipment					
Total Facilities Acq. and Const. Services					
Total Expenditures	476,405		476,405	419,401	57,004
Total Outflows	476,405		476,405	419,401	57,004
Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)	---	---	---	---	---

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BERLIN TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2012

**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 schedules	\$ 13,994,102	\$ 419,401
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	461,532	9,200
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(508,839)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 13,946,795</u>	<u>\$ 428,601</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 13,292,096	\$ 419,401
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 13,292,096</u>	<u>\$ 419,401</u>

Other Supplementary Information

Special Revenue Fund

BERLIN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	Preschool Expansion	Title I	Title II A	IDEA Basic	IDEA Preschool	Total
REVENUES:						
State sources	\$ 73,600					\$ 73,600
Federal sources		\$ 134,922	\$ 51,372	\$ 155,090	\$ 4,417	345,801
Total Revenues	73,600	134,922	51,372	155,090	4,417	419,401
EXPENDITURES:						
Instruction:						
Salaries of teachers	73,600	104,473	42,810			220,883
Purchased professional and tech. serv.				21,370	2,435	23,805
Tuition				127,939		127,939
General supplies		299		5,781	1,982	8,052
Total instruction	73,600	104,772	42,810	155,090	4,417	380,689
Support services:						
Salaries		180				180
Personal services-employee benefits		20,895	8,562			29,457
Purchased professional and tech. serv.		9,075				9,075
Total support services		30,150	8,562			38,712
Facilities acquisition and const. serv.:						
Instructional equipment						
NonInstructional equipment						
Total facilities acq. and const. serv.						
Total Expenditures	73,600	134,922	51,372	155,090	4,417	419,401
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---

**BERLIN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Statement of Preschool Education Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2012**

DISTRICT WIDE TOTAL

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 73,600	\$ 73,600	
Total instruction	<u>73,600</u>	<u>73,600</u>	
Support Services:			
Total support services			
Total Expenditures	<u>\$ 73,600</u>	<u>\$ 73,600</u>	<u>\$ -</u>

SUMMARY OF LOCATION TOTALS

Total revised 2011-2012 Preschool Education Aid allocation	\$ 73,600
Add: Actual Preschool Education Aid Carryover (June 30, 2011)	
Add: Budgeted transfer from the General Fund 2011-12	
Total Preschool Education Aid Funds available for 2011-2012 budget	73,600
Less: 2011-2012 Budgeted Preschool Education Aid (including prior year budgeted carryover)	(73,600)
Available & unbudgeted Preschool Education Aid Funds as of June 30, 2012	
Add: June 30, 2012 Unexpended Preschool Education Aid	
2011-2012 Actual Carryover - Preschool Education Aid	\$ -
2011-2012 Preschool Education Aid Carryover Budgeted in 2012-2013	\$ -

Capital Projects Fund

BERLIN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2012

Revenues and Other Financing Sources:	
Interest earned on investments	\$ 938
Total revenues and other financing sources	<u>938</u>
Expenditures and Other Financing (Uses):	
Purchased professional services	86,172
Construction services	29,430
Transfer to debt service fund	938
Total expenditures and other financing (uses)	<u>116,540</u>
Excess (deficiency) or revenues over (under) expenditures	(115,602)
Fund Balance - July 1, 2011	<u>1,600,753</u>
Fund Balance - June 30, 2012	<u>\$ 1,485,151</u>

BERLIN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Huster Administration Building Roof Repairs
From Inception and for the Fiscal Year ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
Proceeds from sale of serial bonds	\$ 139,151		\$ 139,151	\$ 139,151
Total revenues	<u>139,151</u>		<u>139,151</u>	<u>139,151</u>
Expenditures and Other Financing Uses:				
Purchased professional services	56,232	\$ 1,444	57,676	57,676
Construction services	69,321		69,321	69,321
	<u>125,553</u>	<u>1,444</u>	<u>126,997</u>	<u>126,997</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 13,598</u>	<u>\$ (1,444)</u>	<u>\$ 12,154</u>	<u>\$ 12,154</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	05/01/10
Bonds Authorized	\$ 139,151
Bonds Issued	\$ 139,151
Original Authorized Cost	\$ 139,151
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 139,151
Percentage Increase over Original Authorized Cost	
Percentage Completion	
Original target completion date	12/31/11
Revised target completion date	12/31/12

BERLIN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Eisenhower Middle School Roof and HVAC Rehabilitation
From Inception and for the Fiscal Year ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ 1,735,794		\$ 1,735,794	\$ 1,735,794
Proceeds from sale of serial bonds	1,708,333		1,708,333	1,708,333
Total revenues	<u>3,444,127</u>		<u>3,444,127</u>	<u>3,444,127</u>
Expenditures and Other Financing Uses:				
Purchased professional services	288,604	\$ 50,645	339,249	339,249
Construction services	2,254,463	26,872	2,281,335	2,281,335
	<u>2,543,067</u>	<u>77,517</u>	<u>2,620,584</u>	<u>2,620,584</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 901,060</u>	<u>\$ (77,517)</u>	<u>\$ 823,543</u>	<u>\$ 823,543</u>
Additional project information:				
Project Number	0340-050-09-1002			
Grant Date	01/15/09			
Bond Authorization Date	05/01/10			
Bonds Authorized	\$ 1,708,333			
Bonds Issued	\$ 1,708,333			
Original Authorized Cost	\$ 3,444,127			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 3,444,127			
Percentage Increase over Original Authorized Cost				
Percentage Completion				
Original target completion date	12/31/11			
Revised target completion date	12/31/12			

BERLIN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Kennedy Elementary School Roof and HVAC Rehabilitation
From Inception and for the Fiscal Year ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ 1,510,412		\$ 1,510,412	\$ 1,510,412
Proceeds from sale of serial bonds	1,486,516		1,486,516	1,486,516
Total revenues	2,996,928		2,996,928	2,996,928
Expenditures and Other Financing Uses:				
Purchased professional services	263,959	\$ 34,083	298,042	298,042
Construction services	2,046,874	2,558	2,049,432	2,049,432
	2,310,833	36,641	2,347,474	2,347,474
Excess (deficiency) or revenues over (under) expenditures	\$ 686,095	\$ (36,641)	\$ 649,454	\$ 649,454
Additional project information:				
Project Number	0340-050-09-1002			
Grant Date	01/15/09			
Bond Authorization Date	05/01/10			
Bonds Authorized	\$ 1,486,516			
Bonds Issued	\$ 1,486,516			
Original Authorized Cost	\$ 2,996,928			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 2,996,928			
Percentage Increase over Original Authorized Cost				
Percentage Completion				
Original target completion date	12/31/11			
Revised target completion date	12/31/12			

Proprietary Funds

BERLIN TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Assets
June 30, 2012

	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 70,120	\$ 5,831	\$ 75,951
Accounts receivable:			
State	212		212
Federal	10,311		10,311
Other		8,280	8,280
Inventories	<u>2,231</u>		<u>2,231</u>
Total Current Assets	<u>82,874</u>	<u>14,111</u>	<u>96,985</u>
Noncurrent Assets:			
Equipment	84,547		84,547
Accumulated depreciation	<u>(57,155)</u>		<u>(57,155)</u>
Total Noncurrent Assets	<u>27,392</u>		<u>27,392</u>
Total Assets	<u>110,266</u>	<u>14,111</u>	<u>124,377</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	<u>10,355</u>		<u>10,355</u>
Total Liabilities	<u>10,355</u>		<u>10,355</u>
NET ASSETS:			
Invested in capital assets	27,392		27,392
Unrestricted	<u>72,519</u>	<u>14,111</u>	<u>86,630</u>
Total Net Assets	<u>\$ 99,911</u>	<u>\$ 14,111</u>	<u>\$ 114,022</u>

BERLIN TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2012

	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Totals</u>
OPERATING REVENUES:			
Daily sales-reimbursable programs:			
School lunch program	\$ 56,475		\$ 56,475
School breakfast program	6,047		6,047
Daily sales non-reimbursable programs	27,184		27,184
Other sales	5,020		5,020
Program fees		\$ 108,001	108,001
Total Operating Revenue	<u>94,726</u>	<u>108,001</u>	<u>202,727</u>
OPERATING EXPENSES:			
Cost of sales	118,442		118,442
Management fee	19,223		19,223
Salaries	103,599	117,387	220,986
Supplies	16,598		16,598
Repairs and maintenance	6,918		6,918
Other costs	970	428	1,398
Depreciation	555		555
Total Operating Expenses	<u>266,305</u>	<u>117,815</u>	<u>384,120</u>
Operating Income (Loss)	<u>(171,579)</u>	<u>(9,814)</u>	<u>(181,393)</u>
Non-Operating Revenues:			
State sources:			
State school lunch program	3,284		3,284
Federal sources:			
National school lunch program	118,686		118,686
National school breakfast program	30,906		30,906
Food distribution program	13,157		13,157
Local sources:			
Interest earned	39	10	49
Total Non-Operating Revenues	<u>166,072</u>	<u>10</u>	<u>166,082</u>
Changes in Net Assets	(5,507)	(9,804)	(15,311)
Net Assets - July 1, 2011	<u>105,418</u>	<u>23,915</u>	<u>129,333</u>
Net Assets - June 30, 2012	<u>\$ 99,911</u>	<u>\$ 14,111</u>	<u>\$ 114,022</u>

BERLIN TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2012

	Food Service Fund	After School Program	Totals
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 94,726	\$ 103,465	\$ 198,191
Cash payments to employees for services	(103,599)	(117,387)	(220,986)
Cash payments to suppliers for goods and services	(154,236)	(428)	(154,664)
Net cash used for operating activities	(163,109)	(14,350)	(177,459)
Cash Flows from Noncapital Financing Activities:			
Cash received from state sources	3,072		3,072
Cash received from federal sources	152,438		152,438
Operating transfer in			
Net cash provided by noncapital financing activities	155,510		155,510
Cash Flows Used by Capital and Related Financing Activities:			
Purchase of equipment	(27,947)		(27,947)
Cash Flow Provided by Investing Activities:			
Interest on cash equivalents	39	10	49
Net increase (decrease) in cash and cash equivalents	(35,507)	(14,340)	(49,847)
Cash and cash equivalents - July 1, 2011	105,627	20,171	125,798
Cash and cash equivalents - June 30, 2012	\$ 70,120	\$ 5,831	\$ 75,951
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (171,579)	\$ (9,814)	\$ (181,393)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	555		555
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	6,933	(4,536)	2,397
(Increase) decrease in inventory	1,529		1,529
Increase (decrease) in accounts payable	(547)		(547)
Net cash provided by (used for) Operating Activities	\$ (163,109)	\$ (14,350)	\$ (177,459)

Noncash Noncapital Financing Activities:

During the year the District received \$13,157 of food commodities from the U.S. Department of Agriculture.

Fiduciary Funds

BERLIN TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2012

	<u>Trust Funds</u>		<u>Agency Funds</u>			<u>Totals</u>
	<u>Unemployment Compensation</u>	<u>Flexible Benefits Trust</u>	<u>Student Activity</u>	<u>Community Education</u>	<u>Payroll</u>	
ASSETS:						
Cash and cash equivalents	\$ 2,729	\$ 590	\$ 17,598	\$ 4,058	\$ 12,453	\$ 37,428
Total Assets	<u>2,729</u>	<u>590</u>	<u>\$ 17,598</u>	<u>\$ 4,058</u>	<u>\$ 12,453</u>	<u>37,428</u>
LIABILITIES:						
Payroll deductions payable					\$ 12,453	12,453
Reserve for community education program				\$ 4,058		4,058
Due to student groups			\$ 17,598			17,598
Total Liabilities			<u>\$ 17,598</u>	<u>\$ 4,058</u>	<u>\$ 12,453</u>	<u>34,109</u>
NET ASSETS:						
Held in Trust for Claims	2,729	590				3,319
Total Net Assets	<u>\$ 2,729</u>	<u>\$ 590</u>				<u>\$ 3,319</u>

BERLIN TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2012

	<u>Flexible Benefits Trust Fund</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Total</u>
ADDITIONS:			
Contributions:			
Employee	\$ 1,860	\$ 6,874	\$ 8,734
Employer		<u>36,311</u>	<u>36,311</u>
Total Contributions	<u>1,860</u>	<u>43,185</u>	<u>45,045</u>
Investment earnings:			
Interest earned		<u>6</u>	<u>6</u>
Total Additions	<u>1,860</u>	<u>43,191</u>	<u>45,051</u>
DEDUCTIONS:			
Claims Paid	<u>1,270</u>	<u>54,438</u>	<u>55,708</u>
Total Deductions	<u>1,270</u>	<u>54,438</u>	<u>55,708</u>
Change in Net Assets	590	(11,247)	(10,657)
Net Assets - July 1, 2011		<u>13,976</u>	<u>13,976</u>
Net Assets - June 30, 2012	<u>\$ 590</u>	<u>\$ 2,729</u>	<u>\$ 3,319</u>

BERLIN TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2012

	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable</u>	<u>Balance June 30, 2012</u>
Dwight D. Eisenhower	\$ 12,502	\$ 9,914	\$ 12,318		\$ 10,098
John H. Kennedy	10,051	11,597	14,148		7,500
Total all schools	<u>\$ 22,553</u>	<u>\$ 21,511</u>	<u>\$ 26,466</u>	<u>\$ -</u>	<u>\$ 17,598</u>

BERLIN TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Payrol Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2012

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
ASSETS:				
Cash and cash equivalents	<u>\$ 7,358</u>	<u>\$ 6,868,470</u>	<u>\$ 6,863,375</u>	<u>\$ 12,453</u>
Total Assets	<u><u>\$ 7,358</u></u>	<u><u>\$ 6,868,470</u></u>	<u><u>\$ 6,863,375</u></u>	<u><u>\$ 12,453</u></u>
 LIABILITIES:				
Net payroll	\$ 551	\$ 4,016,794	\$ 4,017,345	
Payroll deductions and withholdings	<u>6,807</u>	<u>2,851,676</u>	<u>2,846,030</u>	<u>\$ 12,453</u>
Total Liabilities	<u><u>\$ 7,358</u></u>	<u><u>\$ 6,868,470</u></u>	<u><u>\$ 6,863,375</u></u>	<u><u>\$ 12,453</u></u>

BERLIN TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Community Education Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS:				
Cash and cash equivalents	<u>\$ 3,929</u>	<u>\$ 129</u>	<u> </u>	<u>\$ 4,058</u>
Total Assets	<u><u>\$ 3,929</u></u>	<u><u>\$ 129</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,058</u></u>
 LIABILITIES:				
Due to community groups	<u>\$ 3,929</u>	<u>\$ 129</u>	<u> </u>	<u>\$ 4,058</u>
Total Liabilities	<u><u>\$ 3,929</u></u>	<u><u>\$ 129</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,058</u></u>

Long-Term Debt Schedules

**BERLIN TOWNSHIP SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2012**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2011	Issued	Retired	Balance June 30, 2012
			Date	Amount					
Renovations and Improvements to various school buildings	1/15/93	\$ 2,993,000	1/15/13	\$ 148,000	5.70%	\$ 298,000		\$ 150,000	\$ 148,000
Renovations and Improvements to various school buildings	4/1/10	1,995,000	4/1/13	235,000	2.00%	1,760,000		240,000	1,520,000
			4/1/14	230,000	2.50%				
			4/1/15	220,000	2.50%				
			4/1/16	215,000	2.75%				
			4/1/17	210,000	3.00%				
			4/1/18	220,000	3.125%				
			4/1/19	190,000	3.50%				
Renovations and Improvements to various school buildings	4/1/10	3,334,000	4/1/14 - 15	100,000	3.50%	3,334,000			3,334,000
			4/1/16	100,000	4.00%				
			4/1/17 - 19	50,000	4.00%				
			4/1/20 - 21	230,000	4.00%				
			4/1/22	234,000	4.00%				
			4/1/23	240,000	4.00%				
			4/1/24	250,000	4.00%				
			4/1/25	260,000	4.00%				
			4/1/26	270,000	4.00%				
			4/1/27	280,000	4.125%				
			4/1/28	285,000	4.25%				
			4/1/29	295,000	4.25%				
			4/1/30	310,000	4.25%				

**BERLIN TOWNSHIP SCHOOL DISTRICT
Statement of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2012**

<u>Series</u>	<u>Date of Lease</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>		<u>Amount Outstanding July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2012</u>
				<u>Principal</u>	<u>Interest</u>				
School Buses	07/01/08	07/01/13	4.28%	\$ 253,797	\$ 21,708	\$ 103,508	\$ -	\$ 50,671	\$ 52,837
						<u>\$ 103,508</u>	<u>\$ -</u>	<u>\$ 50,671</u>	<u>\$ 52,837</u>

BERLIN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 444,324		\$ 444,324	\$ 444,324	
State sources:					
Debt Service Aid Type II	<u>142,951</u>		<u>142,951</u>	<u>142,951</u>	
Total Revenues	<u>587,275</u>		<u>587,275</u>	<u>587,275</u>	
EXPENDITURES:					
Regular debt service:					
Interest	198,409		198,409	198,408	\$ 1
Redemption of principal	<u>390,000</u>		<u>390,000</u>	<u>390,000</u>	
Total regular debt service	<u>588,409</u>		<u>588,409</u>	<u>588,408</u>	<u>1</u>
Excess (Deficiency) of revenues over (under) expenditures	(1,134)		(1,134)	(1,133)	1
Other Financing Sources (Uses):					
Transfers in				<u>938</u>	<u>938</u>
Net Change in Fund Balance				(195)	939
Fund Balance - July 1, 2011	<u>5,145</u>		<u>5,145</u>	<u>5,145</u>	
Fund Balance - June 30, 2012	<u>\$ 5,145</u>	<u>\$ -</u>	<u>\$ 5,145</u>	<u>\$ 4,950</u>	<u>\$ 939</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Budgeted Fund Balance	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

Statistical Section

**Berlin Township School District
 Net Assets by Component,
 Last Nine Fiscal Years
 (accrual basis of accounting)**

J-1

68

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:									
Invested in capital assets, net of related debt	\$ 686,235	\$ 870,220	\$ 1,081,962	\$ 1,258,947	\$ 1,904,400	\$ 2,044,871	\$ (550,224)	\$ 4,311,894	\$ 4,609,576
Restricted for:									
Capital projects								1,153,394	1,151,950
Debt service								5,145	4,950
Special revenue								(9,200)	
Other purposes	357,836	620,280	921,130	1,531,401	1,535,693	1,774,694	4,621,105	581,018	1,289,060
Unrestricted	(903,450)	(893,131)	(792,990)	(646,766)	(585,725)	(972,589)	(1,124,312)	(874,852)	(821,749)
Total governmental activities net assets	<u>\$ 140,621</u>	<u>\$ 597,369</u>	<u>\$ 1,210,102</u>	<u>\$ 2,143,582</u>	<u>\$ 2,854,368</u>	<u>\$ 2,846,976</u>	<u>\$ 2,946,569</u>	<u>\$ 5,167,399</u>	<u>\$ 6,233,787</u>
Business-type activities:									
Invested in capital assets, net of related debt	\$ 3,797	\$ 3,310	\$ 2,823	\$ 10,533	\$ 5,253	\$ 2,126	\$ 1,040		\$ 27,392
Unrestricted	25,328	43,125	75,842	93,557	100,885	98,847	122,650	129,333	86,630
Total business-type activities net assets	<u>\$ 29,125</u>	<u>\$ 46,435</u>	<u>\$ 78,665</u>	<u>\$ 104,090</u>	<u>\$ 106,138</u>	<u>\$ 100,973</u>	<u>\$ 123,690</u>	<u>\$ 129,333</u>	<u>\$ 114,022</u>
District-wide:									
Invested in capital assets, net of related debt	\$ 690,032	\$ 873,530	\$ 1,084,785	\$ 1,269,480	\$ 1,909,653	\$ 2,046,997	\$ (549,184)	\$ 4,311,894	\$ 4,638,968
Restricted:									
Capital projects								1,153,394	1,151,950
Debt service								5,145	4,950
Special revenue								(9,200)	
Other purposes	357,836	620,280	921,130	1,531,401	1,535,693	1,774,694	4,621,105	581,018	1,289,060
Unrestricted	(878,122)	(850,006)	(717,148)	(553,209)	(484,840)	(873,742)	(1,001,662)	(745,519)	(735,119)
Total district net assets	<u>\$ 189,746</u>	<u>\$ 643,804</u>	<u>\$ 1,288,767</u>	<u>\$ 2,247,672</u>	<u>\$ 2,960,506</u>	<u>\$ 2,947,949</u>	<u>\$ 3,070,259</u>	<u>\$ 5,286,732</u>	<u>\$ 6,347,809</u>

District was not required to follow GASB 34 reporting format until fiscal year 2004.

Berlin Township School District
 Changes in Net Assets, Last Nine Fiscal Years
 (accrual basis of accounting)

Fiscal Year Ending June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:									
Governmental activities:									
Instruction:									
Regular	\$ 3,419,557	\$ 3,752,767	\$ 2,935,369	\$ 3,232,286	\$ 3,309,413	\$ 3,575,486	\$ 3,687,352	\$ 3,020,569	\$ 2,544,341
Special education	1,274,673	1,048,438	808,893	903,156	972,257	1,066,568	1,222,647	1,491,794	1,948,495
Other instruction	238,281	168,568	131,708	179,093	250,295	260,760	283,340	370,608	290,953
Support Services:									
Tuition	3,249,773	3,574,894	4,008,356	3,492,450	3,509,898	3,631,756	3,222,981	3,330,557	3,127,489
Student & instruction related services	1,110,315	1,385,937	995,312	1,074,107	1,264,645	1,295,229	1,202,035	1,162,357	1,170,602
School administrative services	374,561	397,329	297,928	282,892	259,214	228,033	232,891	212,479	234,875
General and business administrative services	334,014	672,102	617,613	600,128	577,703	538,340	600,002	499,867	528,562
Plant operations and maintenance	663,797	927,867	720,425	786,521	949,109	770,609	716,766	722,140	607,624
Pupil transportation	393,814	491,406	540,892	525,477	618,203	635,852	657,728	609,996	604,197
Business and other support services	299,299								
Unallocated employee benefits			1,833,411	2,312,810	2,465,833	2,295,065	2,411,664	2,555,680	2,597,600
Interest on long-term debt	236,856	286,816	195,231	177,681	160,131	160,131	177,565	199,229	192,933
Unallocated depreciation	58,047	58,636	36,474	37,783	34,225	260,039	180,420	163,707	163,708
Total governmental activities expenses	<u>11,652,987</u>	<u>12,744,760</u>	<u>13,121,612</u>	<u>13,604,384</u>	<u>14,370,926</u>	<u>14,717,868</u>	<u>14,595,391</u>	<u>14,338,883</u>	<u>14,011,379</u>
Business-type activities:									
Food service	221,536	244,849	221,243	230,630	221,226	226,703	231,651	230,101	266,305
After school program	119,303	110,078	104,417	92,482	92,552	105,061	106,341	118,561	117,815
Total business-type activities expense	<u>340,839</u>	<u>354,927</u>	<u>325,660</u>	<u>323,112</u>	<u>313,778</u>	<u>331,764</u>	<u>337,992</u>	<u>348,662</u>	<u>384,120</u>
Total district expenses	<u>\$ 11,993,826</u>	<u>\$ 13,099,687</u>	<u>\$ 13,447,272</u>	<u>\$ 13,927,496</u>	<u>\$ 14,684,704</u>	<u>\$ 15,049,632</u>	<u>\$ 14,933,383</u>	<u>\$ 14,687,645</u>	<u>\$ 14,395,499</u>
Program Revenues:									
Governmental activities:									
Charges for services:									
Instruction (tuition)	\$ 45,180	\$ 28,148	-	-	-	\$ 33,380	\$ 87,663	\$ 99,914	\$ 204,126
Operating grants and contributions	1,590,547	1,747,482	1,691,716	2,083,548	2,144,209	1,328,261	1,571,278	1,370,702	1,414,959
Total governmental activities program revenues	<u>1,635,727</u>	<u>1,775,630</u>	<u>1,691,716</u>	<u>2,083,548</u>	<u>2,144,209</u>	<u>1,361,641</u>	<u>1,658,941</u>	<u>1,470,616</u>	<u>1,619,085</u>

(Continued)

Berlin Township School District
Changes in Net Assets, Last Nine Fiscal Years
(accrual basis of accounting)

Fiscal Year Ending June 30,

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Business-type activities:									
Charges for services:									
Food service	\$ 123,480	\$ 142,313	\$ 123,443	\$ 119,048	\$ 127,527	\$ 124,016	\$ 112,978	\$ 93,309	\$ 94,726
After school program	105,001	120,159	119,592	97,944	90,621	91,179	93,051	107,516	108,001
Operating grants and contributions	93,611	108,491	111,811	101,904	95,498	111,079	154,533	153,328	166,033
Capital grants and contributions									
Total business type activities program revenues	<u>322,092</u>	<u>370,963</u>	<u>354,846</u>	<u>318,896</u>	<u>313,646</u>	<u>326,274</u>	<u>360,562</u>	<u>354,153</u>	<u>368,760</u>
Total district program revenues	<u>\$ 1,957,819</u>	<u>\$ 2,146,593</u>	<u>\$ 2,046,562</u>	<u>\$ 2,402,444</u>	<u>\$ 2,457,855</u>	<u>\$ 1,687,915</u>	<u>\$ 2,019,503</u>	<u>\$ 1,824,769</u>	<u>\$ 1,987,845</u>
Net (Expense)/Revenue:									
Governmental activities	<u>\$ (10,017,260)</u>	<u>\$ (10,969,130)</u>	<u>\$ (11,429,898)</u>	<u>\$ (11,520,836)</u>	<u>\$ (12,226,717)</u>	<u>\$ (13,356,227)</u>	<u>\$ (12,936,450)</u>	<u>\$ (12,868,367)</u>	<u>\$ (12,392,294)</u>
Business-type activities	<u>(18,747)</u>	<u>16,036</u>	<u>29,186</u>	<u>(4,216)</u>	<u>(132)</u>	<u>(5,490)</u>	<u>22,570</u>	<u>5,491</u>	<u>(15,360)</u>
Total district-wide net expense	<u>\$ (10,036,007)</u>	<u>\$ (10,953,094)</u>	<u>\$ (11,400,710)</u>	<u>\$ (11,525,052)</u>	<u>\$ (12,226,849)</u>	<u>\$ (13,361,717)</u>	<u>\$ (12,913,880)</u>	<u>\$ (12,862,876)</u>	<u>\$ (12,407,654)</u>
General Revenues and Other Changes in Net Assets:									
Governmental activities:									
Property taxes levied for general purposes, net	\$ 6,017,148	\$ 6,503,844	\$ 6,929,343	\$ 7,379,482	\$ 7,603,528	\$ 7,511,850	\$ 7,511,850	\$ 7,416,158	\$ 7,564,479
Taxes levied for debt service	362,307	351,356	340,406	329,455	318,505	318,505	318,505	427,946	444,324
Unrestricted grants and contributions	3,978,924	4,122,092	4,092,649	4,107,380	4,322,703	5,049,772	4,899,050	4,719,782	5,289,478
State aid restricted for capital projects	22,309	8,205					203,379	2,343,802	114,158
Miscellaneous income	206,411	440,381	680,231	637,999	692,767	468,708	103,260	181,511	46,243
Total governmental activities	<u>10,587,099</u>	<u>11,425,878</u>	<u>12,042,629</u>	<u>12,454,316</u>	<u>12,937,503</u>	<u>13,349,835</u>	<u>13,036,044</u>	<u>15,089,197</u>	<u>13,458,682</u>
Business-type activities:									
Investment earnings	805	1,274	3,044	3,241	2,180	325	147	152	49
Contributions				26,400					
Total business-type activities	<u>805</u>	<u>1,274</u>	<u>3,044</u>	<u>29,641</u>	<u>2,180</u>	<u>325</u>	<u>147</u>	<u>152</u>	<u>49</u>
Total district-wide	<u>\$ 10,587,904</u>	<u>\$ 11,427,152</u>	<u>\$ 12,045,673</u>	<u>\$ 12,483,957</u>	<u>\$ 12,939,683</u>	<u>\$ 13,349,160</u>	<u>\$ 13,036,191</u>	<u>\$ 15,089,349</u>	<u>\$ 13,458,731</u>
Change in Net Assets:									
Governmental activities	<u>\$ 569,839</u>	<u>\$ 456,748</u>	<u>\$ 612,733</u>	<u>\$ 933,480</u>	<u>\$ 710,786</u>	<u>\$ (7,392)</u>	<u>\$ 99,594</u>	<u>\$ 2,220,830</u>	<u>\$ 1,066,388</u>
Business-type activities	<u>(17,942)</u>	<u>17,310</u>	<u>32,230</u>	<u>25,425</u>	<u>2,048</u>	<u>(5,165)</u>	<u>22,717</u>	<u>5,643</u>	<u>(15,311)</u>
Total district-wide	<u>\$ 551,897</u>	<u>\$ 474,058</u>	<u>\$ 644,963</u>	<u>\$ 958,905</u>	<u>\$ 712,834</u>	<u>\$ (12,557)</u>	<u>\$ 122,311</u>	<u>\$ 2,226,473</u>	<u>\$ 1,051,077</u>

District was not required to follow GASB 34 reporting format until fiscal year 2004.

**Berlin Township School District
Fund Balances, Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)**

J-3

		Fiscal Year Ending June 30,								
		2004	2005	2006	2007	2008	2009	2010	2011	2012
No	General Fund:									
	Restricted for:									
	Future tuition payments			\$ 100,000	\$ 300,000	\$ 500,000	\$ 680,000	\$ 480,000		
	Capital reserve					90,000	701,666	501,666	\$ 251,666	\$ 251,666
	Excess surplus	\$ 161,259	\$ 159,270	286,895	461,666	134,022	224,168		394,965	623,382
	Assigned to:									
	Year-end Encumbrances	137,432		374,965	398,256	350,005			3,877	
	Designated for subsequent year's expenditures	59,145	461,010	159,270	331,849	461,666	168,860	352,773	182,176	665,678
	Unassigned	102,947	19,226	26,242	46,773	56,621	(231,890)	(309,107)	(202,712)	(256,055)
	Total general fund	<u>\$ 460,783</u>	<u>\$ 639,506</u>	<u>\$ 947,372</u>	<u>\$ 1,538,544</u>	<u>\$ 1,592,314</u>	<u>\$ 1,542,804</u>	<u>\$ 1,025,332</u>	<u>\$ 629,972</u>	<u>\$ 1,284,671</u>
	All Other Governmental Funds									
	Unreserved, reported in:									
Special revenue fund	\$ (24,936)	\$ (24,936)	\$ (26,444)	\$ 13,186	\$ (31,019)	\$ (8,190)	\$ (8,190)	\$ (9,200)		
Capital projects fund							3,286,666	901,728		\$ 900,284
Debt service fund							1,134	5,145		4,950
Total all other governmental funds	<u>\$ (24,936)</u>	<u>\$ (24,936)</u>	<u>\$ (26,444)</u>	<u>\$ 13,186</u>	<u>\$ (31,019)</u>	<u>\$ (8,190)</u>	<u>\$ 3,279,610</u>	<u>\$ 897,673</u>		<u>\$ 905,234</u>

District was not required to follow GASB 34 reporting format until fiscal year 2004.

Berlin Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues										
Tax levy	\$ 5,886,724	\$ 6,379,455	\$ 6,855,200	\$ 7,269,749	\$ 7,708,937	\$ 7,922,033	\$ 7,830,355	\$ 7,814,321	\$ 7,844,102	\$ 8,008,803
Tuition charges		45,180	28,148		36,842	53,658	33,380	87,663	99,914	204,126
Miscellaneous	40,606	206,411	440,381	680,231	601,157	639,109	468,708	103,260	181,511	46,243
State sources	4,872,051	5,141,244	5,318,357	5,304,246	5,760,793	6,083,874	6,028,730	5,227,895	8,090,855	6,290,922
Federal sources	392,861	450,537	559,422	480,119	430,135	383,038	349,303	1,436,746	343,431	527,673
Total revenue	<u>11,172,242</u>	<u>12,222,827</u>	<u>13,201,508</u>	<u>13,734,345</u>	<u>14,537,864</u>	<u>15,081,712</u>	<u>14,710,476</u>	<u>14,669,885</u>	<u>16,559,813</u>	<u>15,077,767</u>
Expenditures										
Instruction										
Regular instruction	2,872,483	2,630,342	2,887,549	2,830,976	3,101,206	3,224,624	3,362,414	3,669,803	3,027,281	2,511,690
Special education instruction	840,504	902,602	746,359	808,893	903,156	972,257	1,066,568	1,222,647	1,491,794	1,948,495
Other instruction	167,548	172,106	122,182	131,708	179,093	250,295	260,760	283,340	370,608	290,953
Support Services:										
Tuition	2,489,247	3,249,773	3,574,894	4,008,356	3,492,450	3,509,898	3,631,756	3,222,981	3,330,557	3,127,489
Student & instruction related services	918,825	855,318	1,084,845	995,312	1,074,107	1,264,645	1,295,229	1,202,035	1,162,357	1,170,602
School administrative services	279,383	268,121	287,843	297,928	282,892	259,214	228,033	232,891	212,479	234,875
General and business admin. services	522,462	495,086	535,605	608,031	590,172	568,764	536,105	598,327	498,192	526,887
Plant operations and maintenance	524,830	572,184	816,607	631,141	707,274	1,014,072	861,039	762,501	769,869	707,610
Pupil transportation	344,863	377,881	472,289	516,937	500,587	595,855	631,163	595,673	547,941	542,142
Other support services	1,742,380	1,783,702	1,905,658	1,883,680	2,446,526	2,495,532	2,347,434	2,474,497	2,608,118	2,650,754
Special Schools	5,775									
Capital outlay	54,816	38,929	19,648	163,269	95,393	400,335	253,797	477,306	4,735,215	115,602
Debt service:										
Principal	350,000	350,000	350,000	350,000	350,000	350,000	350,000	360,000	385,000	390,000
Interest and other charges	254,406	236,856	219,306	201,756	184,206	166,656	166,656	131,558	197,699	198,408
Total expenditures	<u>11,365,522</u>	<u>11,932,880</u>	<u>13,022,785</u>	<u>13,427,987</u>	<u>13,907,062</u>	<u>15,072,147</u>	<u>14,990,954</u>	<u>15,233,557</u>	<u>19,337,110</u>	<u>14,415,507</u>
Excess (Deficiency) of revenues over (under) expenditures	(193,280)	289,947	178,723	306,358	630,802	9,565	(280,478)	(563,672)	(2,777,297)	662,260
Other Financing sources (uses)										
Proceeds from borrowing	-	-	-	-	-	-	253,797	3,334,000		
Transfers in	54	-	-	-	-	-	-	1,134	3,810	938
Transfers out	(54)	-	-	-	-	-	-	(1,134)	(3,810)	(938)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,797</u>	<u>3,334,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (193,280)</u>	<u>\$ 289,947</u>	<u>\$ 178,723</u>	<u>\$ 306,358</u>	<u>\$ 630,802</u>	<u>\$ 9,565</u>	<u>\$ (26,681)</u>	<u>\$ 2,770,328</u>	<u>\$ (2,777,297)</u>	<u>\$ 662,260</u>
Debt service as a percentage of noncapital expenditures	5.34%	4.93%	4.38%	4.16%	3.87%	3.52%	3.51%	3.33%	3.99%	4.11%

93

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Berlin Township School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Shared</u> <u>Services</u>	<u>E-rate</u>	<u>Dissolution</u> <u>Asset</u> <u>Settlement</u>	<u>Miscellaneous</u>	<u>Total</u>
2003	\$ 10,588		\$ 28,344				\$ 1,620	\$ 40,552
2004	9,606	\$ 57,760	4,209			\$ 164,341	15,675	251,591
2005	16,837	28,148				423,544		468,529
2006	38,709	28,139	38,995			572,148	2,240	680,231
2007	49,444	36,842	32,526			497,856	21,331	637,999
2008	58,507	53,658	4,680	\$ 57,857		499,146	18,919	692,767
2009	24,789	33,380	107,533			333,505	2,881	502,088
2010	12,799	87,663	11,911	66,255	\$ 5,904		6,391	190,923
2011	2,274	99,914	88,856		18,850		71,531	281,425
2012	619	204,126	10,902		21,701		13,021	250,369
	<u>\$ 224,172</u>	<u>\$ 629,630</u>	<u>\$ 327,956</u>	<u>\$ 124,112</u>	<u>\$ 46,455</u>	<u>\$ 2,490,540</u>	<u>\$ 153,609</u>	<u>\$ 3,996,474</u>

94

Source: District records

**Berlin Township School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2003	\$ 8,989,200	\$ 166,964,900	\$ 164,900	\$ 57,200	\$ 110,447,200	\$ 30,632,500	\$ 3,855,600	\$ 321,111,500	\$ 1,036,982	\$ 322,148,482	\$ 18,151,100	\$ 1.902	\$ 331,711,704
2004	8,150,800	168,834,500	164,900	57,200	112,011,000	31,429,100	3,955,600	324,603,100	883,323	325,486,423	18,476,000	2.033	366,825,691
2005	8,456,900	170,025,100	164,900	56,000	113,729,700	31,803,200	3,955,600	328,191,400	764,862	328,956,262	18,480,000	2.146	400,715,501
2006	8,984,200	171,055,300	166,400	64,700	118,706,800	30,004,700	3,955,600	332,937,700	641,016	333,578,716	19,143,700	2.245	455,520,070
2007	10,810,400	173,496,100	166,400	42,100	118,941,200	31,533,000	3,955,600	338,944,800	596,219	339,541,019	19,303,000	2.302	538,788,222
2008	11,164,300	172,878,100	166,400	43,300	119,255,400	33,578,200	3,955,600	341,041,300	575,061	341,616,361	18,882,000	2.304	587,559,045
2009	11,155,600	176,191,600	166,400	43,300	117,193,600	33,195,000	3,955,600	341,901,100	705,599	342,606,699	18,996,500	2.282	601,462,610
2010	10,293,300	179,117,800	166,400	43,300	117,366,300	32,875,000	3,955,600	343,817,700	1,007,138	344,824,838	19,945,600	2.270	589,362,309
2011	10,441,700	182,735,100	166,400	43,300	118,332,800	31,476,600	3,955,600	347,151,500	729,225	347,880,725	21,754,900	2.278	594,857,694
2012	10,898,100	183,746,600	166,400	27,100	119,559,500	31,381,700	3,955,600	349,735,000	733,328	350,468,328	25,386,500	c	Not available

Source:

Municipal Tax Assessor

Note:

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

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

b Tax rates are per \$100 of assessed valuation.

c Tax rate not certified by County Tax Board as of date of report.

**Berlin Township School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)**

J-7

Fiscal Year Ended June 30,	Berlin Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Township of Berlin	Fire District	Camden County	
2003	\$ 1.787	\$ 0.115	\$ 1.902	\$ 0.751	\$ 0.078	\$ 0.997	\$ 3.728
2004	1.922	0.111	2.033	0.955	0.090	0.998	4.076
2005	2.040	0.106	2.146	0.954	0.104	1.011	4.215
2006	2.142	0.103	2.245	1.029	0.105	1.107	4.486
2007	2.209	0.093	2.302	1.081	0.117	1.116	4.616
2008	2.211	0.093	2.304	1.193	0.121	1.096	4.714
2009	2.193	0.089	2.282	1.293	0.126	1.089	4.790
2010	2.164	0.106	2.270	1.410	0.132	1.114	4.926
2011	2.166	0.112	2.278	1.688	0.131	1.216	5.313
2012	-						a

Source: Municipal Tax Collector

a Tax rate not certified by County Tax Board as of date of report.

**Berlin Township School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

J-8

97

Taxpayer	2012		Taxpayer	2003	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
ACP Jersey Associates	\$ 17,225,000	4.91%	ACP Jersey Associates	\$ 19,979,000	6.20%
Bloom Organization	6,715,000	1.92%	Bloom Organization	8,531,500	2.65%
Wal-Mart Stores, Inc.	6,265,000	1.79%	Wal-Mart Stores, Inc.	6,265,000	1.94%
Pineridge Associates	4,380,700	1.25%	Pineridge Associates	4,383,400	1.36%
Greenway Village Apts.	3,075,000	0.88%	Greenway Village Apts.	3,075,000	0.95%
H2O Entertainment Group	2,900,500	0.83%	215-235 Route 73 North, LLC	2,900,000	0.90%
215-235 Route 73 North, LLC	2,900,000	0.83%	Gill Partnership	1,875,000	0.58%
Frankel, S. & Rubinson, R.	2,374,700	0.68%	Berlin PF, LLP	1,863,500	0.58%
Piccoli Enterprise, LLC	2,015,000	0.57%	J&D Executive Leasing	1,784,500	0.55%
Hovbros Berlin, LLC	1,929,400	0.55%	Resintech Realty Assoc.	1,600,000	0.50%
Total	\$ 49,780,300	14.20%		\$ 52,256,900	16.22%

Source: Municipal Tax Assessor

**Berlin Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

J-9

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Calendar Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2003	\$ 5,866,724	\$ 5,866,724	100.00%	-
2004	6,379,455	6,379,455	100.00%	-
2005	6,855,200	6,855,200	100.00%	-
2006	7,269,749	7,269,749	100.00%	-
2007	7,708,937	7,708,937	100.00%	-
2008	7,922,033	7,922,033	100.00%	-
2009	7,830,355	7,830,355	100.00%	-
2010	7,814,321	7,814,321	100.00%	-
2011	7,844,102	7,844,102	100.00%	-
2012	8,008,803	8,008,803	100.00%	-

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

a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statutes, 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.

Berlin Township School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^b	Per Capita ^c
	General Obligation Bonds ^a	Unfunded Pension Liability	Capital Leases	Capital Leases	Total District		
2003	\$ 4,864,000	\$ 860,808	\$ 94,353	\$ -	\$ 5,819,161	3.37%	\$ 1,095
2004	4,514,000	807,242	62,902	-	5,384,144	2.99%	1,011
2005	4,164,000	755,571	30,183	-	4,949,754	2.66%	928
2006	3,814,000	705,301		-	4,519,301	2.32%	843
2007	3,464,000	571,585		-	4,035,585	1.94%	750
2008	3,114,000	541,886		-	3,655,886	1.69%	679
2009	2,764,000	489,517	253,797	-	3,507,314	1.54%	648
2010	5,777,000	439,363	152,099	-	6,368,462	2.82%	1,167
2011	5,392,000	389,093	103,508	-	5,884,601	2.57%	1,099
2012	5,002,000	333,771	52,837	-	5,388,608	Unavailable	1,007

Sources:

- a District Records
- b Personal Income has been estimated based upon the municipal population and per capita personal income.
- c Per Capita Personal Income Data provided by the NJ Dept. of Labor and Workforce.

Berlin Township School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable ^b	Per Capita ^c
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding ^a		
2003	\$ 4,864,000	-	\$ 4,864,000	1.51%	\$ 1,095
2004	4,514,000	-	4,514,000	1.39%	1,011
2005	4,164,000	-	4,164,000	1.27%	928
2006	3,814,000	-	3,814,000	1.14%	843
2007	3,464,000	-	3,464,000	1.02%	750
2008	3,114,000	-	3,114,000	0.91%	679
2009	2,764,000	-	2,764,000	0.81%	648
2010	5,777,000	-	5,777,000	1.68%	1,167
2011	5,392,000	-	5,392,000	1.55%	1,099
2012	5,002,000	-	5,002,000	1.43%	1,007

Sources:

- a District Records
- b Net Assessed Valuation provided by Anstract of Ratables, County Board of Taxation
- c Per Capita Personal Inome Data provided by the NJ Dept. of Labor and Workforce.

**Berlin Township School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2011**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Township of Berlin	\$ 14,902,500 (1)	100.000%	\$ 14,902,500
Camden County General Obligation Debt	211,014,203 (1)	1.4231% (2)	3,002,991
Subtotal, overlapping debt			<u>17,905,491</u>
Berlin Township School District Direct Debt			<u>5,002,000</u>
Total direct and overlapping debt			<u><u>\$ 22,907,491</u></u>

Sources:

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Township's share of the 2011 Equalized Valuation. The source for this computation was the 2011 County Abstract of Ratables, provided by the County Board of Taxation.

**Berlin Township School District
Legal Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)**

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis (1)	
2011	\$ 566,408,060
2010	567,923,564
2009	584,546,247
	<u>\$ 1,738,877,871</u>

Average equalized valuation of taxable property \$ 579,625,957

Debt limit (3% of average equalized valuation) (2)	17,388,779
Net bonded school debt (3)	<u>5,002,000</u>
Legal debt margin	<u>\$ 12,386,779</u>

Fiscal Year

102

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 9,541,464	\$ 10,063,778	\$ 10,824,884	\$ 12,047,765	\$ 13,713,855	\$ 15,590,829	\$ 17,098,394	\$ 17,661,646	\$ 17,712,080	\$ 17,388,779
Total net debt applicable to limit (3)	<u>4,864,000</u>	<u>4,514,000</u>	<u>4,164,000</u>	<u>3,814,000</u>	<u>3,464,000</u>	<u>3,114,000</u>	<u>2,764,000</u>	<u>5,777,000</u>	<u>5,392,000</u>	<u>5,002,000</u>
Legal debt margin	<u>\$ 4,677,464</u>	<u>\$ 5,549,778</u>	<u>\$ 6,660,884</u>	<u>\$ 8,233,765</u>	<u>\$ 10,249,855</u>	<u>\$ 12,476,829</u>	<u>\$ 14,334,394</u>	<u>\$ 11,884,646</u>	<u>\$ 12,320,080</u>	<u>\$ 12,386,779</u>
Total net debt applicable to the limit as a percentage of debt limit	50.98%	44.85%	38.47%	31.66%	25.26%	19.97%	16.17%	32.71%	30.44%	28.77%

Sources:

- (1) Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
- (3) District Records

**Berlin Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2002	5,313	\$ 172,847,829	\$ 32,533	4.3%
2003	5,326	179,869,672	33,772	4.5%
2004	5,331	186,345,105	34,955	4.0%
2005	5,358	194,490,042	36,299	2.9%
2006	5,378	207,972,638	38,671	3.1%
2007	5,387	216,880,620	40,260	2.8%
2008	5,416	227,428,672	41,992	3.8%
2009	5,457	225,952,542	41,406	6.0%
2010	5,356	228,808,320	42,720	6.3%
2011	5,353	e	e	6.2%

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been established based upon the municipal population and per capita personal income presented.
- ^c Per Capita personal income provided by the NJ Dept. of Labor and Workforce Development.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development
- ^e Information not available

**Berlin Township School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

J-16

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular	60	54	54	56	55	67	50	57	54	55
Special education	18	12	9	9	23	15	25	20	21	21
Support Services:										
Student & instruction related services	11	12	14	14	9	10	13	11	10	10
School administrative services	7	6	6	6	6	6	6	5	5	5
General and business administrative services	2	1	5	4	4	3	3	7	5	5
Plant operations and maintenance	6	8	8	8	8	8	8	10	10	7
Pupil transportation	7	8	8	9	7	8	8	7	8	7
Business and other support services	3	4	3	-	-	-				
Total	114	105	107	106	112	117	113	117	113	110

Source: District Personnel Records

Berlin Township School District
 Operating Statistics,
 Last Ten Fiscal Years

J-17

<u>Fiscal Year</u>	<u>Resident Enrollment</u>	<u>Operating Expenditures ^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff ^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Pupil/Teacher Ratio Middle School</u>	<u>Average Daily Enrollment (ADE) ^c</u>	<u>Average Daily Attendance (ADA) ^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2003	836	\$ 10,706,300	\$ 12,806.58	6.78%	83	1:10	N/A	735.6	702.0	0.03%	95.43%
2004	801	11,307,095	14,116.22	10.23%	74	1:10	N/A	700.9	656.5	-4.72%	93.67%
2005	864	12,433,831	14,391.01	1.95%	74	1:10	N/A	689.0	669.2	-1.70%	97.13%
2006	900	12,712,982	14,125.51	0.07%	73	1:21	1:20	687.0	672.0	-0.29%	97.80%
2007	841	13,277,463	15,787.71	9.71%	75	1:13	1:10	580.0	541.7	-15.57%	93.40%
2008	837	14,155,156	16,911.78	19.73%	76	1:12	1:09	590.0	559.2	1.72%	94.78%
2009	790	14,220,501	18,000.63	14.02%	74	1:12	1:09	585.0	553.0	-0.85%	94.53%
2010	801	14,264,695	17,808.61	5.30%	77	1:12	1:09	611.0	568.8	4.44%	93.09%
2011	787	14,019,196	17,813.46	-1.04%	75	1:12	1:09	610.3	573.8	-0.11%	94.02%
2012	795	13,711,497	17,247.17	-3.15%	75	1:12	1:09	644.4	609.1	5.59%	94.52%

105

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures from Exh. J-4 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).
- N/A Information not available

**Berlin Township School District
School Building Information
Last Ten Fiscal Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Building</u>										
<u>Elementary</u>										
John F. Kennedy Elementary (1964)										
Square Feet	50,046	50,046	50,046	50,046	50,046	50,046	50,046	50,046	50,046	51,060
Capacity (students)	351	351	351	351	351	351	351	351	351	351
Enrollment	377	354	356	374	358	308	366	290	279	298
Dwight D. Eisenhower Middle School (1968)										
Square Feet	62,315	62,315	62,315	62,315	62,315	62,315	62,315	62,315	62,315	62,870
Capacity (students)	409	409	409	409	409	409	409	409	409	409
Enrollment	213	193	192	287	243	236	232	320	319	342
<u>Other</u>										
Central Administration (1968)										
Square Feet	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750
Warehouse (2006)										
Square Feet	n/a	n/a	n/a	1,200	1,200	1,200	1,200	1,200	1,200	1,200

106

Number of Schools at June 30, 2012

Elementary = 1

Middle School = 1

Senior High School = 0

Other = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

Borlin Township School District
 Schedule of Required Maintenance
 Last Ten Fiscal Years

J-19

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
* School Facilities											
John F. Kennedy School	\$ 51,373	\$ 50,989	\$ 176,942	\$ 44,704	\$ 83,444	\$ 205,255	\$ 99,300	\$ 80,058	\$ 78,375	\$ 65,834	\$ 936,274
Dwight D. Eisenhower School	52,742	44,103	102,999	83,021	80,444	160,171	135,063	103,323	69,831	88,693	920,390
Other facilities	1,184	1,887	2,421			9,659		11,617	49,291	13,095	89,154
Total School Facilities	\$ 105,299	\$ 96,979	\$ 282,362	\$ 127,725	\$ 163,888	\$ 375,085	\$ 234,363	\$ 194,998	\$ 197,497	\$ 167,622	\$ 1,945,818

107

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

Source: District records

**Berlin Township School District
Insurance Schedule
June 30, 2012**

J-20

	<u>Coverage</u>	<u>Self-Insured Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Building and Contents (All Locations)			
Limits of liability per occurrence	\$ 5,000,000,000		\$ 5,000
General liability	6,000,000		1,000
Automobile liability	6,000,000		1,000
Equipment breakdown	100,000,000		5,000
Crime coverage	50,000		500
Electronic data processing	110,000		1,000
Errors and Omissions (1)	5,000,000		5,000
Workers' Compensation (1)	Statutory		
Student Accident Insurance (2)	1,000,000		
Surety Bonds (1)			
Treasurer	225,000		1,000
Board Secretary	250,000		500

(1) New Jersey School Boards Insurance Group

(2) Markel Insurance

Source: District records

Single Audit Section

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: jscpas@concentric.net

**-Member of-
American Institute of CPAs
New Jersey Society of CPAs**

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

The Honorable President and Members
of the Board of Education
Berlin Township School District
County of Camden
West Berlin, New Jersey

Compliance

We have audited Berlin Township School District (School District), in the County of Camden, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2012. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the Berlin Township School District, in the County of Camden, State of New Jersey complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Public School Accountant

Marlton, New Jersey
July 31, 2012

BERLIN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2011			Carryover	Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2012		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor						(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education															
Passed-through State Department of Education:															
General Fund:															
Education Jobs Fund	84.410A	N/A	\$ 181,872	7/1/11-6/30/12						\$ 181,872	\$ (181,872)				
Special Revenue Fund:															
Title I:															
Fiscal Year 2011	84.010A	NCLB034011	153,196	9/1/10 - 8/31/11	\$ (60,205)	\$ 43,348			\$ (40,575)	57,432					
Fiscal Year 2012	84.010A	NCLB034012	217,987	9/1/11 - 8/31/12					41,518	43,829	(134,922)		\$ (132,640)	\$ 83,065	
Title II A:															
Fiscal Year 2011	84.367A	NCLB034011	52,806	9/1/10 - 8/31/11	(14,370)	3,329			(1,389)	12,430					
Fiscal Year 2012	84.367A	NCLB034012	54,832	9/1/11 - 8/31/12					2,359	35,342	(51,372)		(17,131)	3,460	
Title II D:															
Fiscal Year 2011	84.318X	NCLB034011	365	9/1/10 - 8/31/11	(365)	365									
Fiscal Year 2012	84.318X	NCLB034012	365	9/1/11 - 8/31/12									(365)	365	
I.D.E.A. Part B - Basic:															
Fiscal Year 2011	84.027	FT034011	167,674	9/1/10 - 8/31/11	(154,248)					154,248					
Fiscal Year 2012	84.027	FT034012	169,920	9/1/11 - 8/31/12						95,751	(155,090)		(74,169)	14,830	
I.D.E.A. Part B - Preschool:															
Fiscal Year 2011	84.173	PS034011	7,028	9/1/10 - 8/31/11	(7,028)	268			(12)	6,772					
Fiscal Year 2012	84.173	PS034012	6,743	9/1/11 - 8/31/12							(4,417)		(6,743)	2,326	
Total U.S. Department of Education					(236,216)	47,310			1,901	587,676	(527,673)		(231,048)	104,046	
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Food Distribution Program:															
Fiscal Year 2012	10.550	N/A	13,157	7/1/11 - 6/30/12						13,157	(13,157)				
National School Lunch Program															
Fiscal Year 2011	10.555	N/A	109,444	7/1/10 - 6/30/11	(4,929)					4,929					
Fiscal Year 2012	10.555	N/A	116,686	7/1/11 - 6/30/12						108,375	(118,686)		(10,311)		
National School Breakfast Program															
Fiscal Year 2011	10.553	N/A	31,818	7/1/10 - 6/30/11	(1,855)					1,855					
Fiscal Year 2012	10.553	N/A	30,906	7/1/11 - 6/30/12						30,906	(30,906)				
Total U.S. Department of Agriculture					(6,784)					159,222	(162,749)		(10,311)		
Total Federal Awards					\$ (243,000)	\$ 47,310	\$ -	\$ -	\$ 1,901	\$ 746,898	\$ (690,422)	\$ -	\$ (241,359)	\$ 104,046	\$ -

112

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

BERLIN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2012

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2011			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2012		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
State Department of Education													
General Fund:													
Equalization Aid	12-495-034-5120-078	\$ 4,386,297	7/1/11- 6/30/12					\$ 3,887,458	\$ (4,386,297)		\$ (508,839)		
Equalization Aid	11-495-034-5120-078	4,242,293	7/1/10- 6/30/11	\$ (461,532)				461,532					
Special Education Categorical Aid	12-495-034-5120-089	408,527	7/1/10- 6/30/11					408,527	(408,527)				
School Choice	11-495-034-5120-068	232,884	7/1/11- 6/30/12					232,884	(232,884)				
Security Aid	11-495-034-5120-084	114,441	7/1/11- 6/30/12					114,441	(114,441)				
Extraordinary Aid	11-100-034-5120-473	17,584	7/1/10- 6/30/11	(17,584)				17,584					
Nonpublic Transportation	12-495-034-5120-014	2,784	7/1/11- 6/30/12						(2,784)		(2,784)		
Nonpublic Transportation	11-495-034-5120-014	2,642	7/1/10- 6/30/11	(2,642)				2,642					
On-behalf TPAF Pension Contribution	12-495-034-5095-001	476,814	7/1/11- 6/30/12					476,814	(476,814)				
Reimbursed TPAF Social Security Contr.	12-495-034-5095-002	366,593	7/1/11- 6/30/12					329,007	(366,593)		(37,586)		
Reimbursed TPAF Social Security Contr.	11-495-034-5095-002	368,721	7/1/10- 6/30/11	(55,329)				55,329					
Total General Fund				(537,087)				5,988,198	(5,998,320)		(549,209)		
Special Revenue Fund													
School to Watch	Unknown	3,000	7/1/09- 6/30/12		\$ 2,024			3,000			\$ 5,024		
Preschool Education Aid	11-495-034-5120-086	92,000	7/1/10- 6/30/11	(9,200)				9,200					
Preschool Education Aid	12-495-034-5120-086	73,600	7/1/11- 6/30/12					66,240	(73,600)		(7,360)		
Total Special Revenue Fund				(9,200)	2,024			78,440	(73,600)		(7,360)	5,024	
Debt Service Fund:													
Debt Service Aid Type II	11-495-034-5120-017	142,951	7/1/11- 6/30/12					142,951	(142,951)				
NJ Economic Development Authority:													
Capital Projects Fund:													
SDA Educational Facilities Construction and Financing Act - Section 15:													
Eisenhower Middle School	0340-050-09-1002	1,735,794	7/1/09- 6/30/12	(1,735,794)	401,725			1,043,828	(77,517)		(691,968)	324,208	
Kennedy Elementary School	0340-050-09-1002	1,510,412	7/1/09- 6/30/12	(1,510,412)	297,300			1,128,563	(36,641)		(381,849)	260,659	
Total Capital Projects Fund				(3,246,206)	699,025			2,172,391	(114,158)		(1,073,815)	584,867	
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share) Fiscal Year 2012	12-100-010-3350-023	3,284	7/1/11- 6/30/12					3,072	(3,284)		(212)		
Total Enterprise Fund								3,072	(3,284)		(212)		
Total State Financial Assistance				\$ (3,782,493)	\$ 701,049	\$ -	\$ -	\$ 8,383,052	\$ (6,332,313)	\$ -	\$ (1,630,596)	\$ 589,891	\$ -

113

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

**Berlin Township School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2012**

I. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Berlin Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$47,307) for the general fund and \$9,200 for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 181,872	\$ 5,951,013	\$ 6,132,885
Special Revenue	345,801	82,800	428,601
Capital Projects		114,158	114,158
Debt Service		142,951	142,951
Food Service	<u>162,749</u>	<u>3,284</u>	<u>166,033</u>
Total	<u>\$ 690,422</u>	<u>\$ 6,294,206</u>	<u>\$ 6,984,628</u>

**Berlin Township School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2012
(Continued)**

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

6. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

7. ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent the following:

	Federal
Prior Year Adjustments	\$ 1,901
	\$ 1,901
Total	\$ 1,901

**BERLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section 1 -- Summary of Auditor's Results (Continued)

State Awards

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

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

 Material weaknesses identified? yes X no

 Significant deficiencies identified that are
 not considered to be a material weakness? yes X none reported

Type of auditor's report on compliance for major programs: UNQUALIFIED

Any audit findings disclosed that are required to be reported
in accordance with N.J. OMB Circular 04-04? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
12-495-034-5120-078	Equalization Aid
12-495-034-5120-089	Special Education Aid
12-495-034-5095-002	TPAF Rimbursed Social Security
12-100-010-3350-023	National School Lunch Program (State Share)

**BERLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section 2 -- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

No findings identified.

**BERLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

***Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs***

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

FEDERAL AWARDS

No findings and/or questioned costs identified.

STATE AWARDS

No findings and/or questioned costs identified.

**BERLIN TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENED JUNE 30, 2012**

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with *Government Auditing Standards*, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings.

FEDERAL AWARDS

There were no prior year audit findings.

STATE AWARDS

There were no prior year audit findings.