

**SCHOOL DISTRICT
OF**

STRATFORD



**Stratford Board of Education
Stratford, New Jersey**

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

**Comprehensive Annual
Financial Report**

of the

Stratford Board of Education

Stratford, New Jersey

For the Fiscal Year Ended June 30, 2012

**Prepared by
Stratford Board of Education
Finance Department**

STRATFORD SCHOOL DISTRICT

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Introductory Section

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November 2012

Honorable President and Members of the Board of Education
Borough of Stratford School District
Stratford, Camden County, New Jersey 08084

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Stratford School District for the fiscal year ended June 30, 2012. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and 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 Section containing this Letter of Transmittal, List of Principal Officials, and Organizational Chart.
- Financial Section containing the Independent Auditors' Report, the Management's Discussion and Analysis, the Basic Financial Statements and Notes.
- Statistical Section containing Economic and Demographic Information, Fiscal Trends.
- Single Audit Section in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-1 33, "Audits of State and Local Governments and Non Profit Organizations" and the State Treasury Circular Letter 98-07 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the single audit section of this report.

SCHOOL DISTRICT ORGANIZATION

The Stratford School District is one of 643 school districts in the State of New Jersey and one of 39 school districts in Camden County. The School District provides education to students in grades PreK to 8, including tuition students in grades 7 and 8 from Laurel Springs. In addition, Stratford became a Choice district beginning with the 2011-12 school year, with 14 students from other districts attending both Parkview and Yellin in grades 1-8.

An elected nine-member Board of Education serves as the policy maker for the School District. In addition to the elected members, a member of the Laurel Springs Board of Education is appointed as representative and has full voting rights, where allowable by law. The Board adopts an annual budget and approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District money.

The Superintendent is the chief executive officer of the School District and is responsible to the Board for total education and support operations. The Business Administrator is the chief financial officer of the School District and is responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, and acting as custodian of all School District funds.

REPORTING ENTITY

Stratford School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Stratford Board of Education and its two schools constitute the District's reporting entity.

ECONOMIC CONDITION AND OUTLOOK

The Borough of Stratford is a suburban town of 1.6 square miles. Stratford was incorporated as a borough on March 2, 1925. The Borough of Stratford has always been an active, involved community. The Borough of Stratford is home to the Stratford Division of Kennedy Memorial Hospital and University of Dentistry and Medicine of New Jersey. Population census information indicates that the Borough of Stratford has experienced a 3.2% decrease in population based on 7,271 at the 2000 census and 7,040 at the 2010 census.

The Stratford School District provides a full range of educational services appropriate to grade levels K through 8. The District completed the 2011-2012 year with an enrollment of 811 students, which is 29 students less than the previous year.

The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2002-03	883	-0.31
2003-04	875	-0.91
2004-05	844	-3.54
2005-06	839	-0.59
2006-07	842	+0.36
2007-08	835	-0.83
2008-09	838	+0.36
2009-10	827	-0.14
2010-11	831	+0.50
2011-12	782	-3.49

The forecast for student enrollment over the next five years is relatively stable, with resident enrollment decreasing slightly, Choice enrollment adding approximately six to ten students annually, and the addition of Hi-Nella students through a five-year phase in beginning with Kindergarten and any new students in the 2012-13 school year

The School District continues to face difficult economic situations since the primary funding sources are property tax revenue, which is capped at 2% and state aid, which has seen increases but not to the levels of full funding. The 2012-13 school year appropriation budget increased \$423,982. This was accomplished by the increase in state aid, Choice funding, and the additional tuition revenue from Hi-Nella. This allowed the district to once again, for a third year, to have a \$0 tax levy increase. A new law allowed for budgets within the 2% tax levy increase to not be voted on in April. The budget was approved by the executive county superintendent for the 2012-13 school year, with the election of board members taking place at the general election in November. Full-day Kindergarten and hazardous transportation continue to be part of the annual budget as well as additional part-time positions in basic skills. The School District's administration continues to closely monitor the cost of operations and to look for new funding sources in order to maintain the quality educational services that the School District has been providing and that the students deserve.

EDUCATIONAL PROGRAM

District classrooms are primarily self-contained and the pupils are grouped heterogeneously. Basic Skills instruction in the areas of computation and communications are provided to eligible students. In addition, students are offered programs in art, music, computers, gifted and talented, physical education, reading, language arts, science, health, social studies, library science, and guidance. Efforts are made by the District to provide individual education plans for pupils who are learning disabled either in self-contained classrooms, in-class support, or resource rooms. Programs operated at Parkview School - autism, preschool disabilities which includes a preschool inclusion program (lottery for regular education available slots) and primary learning center (elementary multiple disabilities). Programs operated at Yellin - intermediate and junior high multiple disabilities. Both buildings provide resource programs through inclusion, pull-out support or replacement.

In addition to the variety of instructional programs, other services are provided. Each school has a full time school nurse who provides a full spectrum of services as required by law. Two guidance counselors service the needs of students in both Parkview and Yellin Schools. The District also provides Child Study Team Services, a food service program and with hazardous bus transportation for eligible students.

MAJOR INITIATIVES

The successful referendum of September 2009 has allowed the district to move forward in its effort to upgrade the aging facilities as well as provide state of the art science labs and media center at the Samuel S. Yellin School. The District began paying the new debt in August 2010 with the old debt being paid off in 2009.

The District will continue to provide a challenging academic environment during the 2012-2013 school year with several areas of emphasis:

- Continue to enhance the media center at Yellin with additions to eventually bring the total up to the recommended number of volumes needed for a upper elementary/middle.
- Treasures, the new LAL program, will continue to be implemented through grade 6 with the addition of materials created for the basic skills, special education and ELL students
- A new math program that conforms to the new Core Curriculum Standards, enVisions, will be implemented through grade 5.
- The Primary Learning Center Program continues at Parkview School. This program provides needed special education services in a multi-grade environment.

- Reading Recovery continues to assist first grades students who have difficulty in reading. During the last seven years, the program has been extremely successful at enabling students to attain and maintain grade level skills with their peers.
- Full-day kindergarten continues for all students. Through this effort, all pupils are being better prepared to enter first grade.
- Technology continues to be at the forefront of everything in education and the district continues to stay as advanced as possible under economic constraints.

The administration and Board of Education are committed to exploring new ways to proactively prevent students from developing a history of academic failure. Professional development is ongoing in various programs, especially for Treasures and enVisions, providing staff with the tools necessary to meet the needs of all the students. The Board believes parental support is crucial to a successful academic program. Efforts by the administration and Board will continue to engage parents to become involved in the educational process.

FINANCIAL INFORMATION

Internal Accounting

Management of the Stratford 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 Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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 project 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 appropriation of fund balance in the subsequent year. Those amounts to be appropriated are reported as reservations of fund balance at fiscal year-end.

CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute and detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds. A schedule of insurance coverage is found in J-20.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso and Stewart LLC, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996, the related U.S. Office of Management and Budget Circular, "Audits of State, Local Governments and Non-Profit Organizations" A-133 and the State Treasury Circular Letter 98-07 OMB "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGEMENTS

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

Respectfully submitted,

Albert K. Brown

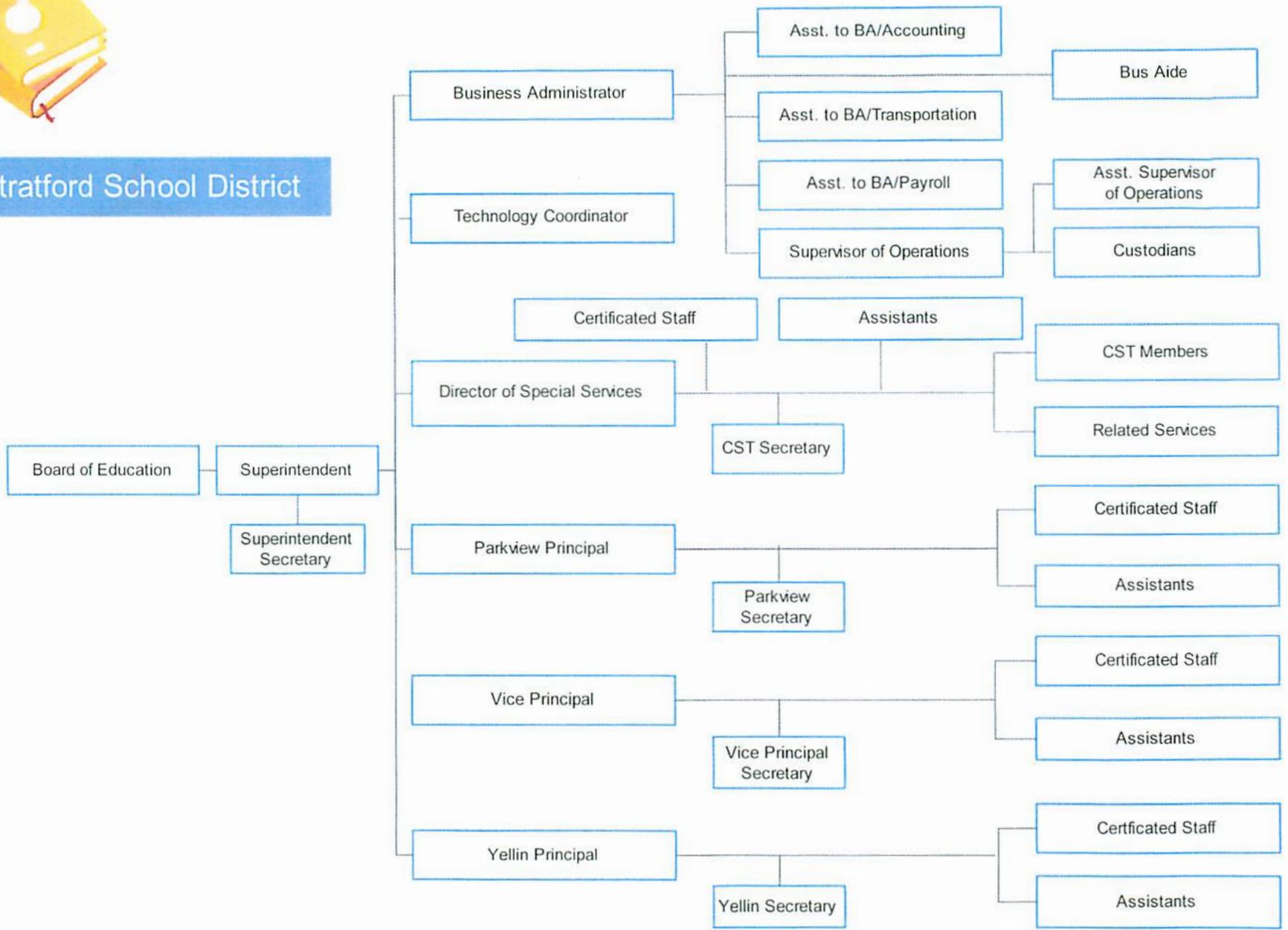
Albert K. Brown, Ed.D.
Superintendent

Denise DiGiandomenico

Denise DiGiandomenico
Business Administrator/Board Secretary



Stratford School District



STRATFORD SCHOOL DISTRICT

Roster of Officials June 30, 2012

Members of the Board of Education:

Term Expires

Sue Bove, President	2013
Jeffrey Ziegler, Vice President	2014
George D'Angelo	2013
Felix Gonzalez	2012
Tina Lomanno	2014
Nancy Scully	2013
Brian Sime	2012
Richard St.Maur III	2012
Michelle White	2012
Barbara Brown, Laurel Springs Representative	

Other Officials:

Albert K. Brown, Superintendent
Denise DiGiandomenico, Business Administrator/Board Secretary

STRATFORD SCHOOL DISTRICT

**Consultants and Advisors
June 30, 2012**

Audit Firm

Inverso & Stewart, LLC
Robert Stewart
12000 Lincoln Drive
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Solicitor

Wade, Long, Wood, & Kennedy, LLC
John D. Wood, Esquire
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Insurance Agent

KEH Insurance Agency
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Official Depositories

Beneficial Bank
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Registered Municipal Accountants**

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New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Stratford School District
County of Camden
Stratford, 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 Stratford 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 Stratford 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.

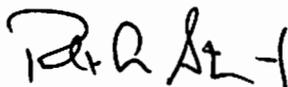
In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2012 on our consideration of the Stratford School District, in the County of Camden, State of New Jersey's internal control over financial reporting and on our tests of its compliance with certain provisions 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 Stratford 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
September 19, 2012

INVERSO & STEWART, LLC

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Registered Municipal Accountants**

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**-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
Stratford School District
County of Camden
Stratford, 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 Stratford 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 September 19, 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 Stratford School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Stratford 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 Stratford 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 Stratford School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated September 19, 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
September 19, 2012

Required Supplementary Information - Part I

Management's Discussion and Analysis

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

As management of the Board of Education of the Borough of Stratford, 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 \$7,105,767 (*net assets*).
- Governmental activities have unrestricted net assets of (\$196,908). The accounting treatments in the governmental funds for compensated absences payable, capital lease payable and the last state aid payment, 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 decreased by \$100,604, or a less than 1% decrease from the prior fiscal year-end balance. The majority of this change is attributable to an increase in miscellaneous income, specifically Choice aid and Federal Educational Jobs funding.
- Fund balance of the School District's governmental funds increased by \$209,513 resulting in an ending fund balance of \$742,822.
- Business-type activities have unrestricted net assets of \$173,406 which may be used to meet the School District's ongoing obligations of the enterprise-related activities (Food Services Program).
- The School District's long-term obligations decreased by \$63,570 which is the net result of current year payments on existing debt obligations and the restructuring of compensated absences payable in accordance with approved contracts.

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.

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 Food Service Fund, one of two enterprise funds, is listed individually and is 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 \$6,838,992 with an unrestricted deficit balance of \$196,908. The net assets of the primary government do not include internal balances.

A net investment of \$6,328,374 in land, improvements, buildings and equipment which provide the services to the School District's 811 public school students, represents 89.1% of the School District's net assets. Net assets of \$800,895 have been restricted for future budget appropriation.

As mentioned earlier, deficit unrestricted net assets are primarily due to the accounting treatment for compensated absences payable, capital lease payable, accrued interest expense and the last state aid payment, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

**Stratford School District
Comparative Summary of Net Assets
As of June 30, 2012 and 2011**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>District-Wide</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>	
Assets:						
Current assets	2,511,229	\$5,284,124	173,406	\$161,353	2,684,635	\$5,445,477
Capital assets	<u>11,671,005</u>	<u>12,052,573</u>	<u>93,369</u>	<u>83,292</u>	<u>11,764,374</u>	<u>12,135,865</u>
Total assets	<u>14,182,234</u>	<u>17,336,697</u>	<u>266,775</u>	<u>244,645</u>	<u>14,449,009</u>	<u>\$17,581,342</u>
Liabilities:						
Current Liabilities	1,886,824	4,754,823		160	1,886,824	4,754,983
Noncurrent Liabilities	<u>5,456,418</u>	<u>5,519,988</u>			<u>5,456,418</u>	<u>5,619,988</u>
Total liabilities	<u>7,343,242</u>	<u>10,374,811</u>		<u>160</u>	<u>7,343,242</u>	<u>10,374,971</u>
Net assets	<u><u>\$6,838,992</u></u>	<u><u>\$6,961,886</u></u>	<u><u>\$266,775</u></u>	<u><u>\$244,485</u></u>	<u><u>\$7,105,767</u></u>	<u><u>\$7,206,371</u></u>
Net assets consist of:						
Invested in capital assets, net of related debt	6,235,005	6,516,573	93,369	83,292	6,328,374	6,599,865
Restricted net assets	800,895	643,738			800,895	643,738
Unrestricted net assets (deficit)	<u>(196,908)</u>	<u>(198,425)</u>	<u>173,406</u>	<u>161,193</u>	<u>(23,502)</u>	<u>(37,232)</u>
Net assets	<u><u>6,838,992</u></u>	<u><u>\$6,961,886</u></u>	<u><u>\$266,775</u></u>	<u><u>\$244,485</u></u>	<u><u>\$7,105,767</u></u>	<u><u>\$7,206,371</u></u>

Governmental Activities

Governmental activities decreased the net assets of the School District by \$122,894 during the current fiscal year. Key elements of the increase in net assets for governmental activities are as follows:

- Adjustments of Capital Assets net of accumulated appreciation is (\$346,415)
- Repayment of long-term debt of \$100,000.

Business-type Activities

Business-type activities increased the School District's net assets by \$22,290. This increase is attributable to the cafeteria and summer drama camp programs not having any liabilities at June 30, 2012.

Stratford School District
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:						
Program Revenues						
Charges for services						
Food Service Operations			\$205,454	\$202,613	\$205,454	\$202,613
Summer Drama Camp			10,709	12,297	10,709	12,297
Operating grants and Contributions						
	\$1,592,483	\$1,595,715	1,592,483		1,595,715	
General Revenues:						
Property Taxes	6,301,103	6,023,915	6,301,103		6,023,915	
State/Federal Aid	4,303,592	3,921,093	4,303,592		3,921,093	
Tuition	587,319	564,718	587,319		564,718	
Other Revenues	218,207	93,688	218,207	218,207	93,688	93,688
Total Revenues	12,732,704	12,199,129	216,163	214,910	12,948,867	12,414,039
Expenses:						
Governmental Activities:						
Instruction	5,215,771	4,971,102			5,215,771	4,972,281
Tuition	534,273	526,988			534,273	526,988
Related Services	1,284,715	1,204,662			1,284,715	1,204,662
Administrative Services	1,054,262	1,064,269			1,054,262	1,060,494
Operations and Maintenance	983,646	896,258			983,646	891,321
Transportation	375,469	380,183			375,469	370,859
Unallocated benefits	2,875,982	2,486,885			2,875,982	2,486,885
Interest on long-term Debt	262,263	216,858			262,263	216,858
Other	434,045	351,097			434,045	351,097
Business-Type Activities:						
Food Service Operations			285,035	265,045	285,035	265,045
Summer Drama Camp			10,102	8,966	10,102	8,966
Total Expenses	13,020,426	12,098,302	295,137	274,011	13,315,563	12,359,456
Increase (Decrease) in Net Assets Before transfers	(122,894)	(1,051,072)	22,290	76,373	(100,604)	(974,699)
Transfers						
Changes in net assets	(122,894)	(1,051,072)	22,290	76,373	(100,604)	(974,699)
Net assets, July 1,	6,961,886	8,012,958	244,485	168,112	7,206,371	8,181,070
Net assets, June 30,	\$6,838,992	\$6,961,886	\$266,775	\$244,485	\$7,105,767	\$7,206,371

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 \$742,822, an increase of \$209,513 in comparison with the prior year. The increase can be attributed an increase in General Fund, a slight decrease in Capital Projects and an increase in Debt Service.

The unreserved fund balance of (\$53,434) for the School District's governmental fund at the end of the fiscal year includes the Capital Projects and Debt Service funds. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) restricted cash reserved for future capital outlay expenditures (\$138,366); 2) appropriated as a revenue source in the subsequent year's budget (\$477,123); and 3) excess surplus (\$146,579).

The general fund is the chief operating fund of the School District. The unassigned deficit fund balance of the general fund is due, primarily, to the accounting treatment of the last state aid payments as discussed in Note 17 of 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.

The special revenue fund reflects a \$0 fund balance as special revenue is now paid out on an expenditure basis only. 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

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$251,044, while total fund balance (budgetary basis) was \$853,616. 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 \$11,377,161. Unreserved fund balance (budgetary basis) represents less than .075% of expenditures while total fund balance (budgetary basis) represents .022% 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 \$6,328,374 (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 \$271,491.

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

- Depreciation expense for the current fiscal year was \$428,396
- Sale of bonds from the September 2009 successful referendum in the amount of \$5,206,000
- Receivable of Section 15 Grant Funds in the amount of \$3,630,770.

Stratford School District
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	\$ 2	\$ 2			\$ 2	\$ 2
Construction in Progress	0	0			0	0
Site Improvements	38,244	27,201			38,244	27,201
Buildings and Building Improvements	11,073,269	11,389,214			11,073,269	11,389,214
Equipment	518,277	603,521	93,369	83,292	611,646	686,813
Vehicles	41,213	32,635			41,213	32,635
Net assets	<u>\$11,671,005</u>	<u>\$12,052,573</u>	<u>\$93,369</u>	<u>\$83,292</u>	<u>\$11,764,374</u>	<u>\$12,135,865</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 \$5,436,000 backed by the full faith and credit of the School District.

General obligation bonds for the School District increased due the sale of bonds December 2009 in the amount of \$5,206,000 and decreased during the current fiscal year according to the normal schedule of payments.

The School District continues to maintain its stable credit rating from Standard & Poor's Corporation for its general obligation bond issues, reflecting the board's creditworthiness even in light of the downgrading of the New Jersey Fund for the Support of Free Public Schools.

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 \$15,216,892 and the legal debt margin was \$9,780,892.

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 Budget

The following factors were considered and incorporated into the preparation of the School District's budget for the 2012-2013 school year.

- The district was able to present a 2012-2013 school year budget to the executive county superintendent with a \$0 tax increase due to:
 - an increase in state aid;
 - Choice aid; and
 - Tuition revenue from Hi-Nella
- The budget was approved in April 2012 by the executive county superintendent, not placed on the ballot because the tax levy increase was within the 2% allowable by law and the election of board members was moved to the November general election.
- P.L. 2011, Chapter 78 mandated that employees who receive benefits are required to pay a portion of the cost. The minimum amount required is 1.5% of the individual's salary unless the amount based on a 4-year phase of the percentage of the actual premium cost is greater. This payroll deduction is utilized the offset the district cost of the benefits. 2012-13 will be the second year of the phase in of the deduction. The district changed prescription plans to Bollinger on June 1, 2012 and health plans to AmeriHealth on September 1, 2012 saving approximately \$80,000 over the current and anticipated premium costs of the School Employees Health Benefits Program through the State of New Jersey Division of Pensions and Benefits. Effective September 1, 2012, the payroll deduction for benefits pertains to health, prescription, and dental benefits.
- The food service program was again contracted out for the 2012-13 school year. Student lunch prices will increase again in the 2012-13 school year due to a federal mandate. A breakfast program began in October 2010 at Parkview and will begin in September 2012 at Yellin due to the increased number of free and reduced lunch recipients.
- Home sales and foreclosures in Stratford continue to be a reflection of the financial woes of the nation and reflects in resident enrollment, with lower numbers as the school year begins.

Requests for Financial Information

This financial report is designed to provide a general overview of the School District's finances and the District's accountability for the resources it receives for all those with an interest in the School District. Questions about this report or requests for additional financial information can be addressed to Mrs. Denise DiGiandomenico, Business Administrator at Samuel S. Yellin School, 111 Warwick Road, Stratford, New Jersey 08084 or by phone at 856-784-2917.

Basic Financial Statements

District-Wide Financial Statements

STRATFORD 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	\$ 200,479	\$ 161,909	\$ 362,388
Receivables, net	1,062,898	3,672	1,066,570
Inventory		7,825	7,825
Restricted Assets:			
Cash and Cash Equivalents	1,173,103		1,173,103
Deferred Bond Issuance Costs - net	74,749		74,749
Capital Assets, net (Note 5)	<u>11,671,005</u>	<u>93,369</u>	<u>11,764,374</u>
Total Assets	<u>14,182,234</u>	<u>266,775</u>	<u>14,449,009</u>
LIABILITIES:			
Accounts Payable	17,157		17,157
Accrued Interest Payable	83,166		83,166
Grant Anticipation Note Payable	1,500,000		1,500,000
Intergovernmental Payable:			
State	123,430		123,430
Deferred Revenue	53,071		53,071
Noncurrent Liabilities (Note 7):			
Due within one year	110,000		110,000
Due beyond one year	<u>5,456,418</u>		<u>5,456,418</u>
Total Liabilities	<u>7,343,242</u>		<u>7,343,242</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	6,235,005	93,369	6,328,374
Restricted for:			
Capital Projects	167,101		167,101
Debt Service	31,222		31,222
Other Purposes	602,572		602,572
Unrestricted	<u>(196,908)</u>	<u>173,406</u>	<u>(23,502)</u>
Total Net Assets	<u>\$ 6,838,992</u>	<u>\$ 266,775</u>	<u>\$ 7,105,767</u>

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

STRATFORD 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	\$ 3,058,873	\$ 587,319			\$ (2,471,554)		\$ (2,471,554)
Special Education	1,728,308		\$ 528,504		(1,197,804)		(1,197,804)
Other instruction	430,590				(430,590)		(430,590)
Support Services:							
Tuition	534,273				(534,273)		(534,273)
Student & instruction related services	1,284,715		172,023		(1,112,692)		(1,112,692)
General administrative services	256,851				(256,851)		(256,851)
School administrative services	452,463				(452,463)		(452,463)
Central services	344,948				(344,948)		(344,948)
Plant operations and maintenance	983,646		14,850		(968,796)		(968,796)
Pupil transportation	375,469				(375,469)		(375,469)
Unallocated employee benefits	2,675,982		877,106		(1,798,876)		(1,798,876)
Interest on long-term debt	262,263				(262,263)		(262,263)
Unallocated depreciation and amortization	434,045				(434,045)		(434,045)
Total Governmental Activities	<u>12,820,426</u>	<u>587,319</u>	<u>1,592,483</u>		<u>(10,640,624)</u>		<u>(10,640,624)</u>
Business-Type Activities:							
Food service	285,035	\$ 205,454	101,264			\$ 21,683	21,683
Summer Drama Camp	10,102	10,709				607	607
Total Business-Type Activities	<u>295,137</u>	<u>216,163</u>	<u>101,264</u>			<u>22,290</u>	<u>22,290</u>
Total Primary Government	<u>\$ 13,115,563</u>	<u>\$ 803,482</u>	<u>\$ 1,693,747</u>	<u>\$ -</u>	<u>(10,640,624)</u>	<u>22,290</u>	<u>(10,618,334)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					5,706,500		5,706,500
Taxes Levied for Debt Service					324,603		324,603
Federal and State aid not restricted					4,295,007		4,295,007
State aid restricted for capital projects					8,565		8,565
Investment Earnings					20,616		20,616
Miscellaneous Income					197,592		197,592
Special Item:							
Loss on disposal of capital assets					(35,153)		(35,153)
Total general revenues, special items, extraordinary items and transfers					<u>10,517,730</u>		<u>10,517,730</u>
Change in Net Assets					(122,894)	22,290	(100,604)
Net Assets - July 1, 2011					6,961,886	244,485	7,206,371
Net Assets - June 30, 2012					<u>\$ 6,838,992</u>	<u>\$ 266,775</u>	<u>\$ 7,105,767</u>

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

Fund Financial Statements

**STRATFORD SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2012**

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 251,901	\$ (82,644)		\$ 31,222	\$ 200,479
Receivables, net					
State aid	27,547	446	\$ 632,364		660,357
Federal aid	82,336	265,579			347,915
Other	48,146				48,146
Interfund	6,480				6,480
Restricted assets:					
Cash and cash equivalents	138,366		1,034,737		1,173,103
Total Assets	\$ 554,776	\$ 183,381	\$ 1,667,101	\$ 31,222	\$ 2,436,480
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 10,277	\$ 6,880			\$ 17,157
Grant anticipation note payable			\$ 1,500,000		1,500,000
Intergovernmental payable:					
State		123,430			123,430
Deferred revenues		53,071			53,071
Total Liabilities	10,277	183,381	1,500,000		1,693,658
 Fund Balances:					
Restricted for:					
Capital reserve	138,366				138,366
Excess surplus	146,579				146,579
Assigned to:					
Year-end encumbrances	34,188				34,188
Subsequent year's budget	283,439		167,101	\$ 26,583	477,123
Unassigned	(58,073)			4,639	(53,434)
Total Fund Balances	544,499		167,101	31,222	742,822
Total Liabilities and Fund Balances	\$ 554,776	\$ 183,381	\$ 1,667,101	\$ 31,222	

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 \$16,191,524 and the accumulated depreciation is \$4,520,519. 11,671,005

Bond issuance costs are amortized over the life of the bonds on the statement of net assets. 74,749

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	\$ (5,436,000)	
Accrued Interest Payable	(83,166)	
Compensated Absences Payable	(130,418)	
		(5,649,584)

Net assets of governmental activities **\$ 6,838,992**

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

STRATFORD 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	\$ 5,706,500			\$ 324,603	\$ 6,031,103
Tuition	587,319				587,319
Interest earned on capital reserve	778		\$ 18,884		19,662
Miscellaneous	148,302		49,290	954	198,546
Total local sources	6,442,899		68,174	325,557	6,836,630
State sources	5,025,297	\$ 335,108	8,565		5,368,970
Federal sources	146,816	380,269			527,085
Total Revenues	11,615,012	715,377	76,739	325,557	12,732,685
EXPENDITURES:					
Current expense:					
Regular instruction	3,012,443				3,012,443
Special education instruction	1,197,804	528,504			1,726,308
Other instruction	430,590				430,590
Support services and undistributed costs:					
Tuition	534,273				534,273
Student & instruction related services	1,112,692	172,023			1,284,715
General administrative services	256,851				256,851
School administrative services	452,463				452,463
Central services	344,948				344,948
Plant operations and maintenance	983,646				983,646
Pupil transportation	375,469				375,469
Unallocated employee benefits	2,675,982				2,675,982
Capital outlay	5,378	14,850	61,754		81,982
Debt service:					
Principal				100,000	100,000
Interest and other charges				263,502	263,502
Total Expenditures	11,382,539	715,377	61,754	363,502	12,523,172
Excess (Deficiency) of Revenues over (under) Expenditures	232,473		14,985	(37,945)	209,513
Other Financing Sources (Uses):					
Transfers in				18,884	18,884
Transfers out			(18,884)		(18,884)
Total Other Financing Sources (Uses)			(18,884)	18,884	
Net Change in Fund Balances	232,473		(3,899)	(19,061)	209,513
Fund Balances - July 1, 2011	312,026		171,000	50,283	533,309
Fund Balances - June 30, 2012	\$ 544,499	\$ -	\$ 167,101	\$ 31,222	\$ 742,822

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

STRATFORD 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)		\$ 209,513
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>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.</p>		
Depreciation expense	\$ (428,397)	
Fixed assets additions	81,982	(346,415)
<p>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.</p>		
		100,000
<p>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.</p>		
		(5,648)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., disposals and donations) is to decrease net assets.</p>		
		(35,153)
<p>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.</p>		
		1,239
<p>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 (+).</p>		
		(46,430)
Change in Net Assets of Governmental Activities		\$ (122,894)

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

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

	Business-Type Activities		
	Enterprise Funds		
	Food Service Fund	Summer Drama Camp	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 147,939	\$ 13,970	\$ 161,909
Intergovernmental receivables:			
State	119		119
Federal	3,553		3,553
Inventories	7,825		7,825
Total current assets	159,436	13,970	173,406
Noncurrent assets:			
Machinery and equipment (net of accumulated depreciation)	189,535 (96,166)		189,535 (96,166)
Total noncurrent assets	93,369		93,369
Total Assets	252,805	13,970	266,775
LIABILITIES:			
Current Liabilities:			
Accounts payable			
Total current liabilities			
NET ASSETS:			
Invested in capital assets	93,369		93,369
Unrestricted	159,436	13,970	173,406
Total Net Assets	\$ 252,805	\$ 13,970	\$ 266,775

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

STRATFORD 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 Fund	Summer Drama Camp	Totals
Operating Revenues:			
Charges for Services:			
Daily sales:			
Reimbursable programs	\$ 66,138		\$ 66,138
Non-reimbursable programs	139,316		139,316
Program fees		\$ 10,709	10,709
Total Operating Revenue	<u>205,454</u>	<u>10,709</u>	<u>216,163</u>
Operating Expenses:			
Salaries and fringe benefits	103,234	4,683	107,917
Management fee	17,243		17,243
Supplies and materials	16,610	1,069	17,679
Other costs	11,085	4,350	15,435
Depreciation	11,578		11,578
Cost of sales	125,285		125,285
Total Operating Expenses	<u>285,035</u>	<u>10,102</u>	<u>295,137</u>
Operating Income (Loss)	<u>(79,581)</u>	<u>607</u>	<u>(78,974)</u>
Non-Operating Revenues:			
State sources:			
State school lunch program	2,605		2,605
Federal sources:			
National school lunch program	75,713		75,713
School breakfast program	3,766		3,766
Food distribution program	19,180		19,180
Total Non-Operating Revenues	<u>101,264</u>		<u>101,264</u>
Income (Loss) before Contributions and Transfers	21,683	607	22,290
Operating transfer in			
Changes in Net Assets	21,683	607	22,290
Net Assets - July 1, 2011	<u>231,122</u>	<u>13,363</u>	<u>244,485</u>
Net Assets - June 30, 2012	<u>\$ 252,805</u>	<u>\$ 13,970</u>	<u>\$ 266,775</u>

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

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

	Business-Type Activities		
	Enterprise Funds		
	Food Service Fund	Summer Drama Camp	Total
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 236,738	\$ 10,709	\$ 247,447
Cash payments to employees for services	(103,234)	(4,683)	(107,917)
Cash payments to suppliers for goods and services	(170,882)	(5,569)	(176,451)
Net Cash Provided by (used for) Operating Activities	(37,378)	457	(36,921)
Cash Flows from Noncapital Financing Activities:			
Cash received from state sources	2,734		2,734
Cash received from federal sources	102,236		102,236
Net Cash Provided by (used for) Noncapital Financing Activities	104,970		104,970
Cash Flows Used by Capital and Related Financing Activities:			
Purchase of Equipment	(21,654)		(21,654)
Cash Flow Provided by Investing Activities:			
Interest on Cash Equivalents			
Net Increase (Decrease) in Cash and Cash Equivalents	45,938	457	46,395
Cash and Cash Equivalents - July 1, 2011	102,001	13,513	115,514
Cash and Cash Equivalents - June 30, 2012	<u>\$ 147,939</u>	<u>\$ 13,970</u>	<u>\$ 161,909</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Operating Income (Loss)	\$ (79,581)	\$ 607	\$ (78,974)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (used for) Operating Activities:			
Depreciation	11,578		11,578
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	31,284		31,284
(Increase) decrease in inventories	(649)		(649)
Increase (decrease) in accounts payable	(10)	(150)	(160)
Net Cash Provided by (used for) Operating Activities	\$ (37,378)	\$ 457	\$ (36,921)
Noncash Noncapital Financing Activities:			
During the year the District received \$19,180 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.

STRATFORD 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>\$ 84,945</u>	<u>\$ 500</u>	<u>\$ 121,764</u>
 Total Assets	 <u>84,945</u>	 <u>500</u>	 <u>\$ 121,764</u>
 LIABILITIES:			
Payroll deductions and withholdings			\$ 77,468
Interfund payable			6,480
Due to student groups			<u>37,816</u>
 Total Liabilities			 <u>\$ 121,764</u>
 NET ASSETS:			
Held in trust for unemployment claims and other purposes	<u>\$ 84,945</u>		
 Held in trust for claims		<u>\$ 500</u>	

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

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

	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefit Trust</u>
ADDITIONS:		
Contributions:		
Employee	\$ 11,344	
Donations		\$ 500
Total Contributions	<u>11,344</u>	<u>500</u>
Interest earned on investments	<u>943</u>	
Total Additions	<u>12,287</u>	<u>500</u>
DEDUCTIONS:		
Claims paid	<u>34,162</u>	
Total Deductions	<u>34,162</u>	
Change in Net Assets	(21,875)	500
Net Assets - July 1, 2011	<u>106,820</u>	
Net Assets - June 30, 2012	<u>\$ 84,945</u>	<u>\$ 500</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Stratford 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 the Sterling High School District. In addition, the School District provides educational services for students in grades 6 through 8 received from the Laurel Springs School District, on a tuition basis. The Stratford School District has an approximate enrollment at June 30, 2012 of 803 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.

Stratford 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.

Stratford 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)

Summer Drama Camp - This fund accounts for the financial transactions related to the summer drama camp operations of the School District.

Proprietary Funds (Continued) - 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 for their approval. 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.

**Stratford 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.

**Stratford 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.

Stratford 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.

**Stratford 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 program fees for the summer drama fund. 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.

Unamortized Bond Issuance Costs and Bond Premiums – On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face of the bonds.

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 \$2,193,323 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.

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

3. CAPITAL RESERVE ACCOUNT (Continued)

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.

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

Balance July 1, 2011		\$	137,588	
Increased by:				
Interest Earned	\$		778	
Board Resolution	<u> </u>			
			<u>778</u>	
			138,366	
Decreased by:				
Budget Withdrawal				
Board Resolution	<u> </u>			
			<u>-</u>	
Balance June 30, 2012		<u>\$</u>	<u>138,366</u>	

The June 30, 2012 capital reserve balance does not exceed the LRFP 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:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Intergovernmental					
State	\$ 27,547	\$ 446	\$ 632,364	\$ 119	\$ 660,476
Federal	82,336	265,579		3,553	351,468
Interfund	6,480				6,480
Other	<u>48,146</u>				<u>48,146</u>
Total	<u>\$ 164,509</u>	<u>\$ 266,025</u>	<u>\$ 632,364</u>	<u>\$ 3,672</u>	<u>\$ 1,066,570</u>

Stratford 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	\$ 2			\$ 2
Construction in Progress				-
Total Capital Assets not being Depreciated	2	-	-	2
Land Improvements	371,801	\$ 13,741		385,542
Building and Improvements	14,711,769			14,711,769
Vehicles	114,137	26,039		140,176
Equipment	950,737	42,202	(38,904)	954,035
Total Historical Cost	<u>16,148,446</u>	<u>81,982</u>	<u>(38,904)</u>	<u>16,191,524</u>
Less Accumulated Depreciation:				
Land Improvements	(344,600)	(2,698)		(347,298)
Building and Improvements	(3,322,555)	(315,945)		(3,638,500)
Vehicles	(81,502)	(12,579)	(4,882)	(98,963)
Equipment	(347,216)	(97,174)	8,632	(435,758)
Total Accumulated Depreciation	<u>(4,095,873)</u>	<u>(428,396)</u>	<u>3,750</u>	<u>(4,520,519)</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,052,573</u>	<u>\$ (346,414)</u>	<u>\$ (35,154)</u>	<u>\$ 11,671,005</u>
Business-Type Activities:				
Equipment	\$ 167,881	21,654		\$ 189,535
Less - Accumulated Depreciation	<u>(84,589)</u>	<u>(11,577)</u>		<u>(96,166)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 83,292</u>	<u>10,077</u>	<u>-</u>	<u>\$ 93,369</u>

Depreciation expense in the amount of \$428,396 was charged to unallocated governmental functions.

6. INVENTORY

Inventory in the food service fund at June 30, 2012 consisted of the following:

Food	\$ 5,263
Supplies	<u>2,562</u>
	<u>\$ 7,825</u>

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

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	\$ 83,988	\$ 46,430		\$ 130,418	
General Obligation Bonds	5,536,000		100,000	5,436,000	\$ 110,000
	<u>\$ 5,619,988</u>	<u>\$ 46,430</u>	<u>\$ 100,000</u>	<u>\$ 5,566,418</u>	<u>\$ 110,000</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:

2009 General Obligation Bonds dated August 1, 2009 in the amount of \$5,171,000 due in annual installments through August 1, 2029, bearing interest rate of 2.00% to 4.00%.

2003 Taxable Refunding Bonds dated April 1, 2003 in the amount of \$265,000 due in annual installments through April 1, 2016, bearing interest rate of 5.50%.

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	\$ 110,000	\$ 204,990	\$ 314,990
2014	125,000	199,865	324,865
2015	170,000	193,840	363,840
2016	185,000	186,102	371,102
2017	225,000	179,634	404,634
2018-2022	1,480,000	771,350	2,251,350
2023-2027	1,850,000	449,200	2,299,200
2028-2030	1,291,000	78,700	1,369,700
	<u>\$ 5,436,000</u>	<u>\$ 2,263,681</u>	<u>\$ 7,699,681</u>

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.

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

8. OPERATING LEASES

At June 30, 2012, the School District had operating lease agreements in effect for copy machines. Total rental payments for such leases were \$22,212 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	\$ 22,543
2014	21,119
2015	14,411
2016	536
	<u>\$ 58,609</u>

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.

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

9. PENSION PLANS (Continued)

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	\$ 50,192	\$ 100,384	\$ 9,593	\$ 160,169
2011	57,306	91,314	11,288	159,908
2010	45,146	58,007	14,305	117,458

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.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Employee Contribution</u>	<u>Paid by School District</u>
2012	\$ 1,581	\$ 1,023	\$ 558
2011	-		
2010	-		

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

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

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 \$324,561, 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.

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2012, the School District has recognized as revenues and expenditures \$161,453 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$391,092 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.

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

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

12. RISK MANAGEMENT (Continued)

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	\$ 943	\$ 11,344	\$ 34,162	\$ 84,945
2011	251,977	11,137	177,739	106,820
2010	54	11,848	9,960	21,445

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.

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 fund type was \$130,418.

15. INTERFUND BALANCES AND TRANSFERS

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2013. The following interfund balances were recorded on the various balance sheets as of June 30, 2012:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General Fiduciary	\$ 6,480	\$ 6,480
Total	<u>\$ 6,480</u>	<u>\$ 6,480</u>

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

16. 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.

17. 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	\$ 500			\$ 500
2011				-
2010				-

18. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$58,073 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 \$58,073 is equal to or less than the June state aid payment.

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

19. DEFICIT UNRESTRICTED NET ASSETS

As of June 30, 2012, a deficit of \$196,908 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	\$ (58,073)
Add - Amortized Bond Issuance Costs	74,749
Liabilities:	
Accrued Interest Payable	(83,166)
Compensated Absences	(130,418)
	(130,418)
Unrestricted Net Assets (Deficit)	\$ (196,908)

20. 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: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) 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 \$146,579 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$57,456 of excess fund balance generated during the 2010-2011 fiscal year has been restricted and designated for utilization in the 2012-2013 budget.

Capital Reserve – As of June 30, 2012, the balance in the capital reserve account is \$138,366. 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 \$167,101 all of which is designated for subsequent year's expenditures.

Debt Service Fund – As of June 30, 2012, the restricted fund balance amount was \$31,222 of which \$26,583 has been designated for utilization in the 2012-2013 budget and \$4,639 is restricted for future debt service expenditures.

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

20. FUND BALANCES (Continued)

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:

Other Purposes – At June 30, 2012 the School District has \$34,188 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year

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 \$283,439 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 \$58,073, 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).

21. SHORT-TERM OBLIGATIONS

The Stratford School District entered into a loan agreement in the amount of \$1,500,000 with the Oppenheimer & Co. The proceeds of the loan were used to pay construction costs not currently funded by the School Construction Authority. The provisions of this agreement require the School District to repay the loan on December 21, 2012 with an interest rate bearing at 1.75%.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

STRATFORD SCHOOL DISTRICT
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	\$ 5,706,500		\$ 5,706,500	\$ 5,706,500	
Tuition	549,829		549,829	587,319	\$ 37,490
Interest Earned on Capital Reserve Funds	875		875	778	(97)
Unrestricted Misc. Revenues	131,520		131,520	148,302	16,782
Total local sources	6,388,724		6,388,724	6,442,899	54,175
State sources:					
Categorical special education aid	397,870		397,870	397,870	
Equalization aid	3,464,954		3,464,954	3,573,280	108,326
School choice aid				117,657	117,657
Extraordinary aid	70,000		70,000	4,827	(65,173)
Anti-bullying aid				2,201	2,201
Nonpublic transportation aid				1,044	1,044
On-behalf TPAF pension contrib... (non-budgeted)				486,014	486,014
Reimbursed TPAF social security contribution (non-budgeted)				391,092	391,092
Total state sources	3,932,824		3,932,824	4,973,985	1,041,161
Federal sources:					
Education Jobs Fund	142,356		146,816	146,816	
Total federal sources	142,356		146,816	146,816	
TOTAL REVENUES	10,463,904		10,468,364	11,563,700	1,095,336
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	248,460	\$ 2,180	250,640	250,529	111
Grades 1-5	1,472,722	92,851	1,565,573	1,562,997	2,576
Grades 6-8	991,232	27,454	1,018,686	1,006,677	12,009
Regular Programs - Home Instruction:					
Salaries of teachers	5,000	1,562	6,562	6,561	1
Purchased professional - educational services	2,500	10,000	12,500	10,446	2,054
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	7,500	2,905	10,405	10,405	
Purchased professional - educational services	5,000	(5,000)			
Rentals		15,460	15,460	14,686	774
Other purchased services	30,500	(17,695)	12,805	12,304	501
General supplies	101,700	15,090	116,790	113,241	3,549
Textbooks	14,000	10,800	24,800	24,379	421
Other objects	800		800	218	582
Total - Regular Programs - Instruction	2,879,414	155,607	3,035,021	3,012,443	22,578

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

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STRATFORD SCHOOL DISTRICT
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:					
Learning and/or Language Disabilities:					
Salaries of teachers	\$ 135,720	\$ (83,303)	\$ 52,417	\$ 52,047	\$ 370
Other salaries for instruction	31,571	195	31,766	31,766	
General supplies	1,200	(750)	450	438	12
Textbooks	500	(500)			
Total learning and/or language disab.	<u>168,991</u>	<u>(84,358)</u>	<u>84,633</u>	<u>84,251</u>	<u>382</u>
Multiple Disabilities:					
Salaries of teachers	222,040	161,307	383,347	382,907	440
Other salaries for instruction	71,438	41,156	112,594	112,549	45
General supplies	3,000	162	3,162	2,649	513
Textbooks	1,200	(1,200)			
Other objects	600	1,209	1,809	1,609	200
Total multiple disabilities	<u>298,278</u>	<u>202,634</u>	<u>500,912</u>	<u>499,714</u>	<u>1,198</u>
Resource room/resource center:					
Salaries of teachers	445,369	(53,557)	391,812	391,163	649
Other salaries for instruction	19,728	(19,728)			
General supplies	3,000	(800)	2,200	2,070	130
Textbooks	800	(800)			
Total resource room/resource center	<u>468,897</u>	<u>(74,885)</u>	<u>394,012</u>	<u>393,233</u>	<u>779</u>
Autism:					
Salaries of teachers	55,094		55,094	54,238	856
Other salaries for instruction	70,663	(4,573)	66,090	65,014	1,076
Purchased professional - educational services	2,500	(1,000)	1,500	1,208	292
General supplies	2,500		2,500	1,718	782
Other objects	900		900	479	421
Total autism	<u>131,657</u>	<u>(5,573)</u>	<u>126,084</u>	<u>122,657</u>	<u>3,427</u>
Preschool Disabilities - Part-Time:					
Salaries of teachers	83,537	1,185	84,722	84,722	
Other salaries for instruction	12,228	55	12,283	9,331	2,952
Purchased professional - educational services	2,500		2,500	1,706	794
General supplies	2,000		2,000	1,437	563
Other objects	900		900	753	147
Total preschool disabilities - part-time	<u>101,165</u>	<u>1,240</u>	<u>102,405</u>	<u>97,949</u>	<u>4,456</u>
Total Special Education - Instruction	<u>1,168,988</u>	<u>39,058</u>	<u>1,208,046</u>	<u>1,197,804</u>	<u>10,242</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	289,927	(18,433)	271,494	271,240	254
General supplies	1,500	3,398	4,898	4,412	486
Textbooks	1,500	(1,500)			
Total basic skills/remedial - instruction	<u>292,927</u>	<u>(16,535)</u>	<u>276,392</u>	<u>275,652</u>	<u>740</u>

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

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STRATFORD SCHOOL DISTRICT
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
Bilingual Education - Instruction					
Salaries of teachers	\$ 12,026	\$ 63,123	\$ 75,149	\$ 66,781	\$ 8,368
General supplies	750	3,800	4,550	4,111	439
Total bilingual education - instruction	<u>12,776</u>	<u>66,923</u>	<u>79,699</u>	<u>70,892</u>	<u>8,807</u>
School-Sponsored Cocurricular Act - Instruction:					
Salaries	44,957	5,014	49,971	49,687	284
Supplies and materials	3,000	(1,750)	1,250	1,184	66
Total school-sponsored cocurr. act. - instruct.	<u>47,957</u>	<u>3,264</u>	<u>51,221</u>	<u>50,871</u>	<u>350</u>
School-Sponsored Athletics - Instruction:					
Salaries	25,716	(9,766)	15,950	15,950	
Purchased services	12,500	100	12,600	12,514	86
Supplies and materials	8,500	(2,507)	5,993	4,711	1,282
Total health services	<u>46,716</u>	<u>(12,173)</u>	<u>34,543</u>	<u>33,175</u>	<u>1,368</u>
Total Instruction	<u>4,448,778</u>	<u>236,144</u>	<u>4,684,922</u>	<u>4,640,837</u>	<u>44,085</u>
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	7,500	(7,500)			
Tuition to other LEAs within the state - spec.		44,057	44,057	32,480	11,577
Tuition to CSSD & Regional Day Schools	76,280	(182)	76,098	75,977	121
Tuition to priv. sch. for the disabled in state	480,725	(52,109)	428,616	425,816	2,800
Total undistributed expenditures - instruction	<u>564,505</u>	<u>(15,734)</u>	<u>548,771</u>	<u>534,273</u>	<u>14,498</u>
Attendance and Social Work Services:					
Salaries	3,243		3,243	3,241	2
Total attendance and social work services	<u>3,243</u>		<u>3,243</u>	<u>3,241</u>	<u>2</u>
Health Services:					
Salaries	129,275	(525)	128,750	127,331	1,419
Purchased professional and technical services	4,000	6,816	10,816	10,816	
Supplies and materials	3,000	(835)	2,165	2,164	1
Other objects	300	60	360	359	1
Total health services	<u>136,575</u>	<u>5,516</u>	<u>142,091</u>	<u>140,670</u>	<u>1,421</u>
Speech, OT, PT, & Related Services:					
Salaries	214,479	(11,389)	203,090	202,087	1,003
Purchased professional - educational services	15,000	16,000	31,000	30,896	104
Travel		100	100		100
Supplies and materials	1,100	550	1,650	1,112	538
Other objects		500	500	500	
Total speech, ot, pt & related services	<u>230,579</u>	<u>5,761</u>	<u>236,340</u>	<u>234,595</u>	<u>1,745</u>
Other Support Services Student - Extra. Services					
Salaries	57,780	41,483	99,263	92,914	6,349
Supplies and materials	500		500	414	86
Total other support services student - extra. serv.	<u>58,280</u>	<u>41,483</u>	<u>99,763</u>	<u>93,328</u>	<u>6,435</u>

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

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STRATFORD SCHOOL DISTRICT
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
Guidance:					
Salaries of secretarial and clerical assistants	\$ 144,786	\$ 4,685	\$ 149,471	\$ 149,471	
Purchased professional - educational services	3,500	(1,000)	2,500	1,526	\$ 974
Supplies and materials	2,750	750	3,500	2,401	1,099
Total guidance	151,036	4,435	155,471	153,398	2,073
Child Study Teams:					
Salaries of other professional staff	186,246	5,184	191,430	191,429	1
Salaries of secretarial and clerical assistants	50,145	(5,500)	44,645	42,634	2,011
Other salaries	5,000	(3,684)	1,316	1,216	100
Purchased professional - educational services	60,000	11,246	71,246	71,245	1
Other purchased prof. and technical services	10,000	(4,168)	5,832	4,520	1,312
Miscellaneous purchased services	2,500	1,739	4,239	4,167	72
Supplies and materials	4,000	693	4,693	4,606	87
Other objects	750	750	750	750	750
Total child study teams	318,641	5,510	324,151	319,817	4,334
Improvement of Instruction Services:					
Salaries of other professional staff	2,500	1,712	4,212	4,211	1
Other salaries	30,643	107	30,750	30,750	
Purchased professional - educational services	1,500	500	2,000	2,000	
Other purchased services	1,500	(1,500)			
Supplies and materials	500	(300)	200	196	4
Other objects	200		200	200	
Total improvement of instructional services	36,843	519	37,362	37,357	5
Educational Media Services/School Library:					
Salaries	77,412	962	78,374	78,373	1
Purchased professional and educational services	2,500		2,500	2,083	417
Other purchased services (400-500 series)	750	(750)			
Supplies and materials	4,500	42,200	46,700	45,312	1,388
Supplies and materials		50	50	50	
Total educational media services/school library	85,162	42,462	127,624	125,818	1,806
Instructional Staff Training Services:					
Other purchased prof. and technical services	1,500	(845)	655	655	
Other purchased services	1,500	(1,500)			
Travel		5,125	5,125	3,714	1,411
Supplies and materials	750	(750)			
Other objects	500	(237)	263	99	164
Total instructional staff training services	4,250	1,793	6,043	4,468	1,575

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

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STRATFORD SCHOOL DISTRICT
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
General Administration:					
Salaries	\$ 162,798	\$ (46,172)	\$ 116,626	\$ 116,626	
Salaries of secretarial & clerical ass'ts		39,780	39,780	39,780	
Other salaries		5,642	5,642	2,592	\$ 3,050
Legal services	12,000	5,318	17,318	5,051	12,267
Audit fees	23,000		23,000	23,000	
Other purchased professional services	7,500	(7,500)			
Communications / telephone	60,000	(18,906)	41,094	36,796	4,298
Travel		2,750	2,750	2,481	269
Other purchased services	21,500	(3,866)	17,634	17,246	388
Supplies and materials	3,000	(800)	2,200	2,068	132
BOE In-house training/meeting supplies	250		250	200	50
Miscellaneous expenditures	5,000		5,000	4,939	61
BOE member dues/fees	7,000	(900)	6,100	6,072	28
Total general administration	302,048	(24,654)	277,394	256,851	20,543
School Administration:					
Salaries of principals/assist. principals	275,782	303	276,085	275,783	302
Salaries of secretarial and clerical assistants	169,810	(2,818)	166,992	166,254	738
Other purchased services	3,500	699	4,199	3,189	1,010
Supplies and materials	3,450	359	3,809	3,711	98
Other objects	3,450	142	3,592	3,526	66
Total school administration	455,992	(1,315)	454,677	452,463	2,214
Central Services:					
Salaries	212,856	(111,876)	100,980	100,980	
Salaries of secretarial & clerical ass'ts		111,876	111,876	111,843	33
Rentals		3,250	3,250	2,476	774
Miscellaneous purchased services	21,300	(893)	20,407	20,407	
Supplies and materials	5,000	7,573	12,573	12,572	1
Misc. expenditures	1,400		1,400	1,289	111
Total central services	240,556	9,930	250,486	249,567	919
Administrative Information Technology:					
Salaries	74,812	(3,374)	71,438	71,438	
Purchased technical services	7,500	5,474	12,974	12,974	
General supplies	3,500	7,470	10,970	10,969	1
Total admin. information technology	85,812	9,570	95,382	95,381	1
Required Maintenance School Facilities:					
Salaries	80,247	1	80,248	80,247	1
Cleaning, repair and maintenance services	60,000	25,328	85,328	76,991	8,337
General supplies	8,750	3,677	12,427	6,667	5,760
Total required maintenance school facilities	148,997	29,006	178,003	163,905	14,098

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

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STRATFORD SCHOOL DISTRICT
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
Custodial Services:					
Salaries	\$ 360,522	\$ (14,880)	\$ 345,642	\$ 345,145	\$ 497
Purchased professional and technical services	5,000	585	5,585	5,585	
Cleaning, repair and maintenance services	50,000	2,979	52,979	47,543	5,436
Other purchased property services	27,500	663	28,163	27,967	196
Insurance	50,000	(1,489)	48,511	48,477	34
Miscellaneous purchased services	1,500		1,500	870	630
General Supplies	45,000	20,708	65,708	65,707	1
Energy (Gasoline)	3,000	2,000	5,000	4,690	310
Energy (Natural Gas)	110,000	(79,882)	30,318	30,317	1
Energy (Electricity)	155,000	1,224	156,224	156,196	28
Other objects	1,000	1,902	2,902	2,902	
Total custodial services	808,522	(65,990)	742,532	735,399	7,133
Security Services:					
Other salaries	82,781	1,561	84,342	84,342	
Total security services	82,781	1,561	84,342	84,342	
Total operation & maint. of plant services	1,040,300	(35,423)	1,004,877	983,646	21,231
Student Transportation Services:					
Salaries for Pupil Trans (between home and school) - special educ.	45,000	1,452	46,452	46,451	1
Salaries for Pupil Trans (other than between and school) - special educ.	750		750		750
Cleaning, repair and maintenance services	5,000	(684)	4,316	4,316	
Rental payments - school buses	500	(316)	184		184
Contr. serv. (between home & sch) - vendor	177,534	23,877	201,411	201,411	
Contr. serv. (not between home & sch) - vendor	6,500	(293)	6,207	6,075	132
Contr. Serv. (spl. sd. students) - ESC	160,000	(14,995)	145,005	104,770	40,235
Contr. Serv. - aid in lieu of payments	5,000	464	5,464	5,463	1
Misc. purchased services - transportation	400		400	81	319
Supplies and materials	5,500	1,548	7,048	6,902	146
Total student transportation services	406,184	11,053	417,237	375,469	41,768
Unallocated Benefits - Employee Benefits:					
Social security contributions	145,272	(8,617)	136,655	136,654	1
Other retirement contributions - PERS	175,000	(14,831)	160,169	160,169	
Other retirement contributions - regular		2,275	2,275	2,234	41
Unemployment compensation	150,000	(149,860)	140		140
Workmen's compensation	85,000	614	85,614	85,614	
Health benefits	1,384,150	(55,395)	1,328,755	1,323,135	5,620
Tuition reimbursement	25,000	(9,680)	15,320	15,320	
Other employee benefits	84,500	(5,901)	78,599	75,750	2,849
Total unallocated benefits - employee benefits	2,048,922	(241,395)	1,807,527	1,798,876	8,651
On-behalf TPAF pension contr. (non-budgeted)				486,014	(486,014)
Reimbursed TPAF social security contr. (non-budgeted)				391,092	(391,092)
Total Undistributed Expenditures	6,168,928	(180,489)	5,988,439	6,736,324	(747,885)
Total General Current Expense	10,617,706	55,655	10,673,361	11,377,161	(703,800)

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

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STRATFORD SCHOOL DISTRICT
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
CAPITAL OUTLAY:					
Interest deposit to capital reserve	\$ 875		\$ 875		\$ 875
Equipment					
Central services		\$ 2,268	2,268	\$ 2,268	
Grades 1-5		8,397	8,397		
Grades 6-8		8,708	8,708	3,110	5,598
Total equipment		19,373	19,373	5,378	5,598
Facilities Acquisition and Construction Services:					
Other objects	2,167		2,167		2,167
Total facilities acq. and const. services	2,167		2,167		2,167
Total Capital Outlay	3,042	19,373	22,415	5,378	8,840
TOTAL EXPENDITURES	10,620,748	75,028	10,695,776	11,382,539	(695,160)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(156,844)	(75,028)	(227,412)	181,161	400,176
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):	(156,844)	(75,028)	(227,412)	181,161	400,176
Fund Balance - July 1, 2011	672,455		672,455	672,455	
Fund Balance - June 30, 2012	<u>\$ 515,611</u>	<u>\$ (75,028)</u>	<u>\$ 445,043</u>	<u>\$ 853,616</u>	<u>\$ 400,176</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital reserve				\$ 138,366	
Excess surplus				146,579	
Assigned Fund Balance:					
Year-end encumbrances				34,188	
Designated for subsequent year's expenditures				283,439	
Unassigned Fund Balance:				251,044	
				853,616	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(309,117)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 544,499</u>	

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

**STRATFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Education Jobs Funds
 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	\$ 142,356	\$ 4,460	\$ 146,816	\$ 146,816	
Total Revenues	<u>142,356</u>	<u>4,460</u>	<u>146,816</u>	<u>146,816</u>	
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers:					
Grades 1-5	<u>47,917</u>		<u>47,917</u>	<u>47,917</u>	
Basic Skills/Remedial - Instruction:					
Salaries of teachers	<u>72,124</u>		<u>72,124</u>	<u>72,124</u>	
Bilingual Education - Instruction					
Salaries	<u>16,560</u>		<u>16,560</u>	<u>16,560</u>	
Total Instruction	<u>136,601</u>		<u>136,601</u>	<u>136,601</u>	
Undistributed Expenditures:					
Unallocated Benefits:					
Health benefits	<u>5,755</u>	<u>4,460</u>	<u>10,215</u>	<u>10,215</u>	
Total Undistributed Expenditures	<u>5,755</u>	<u>4,460</u>	<u>10,215</u>	<u>10,215</u>	
Total Expenditures	<u>142,356</u>	<u>4,460</u>	<u>146,816</u>	<u>146,816</u>	
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STRATFORD SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue 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:					
State sources	\$ 458,538		\$ 458,538	\$ 335,108	\$ (123,430)
Federal sources	427,334		427,334	391,459	(35,875)
Total Revenues	885,872		885,872	726,567	(159,305)
EXPENDITURES:					
Instruction:					
Salaries of teachers	40,000		40,000	40,000	
Other salaries for instruction	58,522		58,522	58,522	
Purchased professional - educ. services	434,693		434,693	311,318	123,375
Other purchased services	50,000		50,000	50,000	
General supplies	64,983		64,983	59,745	5,238
Textbooks	18,799		18,799	18,744	55
Other objects	1,365		1,365	1,365	
Total Instruction	668,362		668,362	539,694	128,668
Support Services:					
Other salaries	4,470		4,470	4,470	
Personal services - employee benefits	7,060		7,060	7,060	
Purchased prof. - technical services	105,085		105,085	88,356	16,729
Purchased professional - educ. services	70,328		70,328	60,051	10,277
Other purchased services	8,051		8,051	8,051	
Travel	5,693		5,693	2,062	3,631
Supplies and materials	1,973		1,973	1,973	
Total Support Services	202,660		202,660	172,023	30,637
Facilities Acquisition and Construction Services:					
Non-Instructional equipment	14,850		14,850	14,850	
Total Facilities Acq. and Const. Services	14,850		14,850	14,850	
Total Expenditures	885,872		885,872	726,567	159,305
Total Outflows	885,872		885,872	726,567	159,305
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.

STRATFORD 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	\$ 11,563,700	\$ 726,567
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(11,190)
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	360,429	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(309,117)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 11,615,012	\$ 715,377
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 11,382,539	\$ 726,567
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.		(11,190)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 11,382,539	\$ 715,377

Other Supplementary Information

Special Revenue Fund

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

	Title I	Title II A	Title II D Carryover	IDEA Basic	IDEA Basic Carryover	ARRA IDEA Basic	IDEA Preschool	Nonpublic Comp Ed.	Carryforward from E-1A	Total
REVENUES:										
State sources								\$ 159,255	\$ 175,853	\$ 335,108
Federal sources	\$ 94,971	\$ 31,688	\$ 40	\$ 242,018	\$ 811	\$ 8,509	\$ 13,422			391,459
Total Revenues	94,971	31,688	40	242,018	811	8,509	13,422	159,255	175,853	726,567
EXPENDITURES:										
Instruction:										
Salaries of teachers	40,000									40,000
Other salaries for instruction		6,172		44,850			7,500			58,522
Purchased prof. educ. services								159,255	152,063	311,318
Other purchased services				50,000						50,000
General supplies	22,667	6,696		22,012		8,246	124			59,745
Textbooks					811				17,933	18,744
Other objects		1,115					250			1,365
Total Instruction	62,667	13,983		116,862	811	8,246	7,874	159,255	169,996	539,694
Support Services:										
Other salaries									4,470	4,470
Personal services-employee benefits	7,060									7,060
Purchased prof. tech. services		1,769		86,587						88,356
Purchased prof. educ. services	17,160	500		35,843			5,548		1,000	60,051
Other purchased services		8,011	40							8,051
Travel	659			1,140		263				2,062
General supplies				1,586					387	1,973
Total Support Services	24,879	10,280	40	125,156		263	5,548		5,857	172,023
Facilities Acquisition and Const. Serv.:										
Non-Instructional equipment	7,425	7,425								14,850
Total Facilities Acq. and Const. Serv.	7,425	7,425								14,850
Total Expenditures	94,971	31,688	40	242,018	811	8,509	13,422	159,255	175,853	726,567
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---	---	---	---

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

	<u>Nonpublic Home Instruction</u>	<u>Nonpublic Exam & Classification</u>	<u>Nonpublic Speech</u>	<u>Nonpublic Supplemental Instruction</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbook</u>	<u>Nonpublic Transportation</u>	<u>Nonpublic ESL</u>	<u>Municipal Alliance</u>	<u>Total</u>
REVENUES:										
State sources	\$ 446	\$ 39,599	\$ 53,950	\$ 28,130	\$ 25,437	\$ 17,933	\$ 3,811	\$ 690	\$ 5,857	\$ 175,853
Federal sources										
Total Revenues	446	39,599	53,950	28,130	25,437	17,933	3,811	690	5,857	175,853
EXPENDITURES:										
Instruction:										
Purchased prof. - educ. services	446	39,599	53,950	28,130	25,437		3,811	690		152,063
Textbooks						17,933				17,933
Total Instruction	446	39,599	53,950	28,130	25,437	17,933	3,811	690		169,996
Support Services:										
Other salaries									4,470	4,470
Purchased prof. - educ. services									1,000	1,000
Supplies and materials									387	387
Total Support Services									5,857	5,857
Facilities Acquisition and Const. Serv.:										
Construction services										
Total Facilities Acq. and Const. Serv.										
Total Expenditures	446	39,599	53,950	28,130	25,437	17,933	3,811	690	5,857	175,853
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)										

Capital Projects Fund

STRATFORD 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	\$ 18,884
Prior year orders canceled	<u>80,434</u>
Total revenues	<u>99,318</u>

Expenditures and Other Financing Uses:

Purchased professional services	3,232
Supplies	28,824
Construction services	29,698
Transfer to debt service for interest earned	<u>18,884</u>
	<u>80,638</u>

Excess (deficiency) or revenues over (under) expenditures	18,680
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Fund Balance - July 1, 2011	<u>242,212</u>
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Fund Balance - June 30, 2012	<u>\$ 260,892</u>
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STRATFORD SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Samuel S. Yellin Elementary School Renovations
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	\$ 2,003,059		\$ 2,003,059	
Proceeds from sale of serial bonds	1,465,691		1,465,691	
Prior year orders canceled		\$ 33,902	33,902	
Total revenues	<u>3,468,750</u>	<u>33,902</u>	<u>3,502,652</u>	
Expenditures and Other Financing Uses:				
Purchased professional services	530,064	\$ 1,685	531,749	
Construction services	2,839,474		2,839,474	
	<u>3,369,538</u>	<u>1,685</u>	<u>3,371,223</u>	
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 99,212</u>	<u>\$ 32,217</u>	<u>\$ 131,429</u>	<u>\$ -</u>
Additional project information:				
Project Number	0580-060-09-2002			
Grant Date	12/31/09			
Bond Authorization Date	09/15/09			
Bonds Authorized	\$ 1,465,691			
Bonds Issued	\$ 1,465,691			
Original Authorized Cost	\$ 3,468,750			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 3,468,750			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	5.00%			
Original target completion date	09/01/11			
Revised target completion date	09/01/11			

STRATFORD SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Parkview Elementary School Renovations
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	\$ 1,627,711		\$ 1,627,711	
Proceeds from sale of serial bonds	1,191,039		1,191,039	
Prior year orders canceled		\$ 24,172	24,172	
Total revenues	2,818,750	24,172	2,842,922	
Expenditures and Other Financing Uses:				
Purchased professional services	433,407	1,547	434,954	
Supplies	5,474		5,474	
Construction services	2,355,770	15,745	2,371,515	
	2,794,651	17,292	2,811,943	
Excess (deficiency) or revenues over (under) expenditures	\$ 24,099	\$ 6,880	\$ 30,979	\$ -
Additional project information:				
Project Number	0580-045-09-2001			
Grant Date	12/31/09			
Bond Authorization Date	09/15/09			
Bonds Authorized	\$ 1,191,039			
Bonds Issued	\$ 1,191,039			
Original Authorized Cost	\$ 2,818,750			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 2,818,750			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	5.00%			
Original target completion date	09/01/11			
Revised target completion date	09/01/11			

STRATFORD SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Samuel S. Yellin Elementary School Additions
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	\$ 2,550,000		\$ 2,550,000	
Prior year orders canceled		\$ 22,360	22,360	
Total revenues	<u>2,550,000</u>	<u>22,360</u>	<u>2,572,360</u>	<u> </u>
Expenditures and Other Financing Uses:				
Purchased professional services	372,791		372,791	
Supplies	9,521	28,824	38,345	
Construction services	2,048,787	13,953	2,062,740	
	<u>2,431,099</u>	<u>42,777</u>	<u>2,473,876</u>	<u> </u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 118,901</u>	<u>\$ (20,417)</u>	<u>\$ 98,484</u>	<u>\$ -</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	09/15/09			
Bonds Authorized	\$ 2,550,000			
Bonds Issued	\$ 2,550,000			
Original Authorized Cost	\$ 2,550,000			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 2,550,000			
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage Completion	5.00%			
Original target completion date	09/01/11			
Revised target completion date	09/01/11			

Proprietary Funds

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

	Food Service Fund	Summer Drama Camp	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 147,939	\$ 13,970	\$ 161,909
Accounts receivable:			
State	119		119
Federal	3,553		3,553
Inventories	7,825		7,825
Total Current Assets	159,436	13,970	173,406
Noncurrent Assets:			
Equipment	189,535		189,535
Less - accumulated depreciation	(96,166)		(96,166)
Total Noncurrent Assets	93,369		93,369
Total Assets	252,805	13,970	266,775
 LIABILITIES:			
Current Liabilities:			
Accounts payable			
Total Current Liabilities			
 NET ASSETS:			
Invested in capital assets	93,369		93,369
Unrestricted	159,436	13,970	173,406
Total Net Assets	\$ 252,805	\$ 13,970	\$ 266,775

STRATFORD 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>Summer Drama Camp</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily sales reimbursable programs:			
School lunch	\$ 65,629		\$ 65,629
School breakfast	509		509
Daily sales non-reimbursable programs			
Other governmental units	97,129		97,129
Adult and a la carte sales	42,187		42,187
Tuition		\$ 10,709	10,709
Total Operating Revenues	<u>205,454</u>	<u>10,709</u>	<u>216,163</u>
OPERATING EXPENSES:			
Salaries and fringe benefits	103,234	4,683	107,917
Management fees	17,243		17,243
Supplies and materials	16,610	1,069	17,679
Other costs	11,085	4,350	15,435
Depreciation	11,578		11,578
Cost of sales	<u>125,285</u>		<u>125,285</u>
Total Operating Expenses	<u>285,035</u>	<u>10,102</u>	<u>295,137</u>
Operating Income (Loss)	<u>(79,581)</u>	<u>607</u>	<u>(78,974)</u>
Non-Operating Revenues:			
State sources:			
State school lunch program	2,605		2,605
Federal sources:			
National school lunch program	75,713		75,713
School breakfast program	3,766		3,766
Food distribution program	<u>19,180</u>		<u>19,180</u>
Total Non-Operating Revenues	<u>101,264</u>		<u>101,264</u>
Income (Loss) before Contributions and Transfers	21,683	607	22,290
Operating transfer in			
Changes in Net Assets	21,683	607	22,290
Net Assets - July 1, 2011	<u>231,122</u>	<u>13,363</u>	<u>244,485</u>
Net Assets - June 30, 2012	<u>\$ 252,805</u>	<u>\$ 13,970</u>	<u>\$ 266,775</u>

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

	<u>Food Service Fund</u>	<u>Summer Drama Camp</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 236,738	\$ 10,709	\$ 247,447
Cash payments to employees for services	(103,234)	(4,683)	(107,917)
Cash payments to suppliers for goods and services	<u>(170,882)</u>	<u>(5,569)</u>	<u>(176,451)</u>
Net cash provided by (used for) operating activities	<u>(37,378)</u>	<u>457</u>	<u>(36,921)</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from state sources	2,734		2,734
Cash received from federal sources	<u>102,236</u>		<u>102,236</u>
Net cash provided by noncapital financing activities	<u>104,970</u>		<u>104,970</u>
Cash Flows Used by Capital and Related Financing Activities:			
Purchase of equipment	<u>(21,654)</u>		<u>(21,654)</u>
Cash Flow Provided by Investing Activities:			
Interest on cash equivalents			
Net increase (decrease) in cash and cash equivalents	45,938	457	46,395
Cash and cash equivalents - July 1, 2011	<u>102,001</u>	<u>13,513</u>	<u>115,514</u>
Cash and cash equivalents - June 30, 2012	<u>\$ 147,939</u>	<u>\$ 13,970</u>	<u>\$ 161,909</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)			
Operating Activities:			
Operating income (loss)	\$ (79,581)	\$ 607	\$ (78,974)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	11,578		11,578
Change in assets and liabilities:			
(Increase) decrease in accounts receivables	31,284		31,284
(Increase) decrease in inventories	(649)		(649)
Increase (decrease) in accounts payable	<u>(10)</u>	<u>(150)</u>	<u>(160)</u>
Net cash provided by (used for) operating activities	<u>\$ (37,378)</u>	<u>\$ 457</u>	<u>\$ (36,921)</u>
Noncash Noncapital Financing Activities:			
During the year the District received \$19,180 of food commodities from the U.S. Department of Agriculture.			

Fiduciary Funds

STRATFORD 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 Insurance Trust</u>	<u>Flexible Benefits Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:					
Cash and cash equivalents	\$ 84,945	\$ 500	\$ 37,816	\$ 83,948	\$ 207,209
Total Assets	<u>84,945</u>	<u>500</u>	<u>\$ 37,816</u>	<u>\$ 83,948</u>	<u>207,209</u>
LIABILITIES:					
Payroll deductions and withholdings				\$ 77,468	77,468
Interfund payable				6,480	6,480
Due to student groups			<u>\$ 37,816</u>		<u>37,816</u>
Total Liabilities			<u>\$ 37,816</u>	<u>\$ 83,948</u>	<u>121,764</u>
NET ASSETS:					
Held in trust for payment of claims	84,945	500			85,445
Held in trust for scholarships					
Total Net Assets	<u>\$ 84,945</u>	<u>\$ 500</u>			<u>\$ 85,445</u>

STRATFORD 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>Totals</u>
ADDITIONS:			
Interest on investments		\$ 943	\$ 943
Contributions	\$ 500	11,344	11,844
Total Additions	<u>500</u>	<u>12,287</u>	<u>12,787</u>
DEDUCTIONS:			
Claims paid		34,162	34,162
Total Deductions	<u>-</u>	<u>34,162</u>	<u>34,162</u>
Change in Net Assets	500	(21,875)	(21,375)
Net Assets -- July 1, 2011	<u> </u>	<u>106,820</u>	<u>106,820</u>
Net Assets -- June 30, 2012	<u>\$ 500</u>	<u>\$ 84,945</u>	<u>\$ 85,445</u>

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

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2011</u>
Yellin School	\$ 37,184	\$ 35,950	\$ 45,763		\$ 27,371
Parkview School	8,631	1,814			10,445
Total all schools	<u>\$ 45,815</u>	<u>\$ 37,764</u>	<u>\$ 45,763</u>	<u>\$ -</u>	<u>\$ 37,816</u>

STRATFORD SCHOOL DISTRICT
Fiduciary Funds
Payroll 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	\$ 84,153	\$ 7,702,540	\$ 7,702,745	\$ 83,948
Total Assets	<u>\$ 84,153</u>	<u>\$ 7,702,540</u>	<u>\$ 7,702,745</u>	<u>\$ 83,948</u>
 LIABILITIES:				
Net payroll		\$ 4,485,801	\$ 4,485,801	
Interfund payable	\$ 11,558		5,078	\$ 6,480
Due to Bank	11,706		11,706	
Payroll deductions and withholdings	<u>60,889</u>	<u>3,216,739</u>	<u>3,200,160</u>	<u>77,468</u>
Total Liabilities	<u>\$ 84,153</u>	<u>\$ 7,702,540</u>	<u>\$ 7,702,745</u>	<u>\$ 83,948</u>

Long-Term Debt Schedules

STRATFORD 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					
Taxable refunding of Early Retirement Debt	4/01/03	\$ 790,000	4/01/13	\$ 75,000	5.500%	\$ 340,000		\$ 75,000	\$ 265,000
			4/01/14	80,000	5.500%				
			4/01/15	85,000	5.500%				
			4/01/16	25,000	5.500%				
Renovations & Additions to Yellin & Parkview Schools	12/12/09	5,206,000	8/01/12	35,000	2.500%	5,196,000		25,000	5,171,000
			8/01/13	45,000	2.500%				
			8/01/14	85,000	2.500%				
			8/01/15	160,000	2.500%				
			8/01/16	225,000	2.750%				
			8/01/17	260,000	2.750%				
			8/01/18	280,000	3.000%				
			8/01/19	300,000	3.250%				
			8/01/20	315,000	4.000%				
			8/01/21	325,000	4.000%				
			8/01/22	340,000	4.000%				
			8/01/23	355,000	4.000%				
			8/01/24	370,000	4.000%				
			8/01/25	385,000	4.000%				
			8/01/26	400,000	4.000%				
			8/01/27	415,000	4.000%				
			8/01/28	430,000	4.000%				
8/01/29	446,000	4.000%							
						<u>\$ 5,536,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 5,436,000</u>

STRATFORD 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	\$ 324,603		\$ 324,603	\$ 324,603 954	\$ 954
Total Revenues	<u>324,603</u>		<u>324,603</u>	<u>325,557</u>	<u>954</u>
EXPENDITURES:					
Regular debt service:					
Interest on early retirement bonds	18,700		18,700	18,700	
Redemption of principal - early retirement bonds	75,000		75,000	75,000	
Interest on bonds	246,103		246,103	244,802	1,301
Redemption of principal	<u>25,000</u>		<u>25,000</u>	<u>25,000</u>	
Total Expenditures	<u>364,803</u>		<u>364,803</u>	<u>363,502</u>	<u>1,301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(40,200)		(40,200)	(37,945)	2,255
Other Financing Sources:					
Operating transfers in				<u>18,884</u>	<u>18,884</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(40,200)		(40,200)	(19,061)	21,139
Fund Balance - July 1, 2011	<u>50,283</u>		<u>50,283</u>	<u>50,283</u>	
Fund Balance - June 30, 2012	<u>\$ 10,083</u>	<u>\$ -</u>	<u>\$ 10,083</u>	<u>\$ 31,222</u>	<u>\$ 21,139</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>\$ (40,200)</u>	<u>\$ -</u>	<u>\$ (40,200)</u>	<u>\$ (37,945)</u>	<u>\$ 2,255</u>

Statistical Section

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

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	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:									
Invested in capital assets, net of related debt	\$ 2,229,809	\$ 2,954,525	\$ 3,255,127	\$ 3,651,039	\$ 3,893,376	\$ 4,202,022	\$ 7,773,053	\$ 6,516,573	\$ 6,235,005
Restricted for:									
Capital projects	87,065	119,145	124,442	128,755	133,992	135,893	280,773	171,000	167,101
Debt service	21,140				1		22,200	50,283	31,222
Other purposes	251,000	282,645	425,393	241,451	272,920	643,598	210,394	422,455	602,572
Unrestricted	87,814	(63,773)	(122,725)	(69,515)	(37,389)	(239,041)	(273,462)	(198,425)	(196,908)
Total governmental activities net assets	<u>\$ 2,676,628</u>	<u>\$ 3,292,542</u>	<u>\$ 3,682,237</u>	<u>\$ 3,951,730</u>	<u>\$ 4,262,900</u>	<u>\$ 4,742,472</u>	<u>\$ 8,012,958</u>	<u>\$ 6,961,886</u>	<u>\$ 6,838,992</u>
Business-type activities:									
Invested in capital assets, net of related debt	\$ 3,743	\$ 2,570	\$ 1,397	\$ 1,117	\$ 34,505	\$ 37,806	\$ 50,072	\$ 83,292	\$ 93,369
Unrestricted	23,798	51,325	68,874	83,737	82,177	119,183	118,040	181,193	173,406
Total business-type activities net assets	<u>\$ 27,541</u>	<u>\$ 53,895</u>	<u>\$ 70,271</u>	<u>\$ 84,854</u>	<u>\$ 116,682</u>	<u>\$ 156,989</u>	<u>\$ 168,112</u>	<u>\$ 244,485</u>	<u>\$ 266,775</u>
District-wide:									
Invested in capital assets, net of related debt	\$ 2,233,552	\$ 2,957,095	\$ 3,256,524	\$ 3,652,156	\$ 3,927,881	\$ 4,239,828	\$ 7,823,125	\$ 6,599,865	\$ 6,328,374
Restricted:									
Capital projects	87,065	119,145	124,442	128,755	133,992	135,893	280,773	171,000	167,101
Debt service	21,140				1		22,200	50,283	31,222
Other purposes	251,000	282,645	425,393	241,451	272,920	643,598	210,394	422,455	602,572
Unrestricted	111,412	(12,448)	(53,851)	14,222	44,788	(119,858)	(155,422)	(37,232)	(23,502)
Total district net assets	<u>\$ 2,704,169</u>	<u>\$ 3,346,437</u>	<u>\$ 3,752,508</u>	<u>\$ 4,036,584</u>	<u>\$ 4,379,582</u>	<u>\$ 4,899,461</u>	<u>\$ 8,181,070</u>	<u>\$ 7,206,371</u>	<u>\$ 7,105,767</u>

Source: District records

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

Stratford 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	\$ 4,034,839	\$ 4,163,842	\$ 3,558,887	\$ 3,486,323	\$ 3,333,409	\$ 3,838,849	\$ 3,759,499	\$ 3,532,686	\$ 3,058,873
Special education	1,242,798	1,285,531	1,016,866	1,080,893	1,080,344	1,178,458	1,272,469	1,149,012	1,726,308
Other instruction	354,054	380,706	306,675	289,838	359,946	403,592	411,503	289,404	430,590
Support Services:									
Tuition	354,561	391,488	543,148	574,886	506,603	520,271	447,459	526,988	534,273
Student & instruction related services	1,461,079	1,394,968	1,075,451	1,236,678	1,274,296	1,301,274	1,457,205	1,204,662	1,284,715
School administrative services	470,906	493,697	385,561	409,201	402,169	399,140	422,923	445,653	452,463
General and business administrative services	348,621	624,716	527,722	543,213	592,609	650,010	604,454	618,616	601,799
Plant operations and maintenance	793,156	959,704	848,100	904,723	1,018,280	951,889	873,079	896,258	983,646
Pupil transportation	245,503	177,712	298,824	351,683	373,547	358,987	424,854	380,183	375,469
Business and other support services	229,174								
Unallocated employee benefits			2,288,129	2,662,204	2,867,979	2,342,639	2,724,764	2,486,885	2,675,982
Interest on long-term debt	185,001	214,839	127,085	102,437	77,434	52,205	126,370	216,858	262,263
Unallocated depreciation	175,976	173,591	173,590	161,986	180,922	166,993	92,487	351,097	434,045
Total governmental activities expenses	<u>9,895,668</u>	<u>10,260,794</u>	<u>11,150,048</u>	<u>11,804,065</u>	<u>12,067,538</u>	<u>12,164,307</u>	<u>12,617,066</u>	<u>12,098,302</u>	<u>12,820,426</u>
Business-type activities:									
Food service	201,062	199,217	203,849	210,390	234,940	242,459	258,357	265,045	285,035
Summer Drama Camp						9,336	10,713	8,966	10,102
Total business-type activities expense	<u>201,062</u>	<u>199,217</u>	<u>203,849</u>	<u>210,390</u>	<u>234,940</u>	<u>251,795</u>	<u>269,070</u>	<u>274,011</u>	<u>295,137</u>
Total district expenses	<u>\$ 10,096,730</u>	<u>\$ 10,460,011</u>	<u>\$ 11,353,897</u>	<u>\$ 12,014,455</u>	<u>\$ 12,302,478</u>	<u>\$ 12,416,102</u>	<u>\$ 12,886,136</u>	<u>\$ 12,372,313</u>	<u>\$ 13,115,563</u>
Program Revenues:									
Charges for services:									
Instruction (tuition)	\$ 551,285	\$ 492,571	\$ 488,667	\$ 604,854	\$ 623,460	\$ 651,923	\$ 546,798	\$ 564,718	\$ 587,319
Governmental activities:									
Operating grants and contributions	1,586,554	1,551,600	1,725,081	2,079,088	2,006,258	1,832,470	1,900,965	1,595,715	1,592,483
Total governmental activities program revenues	<u>2,137,839</u>	<u>2,044,171</u>	<u>2,213,748</u>	<u>2,683,940</u>	<u>2,629,718</u>	<u>2,484,393</u>	<u>2,447,763</u>	<u>2,160,433</u>	<u>2,179,802</u>

(Continued)

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

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	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:									
Charges for services:									
Food service	\$ 136,721	\$ 165,038	\$ 179,167	\$ 167,701	\$ 167,958	\$ 189,469	\$ 176,167	\$ 202,613	\$ 205,454
Summer Drama Camp						20,631	9,450	12,297	10,709
Operating grants and contributions	59,421	50,533	51,058	56,919	62,137	75,416	94,576	95,362	101,264
Capital grants and contributions									
Total business-type activities program revenues	<u>196,142</u>	<u>215,571</u>	<u>230,225</u>	<u>224,620</u>	<u>230,095</u>	<u>285,516</u>	<u>280,193</u>	<u>310,272</u>	<u>317,427</u>
Total district program revenues	<u>\$ 2,333,981</u>	<u>\$ 2,259,742</u>	<u>\$ 2,443,973</u>	<u>\$ 2,908,560</u>	<u>\$ 2,859,813</u>	<u>\$ 2,769,909</u>	<u>\$ 2,727,956</u>	<u>\$ 2,470,705</u>	<u>\$ 2,497,229</u>
Net (Expense)/Revenue:									
Governmental activities	\$ (7,757,829)	\$ (8,216,623)	\$ (8,936,300)	\$ (9,120,125)	\$ (9,437,820)	\$ (9,679,914)	\$ (10,169,303)	\$ (9,937,669)	\$ (10,640,624)
Business-type activities	(4,920)	16,354	26,376	14,230	(4,845)	33,721	11,123	36,261	22,290
Total district-wide net expense	<u>\$ (7,762,749)</u>	<u>\$ (8,200,269)</u>	<u>\$ (8,909,924)</u>	<u>\$ (9,105,895)</u>	<u>\$ (9,442,665)</u>	<u>\$ (9,646,193)</u>	<u>\$ (10,158,180)</u>	<u>\$ (9,901,608)</u>	<u>\$ (10,618,334)</u>
General Revenues and Other Changes in Net Assets:									
Governmental activities:									
Property taxes levied for general purposes, net	\$ 4,388,536	\$ 4,540,807	\$ 5,029,043	\$ 5,327,650	\$ 5,540,756	\$ 5,483,342	\$ 5,483,342	\$ 5,706,500	\$ 5,706,500
Taxes levied for debt service	336,452	337,230	362,968	353,949	347,106	332,294	320,952	317,415	324,603
Unrestricted grants and contributions	3,545,136	3,644,538	3,662,857	3,644,251	3,852,281	4,119,218	4,026,137	3,840,254	4,295,007
State aid restricted for capital projects	50,978	235,569	-	-	-	-	3,478,718	80,839	8,565
Investment earnings	6,540	2,913	6,087	4,525	5,237	1,901	23,189	28,788	20,616
Miscellaneous income	350,127	71,480	265,040	59,243	63,300	222,731	107,451	64,900	197,592
Loss on disposal of fixed assets					(59,690)				(35,153)
Adjustment to capital assets, net of accum. deprec.								(1,151,899)	
Transfers	(40,000)								
Total governmental activities	<u>8,637,769</u>	<u>8,832,537</u>	<u>9,325,995</u>	<u>9,389,618</u>	<u>9,748,990</u>	<u>10,159,486</u>	<u>13,439,789</u>	<u>8,886,797</u>	<u>10,517,730</u>
Business-type activities:									
Capital assets contributed					36,673	6,586			
Adjustment to capital assets, net of accum. deprec.								40,112	
Transfers	40,000			353					
Total business-type activities	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>353</u>	<u>36,673</u>	<u>6,586</u>	<u>-</u>	<u>40,112</u>	<u>-</u>
Total district-wide	<u>\$ 8,677,769</u>	<u>\$ 8,832,537</u>	<u>\$ 9,325,995</u>	<u>\$ 9,389,971</u>	<u>\$ 9,785,663</u>	<u>\$ 10,166,072</u>	<u>\$ 13,439,789</u>	<u>\$ 8,926,909</u>	<u>\$ 10,517,730</u>
Change in Net Assets:									
Governmental activities	\$ 879,940	\$ 615,914	\$ 369,695	\$ 269,493	\$ 311,170	\$ 479,572	\$ 3,270,486	\$ (1,051,072)	\$ (122,894)
Business-type activities	35,080	16,354	26,376	14,583	31,828	40,307	11,123	76,373	22,290
Total district-wide	<u>\$ 915,020</u>	<u>\$ 632,268</u>	<u>\$ 416,071</u>	<u>\$ 284,076</u>	<u>\$ 342,998</u>	<u>\$ 519,879</u>	<u>\$ 3,281,609</u>	<u>\$ (974,699)</u>	<u>\$ (100,604)</u>

Source: District records

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

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

		Fiscal Year Ending June 30,								
		2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:										
Restricted for:										
Capital reserve	\$	82,707	\$ 111,503	\$ 117,512	\$ 128,755	\$ 133,992	\$ 135,893	\$ 136,882	\$ 137,588	\$ 138,366
Excess surplus			183,942	241,451		59,808	302,721	59,944	57,456	146,579
Assigned to:										
Year-end encumbrances						126,079			70,567	34,188
Designated for subsequent year's budget		251,000	98,703	183,942	241,451	81,085	340,877	13,568	156,844	283,439
Unassigned		92,398	8,247	14,878	89,163	67,205	(87,767)	(128,474)	(110,429)	(58,073)
Total general fund	\$	426,105	\$ 402,395	\$ 557,783	\$ 459,369	\$ 468,169	\$ 691,724	\$ 81,920	\$ 312,026	\$ 544,499
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue fund	\$	(1,750)	\$ (1,750)	\$ (1,750)	\$ (1,750)	\$ 5,948				
Capital projects fund		4,358	7,642	6,930				\$ 280,773	\$ 171,000	\$ 167,101
Debt service fund		21,140			1	1		22,200	50,283	31,222
Total all other governmental funds	\$	23,748	\$ 5,892	\$ 5,180	\$ (1,749)	\$ 5,949	\$ -	\$ 302,973	\$ 221,283	\$ 198,323

Source: District records

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

Stratford School District
Changes In Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

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	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax levy	\$ 4,030,524	\$ 4,724,988	\$ 4,878,037	\$ 5,392,011	\$ 5,681,599	\$ 5,887,862	\$ 5,815,636	\$ 5,804,294	\$ 6,023,915	\$ 6,031,103
Tuition charges	491,498	551,285	492,571	488,667	604,854	623,460	651,923	546,798	564,718	587,319
Interest earnings	2,944	6,540	2,913	6,087	4,525	5,237	1,901	23,189	28,788	19,662
Miscellaneous	20,915	351,625	71,631	265,040	59,455	63,300	222,731	115,458	71,718	198,546
State sources	4,418,656	4,861,749	5,137,183	5,071,553	5,391,405	5,558,905	5,610,405	8,273,809	4,991,941	5,368,970
Federal sources	264,192	319,421	294,373	316,385	331,932	299,634	341,283	1,123,274	518,049	527,085
Total revenue	9,228,729	10,815,608	10,876,708	11,539,743	12,073,770	12,438,398	12,643,879	15,886,822	12,199,129	12,732,685
Expenditures										
Instruction										
Regular instruction	2,986,759	3,184,664	3,230,301	3,481,812	3,504,782	3,364,854	3,767,486	3,751,768	3,533,865	3,012,443
Special education instruction	887,751	939,445	954,370	1,016,866	1,080,893	1,080,344	1,178,458	1,272,469	1,149,012	1,726,308
Other instruction	259,086	269,859	282,776	306,675	289,838	359,946	403,592	411,503	289,404	430,590
Support Services:										
Tuition	492,384	354,561	391,488	543,148	574,886	506,603	520,271	447,459	526,988	534,273
Student & instruction related services	1,078,429	1,146,795	1,060,440	1,075,451	1,236,678	1,274,296	1,301,274	1,457,205	1,204,662	1,284,715
School administrative services	321,781	357,417	366,800	385,561	409,201	402,169	399,140	422,923	445,653	452,463
General and business admin. services	462,530	465,547	507,405	526,353	541,939	591,180	646,690	601,134	614,841	601,799
Plant operations and maintenance	722,833	681,734	839,548	850,042	914,685	1,017,453	962,714	898,049	891,321	983,646
Pupil transportation	259,236	230,194	160,650	293,601	363,277	379,679	349,663	415,530	370,859	375,469
Other support services	2,440,942	1,894,364	2,059,717	2,288,129	2,662,204	2,867,979	2,342,639	2,724,764	2,486,885	2,675,982
Capital outlay	89,067	227,782	464,832	10,759	72,889		2,179	8,468,565	219,809	81,982
Debt service:										
Principal	348,000	410,000	440,000	470,000	480,000	490,000	490,000	492,000	80,000	100,000
Interest and other charges	170,223	185,001	159,947	136,670	112,224	87,397	62,167	37,014	237,414	263,502
Total expenditures	10,519,021	10,347,363	10,918,274	11,385,067	12,243,496	12,421,900	12,426,273	21,400,383	12,050,713	12,523,172
Excess (Deficiency) of revenues over (under) expenditures	(1,290,292)	468,245	(41,566)	154,676	(169,726)	16,498	217,606	(5,513,561)	148,416	209,513
Other Financing sources (uses)										
Proceeds from borrowing	790,000							5,206,730		
Capital lease					64,595					
State Aid receivable canceled					(212)					
Transfers in	2,173	53,570	236,197	78	6,718			22,200	28,082	18,884
Transfers out	(4,540)	(93,570)	(236,197)	(78)	(6,718)			(22,200)	(28,082)	(18,884)
Total other financing sources (uses)	787,633	(40,000)	-	-	64,383	-	-	5,206,730	-	-
Net change in fund balances	\$ (502,659)	\$ 428,245	\$ (41,566)	\$ 154,676	\$ (105,343)	\$ 16,498	\$ 217,606	\$ (306,831)	\$ 148,416	\$ 209,513
Debt service as a percentage of noncapital expenditures	4.97%	5.88%	5.74%	5.33%	4.87%	4.65%	4.44%	4.09%	2.68%	2.92%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

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<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Shared Service Fees</u>	<u>Prior Year Refunds</u>	<u>Sale of Used Equipment</u>	<u>E-Rate</u>	<u>Rent</u>	<u>Miscellaneous</u>	<u>Total</u>
2003	\$ 2,981	\$ 491,498		\$ 18,705					\$ 513,184
2004	10,486	551,285		96,089	\$ 250,000			\$ 1,590	909,450
2005	12,404	492,571		55,169				6,574	566,718
2006	28,681	488,667		42,225			\$ 185,000	15,241	759,814
2007	37,115	604,854		22,905				3,960	668,834
2008	32,826	623,460		35,626				85	691,997
2009	20,320	651,923	\$ 82,650	102,779				18,883	876,555
2010	27,054	546,798	87,500	15,369				8,724	685,445
2011	39,209	564,718	22,969	10,698		\$ 11,078		9,734	658,406
2012	10,371	587,319	49,711	151,853				6,273	805,527
	<u>\$ 221,447</u>	<u>\$ 5,603,093</u>	<u>\$ 242,830</u>	<u>\$ 551,418</u>	<u>\$ 250,000</u>	<u>\$ 11,078</u>	<u>\$ 185,000</u>	<u>\$ 71,064</u>	<u>\$ 7,135,930</u>

Source: District records

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

J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2002	\$ 832,700	\$ 220,907,800	\$ 51,409,500	\$ 11,719,200	\$ 284,869,200	\$ 1,047,764	\$ 285,916,964	\$ 107,956,200	\$ 1.532	\$ 306,314,570
2004	897,100	221,087,300	51,635,800	11,719,200	285,339,400	907,799	286,247,199	107,378,800	1.678	329,892,851
2005	991,500	221,322,200	51,888,300	11,719,200	285,921,200	793,350	286,714,550	114,410,400	1.791	353,190,249
2006	1,217,600	222,038,200	51,677,500	11,719,200	286,652,500	627,546	287,280,046	114,281,300	1.927	405,841,538
2007	1,279,000	222,380,900	50,205,800	11,719,200	285,584,900	566,657	286,151,557	114,281,300	2.022	450,575,963
2008	1,102,000	223,214,100	50,293,300	11,719,200	286,328,600	533,921	286,862,521	114,170,300	2.040	499,930,936
2009	1,270,400	223,821,900	49,569,200	11,719,200	286,380,700	553,109	286,933,809	113,997,700	2.025	511,054,933
2010	1,239,600	223,754,900	49,017,800	11,719,200	285,731,500	534,531	286,266,031	114,504,500	2.066	519,218,591
2011	1,299,600	224,379,500	48,385,800	11,719,200	285,784,100	452,738	286,236,838	114,302,700	2.106	511,388,419
2012	1,239,600	224,833,900	45,319,200	11,368,700	282,761,400	468,312	283,229,712	114,362,700	2.128	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.

Stratford 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,	Stratford School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Stratford	Regional High School	Camden County	
2003	\$ 1.634	\$ 0.044	\$ 1.678	\$ 0.678	\$ 0.961	\$ 0.966	\$ 4.283
2004	1.561	0.117	1.678	0.705	1.014	0.950	4.347
2005	1.674	0.117	1.791	0.762	1.087	0.954	4.594
2006	1.812	0.115	1.927	0.849	1.160	1.055	4.991
2007	1.925	0.115	2.040	1.006	1.190	1.037	5.273
2008	1.925	0.115	2.040	1.162	1.158	1.026	5.386
2009	1.925	0.100	2.025	1.149	1.113	1.030	5.317
2010	1.961	0.105	2.066	1.183	1.114	1.107	5.470
2011	2.001	0.105	2.106	1.182	1.053	1.195	5.536
2012	2.023	0.105	2.128	1.303	1.056	1.248	5.735

Source: Municipal Tax Collector

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

J-8

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Taxpayer	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value
Woodmere Investment Association	\$ 4,200,000	1.48%
J. Teitelbaum Nursing Home	2,913,000	1.03%
AEJ Stratford LLC	2,700,000	0.95%
Echelon Ford Real Estate Holdings	2,000,000	0.71%
Stratford Properties LLC	1,764,600	0.62%
Stratford Investors	1,634,900	0.58%
La Martinique Bowling Academy	1,561,700	0.55%
Stanton Meltzer	1,489,200	0.53%
Stratford Court Apartments	1,425,000	0.50%
Laurel Mills, LLC	1,400,000	0.49%
Total	\$ 21,088,400	7.45%

Taxpayer	2003	
	Taxable Assessed Value	% of Total District Net Assessed Value
Juster Management Co. Shopping Center	\$ 4,750,000	1.66%
Woodmere Investment Association	4,200,000	1.47%
LaMartinique Bowling Academy	2,949,500	1.03%
J. Teitelbaum Nursing Home	2,913,000	1.02%
Echelon Ford Real Estate Holdings	2,791,100	0.98%
Laurel Mills, LLC	1,890,000	0.66%
Gross & Kowit Shopping Center	1,634,900	0.57%
Aldi, Inc.	1,439,300	0.50%
Stratford Court Apartments	1,425,000	0.50%
Stratford Court Apartments	1,345,000	0.47%
Total	\$ 25,337,800	8.86%

Source: Municipal Tax Assessor

**Stratford 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	\$ 4,030,524	\$ 4,030,524	100.00%	-
2004	4,724,988	4,724,988	100.00%	-
2005	4,878,037	4,878,037	100.00%	-
2006	5,392,011	5,392,011	100.00%	-
2007	5,681,599	5,681,599	100.00%	-
2008	5,887,862	5,887,862	100.00%	-
2009	5,815,636	5,815,636	100.00%	-
2010	5,804,294	5,804,294	100.00%	-
2011	6,023,915	6,023,915	100.00%	-
2012	6,031,103	6,031,103	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.

**Stratford School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

J-10

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	\$ 3,682,000	\$ -	\$ 15,151	\$ -	\$ 3,697,151	1.57%	\$ 511
2004	3,272,000		10,420	-	3,282,420	1.35%	456
2005	2,832,000		5,029	-	2,837,029	1.13%	396
2006	2,362,000		2,253	-	2,364,253	0.91%	330
2007	1,882,000		50,392	-	1,932,392	0.70%	271
2008	1,392,000		38,809	-	1,430,809	0.50%	202
2009	902,000		26,471	-	928,471	0.31%	132
2010	5,616,000			-	5,616,000	1.93%	797
2010	5,536,000			-	5,536,000	1.84%	786
2011	5,436,000			-	5,436,000	Unavailable	773

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.

**Stratford School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

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	\$ 3,682,000	\$ -	\$ 3,682,000	1.29%	\$ 509
2004	3,272,000	-	3,272,000	1.14%	454
2005	2,832,000	-	2,832,000	0.99%	395
2006	2,362,000	-	2,362,000	0.82%	330
2007	1,882,000	-	1,882,000	0.66%	264
2008	1,392,000	-	1,392,000	0.49%	196
2009	902,000	-	902,000	0.31%	128
2010	5,616,000	-	5,616,000	1.96%	797
2011	5,536,000	-	5,536,000	1.93%	786
2012	5,436,000	-	5,436,000	1.92%	773

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.

**Stratford 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:			
Borough of Stratford (1)	\$ 1,934,830	100.000%	\$ 1,934,830
Camden County General Obligation Debt (1)	211,014,203	0.924% (2)	1,950,474
Sterling Regional High School (1)	3,810,000	44.311% (3)	<u>1,688,230</u>
Subtotal, overlapping debt			5,573,534
Stratford School District Direct Debt			<u>5,436,000</u>
Total direct and overlapping debt			<u><u>\$ 11,009,534</u></u>

Sources:

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Borough'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.
- (3) The percentage is based upon the average equalized valuation of all sending districts. The source for this computation is the Borough's 2011 Annual Debt Statement.

Legal Debt Margin Calculation for Fiscal Year 2012

	Equalized valuation basis (1)
2011	\$ 494,949,948
2010	508,871,772
2009	517,867,450
	<u>\$ 1,521,689,170</u>
Average equalized valuation of taxable property	<u>\$ 507,229,723</u>
Debt limit (3% of average equalized valuation) (2)	15,216,892
Net bonded school debt (3)	5,436,000
Legal debt margin	<u>\$ 9,780,892</u>

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	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 8,748,356	\$ 9,192,903	\$ 9,791,113	\$ 10,796,120	\$ 10,796,120	\$ 13,489,206	\$ 14,548,143	\$ 15,226,778	\$ 15,352,255	\$ 15,216,892
Total net debt applicable to limit (3)	<u>3,682,000</u>	<u>3,272,000</u>	<u>2,832,000</u>	<u>2,362,000</u>	<u>1,882,000</u>	<u>1,392,000</u>	<u>902,000</u>	<u>5,616,000</u>	<u>5,536,000</u>	<u>5,436,000</u>
Legal debt margin	<u>\$ 5,066,356</u>	<u>\$ 5,920,903</u>	<u>\$ 6,959,113</u>	<u>\$ 8,434,120</u>	<u>\$ 8,914,120</u>	<u>\$ 12,097,206</u>	<u>\$ 13,646,143</u>	<u>\$ 9,610,778</u>	<u>\$ 9,816,255</u>	<u>\$ 9,780,892</u>
Total net debt applicable to the limit as a percentage of debt limit	42.09%	35.59%	28.92%	21.88%	17.43%	10.32%	6.20%	36.88%	36.06%	35.72%

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

**Stratford School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemploymen t Rate ^d</u>
2002	7,236	\$ 235,408,788	\$ 32,533	3.8%
2003	7,205	243,327,260	33,772	3.9%
2004	7,168	250,557,440	34,955	3.5%
2005	7,155	259,719,345	36,299	5.2%
2006	7,120	275,337,520	38,671	5.6%
2007	7,095	285,644,700	40,260	5.1%
2008	7,060	296,463,520	41,992	5.0%
2009	7,044	291,663,864	41,406	7.9%
2010	7,039	300,706,080	42,720	8.3%
2011	7,035	e	e	8.1%

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

**Stratford 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	44.7	45.7	45.7	45.7	45.7	45.7	46.7	47.7	45.0	45.8
Special education	12.0	13.0	14.0	15.0	15.0	15.0	15.0	15.7	14.0	15.0
Support Services:										
Student & instruction related services	47.3	47.3	48.3	48.3	48.9	48.4	50.8	49.6	20.8	22.6
School administrative services	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
General and business administrative services	3.0	3.0	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Central services			3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Administrative information technology			1.0	1.0	1.0	1.0	1.0	1.2	1.2	1.2
Plant operations and maintenance	9.0	9.0	9.0	9.0	8.5	10.0	10.0	10.0	9.8	9.8
Pupil transportation	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Business and other support services	4.2	4.2								
Total	<u>130.2</u>	<u>132.2</u>	<u>133.2</u>	<u>134.1</u>	<u>134.2</u>	<u>135.2</u>	<u>138.6</u>	<u>139.3</u>	<u>105.9</u>	<u>109.5</u>

Source:
District Personnel Records

Stratford School District
Operating Statistics,
Last Ten Fiscal Years

J-17

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Fiscal Year	Resident Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Parkview Elementary	Yellin Elementary				
2003	885	\$ 9,911,731	\$ 11,199.70	19.30%	75	1:20	1:21	883.0	847.4	-0.40%	95.97%
2004	903	9,524,580	10,547.71	-5.82%	75	1:20	1:21	875.4	850.8	-0.40%	97.19%
2005	858	9,853,495	11,484.26	8.88%	75	1:20	1:21	843.8	807.0	-0.86%	95.64%
2006	840	10,767,638	12,818.62	11.62%	76	1:19	1:20	838.9	800.7	-3.61%	95.45%
2007	853	11,578,383	13,573.72	5.89%	76	1:20	1:20	842.3	821.9	0.41%	97.58%
2008	865	11,844,503	13,693.07	0.88%	76	1:20	1:20	834.5	795.2	-0.93%	95.29%
2009	864	11,871,927	13,740.66	0.35%	76	1:20	1:20	838.3	800.9	0.46%	95.54%
2010	861	12,402,804	14,405.11	4.84%	77	1:21	1:20	827.1	792.4	-1.34%	95.80%
2011	840	11,513,490	13,706.54	-4.85%	71	1:21	1:21	830.8	798.7	0.45%	96.14%
2012	803	12,077,688	15,040.71	9.73%	72	1:20	1:20	782.3	751.8	-5.84%	96.10%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**Stratford School District
School Building Information
Last Ten Fiscal Years**

J-18

	<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>										
Parkview Elementary (1964)										
Square Feet	48,198	48,198	48,198	48,198	48,198	48,198	48,198	48,198	48,198	48,198
Capacity (students)	240	240	240	240	240	240	240	240	240	240
Enrollment	381	361	347	311	337	351	336	364	343	342
Yellin Elementary (1957)										
Square Feet	68,904	68,904	68,904	68,904	68,904	68,904	68,904	68,904	76,682	76,682
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	512	528	511	512	516	514	506	485	487	446

Number of Schools at June 30, 2012
 Elementary = 2
 Middle School = 0
 Senior High School = 0
 Other = 0

Source: District Facilities Office

**Stratford 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											
Samuel Yellin School	\$ 56,440	\$ 45,023	\$ 147,811	\$ 105,062	\$ 88,304	\$ 149,863	\$ 89,156	\$ 82,514	\$ 61,294	\$ 111,826	\$ 937,293
Parkview School	39,221	33,448	64,294	50,504	53,859	113,506	35,396	46,404	48,049	60,294	544,975
Total School Facilities	\$ 95,661	\$ 78,471	\$ 212,105	\$ 155,566	\$ 142,163	\$ 263,369	\$ 124,552	\$ 128,918	\$ 109,343	\$ 172,120	\$ 1,482,268

* 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

**Stratford 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	\$ 27,413,500		\$ 5,000
Boiler and Machinery	100,000,000		5,000
General Liability	6,000,000		1,000
Automobile Liability	6,000,000		1,000
Workers' Compensation	Statutory		
Environmental Impairment	13,000,000		10,000
Crime Coverage	25,000		500
EDP Equipment	600,000		1,000
Errors and Omissions	1,000,000		10,000
Surety Bonds (1)			
Chief School Administrator	225,000		1,000
Board Secretary	200,000		1,000

(1) New Jersey School Boards Association Insurance Group

Source: District records

Single Audit Section

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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-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
Stratford School District
County of Camden
Stratford, New Jersey

We have audited Stratford 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 Stratford 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 Stratford 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
September 19, 2012

STRATFORD 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			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	\$ 146,816	7/1/10-6/30/12				\$ 64,480	\$ (146,816)		\$ (82,336)			
Special Revenue Fund:														
Title I:														
Fiscal Year 2012	84.010	NCLB508012	111,359	9/1/11 - 8/31/12				26,569	(94,971)		(84,790)	\$ 16,388		
Fiscal Year 2011	84.010	NCLB508011	110,731	9/1/10 - 8/31/11	\$ (71,783)	\$ 12,896		58,887						
ARRA	84.389	N/A	21,756	9/1/09 - 8/31/10	(16,496)			14,416			(2,080)			
Title II A:														
Fiscal Year 2012	84.367	NCLB508012	32,165	9/1/11 - 8/31/12				8,455	(31,688)		(23,710)	477		
Fiscal Year 2011	84.367	NCLB508011	43,699	9/1/10 - 8/31/11	(47,360)	10,689	\$ (4,033)	40,704						
Title II D:														
Fiscal Year 2011	84.318X	NCLB508011	901	9/1/10 - 8/31/11	(742)	40		702	(40)		(40)			
Title IV:														
Fiscal Year 2011	84.186A	NCLB508011	248	9/1/10 - 8/31/11	(246)	40		208						
I.D.E.A. Part B - Basic:														
Fiscal Year 2012	84.027	FT508012	258,747	9/1/11 - 8/31/12			1,902	111,904	(242,016)		(144,941)	16,729		
Fiscal Year 2011	84.027	FT508011	239,217	9/1/10 - 8/31/11	(88,013)	10,889	(1,903)	77,838	(811)					
ARRA	84.391	N/A	257,181	9/1/09 - 8/31/11	(55,219)	9,710		54,018	(8,509)					
I.D.E.A. Part B - Preschool:														
Fiscal Year 2011	84.173	PS508011	16,313	9/1/10 - 8/31/11	(9,548)	448	630	8,270						
Fiscal Year 2012	84.173	PS508012	15,256	9/1/11 - 8/31/12			582	5,092	(13,422)		(10,018)	2,280		
ARRA	84.392	N/A	9,294	9/1/09 - 8/31/10	(7,307)			7,307						
Total U.S. Department of Education					<u>(294,716)</u>	<u>44,712</u>	<u>(2,612)</u>	<u>478,850</u>	<u>(538,275)</u>		<u>(347,915)</u>	<u>35,874</u>		
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund:														
Food Distribution Program														
Fiscal Year 2012	10.550	N/A	19,180	7/1/11 - 6/30/12				19,180	(19,180)					
School Breakfast Program:														
Fiscal Year 2012	10.553	N/A	3,766	7/1/11 - 6/30/12				3,801	(3,766)		(165)			
National School Lunch Program														
Fiscal Year 2012	10.555	N/A	71,119	7/1/11 - 6/30/12				72,325	(75,713)		(3,388)			
Fiscal Year 2011	10.555	N/A	81,172	7/1/10 - 6/30/11	(7,130)			7,130						
Total U.S. Department of Agriculture					<u>(7,130)</u>			<u>102,236</u>	<u>(98,659)</u>		<u>(3,553)</u>			
Total Federal Awards					<u>\$ (301,848)</u>	<u>\$ 44,712</u>	<u>\$ -</u>	<u>\$ (2,612)</u>	<u>\$ 581,086</u>	<u>\$ (636,934)</u>	<u>\$ -</u>	<u>\$ (351,468)</u>	<u>\$ 35,874</u>	<u>\$ -</u>

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

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

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State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2011			Adjustments	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 (Continued):													
General Fund:													
Equalization Aid	11-495-034-5120-078	\$ 3,356,628	7/1/10 - 6/30/11	\$ (360,429)				\$ 360,429					
Equalization Aid	12-495-034-5120-078	3,573,280	7/1/11 - 6/30/12					3,264,163	\$ (3,573,280)		\$ (309,117)		
Special Education Aid	12-495-034-5120-089	397,870	7/1/11 - 6/30/12					397,870	(397,870)				
School Choice Aid	12-495-034-5120-068	117,657	7/1/11 - 6/30/12					117,657	(117,657)				
Extraordinary Special Education Cost Aid	11-100-034-5120-473	66,625	7/1/10 - 6/30/11	(66,625)				66,625					
Extraordinary Special Education Cost Aid	12-100-034-5120-473	4,827	7/1/11 - 6/30/12						(4,827)		(4,827)		
Nonpublic Transportation Aid	12-495-034-5120-014	1,044	7/1/11 - 6/30/12						(1,044)		(1,044)		
Nonpublic Transportation Aid	11-485-034-5120-014	522	7/1/10 - 6/30/11	(522)				522					
Anti-Bullying Aid	Not Available	2,201	7/1/11 - 6/30/12						(2,201)		(2,201)		
On-behalf TPAF Pension Contribution	12-495-034-5095-001	486,014	7/1/11 - 6/30/12					486,014	(486,014)				
Reimbursed TPAF Social Security Contr.	11-495-034-5095-002	375,257	7/1/10 - 6/30/11	(18,636)				18,636					
Reimbursed TPAF Social Security Contr.	12-495-034-5095-002	391,092	7/1/11 - 6/30/12					371,617	(391,092)		(19,475)		
Total General Fund				(446,212)				5,083,533	(4,973,985)		(335,664)		
Special Revenue Fund													
NJ Nonpublic Aid:													
Textbook Aid	11-100-034-5120-064	22,338	7/1/10 - 6/30/11			\$ 955				\$ (955)			
Textbook Aid	12-100-034-5120-064	17,987	7/1/11 - 6/30/12					17,987	(17,933)			\$ 54	
Nursing Aid	12-100-034-5120-070	25,695	7/1/11 - 6/30/12					25,695	(25,437)			258	
Nursing Aid	11-100-034-5120-070	26,468	7/1/10 - 6/30/11			265				(265)			
Auxiliary Services:													
Compensatory Education	11-100-034-5120-067	343,281	7/1/10 - 6/30/11			165,253				(165,253)			
Compensatory Education	12-100-034-5120-067	243,455	7/1/11 - 6/30/12					243,455	(159,255)			84,200	
Transportation	11-100-034-5120-067	12,524	7/1/10 - 6/30/11			6,430				(6,430)			
Transportation	12-100-034-5120-067	13,589	7/1/11 - 6/30/12					13,589	(3,811)			9,778	
English as a Second Language	11-100-034-5120-067	4,269	7/1/10 - 6/30/11			2,750				(2,750)			
English as a Second Language	12-100-034-5120-067	5,172	7/1/11 - 6/30/12					5,172	(690)			4,482	
Home Instruction	12-100-034-5120-067	446	7/1/11 - 6/30/12						(446)		(446)		
Home Instruction	11-100-034-5120-067	2,814	7/1/10 - 6/30/11	(2,814)				2,814					
Handicapped Services:													
Supplemental Instruction	12-100-034-5120-066	40,688	7/1/11 - 6/30/12					40,688	(28,130)			12,558	
Supplemental Instruction	11-100-034-5120-066	58,366	7/1/10 - 6/30/11			29,931				(29,931)			
Examination & Classification	12-100-034-5120-066	48,622	7/1/11 - 6/30/12					48,622	(39,599)			9,023	
Examination & Classification	11-100-034-5120-066	52,464	7/1/10 - 6/30/11			15,719				(15,719)			
Corrective Speech	12-100-034-5120-066	57,027	7/1/11 - 6/30/12					57,027	(53,950)			3,077	
Corrective Speech	11-100-034-5120-066	54,371	7/1/10 - 6/30/11			6,347				(6,347)			
Total Special Revenue Fund				(2,814)		227,650		455,049	(329,251)		(227,650)	123,430	
Total State Department of Education				(449,026)		227,650		5,538,582	(5,303,238)		(227,650)	(337,110)	123,430
State Department of Treasury													
Passed-through Borough of Stratford													
Municipal Alliance:													
Calendar Year 2011	2010-475-9955120-60	4,700	1/1/11- 12/31/11				1,157	4,700	(5,857)				
Calendar Year 2010	2010-475-9955120-60	2,450	1/1/10- 12/31/10	290			(290)						
Total Department of Treasury				290			867	4,700	(5,857)				
NJ Economic Development Authority:													
Capital Projects Fund:													
EDA Educational Facilities Construction and Financing Act - Section 15:													
Parkview Elementary Renovations	5080-045-04-OOTN	1,627,711	7/1/09 - 6/30/12	(901,557)	13,918		10,852	726,154	(6,880)		(175,403)	17,890	
Samuel Yellin Elementary Renovations	5080-060-04-OOTO	2,003,059	7/1/09 - 6/30/12	(1,276,905)	57,295		20,290	726,154	(1,685)		(550,751)	75,900	
Total NJ Economic Development Authority				(2,178,462)	71,213		31,142	1,452,308	(8,565)		(726,154)	93,790	

(Continued)

STRATFORD 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			Adjustments	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 Agriculture:													
Enterprise Fund:													
National School Lunch Program (State Share):													
Fiscal Year 2012	12-100-010-3350-023	\$ 2,605	7/1/11 - 6/30/12					\$ 2,486	\$ (2,605)		\$ (119)		
Fiscal Year 2011	11-100-010-3350-023	2,731	7/1/10 - 6/30/11	\$ (249)				249					
Total Enterprise Fund				(249)				2,735	(2,605)		(119)		
Total State Financial Assistance				\$ (2,627,447)	\$ 71,213	\$ 227,650	\$ 32,009	\$ 6,998,325	\$ (5,320,263)	\$ (227,650)	\$ (1,063,383)	\$ 93,780	\$ 123,430

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

Stratford 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 Stratford School District ("School District"). The School District is defined in Note 1 to the School District'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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more of the June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$51,312 for the general fund and (\$11,190) 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 expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 146,816	\$ 5,025,297	\$ 5,172,113
Special Revenue	380,269	335,108	715,377
Capital Projects		8,565	8,565
Food Service	98,659	2,605	101,264
Total	\$ 625,744	\$ 5,371,575	\$ 5,997,319

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.

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution, respectively. TPAF Pension Contributions represents the amount paid by the State on behalf of the School 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	State
Cancelation of Prior Year Orders		\$ 31,142
Over expenditure of allotment		867
Prior Year Expenditures	\$ (2,612)	
	\$ (2,612)	\$ 32,009

**STRATFORD 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.

None

**STRATFORD 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.

**STRATFORD 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.