

**BOARD OF EDUCATION  
OF THE  
TOWNSHIP OF BERLIN  
SCHOOL DISTRICT  
BERLIN, NEW JERSEY**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

**BERLIN TOWNSHIP SCHOOL DISTRICT**  
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## INTRODUCTORY SECTION



Dr. Edythe Austermuhl  
Superintendent

BERLIN TOWNSHIP SCHOOL DISTRICT

(856) 767-9480 Fax (856) 767-8235 225 Grove Avenue West Berlin, NJ 08091  
[www.btwpschools.org](http://www.btwpschools.org)

Megan Stoddart  
Business Administrator

Kristin Braidwood  
Supervisor of Special Services

October 15, 2013

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Berlin Township School District for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for both accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Berlin Township Board of Education. To the best of my knowledge and belief, the data presented in this report is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various fund account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The introductory section includes this transmittal letter, the District's organizational charge and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section contains selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the State Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:**

The Berlin Township School District is an independent reporting entity within the criteria adopted by the GASB Statement No. 14. All funds and account groups of the District are included in this report. The Berlin Township Board of Education constitutes the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as, special education for handicapped children. The district completed the 2012/2013 fiscal year with an average daily enrollment of 640 students. The following details the changes in the average daily student enrollment of the district over the last seven years.

**AVERAGE DAILY ENROLLMENT:**

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012-2013	640	0.00%
2011-2012	640	9.00%
2010-2011	598	(2.00%)
2009-2010	611	1.00%
2008-2009	598	1.00%
2007-2008	588	(2.00%)
2006-2007	601	(12.4%)

*"Educating Today For Tomorrow's Success"*

2. **ECONOMIC CONDITION AND OUTLOOK:**

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

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

3. **MAJOR INITIATIVES**

During the 2012-2013 school year, the teaching staff of Berlin Township School District received professional development in the areas of differentiating instruction, Understanding by Design, Renaissance Learning, My Access writing program, curriculum mapping and rubric design. All staff members also received training in computer technology and utilizing technology in the classroom.

Technology upgrades continue to be made across all areas of the district in preparation for PARCC. The use of School Insight Teacher Ease, a student management software program, was used by teachers to communicate with parents and share student achievement progress. During the summer 2013, the kitchen at the John F. Kennedy Elementary School was completely remodeled. The kitchen had been original to the building and was a wonderful upgrade to the school building.

The most effective way to address student achievement is through giving the professional staff members the skills necessary to teach a diverse population of learners. The concentrated and focused professional development plan will continue training in the concept of unit development and implementation outlined in Understanding by Design, curriculum mapping, Renaissance Learning, Wilson Reading, Foundations, Trailblazers, Let me Learn and the use of effective instructional strategies as defined by Lauren Resnick's Principles of Learning. The district is aggressively moving towards implementation of the new curriculum standards. Continual policy revision, cross-training, and review of regulations continue at the board office level.

4. **INTERNAL ACCOUNTING CONTROLS:**

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

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

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

5. **BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts are reported as reservations of fund balance at June 30, 2013.

6. **ACCOUNTING SYSTEM AND REPORTS:**

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

7. **CASH MANAGEMENT:**

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

8. **RISK MANAGEMENT:**

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

9. **OTHER INFORMATION:**

**Independent Audit** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Bowman and Company. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the

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requirements of the Single Audit Act and State Treasury circular Letter 04-04. The auditor's report on the general-purpose financial statement and combining and individual fund statements and schedule is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

**10. ACKNOWLEDGEMENTS:**

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

Respectfully submitted,



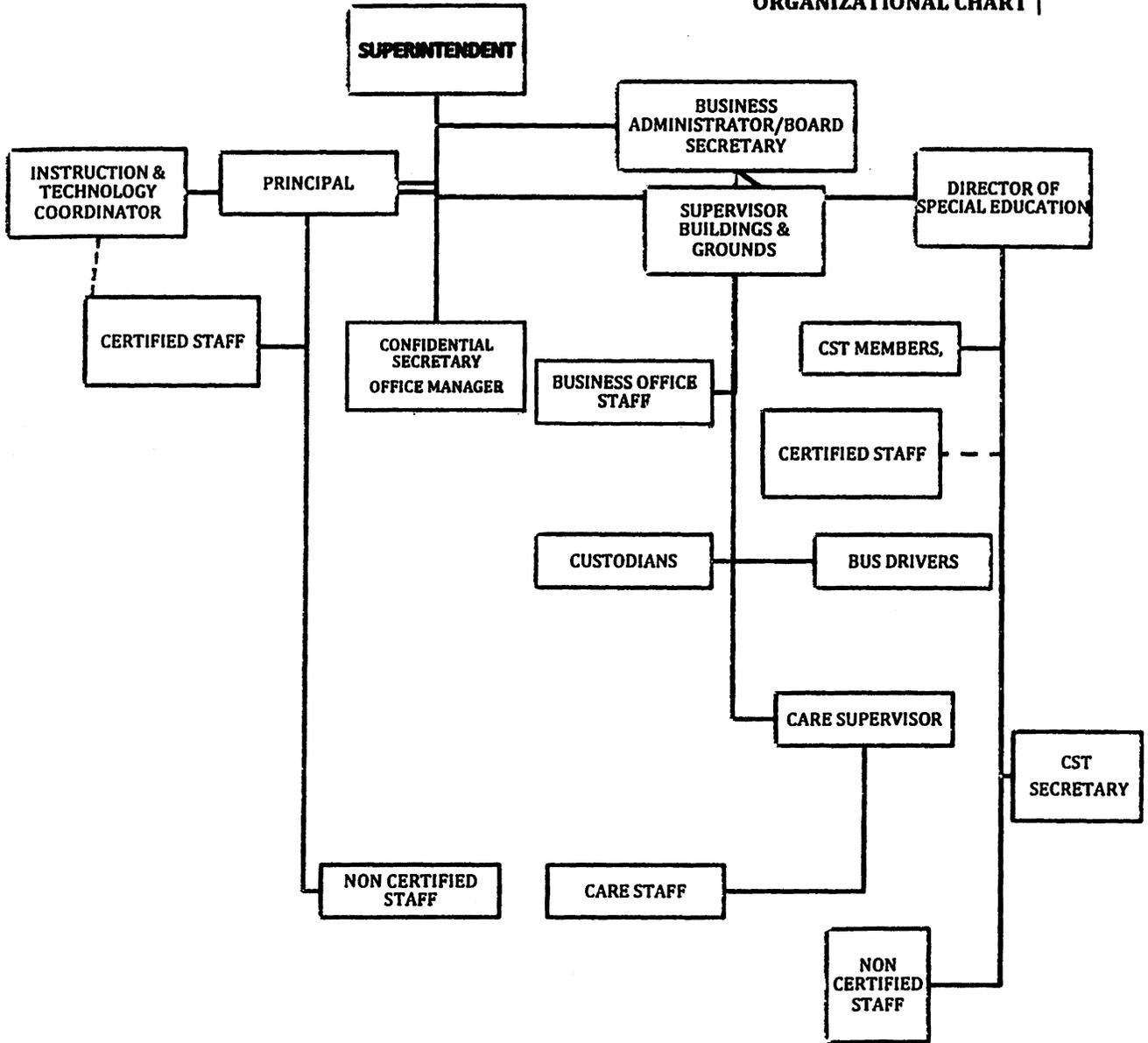
Dr. Edythe Austermuhl  
Superintendent of Schools



Megan Stoddart  
School Business Administrator

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Berlin Township School District | 1  
**ORGANIZATIONAL CHART**



**ROSTER OF OFFICIALS  
JUNE 30, 2013**

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Mary Williams, President	2014
Deanna Reilly, Vice President	2015
Brian Davis	2015
Linda Davis	2013
Jones, Keith	2014
Jocelyn Lewis	2013
Melanie Middleman	2014
Cynthia Mozee	2015
Cecil Rodrigues	2015

**OTHER OFFICIALS**

Leonard Fitts, Interim Superintendent

Megan Stoddart, Business Administrator / Board Secretary

Kathleen Forsythe, Treasurer

Charles Rizzi, Esq. Solicitor

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

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Bowman & Company LLP  
601 White Horse Road  
Voorhees, NJ 08043-2493

**Attorney**

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

**Official Depository**

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Citizens Bank  
79 New Jersey 73  
Voorhees, New Jersey 08043

FINANCIAL SECTION

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Berlin Township School District  
West Berlin, New Jersey 08091

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Berlin School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Berlin School District in the County of Camden, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 18 to the financial statements, during the fiscal year ended June 30, 2013, the School District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): *Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and *Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Berlin School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

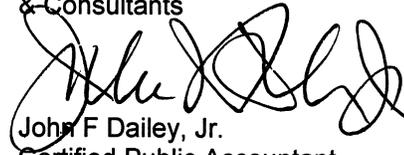
**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2013 on our consideration of the Township of Berlin School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Berlin School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



John F. Dailey, Jr.  
Certified Public Accountant  
Public School Accountant No. CS 00140

Voorhees, New Jersey  
October 15, 2013

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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Berlin Township School District  
West Berlin, New Jersey 08091

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement 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 Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Berlin School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 15, 2013.

***Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township of Berlin School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Administration and Finance, Department of Education, State of New Jersey.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



John F. Dailey, Jr.  
Certified Public Accountant  
Public School Accountant No. CS 00140

Voorhees, New Jersey  
October 15, 2013

REQUIRED SUPPLEMENTARY INFORMATION  
PART I

**BERLIN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Table 1**

**Net Position**

	June 30, 2013	June 30, 2012 (Restated) *
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,821,204.55	\$ 5,108,238.00
Receivables, net	525,293.62	688,027.00
Interfund Receivables	2,904.60	
Inventory	2,380.38	2,231.00
Restricted Assets:		
Restricted Cash and Cash Equivalents	544,214.34	
Capital Assets, net (Note 6)	9,261,969.52	9,638,968.00
<b>Total Assets</b>	<b>12,157,967.01</b>	<b>15,437,464.00</b>
<b>Liabilities</b>		
Accounts Payable	294,850.34	266,717.00
Interfunds Payable	3,035.48	
Accrued Interest Payable	47,198.63	48,374.00
Note Payable		3,246,000.00
Unearned Revenue	20,534.70	9,244.00
Noncurrent Liabilities (Note 7):		
Due within One Year	330,000.00	383,000.00
Due beyond One Year	4,737,956.28	5,178,279.00
<b>Total Liabilities</b>	<b>5,433,575.43</b>	<b>9,131,614.00</b>
<b>Net Position</b>		
Invested in Capital Assets, Net of Related Debt	4,642,969.52	4,636,968.00
Restricted for:		
Debt Service	1,876.17	4,950.00
Capital Projects	900,152.26	1,151,950.00
Other Purposes	(10,500.00)	1,289,060.00
Unrestricted (Deficit)	1,189,893.63	(777,078.00)
<b>Total Net Position</b>	<b>\$ 6,724,391.58</b>	<b>\$ 6,305,850.00</b>

\* - Amounts for the previous year were restated due to the implementation of GASB 65 and the expensing of a former asset in Bond Issuance Costs in the amount of \$41,959.00.

The largest portion of the Township of Berlin School Districts' net position (69%) reflects its investment in capital assets (i.e. land, buildings, equipment), less any related debt used to acquire those assets that is still outstanding. The Township of Berlin School District uses these assets to provide educational services to students; consequently, these assets are not available for future spending.

The net position of the business-type activities increased by \$15,962.07.

**BERLIN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Table 2**

	June 30, 2013	June 30, 2012 (Restated) *
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 200,151.46	\$ 406,853.00
Operating Grants and Contributions	744,282.96	1,580,992.00
Capital Grants and Contributions	37,261.26	
General Revenues:		
Property Taxes	8,135,557.00	8,008,803.00
Federal and State Aid	6,774,840.76	5,403,636.00
Tuition	170,807.49	
Unrestricted Miscellaneous Revenues	38,055.62	46,292.00
Total Revenues	16,100,956.55	15,446,576.00
<b>Program Expenses:</b>		
Governmental Activities:		
Instruction	5,024,174.05	4,783,789.00
Support Services	9,839,384.05	8,870,949.00
Other	426,412.40	398,600.00
Total Expenses, Governmental Activities	15,289,970.50	14,053,338.00
Business-Type Activities:		
Food Service	256,868.55	266,305.00
After School Program	93,617.25	117,815.00
Total Expenses, Business-Type Activities	350,485.80	384,120.00
Total Expenses	15,640,456.30	14,437,458.00
Change in Net Position	\$ 460,500.25	\$ 1,009,118.00

\* - Amounts for the previous year were restated due to the implementation of GASB 65 and the expensing of a former asset in Bond Issuance Costs in the amount of \$41,959.00.

**BERLIN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Governmental Activities**

State Aid and the Local Tax Levy comprise 97% of the total revenues for government activities for the fiscal year 2013.

Instruction costs comprises 33% of the District's governmental expenses, while support service and other expenses, including tuition costs, comprise approximately 64% of the Government Expense.

The Statement of Activities shows the costs of the Governmental Activities' program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2013. That is, it identifies the cost of these services supported by general revenues

**Table 3**

	Total Cost of services	Net Cost of services
Instruction	\$ 5,024,174.05	\$ 4,561,284.35
Support services:		
Tuition	3,314,424.77	3,314,424.77
Student and Instruction Related Service	1,257,159.16	1,222,512.16
School Administrative Services	201,817.26	201,817.26
General Administrative Services	313,866.22	313,866.22
Central Services	171,746.44	171,746.44
Plant Operation and Maintenance	1,311,429.13	1,274,167.87
Pupil Transportation	479,783.44	479,783.44
Unallocated Benefits	1,741,704.84	1,708,112.35
Reimbursed TPAF and Social Security	1,047,452.79	1,047,452.79
Interest on Long Term Debt	186,147.32	139,289.96
Unallocated Depreciation and Amortization	282,224.08	282,224.08
<b>Total Government Activities</b>	<b>\$ 15,331,929.50</b>	<b>\$ 14,716,681.69</b>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Tuition expenses include the cost to the School District to send pupils living within the District to private schools.

Student and instruction related services include the activities designed to assess and improve the well being of students and to supplement the teaching process.

School Administrative and Business and Other Support Services include expenses associated with establishing and administering policy for the School District and include board of education services and executive administrative services.

Plant operation and maintenance of plant activities involve keeping the school grounds, buildings and equipment in an effective working condition.

**BERLIN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

***Governmental Activities (Cont'd)***

Pupil transportation includes activities involved with the conveyance of students to and from school activities.

Unallocated benefits includes the cost of benefits for the School District staff for social security, retirement contributions, workers' compensation, health, dental, prescription and other employee benefits.

Reimbursed TPAF and Social Security costs are the amounts for the on-behalf payments made by the State of New Jersey for staff members included in the Teacher's Pension and Annuity Fund.

Unallocated depreciation is used to report the depreciation expense on capital assets whose use cannot be specifically identified to one particular function.

The dependence upon property taxes, federal and state aid is apparent. The local community, federal government and state, are the primary support for the Berlin Township School District.

***The School District's Funds***

The School District's major funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$15,730,247.61 (Exhibit B-2), expenditures of \$15,455,166.03 and other financing sources and uses of \$1,966.71. The net change in fund balance was significant in the General Fund which had an increase of \$290,784.22. The increase in fund balance in the general fund is primarily a result an increase in the amount collected from the local tax levy along with an increase in revenue recognized from grants.

***General Fund Budgeting Highlights***

The School District's budget is prepared in accordance with New Jersey Law. Most of the funds are appropriated in the General Fund.

During the course of the 2013 fiscal year, the School District modified its General Fund budget as allowed by New Jersey School law. The majority of budget modifications resulted from transfers made throughout the 2012-13 school year.

For the General Fund, the final budget basis revenue estimate was \$13,491,711.00, with actual revenues in the amount of 14,649,991.66, resulting in a positive variance of \$1,158,280.66. The positive variance occurred mainly because of the TPAF On-behalf and Social Security payments by the State of New Jersey.

The General Fund final budget basis expenditure appropriation estimate was \$14,157,389.00 compared with the original estimate of \$14,308,084.93. Actual General Fund basis expenditures were \$14,308,084.93.

**BERLIN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED**

**Capital Assets**

At the end of the fiscal year, the School District had \$9,242,578.45 invested in land, land improvements, buildings and improvements and equipment combined for governmental activities and business-type activities.

Table 4 shows a summary of the district's fiscal 2013 balances:

**Table 4  
Capital Assets (Net of Depreciation)**

Land		\$ 114,012.00
Land Improvements		18,157.92
Buildings and Improvements		8,814,605.74
Vehicles		188,837.19
Equipment		126,356.67
Totals		\$ 9,261,969.52

Overall capital assets decreased \$376,998.41 from fiscal year 2012 to fiscal year 2013. This decrease was primarily as a result of depreciation expense.

**Debt Administration**

At the end of the current fiscal year, the Township of Berlin School District had total bonded debt outstanding of \$4,619,000.00. All of the School Districts' bonded debt is governmental as opposed to business-type. The 2013-14 adopted budget has an appropriation of \$330,000.00 representing the payment of annual principal. The bonds have various interest rates and various maturity dates.

During the fiscal year 2013, the School District made their final payment on a capital lease for school buses. The final payment of \$52,837.18 was made during 2012-13.

**Economic Factors and Next Year's Budget**

For the 2013-14 school year, the School District was able to stay within the State of New Jersey's cap on the increase in taxes levied of 2%. The School District continues to look for opportunities for cost containment including shared services. One of the most important factors affecting the budget is enrollment.

**Contacting the School District's Financial Management**

The School District's financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials and investors and creditors with a general overview of the School District's finances and to show its accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Berlin Township School Business Administrator/Board Secretary at 225 Grove Avenue, West Berlin, New Jersey, 08091.

## BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2013

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,732,451.54	\$ 88,753.01	\$ 1,821,204.55
Receivables, net	504,987.52	20,306.10	525,293.62
Interfunds Receivable	938.22	1,966.38	2,904.60
Inventory		2,380.38	2,380.38
Restricted Assets:			
Restricted Cash and Cash Equivalents	543,276.39		543,276.39
Capital Reserve Account - Cash			
Capital Assets, net (Note 6)	<u>9,242,578.45</u>	<u>19,391.07</u>	<u>9,261,969.52</u>
<b>Total Assets</b>	<u>12,024,232.12</u>	<u>132,796.94</u>	<u>12,157,029.06</u>
<b>LIABILITIES:</b>			
Accounts Payable	293,778.59	1,071.75	294,850.34
Interfunds Payable	3,035.48		3,035.48
Accrued Interest Payable	47,198.63		47,198.63
Unearned Revenue	18,793.91	1,740.79	20,534.70
Noncurrent Liabilities (Note 7):			
Due within One Year	330,000.00		330,000.00
Due beyond One Year	<u>4,737,956.28</u>		<u>4,737,956.28</u>
<b>Total Liabilities</b>	<u>5,430,762.89</u>	<u>2,812.54</u>	<u>5,433,575.43</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	4,623,578.45	19,391.07	4,642,969.52
Restricted for:			
Debt Service	938.22		938.22
Capital Projects	900,152.26		900,152.26
Other Purposes	(10,500.00)		(10,500.00)
Unrestricted	<u>1,079,300.30</u>	<u>110,593.33</u>	<u>1,189,893.63</u>
<b>Total Net Position</b>	<u>\$ 6,593,469.23</u>	<u>\$ 129,984.40</u>	<u>\$ 6,723,453.63</u>

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

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2013

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 3,154,895.44		\$ 462,889.70		\$ (2,692,005.74)		\$ (2,692,005.74)
Special Education	1,487,885.42				(1,487,885.42)		(1,487,885.42)
Other Special Instruction	381,393.19				(381,393.19)		(381,393.19)
Support Services:							
Tuition	3,314,424.77				(3,314,424.77)		(3,314,424.77)
Student and Instruction Related Services	1,257,159.16		34,647.00		(1,222,512.16)		(1,222,512.16)
School Administrative Services	201,817.26				(201,817.26)		(201,817.26)
General Administrative Services	313,866.22				(313,866.22)		(313,866.22)
Central Services	171,746.44				(171,746.44)		(171,746.44)
Plant Operations and Maintenance	1,311,429.13			\$ 37,261.26	(1,274,167.87)		(1,274,167.87)
Pupil Transportation	479,783.44				(479,783.44)		(479,783.44)
Unallocated Benefits	1,741,704.84		33,592.49		(1,708,112.35)		(1,708,112.35)
Reimbursed TPAF and Social Security	1,047,452.79				(1,047,452.79)		(1,047,452.79)
Interest on Long-Term Debt	186,147.32		46,857.36		(139,289.96)		(139,289.96)
Unallocated depreciation and amortization	282,224.08				(282,224.08)		(282,224.08)
<b>Total Governmental Activities</b>	<b>15,331,929.50</b>	<b>-</b>	<b>577,986.55</b>	<b>37,261.26</b>	<b>(14,716,681.69)</b>	<b>-</b>	<b>(14,716,681.69)</b>
<b>Business-Type Activities:</b>							
Food Service	256,868.55	\$ 93,424.81	166,296.41			\$ 2,852.67	2,852.67
After School Program	93,617.25	106,726.65				13,109.40	13,109.40
<b>Total Business-Type Activities</b>	<b>350,485.80</b>	<b>200,151.46</b>	<b>166,296.41</b>	<b>-</b>	<b>-</b>	<b>15,962.07</b>	<b>15,962.07</b>
<b>Total Primary Government</b>	<b>\$ 15,682,415.30</b>	<b>\$ 200,151.46</b>	<b>\$ 744,282.96</b>	<b>\$ 37,261.26</b>	<b>(14,716,681.69)</b>	<b>15,962.07</b>	<b>(14,700,719.62)</b>
<b>General Revenues:</b>							
Taxes:							
Property Taxes, Levied for General Purposes, net					7,713,502.50		7,713,502.50
Property Taxes, Levied for Debt Service, net					422,054.50		422,054.50
Federal and State Aid Restricted					6,774,840.76		6,774,840.76
Tuition Received					170,807.49		170,807.49
Miscellaneous Income					37,117.67		37,117.67
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>					<b>15,118,322.92</b>		<b>15,118,322.92</b>
<b>Change in Net Position</b>					<b>401,641.23</b>	<b>15,962.07</b>	<b>417,603.30</b>
<b>Net Position -- July 1</b>					<b>6,233,787.00</b>	<b>114,022.33</b>	<b>6,347,809.33</b>
<b>Prior Period Adjustment (Note 18)</b>					<b>(41,959.00)</b>		<b>(41,959.00)</b>
<b>Net Position, July 1 (Restated)</b>					<b>6,191,828.00</b>	<b>114,022.33</b>	<b>6,305,850.33</b>
<b>Net Position -- June 30</b>					<b>\$ 6,593,469.23</b>	<b>\$ 129,984.40</b>	<b>\$ 6,723,453.63</b>

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

FUND FINANCIAL STATEMENTS

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Balance Sheet  
Governmental Funds  
June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 1,648,197.81		\$ 627,530.12		\$ 2,275,727.93
Receivables, net:					
Interfunds Receivable:					
Special Revenue Fund	84,253.73				84,253.73
Capital Projects Fund				\$ 938.22	938.22
Receivables from Other Governments:					
State of New Jersey	28,754.68		330,491.43		359,246.11
Federal Government		\$ 140,530.01			140,530.01
Miscellaneous Other Receivables	5,211.40				5,211.40
	<u>5,211.40</u>	<u>\$ 140,530.01</u>	<u>330,491.43</u>	<u>\$ 938.22</u>	<u>525,171.04</u>
Total Assets	<u>\$ 1,766,417.62</u>	<u>\$ 140,530.01</u>	<u>\$ 958,021.55</u>	<u>\$ 938.22</u>	<u>\$ 2,865,907.40</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 188,865.15	\$ 52,202.37	\$ 52,711.07		\$ 293,778.59
Interfunds Payable:					
General Fund		84,253.73			84,253.73
Debt Service Fund			938.22		938.22
Enterprise Fund	1,966.38				1,966.38
Fiduciary Fund	130.88				130.88
Unearned Revenue		14,573.91	4,220.00		18,793.91
	<u>190,962.41</u>	<u>14,573.91</u>	<u>4,220.00</u>	<u>-</u>	<u>199,756.32</u>
Total Liabilities	<u>190,962.41</u>	<u>151,030.01</u>	<u>57,869.29</u>	<u>-</u>	<u>399,861.71</u>

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Balance Sheet  
Governmental Funds  
June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Restricted:					
Capital Projects Fund	\$ 251,666.00		\$ 900,152.26		\$ 1,151,818.26
Excess Surplus	219,293.77				219,293.77
Excess Surplus -- Designated for Subsequent Year's Expenditures	623,382.00				623,382.00
Special Revenue Fund		\$ (10,500.00)			(10,500.00)
Debt Service Fund				\$ 938.22	938.22
Assigned:					
Designated for Subsequent Year's Expenditures	205,198.00				205,198.00
Unassigned:					
General Fund	275,915.44				275,915.44
Total Fund Balances	<u>1,575,455.21</u>	<u>(10,500.00)</u>	<u>900,152.26</u>	<u>938.22</u>	<u>2,466,045.69</u>
Total Liabilities and Fund Balances	<u>\$ 1,766,417.62</u>	<u>\$ 140,530.01</u>	<u>\$ 958,021.55</u>	<u>\$ 938.22</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$14,377,393.00, and the accumulated depreciation is \$5,134,814.55.

9,242,578.45

Accrued interest payable is not due and payable in the current period and therefore is not reported as liabilities in the funds.

(47,198.63)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(5,067,956.28)

Net position of governmental activities

\$ 6,593,469.23

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

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Local Sources	\$ 7,713,502.50			\$ 422,054.50	\$ 8,135,557.00
Tuition Charges	170,807.49				170,807.49
Miscellaneous	33,794.55				33,794.55
State Sources	6,674,985.73	\$ 84,958.22	\$ 37,261.26	141,992.00	6,939,197.21
Federal Sources	4,720.39	446,170.97			450,891.36
<b>Total Revenues</b>	<u>14,597,810.66</u>	<u>531,129.19</u>	<u>37,261.26</u>	<u>564,046.50</u>	<u>15,730,247.61</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Regular Instruction	2,649,739.63	473,389.70			3,123,129.33
Special Education Instruction	1,487,885.42				1,487,885.42
Other Instruction	381,393.19				381,393.19
<b>Undistributed Expenditures:</b>					
Tuition	3,314,424.77				3,314,424.77
Student and Instruction Related Services	1,222,257.16	34,647.00			1,256,904.16
School Administrative Services	206,805.66				206,805.66
General Administrative Services	313,866.22				313,866.22
Central Services	171,746.44				171,746.44
Plant Operations and Maintenance	878,736.66				878,736.66
Pupil Transportation	478,881.34				478,881.34
Unallocated Benefits	1,760,036.35	33,592.49			1,793,628.84
Reimbursed TPAF Pension and Social Security	1,047,848.03				1,047,848.03
<b>Debt Service:</b>					
Interest				185,058.50	185,058.50
Redemption of Principal				383,000.00	383,000.00
Capital Outlay	394,464.06		37,393.41		431,857.47
<b>Total Expenditures</b>	<u>14,308,084.93</u>	<u>541,629.19</u>	<u>37,393.41</u>	<u>568,058.50</u>	<u>15,455,166.03</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>289,725.73</u>	<u>(10,500.00)</u>	<u>(132.15)</u>	<u>(4,012.00)</u>	<u>275,081.58</u>

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
OTHER FINANCING SOURCES (USES):					
Interest Earned in the Capital Projects Fund				\$ 0.27	\$ 0.27
Cancellation of Prior Year Accounts Receivable	\$ 1,058.49				1,058.49
Total Other Financing Sources and Uses	1,058.49	-	-	0.27	1,058.76
Net Change in Fund Balances	290,784.22	\$ (10,500.00)	\$ (132.15)	(4,011.73)	276,140.34
Fund Balance -- July 1	1,284,670.99	-	900,284.41	4,949.95	2,189,905.35
Fund Balance -- June 30	\$ 1,575,455.21	\$ (10,500.00)	\$ 900,152.26	\$ 938.22	\$ 2,466,045.69

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

**TOWNSHIP OF BERLIN 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, 2013

Total Net Change in Fund Balances - Governmental Funds	\$	276,140.34
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$	(368,997.61)
Capital Outlays Expensed		(431,857.47)
Capital Outlays		<u>431,857.47</u>
		(368,997.61)
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		52,837.18
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		383,000.00
Repayment of unfunded pension liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		51,924.00
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.		(1,088.82)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		<u>7,826.14</u>
Change in Net Position of Governmental Activities	\$	<u><u>401,641.23</u></u>

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

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Statement of Net Position  
Proprietary Funds  
June 30, 2013

	Business-Type Activities - Enterprise Funds		
	Food Service	After School Program	Totals
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 70,283.15	\$ 18,469.86	\$ 88,753.01
Accounts Receivable:			
State	168.00		168.00
Federal	9,646.38		9,646.38
Other		10,491.72	10,491.72
Inventory	2,380.38		2,380.38
Interfund Accounts Receivable - General Fund	1,966.38		1,966.38
Total Current Assets	<u>84,444.29</u>	<u>28,961.58</u>	<u>113,405.87</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents,			
Furniture, Machinery and Equipment	77,596.00		77,596.00
Less Accumulated Depreciation	<u>(58,204.93)</u>		<u>(58,204.93)</u>
Total Noncurrent Assets	<u>19,391.07</u>	<u>-</u>	<u>19,391.07</u>
Total Assets	<u>103,835.36</u>	<u>28,961.58</u>	<u>132,796.94</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Unearned Revenue		1,740.79	1,740.79
Accounts Payable	1,071.75		1,071.75
Total Current Liabilities	<u>1,071.75</u>	<u>1,740.79</u>	<u>2,812.54</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	19,391.07		19,391.07
Unrestricted (Deficit)	<u>83,372.54</u>	<u>27,220.79</u>	<u>110,593.33</u>
Total Net Position	<u>\$ 102,763.61</u>	<u>\$ 27,220.79</u>	<u>\$ 129,984.40</u>

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

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds		
	Food Service	After School Program	Totals
<b>OPERATING REVENUES:</b>			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Breakfast Program	\$ 5,251.06		\$ 5,251.06
School Lunch Program	52,763.75		52,763.75
Daily Sales Non-Reimbursable Programs	33,362.74		33,362.74
Special Functions	239.00		239.00
Miscellaneous	1,808.26		1,808.26
Program Fees		<u>\$ 106,726.65</u>	<u>106,726.65</u>
 Total Operating Revenue	 <u>93,424.81</u>	 <u>106,726.65</u>	 <u>200,151.46</u>
<b>OPERATING EXPENSES:</b>			
Salaries	87,006.89	68,462.27	155,469.16
Employee Benefits	16,984.83	6,872.10	23,856.93
Purchased Professional and Technical Services	20,186.69		20,186.69
Food	121,490.02		121,490.02
Supplies and Materials	16,205.78	17,922.88	34,128.66
Repair and Maintenance	2,759.29		2,759.29
Depreciation	1,049.80		1,049.80
Other Objects		<u>360.00</u>	<u>360.00</u>
 Total Operating Expenses	 <u>265,683.30</u>	 <u>93,617.25</u>	 <u>359,300.55</u>
 Operating Income (Loss)	 <u>(172,258.49)</u>	 <u>13,109.40</u>	 <u>(159,149.09)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State Sources:			
State School Lunch Program	3,160.23		3,160.23
Federal Sources:			
National School Lunch Program	121,673.54		121,673.54
School Breakfast Program	38,018.58		38,018.58
Food Distribution Program	15,765.75		15,765.75
Healthy Hunger-Free Kids Act	3,444.06		3,444.06
 Total Nonoperating Revenues (Expenses)	 <u>182,062.16</u>	 <u>-</u>	 <u>182,062.16</u>
 Change in Net Position	 2,852.67	 13,109.40	 15,962.07
 Net Position - July 1	 <u>99,910.94</u>	 <u>14,111.39</u>	 <u>114,022.33</u>
 Net Position - June 30	 <u>\$ 102,763.61</u>	 <u>\$ 27,220.79</u>	 <u>\$ 129,984.40</u>

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

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds		
	Food Service	After School Program	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 93,424.81	\$ 106,256.22	\$ 199,681.03
Payments to Employees	(87,006.89)	(68,462.27)	(155,469.16)
Payments for Employee Benefits	(16,984.83)	(6,872.10)	(23,856.93)
Payments to Suppliers	(153,599.94)	(18,282.88)	(171,882.82)
Net Cash Provided by (used for) Operating Activities	<u>(164,166.85)</u>	<u>12,638.97</u>	<u>(151,527.88)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
State Sources	3,203.95		3,203.95
Federal Sources	163,800.43		163,800.43
Operating Subsidies and Transfers to Other Funds	(2,674.07)		(2,674.07)
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>164,330.31</u>	<u>-</u>	<u>164,330.31</u>
Net Increase (Decrease) in Cash and Cash Equivalents	163.46	12,638.97	12,802.43
Cash and Cash Equivalents, July 1	<u>70,119.69</u>	<u>5,830.89</u>	<u>75,950.58</u>
Cash and Equivalents, June 30	<u>\$ 70,283.15</u>	<u>\$ 18,469.86</u>	<u>\$ 88,753.01</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (172,258.49)	\$ 13,109.40	\$ (159,149.09)
to Cash Provided (Used) by Operating Activities:			
Depreciation and Net Amortization	1,049.80		1,049.80
Food Distribution Program	15,765.75		15,765.75
Change in Assets and Liabilities:			
(Increase) / Decrease in Accounts Receivable	707.97	(2,211.22)	(1,503.25)
(Increase) / Decrease in Inventory	(149.04)		(149.04)
Increase / (Decrease) in Unearned Revenue		1,740.79	1,740.79
Increase / (Decrease) in Accounts Payable	(9,282.84)		(9,282.84)
Total Adjustments	<u>8,091.64</u>	<u>(470.43)</u>	<u>7,621.21</u>
Net Cash Provided (Used) in Operating Activities	<u>\$ (164,166.85)</u>	<u>\$ 12,638.97</u>	<u>\$ (151,527.88)</u>

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

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2013

	Trust Funds		Agency Funds		
	Flexible Benefit Trust <u>Insurance</u>	Unemployment Compensation <u>Trust</u>	Student Activity	Community Education	Payroll
ASSETS:					
Cash and Cash Equivalents	\$ 1,811.44	\$ 12,197.92	\$ 21,958.28	\$ 4,366.24	\$ 4,665.04
Interfund Accounts Receivable: General Fund					130.88
Total Assets	<u>\$ 1,811.44</u>	<u>\$ 12,197.92</u>	<u>\$ 21,958.28</u>	<u>\$ 4,366.24</u>	<u>\$ 4,795.92</u>
LIABILITIES:					
Payroll Deductions and Withholdings Payable to Community Groups				\$ 4,366.24	\$ 4,795.92
Payable to Student Groups			\$ 21,958.28		
Total Liabilities	-	-	<u>\$ 21,958.28</u>	<u>\$ 4,366.24</u>	<u>\$ 4,795.92</u>
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purposes	<u>1,811.44</u>	<u>12,197.92</u>			
Total Net Position	<u>\$ 1,811.44</u>	<u>\$ 12,197.92</u>			

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

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2013

	Flexible Benefits Trust <u>Fund</u>	Unemployment Compensation Insurance <u>Trust Fund</u>
<b>ADDITIONS:</b>		
Board Contribution		\$ 22,331.27
Payroll Deductions	\$ 5,600.00	14,725.48
Total Additions	<u>5,600.00</u>	<u>37,056.75</u>
<b>DEDUCTIONS:</b>		
Flexible Benefits Claims	4,378.12	
Unemployment Claims		<u>27,587.74</u>
Change in Net Position	1,221.88	9,469.01
Net Position -- July 1	<u>589.56</u>	<u>2,728.91</u>
Net Position -- June 30	<u>\$ 1,811.44</u>	<u>\$ 12,197.92</u>

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

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Township of Berlin School District (the "School District") have been prepared to conform 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 following is a summary of the more significant of these policies.

**Description of the Reporting Entity**

The 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"). The Board 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 educate students in grades K through 8 at its two schools. Students in grades 9 through 12 attend, on a tuition basis, the Pine Hill School District. The School District has an approximate enrollment at June 30, 2013 of 780.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board 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, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Component Units**

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, provide guidance that all entities associated with a primary government are potential component units, and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. In addition, GASB Statement No. 61 clarifies the manner in which component units are presented (discretely presented, blended, or included in the fiduciary fund financial statements).

Based on the aforementioned, the School District has determined that no component units exist for the fiscal year ended June 30, 2013.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

**Government-wide Financial Statements** - The statement of net position 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 government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District 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. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements** - The School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

The governmental funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The proprietary fund is accounted for on an "economic resources" measurement focus. Accordingly, statement of revenues, expenses and changes in fund net position for the proprietary fund reports increases and decreases in total economic worth. The private-purpose trust fund is reported using the economic resources measurement focus.

**Governmental Funds** - Governmental funds are those through which most School District functions are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related liabilities, except those accounted for in the proprietary fund and fiduciary funds, are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income. The following are the School District's major governmental funds:

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Fund Financial Statements (Cont'd)****Governmental Funds (Cont'd) –**

**General Fund** - The general fund is the primary operating fund of the School District. It 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, ad valorem tax revenues, 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.

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

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from 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 organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District maintains the following enterprise funds:

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Fiduciary Funds**

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The School District maintains the following fiduciary funds:

***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). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: a community education fund, a student activity fund and a payroll fund.

***Private-Purpose Trust Funds*** - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust funds:

**New Jersey Unemployment Compensation Insurance Trust Fund** - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

**Flexible Benefit Trust Fund** - Revenues consist of employee payroll withholdings, and interest income. Expenditures represent claims incurred for reimbursable expenses.

**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.

**Modified Accrual**

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e. both available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants, and interest on investments. The School District considers all revenues, with the exception of the expenditure-driven grants, as available if they are collected within sixty (60) days after fiscal year-end. The expenditure driven grants are considered available if received within one fiscal year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at fiscal year-end when revenue is recognized for taxes received by the School District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due / paid.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Basis of Accounting (Cont'd)****Modified Accrual (Cont'd)**

In applying the susceptible to accrual concept to revenues from federal and state sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the School District will receive any amounts; therefore, revenues are recognized based on the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In cases where monies are received and all eligibility requirements, including timing, have been satisfied, but the occurrence of expenditure has yet to happen, amounts are reported as unearned revenue. Conversely, where monies are received but eligibility requirements, including timing, have yet to be satisfied, such amounts are reported as deferred inflows of resources.

**Accrual**

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

**Revenue Recognition**

**Property Taxes** - 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 moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

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

**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office. The budgets are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A: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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Basis of Accounting (Cont'd)****Budgets / Budgetary Control (Cont'd)**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, 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. 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 revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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.

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 fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of the applicable appropriation, is utilized for budgetary control purposes. 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 the 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Basis of Accounting (Cont'd)**

**Encumbrances (Cont'd)** - Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned 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 institutional 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 amount of their deposits to the governmental units.

**Inventories**

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

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

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

**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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Basis of Accounting (Cont'd)****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, 2013.

In the governmental fund financial statements, 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.

There were no prepaid expenses as of June 30, 2013.

**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position.

**Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at fair market value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<b><u>Description</u></b>	<b><u>Governmental Activites Estimated Lives</u></b>	<b><u>Business-Type Acitivites Estimated Lives</u></b>
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

The School District does not possess any infrastructure assets.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Basis of Accounting (Cont'd)****Tuition Payable**

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

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

**Compensated Absences**

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is 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.

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. An expenditure is recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in 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 governmental fund financial statements when due.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

***Net Investment in Capital Assets*** - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

***Restricted*** - Net position is 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.

***Unrestricted*** - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is 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" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

***Restricted*** - The restricted 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 (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.

***Committed*** - The committed 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. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. 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 (resolution) it employed to previously commit those amounts.

***Assigned*** - 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. *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. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Fund Balance (Cont'd)**

**Unassigned** - The unassigned fund balance classification is the residual classification for the general fund. This classification 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.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, 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.

**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.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

**Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements**

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASBS 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement is effective for periods beginning after December 15, 2011. The School District does not have any SCAs and therefore the adoption of GASBS 60 does not have any impact on the School District's financial statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Impact of Recently Issued Accounting Principles (Cont'd)**

**Recently Issued and Adopted Accounting Pronouncements (Cont'd)** - In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASBS 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This Statement is effective for periods beginning after June 15, 2012. The School District elected to early implement GASBS 61 effective for fiscal year 2013. The adoption of GASBS 61, however, does not have any impact on the School District's financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011. The adoption of GASBS 62 does not have any impact on the School District's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. This Statement is effective for financial statements for periods beginning after December 15, 2011. The adoption of GASBS 63, however, does not have a material impact on the School District's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASBS 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. The School District elected to early implement GASBS 65 effective for fiscal year 2013. The adoption of GASBS 65 materially affected the classification of several balances on the statement of net position. (See Note 18)

In March 2012, the GASB issued Statement 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. GASBS 66 is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles (Cont'd)**

**Recently Issued Accounting Pronouncements (Cont'd)** - This Statement is effective for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. GASBS 67 is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2013. The School District does not administer any state or local pension plans; therefore, the adoption of GASBS 67 will not have any impact on the School District's financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASBS 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. In addition, this Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements and expects the impact to be material.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might 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 Act (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. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. All of the School District's bank balances of \$2,952,454.44 were insured or collateralized as of June 30, 2013.

**Note 3: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, 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 by either 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. 6A: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.

There was no activity in the capital reserve for the period July 1, 2012 to June 30, 2013. The ending fiscal year balance is as follows:

Ending Balance, June 30, 2013	<u>\$ 251,666.00</u>
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The November 29, 2012 LRFP balance of local support costs of uncompleted projects at June 30, 2013 is \$7,650,969.00. The June 30, 2013 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

**Note 4: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2013 consisted of accounts (fees) and intergovernmental grants. All 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 as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Food Service Fund</u>	<u>After School Program</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Intergovernmental	\$ 28,754.68	\$ 140,530.01	\$ 330,491.43		\$ 9,814.38			\$ 509,590.50
Other	5,211.40					\$ 10,491.72		15,703.12
	<u>\$ 33,966.08</u>	<u>\$ 140,530.01</u>	<u>\$ 330,491.43</u>	<u>-</u>	<u>\$ 9,814.38</u>	<u>\$ 10,491.72</u>	<u>-</u>	<u>\$ 525,293.62</u>

**Note 5: INVENTORY**

Inventory recorded at June 30, 2013 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 1,794.42
Supplies	585.96
	<u>\$ 2,380.38</u>

**Note 6: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2013</u>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 114,012.00			\$ 114,012.00
Total Capital Assets, not being Depreciated	114,012.00	-	-	114,012.00
Capital Assets, being Depreciated:				
Land Improvements	268,066.00			268,066.00
Building and Improvements	12,656,393.00			12,656,393.00
Vehicles	585,419.00			585,419.00
Equipment	757,703.00		\$ (4,200.00)	753,503.00
Total Capital Assets, being Depreciated	14,267,581.00	-	(4,200.00)	14,263,381.00
Total Capital Assets, Cost	14,381,593.00	-	(4,200.00)	14,377,393.00
Less Accumulated Depreciation for:				
Land Improvements	(246,472.13)	\$ (3,435.95)		(249,908.08)
Building and Improvements	(3,568,119.50)	(273,667.76)		(3,841,787.26)
Vehicles	(342,842.53)	(53,739.28)		(396,581.81)
Equipment	(612,582.78)	(38,154.62)	4,200.00	(646,537.40)
Total Accumulated Depreciation	(4,770,016.94)	(368,997.61)	4,200.00	(5,134,814.55)
Total Capital Assets, being Depreciated, Net	9,497,564.06	(368,997.61)	-	9,128,566.45
Governmental Activities Capital Assets, Net	<u>\$ 9,611,576.06</u>	<u>\$ (368,997.61)</u>	<u>-</u>	<u>\$ 9,242,578.45</u>

**Note 6: CAPITAL ASSETS (CONT'D)**

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2013</u>
<b>Business-Type Activities:</b>				
Capital Assets, being Depreciated:				
Equipment	\$ 84,547.00		\$ (6,951.00)	\$ 77,596.00
Total Capital Assets, being Depreciated	84,547.00	-	(6,951.00)	77,596.00
Total Capital Assets, Cost	84,547.00	-	(6,951.00)	77,596.00
Less Accumulated Depreciation for:				
Equipment	(57,155.13)	\$ (1,049.80)		(58,204.93)
Total Accumulated Depreciation	(57,155.13)	(1,049.80)	-	(58,204.93)
Total Capital Assets, being Depreciated, Net	27,391.87	(1,049.80)	(6,951.00)	19,391.07
Business-Type Activities Capital Assets, Net	\$ 27,391.87	\$ (1,049.80)	\$ (6,951.00)	\$ 19,391.07

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

**Governmental Activities:**

Regular Instruction	\$ 32,034.25
General Administration	165.00
Plant Operation and Maintenance	835.00
Transportation	53,739.28
Unallocated	282,224.08

Total Depreciation Expense - Governmental Activities \$ 368,997.61

**Business-Type Activities:**

Food Service	<u>\$ 1,049.80</u>
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**Note 7: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2013, the following changes occurred in long-term obligations:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Due within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 5,002,000.00		\$ (383,000.00)	\$ 4,619,000.00	\$ 330,000.00
Other Liabilities:					
Obligations under Capital Lease	52,837.18		(52,837.18)		
Compensated Absences	172,671.06		(5,561.78)	167,109.28	
Unfunded Pension Liability	333,771.00		(51,924.00)	281,847.00	
Total Other Liabilities	559,279.24	-	(110,322.96)	448,956.28	-
Governmental Activity Long-Term Liabilities	<u>\$ 5,561,279.24</u>	<u>-</u>	<u>\$ (493,322.96)</u>	<u>\$ 5,067,956.28</u>	<u>\$ 330,000.00</u>

The bonds payable and obligations under capital lease are generally liquidated by the debt service fund, while claims and judgment, compensated absences, pension deferral, and postemployment benefits are liquidated by the general fund.

**Note 7: LONG-TERM LIABILITIES (Cont'd)**

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

1993 General Obligation Bonds dated January 15, 1993 in the amount of \$148,000.00 due in Annual installments through January 15, 2013, bearing interest rate of 5.70%.

2010 General Obligation Bonds dated April 1, 2010 in the amount of \$3,334,000.00 due in annual Installments through April 1, 2030, bearing interest rate of 3.50% to 4.25%.

2010 Refunding Bonds dated April 1, 2010 in the amount of \$1,520,000.00 due in annual Installments through April 1, 2019, bearing interest rate of 2.00% to 3.50%.

Principal and interest due on bonds outstanding is as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 330,000.00	\$ 171,922.50	\$ 501,922.50
2015	320,000.00	162,672.50	482,672.50
2016	315,000.00	153,672.50	468,672.50
2017	260,000.00	143,760.00	403,760.00
2018	270,000.00	135,460.00	405,460.00
2019-2023	1,174,000.00	542,965.00	1,716,965.00
2024-2028	1,345,000.00	298,525.00	1,643,525.00
2029-2030	605,000.00	38,887.50	643,887.50
	<u>\$ 4,619,000.00</u>	<u>\$ 1,647,865.00</u>	<u>\$ 6,266,865.00</u>

**Bonds Authorized but not Issued** - As of June 30, 2013, the School District had no authorizations to issue additional bonded debt.

**Obligations under Capital Lease** - The School District is leasing school buses with a total value of \$253,797.00. The final lease payment for the capital lease on school buses was made in fiscal year 2012-13 in the amount of \$52,837.18.

**Unfunded Pension Liability** - In accordance with the Lower Camden County Regional High School dissolution agreement, effective July 1, 2001, the Berlin Township School District assumed liability for its proportionate share of the "Regional High School Early Retirement Incentive Program" permitted by State legislation during 1995 for certain members of the Teachers Pension and Annuity Fund and the Public Employees Retirement Fund. The members had to meet certain age and service requirements and had to apply for retirement between certain dates in fiscal year 1996 to be eligible. The School District is liable for its proportionate share of additional costs under this program. As of June 2013, the School District had an accrued liability of \$281,847.00 payable in annual installments with the last installment due April 1, 2021.

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

**Note 8: OPERATING LEASES**

At June 30, 2013, the School District had operating lease agreements in effect for copy machines and a postage meter. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2014	\$ 33,948.00
2015	2,500.00
	<u>\$ 36,448.00</u>

Rental payments under operating leases for the fiscal year ended June 30, 2013 were \$33,948.00.

**Note 9: PENSION PLANS**

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. 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:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund ("TPAF") is a cost-sharing contributory defined benefit pension plan which was established as of 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 Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years, which began July 1, 2012. The State Treasurer has the right under the current law to make temporary reductions in member 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 exist.

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 district has been required over several preceding fiscal years.

**Note 9: PENSION PLANS (CONT'D)**

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, 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. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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 Contribution</u>	<u>Accrued Liability</u>	<u>Total Regular Pension Contributions</u>	<u>Non-Contributory Group Life Insurance</u>	<u>Paid by School District</u>
2013	\$ 23,409.00	\$ 55,971.00	\$ 79,380.00	\$ 4,724.00	\$ 84,104.00
2012	30,586.00	61,172.00	91,758.00	5,846.00	97,604.00
2011	33,297.00	53,056.00	86,353.00	6,558.00	92,911.00

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program ("DCRP") is a cost-sharing multiple-employer defined contribution pension fund 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 Division 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. In addition to the employee contributions, the School District's contribution amounts 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.

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2013	\$ 7,131.86	\$ 7,131.86

**Note 10: STATE POST-RETIREMENT MEDICAL BENEFITS**

P.L. 1987, c.384 of 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees receiving postemployment 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 the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

**Note 11: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2013, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement medical costs were \$318,402.00 and \$360,032.00, respectively.

**Note 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; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The School District maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**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 the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2013	\$ 22,331.27	\$ 14,725.48		\$ 27,587.74	\$ 12,197.92
2012	36,311.00	6,874.00	\$ 6.00	54,438.00	2,728.91
2011	45,307.00	10,488.00	38.00	68,505.00	13,975.91

**Note 12: RISK MANAGEMENT (CONT'D)**

**Joint Insurance Pool** - The School District is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability  
 Liability other than Motor Vehicles  
 Property Damage other than Motor Vehicles  
 Motor Vehicles

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

The Fund publishes its own financial report which can be obtained at [www.njsbaig.com](http://www.njsbaig.com).

**Note 13: DEFERRED COMPENSATION**

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

Met Life  
 Metropolitan Life  
 Equitable  
 MFS  
 Lincoln

**Note 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. Open 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 accrue to employees. At June 30, 2013, the liability for compensated absences reported on the government-wide statement of net position was \$167,109.28.

**Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2013 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 84,253.73	\$ 2,097.26
Special Revenue		84,253.73
Capital Projects		938.22
Debt Service	938.22	
Food Service	1,966.38	
Fiduciary	130.88	
	<u>\$ 87,289.21</u>	<u>\$ 87,289.21</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2014, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 16: DEFICIT FUND BALANCES**

The School District has a deficit fund balance of \$10,500.00 in the special revenue fund as of June 30, 2013 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 revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. 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 special revenue 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 \$10,500.00 is equal to the June state aid payment due to the School District for amounts due the Special Revenue fund for Preschool Education Aid.

**Note 17: 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 -**

**For 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 reserve general 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, 2013 is \$219,293.77. Additionally, \$623,382.00 of excess fund balance generated during 2011-2012 has been restricted and designated for utilization in the 2013-2014 budget.

**For Capital Reserve Account** - As of June 30, 2013, the balance in the capital reserve account is \$251,666.00. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**Capital Projects Fund** – As of June 30, 2013, the restricted fund balance amount was \$900,152.26 all of which is designated for subsequent year's expenditures.

**Debt Service Fund** – As of June 30, 2013, the restricted fund balance amount was \$938.22 all of which is designated for subsequent year's expenditures.

**ASSIGNED**

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

**General Fund -**

**For Subsequent Year's Expenditures** - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2014 \$205,198.00 of general fund balance at June 30, 2013.

**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, 2013, \$275,915.44 of general fund balance was unassigned.

**Note 18: CUMULATIVE EFFECT OF ADOPTION OF NEWLY ISSUED ACCOUNTING PRINCIPLES**

As a result of the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the June 30, 2012 net position of the government-wide financial statements has been restated as of as follows:

Net Position, June 30, 2012	\$ 6,233,787.00
Expense of Bond Issuance Costs <sup>a</sup>	<u>(41,959.00)</u>
Net Position, June 30, 2012 (Restated)	<u><u>\$ 6,191,828.00</u></u>

<sup>a</sup> *formerly reported as a deferred asset and amortized over the life of the related debt.*

**Note 19: LITIGATION**

The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION  
PART II

BUDGETARY COMPARISON SCHEDULES

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Required Supplementary Information  
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 For the Fiscal Year Ended June 30, 2013

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 7,713,501.00		\$ 7,713,501.00	\$ 7,713,502.50	\$ 1.50
Tuition	89,602.00		89,602.00	170,807.49	81,205.49
Unrestricted Miscellaneous Revenues	20,000.00		20,000.00	33,794.55	13,794.55
<b>Total - Local Sources</b>	<u>7,823,103.00</u>	<u>-</u>	<u>7,823,103.00</u>	<u>7,918,104.54</u>	<u>95,001.54</u>
State Sources:					
School Choice Aid	562,548.00		562,548.00	562,548.00	
Categorical Special Education Aid	432,306.00		432,306.00	432,306.00	
Equalization Aid	4,489,815.00		4,489,815.00	4,489,815.00	
Categorical Security Aid	127,480.00		127,480.00	127,480.00	
Categorical Transportation Aid	56,459.00		56,459.00	56,459.00	
Extraordinary Aid				7,126.00	7,126.00
Additional Non-Public Transportation Aid				3,584.70	3,584.70
On-Behalf TPAF Pension Contributions - Post-Retirement Medical (non-budgeted)				360,032.00	360,032.00
On-Behalf TPAF Pension Contributions (non-budgeted)				318,402.00	318,402.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				369,414.03	369,414.03
<b>Total - State Sources</b>	<u>5,668,608.00</u>	<u>-</u>	<u>5,668,608.00</u>	<u>6,727,166.73</u>	<u>1,058,558.73</u>
Federal Sources:					
Medicaid Reimbursement				4,720.39	4,720.39
<b>Total - Federal Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,720.39</u>	<u>4,720.39</u>
<b>Total Revenues</b>	<u>13,491,711.00</u>	<u>-</u>	<u>13,491,711.00</u>	<u>14,649,991.66</u>	<u>1,158,280.66</u>

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
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	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>GENERAL CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 66,939.00		\$ 66,939.00	\$ 66,939.00	
Kindergarten	321,851.00		321,851.00	321,851.00	
Grades 1 - 5	1,267,824.00		1,267,824.00	1,211,914.67	\$ 55,909.33
Grades 6 - 8	609,495.00		609,495.00	604,889.42	4,605.58
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000.00		5,000.00	4,038.00	962.00
Purchased Professional - Educational Services	1,000.00		1,000.00		1,000.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	41,585.00		41,585.00	41,164.82	420.18
Purchased Professional - Educational Services	186,000.00		186,000.00	183,250.50	2,749.50
Other Purchased Services	66,004.00		66,004.00	51,478.00	14,526.00
General Supplies	120,565.00	\$ (5,152.00)	115,413.00	108,874.49	6,538.51
Textbooks	29,660.00	19,752.00	49,412.00	49,389.73	22.27
Other Objects	8,000.00		8,000.00	5,950.00	2,050.00
<b>Total Regular Programs</b>	<b>2,723,923.00</b>	<b>14,600.00</b>	<b>2,738,523.00</b>	<b>2,649,739.63</b>	<b>88,783.37</b>
Special Education Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	66,526.00		66,526.00	66,526.00	
Other Salaries for Instruction	16,971.00		16,971.00	16,103.85	867.15
General Supplies	2,212.00		2,212.00	118.90	2,093.10
Textbooks	300.00		300.00	162.66	137.34
<b>Total - Learning and/or Language Disabilities</b>	<b>86,009.00</b>	<b>-</b>	<b>86,009.00</b>	<b>82,911.41</b>	<b>3,097.59</b>

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
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 For the Fiscal Year Ended June 30, 2013

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Special Education Instruction (CONT'D):					
Auditory Impairments					
Salaries of Teachers	\$ 50,513.00		\$ 50,513.00	\$ 50,513.00	
Other Salaries for Instruction	14,010.00		14,010.00	13,582.76	\$ 427.24
General Supplies	1,500.00		1,500.00	946.47	553.53
Total - Auditory Impairments	<u>66,023.00</u>	<u>-</u>	<u>66,023.00</u>	<u>65,042.23</u>	<u>980.77</u>
Behavioral Disabilities					
Salaries of Teachers	53,413.00		53,413.00	53,413.00	
Other Salaries for Instruction	29,232.00		29,232.00	29,232.00	
General Supplies	1,200.00		1,200.00	179.40	1,020.60
Textbooks	800.00		800.00		800.00
Total - Behavioral Disabilities	<u>84,645.00</u>	<u>-</u>	<u>84,645.00</u>	<u>82,824.40</u>	<u>1,820.60</u>
Multiple Disabilities					
Salaries of Teachers	107,426.00		107,426.00	101,364.70	6,061.30
Other Salaries for Instruction	40,380.00		40,380.00	26,337.34	14,042.66
Purchased Professional - Educational Services	500.00		500.00		500.00
General Supplies	2,116.00		2,116.00	1,158.27	957.73
Textbooks	680.00		680.00		680.00
Other Objects	200.00		200		200
Total - Multiple Disabilities	<u>151,302.00</u>	<u>-</u>	<u>151,302.00</u>	<u>128,860.31</u>	<u>22,441.69</u>

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
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	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Special Education (CONT'D):					
Resource Room/Center:					
Salaries of Teachers	\$ 969,086.00		\$ 969,086.00	\$ 957,217.56	\$ 11,868.44
Other Salaries for Instruction	87,071.00		87,071.00	76,019.27	11,051.73
General Supplies	6,578.00	\$ 300.00	6,878.00	3,359.77	3,518.23
Textbooks	3,072.00		3,072.00	459.98	2,612.02
Total - Resource Room/Center	<u>1,065,807.00</u>	<u>300.00</u>	<u>1,066,107.00</u>	<u>1,037,056.58</u>	<u>29,050.42</u>
Preschool Disabilities - Full-Time					
Salaries Of Teachers	58,513.00		58,513.00	58,513.00	
Other Salaries for Instruction	32,342.00		32,342.00	32,342.00	
General Supplies	880.00		880.00	335.49	544.51
Total Preschool Disabilities - Full-Time	<u>91,735.00</u>	<u>-</u>	<u>91,735.00</u>	<u>91,190.49</u>	<u>544.51</u>
Total - Special Education Instruction	<u>1,545,521.00</u>	<u>300.00</u>	<u>1,545,821.00</u>	<u>1,487,885.42</u>	<u>55,134.21</u>

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
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	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Basic Skills/Remedial:					
Salaries of Teachers	\$ 313,484.00		\$ 313,484.00	\$ 297,871.95	\$ 15,612.05
Other Salaries for Instruction	2,500.00		2,500.00		2,500.00
General Supplies	5,965.00		5,965.00	3,803.74	2,161.26
Total - Basic Skills/Remedial	<u>321,949.00</u>	<u>-</u>	<u>321,949.00</u>	<u>301,675.69</u>	<u>20,273.31</u>
Bilingual Education - Instruction					
Salaries of Teachers	66,526.00		66,526.00	66,526.00	
General Supplies	747.00		747.00	453.90	293.10
Total - Bilingual Education	<u>67,273.00</u>	<u>-</u>	<u>67,273.00</u>	<u>66,979.90</u>	<u>293.10</u>
School-Sponsored Cocurricular Act - Instruction					
Salaries	600.00		600.00	100.00	500.00
Other Objects	1,000.00		1,000.00		1,000.00
Total - School-Sponsored Cocurricular Act	<u>1,600.00</u>	<u>-</u>	<u>1,600.00</u>	<u>100.00</u>	<u>1,500.00</u>
School-Sponsored Athletics - Instruction					
Salaries	12,500.00		12,500.00	10,222.60	2,277.40
Purchased Services	3,250.00		3,250.00	2,355.00	895.00
Supplies and Materials	1,000.00		1,000.00		1,000.00
Other Objects	200.00		200.00	60.00	140.00
Total - School-Sponsored Athletics	<u>16,950.00</u>	<u>-</u>	<u>16,950.00</u>	<u>12,637.60</u>	<u>4,312.40</u>
Total - Instruction	<u>4,677,216.00</u>	<u>\$ 14,900.00</u>	<u>4,692,116.00</u>	<u>4,519,018.24</u>	<u>170,296.39</u>

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	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs within the State - Regular	\$ 2,678,300.00	\$ 20,858.06	\$ 2,699,158.06	\$ 2,699,158.06	
Tuition to Other LEAs within the State - Special	150,000.00		150,000.00	150,000.00	
Tuition to County Voc. School District - Regular	142,100.00		142,100.00	142,100.00	
Tuition to CSSD & Regional Day Schools		50,587.00	50,587.00	39,276.62	\$ 11,310.38
Tuition to Private Schools for the Disabled - State	332,215.00	(48,324.91)	283,890.09	283,890.09	
<b>Total - Instruction</b>	<u>3,302,615.00</u>	<u>23,120.15</u>	<u>3,325,735.15</u>	<u>3,314,424.77</u>	<u>11,310.38</u>
Attendance and Social Work Services:					
Salaries	35,810.00		35,810.00	35,576.14	233.86
Purchased Professional and Technical Services	13,500.00	(2,209.00)	11,291.00	10,802.36	488.64
<b>Total - Attendance and Social Work Services</b>	<u>49,310.00</u>	<u>(2,209.00)</u>	<u>47,101.00</u>	<u>46,378.50</u>	<u>722.50</u>
Health Services:					
Salaries	124,739.00		124,739.00	122,237.40	2,501.60
Purchased Professional and Technical Services	9,000.00		9,000.00	6,314.20	2,685.80
Other Purchased Services	2,930.00	100.00	3,030.00	2,256.89	773.11
Supplies and Materials	750.00		750.00	68.25	681.75
<b>Total - Health Services</b>	<u>137,419.00</u>	<u>100.00</u>	<u>137,519.00</u>	<u>130,876.74</u>	<u>6,642.26</u>
Other Support Services-Speech, OT, PT & Related Services:					
Salaries	129,553.00		129,553.00	129,380.84	172.16
Purchased Professional - Educational Services	3,000.00	400.00	3,400.00	3,400.00	
Supplies and Materials	2,350.00		2,350.00	2,350.00	
<b>Total - Other Support Services-Students-Related Services</b>	<u>134,903.00</u>	<u>400.00</u>	<u>135,303.00</u>	<u>135,130.84</u>	<u>172.16</u>
Other Support Services - Students - Extra Services:					
Salaries	118,792.00		118,792.00	118,792.00	
<b>Total Other Support Services - Students - Extra Services</b>	<u>118,792.00</u>	<u>-</u>	<u>118,792.00</u>	<u>118,792.00</u>	<u>-</u>

(Continued)

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 General Fund  
 For the Fiscal Year Ended June 30, 2013

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Guidance:					
Salaries of Other Professional Staff	\$ 103,226.00		\$ 103,226.00	\$ 103,226.00	
Purchased Professional - Educational Services	300.00		300.00		\$ 300.00
Other Purchased Prof. and Tech. Services	2,000.00		2,000.00		2,000.00
Supplies and Materials	1,020.00		1,020.00	407.17	612.83
	<u>106,546.00</u>		<u>106,546.00</u>	<u>103,633.17</u>	<u>2,912.83</u>
Total Other Support Services - Students - Regular		-			
Child Study Team:					
Salaries of Other Professional Staff	205,491.00		205,491.00	205,491.00	
Salaries of Secretarial and Clerical Assistants	41,953.00		41,953.00	41,952.96	0.04
Other Purchased Services (400-500)	180,925.00	\$ (400.00)	180,525.00	75,703.82	104,821.18
Supplies and Materials	5,000.00		5,000.00	4,693.06	306.94
Other Objects	2,400.00		2,400.00	1,150.00	1,250.00
	<u>435,769.00</u>	<u>(400.00)</u>	<u>435,369.00</u>	<u>328,990.84</u>	<u>106,378.16</u>
Total Other Support Services - Students - Special Services					
Improvement Instructional Services					
Salaries of Supervisors of Instruction	169,840.00		169,840.00	167,352.04	2,487.96
Other Salaries	8,000.00	2,209.00	10,209.00		10,209.00
	<u>177,840.00</u>	<u>2,209.00</u>	<u>180,049.00</u>	<u>167,352.04</u>	<u>12,696.96</u>
Total Improvement Instructional Services					

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2013

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Educational Media Services/School Library:					
Salaries	\$ 116,226.00		\$ 116,226.00	\$ 113,800.95	\$ 2,425.05
Other Purchased Services	32,600.00	\$ 2,600.00	35,200.00	33,734.27	1,465.73
Supplies and Materials	32,349.00		32,349.00	29,814.31	2,534.69
Other Objects	2,770.00	(2,600.00)	170.00		170.00
Total Educational Media Services/School Library	<u>183,945.00</u>	<u>-</u>	<u>183,945.00</u>	<u>177,349.53</u>	<u>6,595.47</u>
Instructional Staff Training Services:					
Purchased Professional - Educational Services	28,500.00	(14,475.00)	14,025.00	13,753.50	271.50
Other Purchased Services	1,200.00	(525.00)	675.00		675.00
Supplies and Materials	400.00		400.00		400.00
Total Instructional Staff Training Services	<u>30,100.00</u>	<u>(15,000.00)</u>	<u>15,100.00</u>	<u>13,753.50</u>	<u>1,346.50</u>
Support Services General Administration:					
Salaries	165,602.00		165,602.00	164,907.10	694.90
Legal Services	49,000.00		49,000.00	46,318.44	2,681.56
Audit Fees	24,500.00		24,500.00	24,500.00	
Other Purchased Professional Services	6,000.00		6,000.00	5,000.00	1,000.00

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2013

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Support Services General Administration:					
Purchased Technical Services	\$ 3,000.00	\$ 4,151.00	\$ 7,151.00	\$ 7,150.65	\$ 0.35
Communications/Telephone	46,000.00		46,000.00	36,017.26	9,982.74
Other Purchased Services	33,000.00		33,000.00	24,199.85	8,800.15
General Supplies	3,000.00		3,000.00	1,186.14	1,813.86
BOE In-house Training and Meeting Supplies	1,500.00		1,500.00		1,500.00
Miscellaneous Expenditures	3,000.00		3,000.00	2,941.78	58.22
BOE Membership Dues and Fees	9,500.00	(4,151.00)	5,349.00	1,645.00	3,704.00
	<u>344,102.00</u>	<u>-</u>	<u>344,102.00</u>	<u>313,866.22</u>	<u>30,235.78</u>
Total Support Services General Administration					
Support Services School Administration:					
Salaries of Principals/Assistant Principals	105,580.00		105,580.00	103,354.54	2,225.46
Salaries of Secretarial and Clerical Assistants	89,464.00		89,464.00	89,223.93	240.07
Purchased Professional and Technical Services	1,000.00		1,000.00	149.00	851.00
Supplies and Materials	19,100.00		19,100.00	11,567.33	7,532.67
Other Objects	4,750.00		4,750.00	2,510.86	2,239.14
	<u>219,894.00</u>	<u>-</u>	<u>219,894.00</u>	<u>206,805.66</u>	<u>13,088.34</u>
Total Support Services School Administration					

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2013

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Central Services:					
Salaries	\$ 94,412.00		\$ 94,412.00	\$ 94,412.00	
Purchased Technical Services	21,500.00		21,500.00	18,288.45	\$ 3,211.55
Other Purchased Services	1,100.00		1,100.00	932.00	168.00
Supplies and Materials	1,000.00	\$ 200.00	1,200.00	1,193.67	6.33
Interest on Bond Anticipation Notes (BANs)	56,805.00		56,805.00	56,805.00	
Miscellaneous Expenditures	1,000.00	(200.00)	800.00	115.32	684.68
<b>Total Central Services</b>	<u>175,817.00</u>	<u>-</u>	<u>175,817.00</u>	<u>171,746.44</u>	<u>4,070.56</u>
Administration - Information Technology					
Purchased Technical Services	84,776.00		84,776.00	70,425.91	14,350.09
Supplies and Materials	3,800.00	70,000.00	73,800.00	73,800.00	
Other Objects	5,000.00		5,000.00	3,916.53	1,083.47
<b>Total - Administration - Information Technology</b>	<u>93,576.00</u>	<u>70,000.00</u>	<u>163,576.00</u>	<u>148,142.44</u>	<u>15,433.56</u>
Required Maintenance for School Facilities:					
Salaries	83,316.00		83,316.00	83,308.55	7.45
Cleaning, Repair & Maintenance Services	87,850.00		87,850.00	72,778.97	15,071.03
General Supplies	8,000.00		8,000.00	8,000.00	
Other Objects	300.00		300.00	300.00	
<b>Total - Required Maintenance for School Facilities</b>	<u>179,466.00</u>	<u>-</u>	<u>179,466.00</u>	<u>164,387.52</u>	<u>15,078.48</u>

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2013

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Custodial Services:					
Salaries	\$ 225,103.00		\$ 225,103.00	\$ 225,103.00	
Purchased Professional & Technical Services	7,400.00		7,400.00	5,361.00	\$ 2,039.00
Cleaning, Repair & Maintenance Services	46,800.00		46,800.00	34,325.91	12,474.09
Other Purchased Property Services	30,000.00		30,000.00	29,572.40	427.60
Insurance	56,000.00		56,000.00	52,007.50	3,992.50
General Supplies	42,000.00		42,000.00	40,668.41	1,331.59
Energy (Natural Gas)	80,000.00		80,000.00	23,941.67	56,058.33
Energy (Electricity)	170,000.00		170,000.00	154,021.81	15,978.19
Other Objects	1,300.00		1,300.00	205.00	1,095.00
Total Other Operations and Maintenance of Plant	<u>658,603.00</u>	<u>-</u>	<u>658,603.00</u>	<u>565,206.70</u>	<u>93,396.30</u>
Care and Upkeep of Grounds:					
General Supplies	1,000.00		1,000.00	1,000.00	
Total Care and Upkeep of Grounds	<u>1,000.00</u>	<u>-</u>	<u>1,000.00</u>	<u>1,000.00</u>	<u>-</u>
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home & School) - Regular	213,412.00		213,412.00	129,526.01	83,885.99
Salaries for Pupil Transportation (Other than Bet. Home & Sch) - Regular	11,180.00		11,180.00	9,406.11	1,773.89
Management Fee - ES & CTSA Trasn. Program	7,850.00		7,850.00	7,850.00	
Other Purchased Professional and Technical Services	500.00		500.00	500.00	

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Student Transportation Services (Cont'd):					
Cleaning, Repair, & Maintenance Services	\$ 28,000.00		\$ 28,000.00	\$ 20,118.57	\$ 7,881.43
Lease Purchase Payments - School Buses	55,101.00		55,101.00	55,101.00	
Contracted Services (Bet. Home & Sch) - Joint Agreements	6,000.00	\$ 3,148.83	9,148.83	9,148.83	
Contracted Services (Special Ed. Students) - ESC's & CTSA's	222,790.00		222,790.00	191,512.38	31,277.62
Contracted Services - Aid in Lieu of Payments - NonPublic School	32,655.00	(610.12)	32,044.88	18,564.00	13,480.88
Contracted Services - Aid in Lieu of Payments - Choice School	5,304.00	(2,538.71)	2,765.29		2,765.29
Miscellaneous Purchased Services - Transportation	3,300.00		3,300.00	442.00	2,858.00
General Supplies	45,000.00		45,000.00	36,712.44	8,287.56
Other Objects	500.00		500.00		500.00
<b>Total Student Transportation Services</b>	<u>631,592.00</u>	<u>-</u>	<u>631,592.00</u>	<u>478,881.34</u>	<u>152,710.66</u>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	105,000.00		105,000.00	100,281.14	4,718.86
T.P.A.F. Contributions - ERIP	500.00		500.00		500.00
Other Retirement Contributions -- PERS	115,152.00		115,152.00	93,365.93	21,786.07
Other Retirement Contributions -- ERIP	51,000.00		51,000.00	49,698.92	1,301.08
Unemployment Compensation	85,000.00		85,000.00	17,231.27	67,768.73
Workmen's Compensation	80,000.00		80,000.00	76,470.20	3,529.80
Health Benefits	1,647,267.00	(93,120.15)	1,554,146.85	1,414,171.89	139,974.96
Tuition Reimbursement	10,000.00		10,000.00	8,817.00	1,183.00
Other Employee Benefits	10,000.00		10,000.00		10,000.00
<b>Total Unallocated Benefits - Employee Benefits</b>	<u>2,103,919.00</u>	<u>(93,120.15)</u>	<u>2,010,798.85</u>	<u>1,760,036.35</u>	<u>250,762.50</u>

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2013

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
On-behalf TPAF Pension Contributions-					
Post-Retirement Medical (non-budgeted)				\$ 360,032.00	\$ (360,032.00)
On-behalf TPAF Pension Contributions (non-budgeted)				318,402.00	(318,402.00)
Reimbursed TPAF Social Security Contributions				369,414.03	(369,414.03)
Total TPAF Contributions	-	-	-	1,047,848.03	(1,047,848.03)
Total Undistributed Expenses	\$ 9,085,208.00	\$ (14,900.00)	\$ 9,070,308.00	9,394,602.63	(324,294.63)
Total Expenditures - Current Expense	13,762,424.00	-	13,762,424.00	13,913,620.87	(153,998.24)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services:					
Undistributed Expenditures:					
Architectural / Engineering Services	42,630.00	26,303.77	68,933.77	68,933.43	0.34
Construction Services	352,335.00	(26,303.77)	326,031.23	325,530.63	500.60
Total Facilities Acquisition and Construction Services	394,965.00	-	394,965.00	394,464.06	500.94
Total Capital Outlay	394,965.00	-	394,965.00	394,464.06	500.94

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2013

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Total Expenditures	\$ 14,157,389.00	-	\$ 14,157,389.00	\$ 14,308,084.93	\$ (153,497.30)
<b>Calculation of Deficiency of Revenues Under Expenditures:</b>					
Excess (Deficiency) of Revenues Over (Under) Expenditures	(665,678.00)	-	(665,678.00)	341,906.73	1,004,783.36
Other Financing Sources (Uses):					
Cancellation of Prior Year Accounts Payable				1,058.49	1,058.49
Total - Other Financing Sources (Uses)	-	-	-	1,058.49	1,058.49
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(665,678.00)		(665,678.00)	342,965.22	1,005,841.85
Fund Balances, July 1				1,793,509.99	1,793,509.99
Fund Balances, June 30	\$ (665,678.00)	-	\$ (665,678.00)	\$ 2,136,475.21	\$ 2,799,351.84
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 251,666.00	
Reserve for Excess Surplus				780,313.77	
Excess Surplus - Designated for Subsequent Year's Expenditures				623,382.00	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				205,198.00	
Unassigned Fund Balance				275,915.44	
				2,136,475.21	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(561,020.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,575,455.21	

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
State Sources:					
Preschool Education Aid	\$ 105,000.00	-	\$ 105,000.00	\$ 95,458.22	\$ (9,541.78)
Total - State Sources	<u>105,000.00</u>	<u>-</u>	<u>105,000.00</u>	<u>95,458.22</u>	<u>(9,541.78)</u>
Federal Sources:					
Race to the Top		\$ 13,908.00	13,908.00	12,730.00	(1,178.00)
Title I	148,443.00	111,803.00	260,246.00	193,731.50	(66,514.50)
Title IIA	43,777.00	7,970.00	51,747.00	48,723.09	(3,023.91)
Title III	2,871.00		2,871.00	2,871.00	
I.D.E.A., Basic Part B	145,163.00	35,815.00	180,978.00	180,743.28	(234.72)
I.D.E.A., Part B, Preschool Incentive	5,000.00	4,017.00	9,017.00	7,372.10	(1,644.90)
Total - Federal Sources	<u>345,254.00</u>	<u>173,513.00</u>	<u>518,767.00</u>	<u>446,170.97</u>	<u>(72,596.03)</u>
Total Revenues	<u>450,254.00</u>	<u>173,513.00</u>	<u>623,767.00</u>	<u>541,629.19</u>	<u>(82,137.81)</u>

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries	\$ 214,335.00	\$ 45,164.00	\$ 259,499.00	\$ 251,789.67	\$ 7,709.33
Purchased Educational and Technical Services	8,563.00	10,000.00	18,563.00	18,563.00	
Other Purchased Services	137,600.00	14,830.00	152,430.00	152,430.00	
General Supplies	9,371.00	69,381.00	78,752.00	50,607.03	28,144.97
Total Instruction	<u>369,869.00</u>	<u>139,375.00</u>	<u>509,244.00</u>	<u>473,389.70</u>	<u>35,854.30</u>
Support Services:					
Salaries of Other Professional Staff	39,550.00	(39,550.00)			
Personal Services-Employee Benefits	28,502.00	28,042.00	56,544.00	33,592.49	22,951.51
Purchased Professional Educational Services	10,000.00	47,979.00	57,979.00	34,647.00	23,332.00
Supplies and Materials	2,333.00	(2,333.00)			
Total Support Services	<u>80,385.00</u>	<u>34,138.00</u>	<u>114,523.00</u>	<u>68,239.49</u>	<u>46,283.51</u>
Total Expenditures	<u>450,254.00</u>	<u>173,513.00</u>	<u>623,767.00</u>	<u>541,629.19</u>	<u>82,137.81</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2013

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 14,649,991.66	\$ 541,629.19
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	508,839.00	
State aid payment recognized as revenue for budgetary purposes, not recognized for GAAP statements until the subsequent year	<u>(561,020.00)</u>	<u>(10,500.00)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 14,597,810.66</u></u>	<u><u>\$ 531,129.19</u></u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 14,308,084.93</u>	<u>\$ 541,629.19</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 14,308,084.93</u></u>	<u><u>\$ 541,629.19</u></u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2013

	Total	N.C.L.B.				Race To The Top	Total Brought Forward
		Title I Carryover	Title IIA Carryover	Title III			
<b>REVENUES:</b>							
Federal Sources	\$ 446,170.97	\$ 107,560.50	\$ 86,171.00	\$ 45,263.09	\$ 3,460.00	\$ 2,871.00	\$ 188,115.38
State Sources	95,458.22						95,458.22
<b>Total Revenues</b>	<b>541,629.19</b>	<b>107,560.50</b>	<b>86,171.00</b>	<b>45,263.09</b>	<b>3,460.00</b>	<b>2,871.00</b>	<b>283,573.60</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries	251,789.67	49,801.10	63,686.35	36,513.00	3,460.00	2,871.00	95,458.22
Purchased Educational and Technical Services	18,563.00						18,563.00
Other Purchased Services	152,430.00						152,430.00
General Supplies	50,607.03	11,000.00	22,484.65				17,122.38
<b>Total Instruction</b>	<b>473,389.70</b>	<b>60,801.10</b>	<b>86,171.00</b>	<b>36,513.00</b>	<b>3,460.00</b>	<b>2,871.00</b>	<b>283,573.60</b>
Support Services:							
Personal Services-Employee Benefits	33,592.49	24,842.40		8,750.09			
Purchased Professional and Technical Services	34,647.00	21,917.00					12,730.00
<b>Total Support Services</b>	<b>68,239.49</b>	<b>46,759.40</b>	<b>-</b>	<b>8,750.09</b>	<b>-</b>	<b>-</b>	<b>12,730.00</b>
<b>Total Expenditures</b>	<b>541,629.19</b>	<b>107,560.50</b>	<b>86,171.00</b>	<b>45,263.09</b>	<b>3,460.00</b>	<b>2,871.00</b>	<b>283,573.60</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2013

	Total Carried <u>Forward</u>	I. D. E. A. -- Part B				Preschool Education Aid
		<u>Basic</u>	<u>Basic Carryover</u>	<u>Preschool Incentive</u>	<u>Preschool Incentive Carryover</u>	
REVENUES:						
Federal Sources	\$ 188,115.38	\$ 165,913.28	\$ 14,830.00	\$ 5,045.10	\$ 2,327.00	
State Sources	95,458.22					\$ 95,458.22
Total Revenues	<u>283,573.60</u>	<u>165,913.28</u>	<u>14,830.00</u>	<u>5,045.10</u>	<u>2,327.00</u>	<u>95,458.22</u>
EXPENDITURES:						
Instruction:						
Salaries	95,458.22					95,458.22
Purchased Educational and Technical Services	18,563.00	15,063.00		3,500.00		
Other Purchased Services	152,430.00	137,600.00	14,830.00			
General Supplies	17,122.38	13,250.28		1,545.10	2,327.00	
Total Instruction	<u>283,573.60</u>	<u>165,913.28</u>	<u>14,830.00</u>	<u>5,045.10</u>	<u>2,327.00</u>	<u>95,458.22</u>
Support Services:						
Personal Services-Employee Benefits						
Purchased Professional and Technical Services						
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>283,573.60</u>	<u>165,913.28</u>	<u>14,830.00</u>	<u>5,045.10</u>	<u>2,327.00</u>	<u>95,458.22</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
Statement of Preschool Education Aid  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers	\$ 105,000.00	\$ 95,458.22	\$ 9,541.78
Total Expenditures	<u>\$ 105,000.00</u>	<u>\$ 95,458.22</u>	<u>\$ 9,541.78</u>
<b><u>Calculation of Budget and Carryover</u></b>			
Total revised 2012-13 Preschool Education Aid Allocation			\$ 105,000.00
Add: Actual ECPA/PEA Carryover (June 30, 2012)			
Add: Budgeted Transfer from the General Fund 2012-13			<u>                    </u>
Total Preschool Education Funds Available for 2012-13 Budget			105,000.00
Less: 2012-13 Budgeted Preschool Education Aid (Including Prior Year Budget Carryover)			<u>105,000.00</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2013			-
Add: June 30, 2013 Unexpended Preschool Education Aid			<u>9,541.78</u>
2012-13 Carryover - Preschool Education Aid/Preschool			<u>\$ 9,541.78</u>
2012-13 Preschool Education Aid Carryover Budgeted for Preschool Programs 2013-14			<u>                    </u>

CAPITAL PROJECTS FUND

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
 Summary Schedule of Project Expenditures  
 For the Fiscal Year Ended June 30, 2013

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Apropiations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2013</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Huster Administration Building Roof Repairs	5/1/2010	\$ 139,151.00	\$ 126,996.98	\$ 132.15	\$ 12,021.87
Eisenhower Middle School Roof and HVAC Rehabilitation	1/15/2009	3,444,127.00	2,620,584.22	20,983.84	802,558.94
Kennedy Elementary School Roof and HVAC Rehabilitation	1/15/2009	<u>2,996,928.00</u>	<u>2,347,473.95</u>	<u>16,277.42</u>	<u>633,176.63</u>
		<u>\$ 6,580,206.00</u>	<u>\$ 5,095,055.15</u>	<u>\$ 37,393.41</u>	<u>\$ 1,447,757.44</u>
<b>Recapitulation:</b>					
Restricted:					
Fund Balance					\$ 1,447,757.44
Reconciliation to Governmental Funds Statements (GAAP):					
SDA Grant Projects Revenue Not Recognized on GAAP Basis					<u>(547,605.18)</u>
Fund Balance per Governmental Funds (GAAP)					<u>\$ 900,152.26</u>

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2013

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**Expenditures and Other Financing Uses**

**Expenditures:**

Purchased Professional Services	\$ 32,357.70
Construction Services	<u>5,035.71</u>
	<u>37,393.41</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,393.41)
Fund Balance, July 1	<u>1,485,150.85</u>
Fund Balance, June 30	<u><u>\$ 1,447,757.44</u></u>
 <b>Recapitulation:</b>	
Restricted:	
Fund Balance	\$ 1,447,757.44
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Projects Revenue Not Recognized on GAAP Basis	<u>(547,605.18)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 900,152.26</u></u>

## TOWNSHIP OF BERLIN SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

Schedule of Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis

Huster Administration Building Roof Repairs

From Inception and for the Fiscal Year Ended June 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Proceeds from sale of serial bonds	\$ 139,151.00		\$ 139,151.00	\$ 139,151.00
Total Revenues	139,151.00	-	139,151.00	139,151.00
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional Services	57,675.74	\$ 131.03	57,806.77	57,806.77
Construction Services	69,321.24	1.12	69,322.36	81,344.23
Total Expenditures	126,996.98	132.15	127,129.13	139,151.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 12,154.02	\$ (132.15)	\$ 12,021.87	-
<b>Additional Project Information</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	5/1/2010			
Bonds Authorized	\$ 139,151.00			
Bonds Issued	139,151.00			
Original Authorized Cost	139,151.00			
Additional Authorized Cost	-			
Revised Authorized Cost	139,151.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	91%			
Original Target Completion Date	12/31/2011			
Revised Target Completion Date	12/31/2013			

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**

Schedule of Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis  
 Eisenhower Middle School Roof and HVAC Rehabilitation  
 From Inception and for the Fiscal Year Ended June 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 1,735,794.00		\$ 1,735,794.00	\$ 1,735,794.00
Proceeds from sale of serial bonds	1,708,333.00		1,708,333.00	1,708,333.00
<b>Total Revenues</b>	<b>3,444,127.00</b>	<b>-</b>	<b>3,444,127.00</b>	<b>3,444,127.00</b>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional Services	339,248.59	\$ 20,983.84	360,232.43	339,248.59
Construction Services	2,281,335.63		2,281,335.63	3,104,878.41
<b>Total Expenditures</b>	<b>2,620,584.22</b>	<b>20,983.84</b>	<b>2,641,568.06</b>	<b>3,444,127.00</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 823,542.78	\$ (20,983.84)	\$ 802,558.94	-

**Additional Project Information**

Project Number	0340-030-09-1001
Grant Date	1/15/2009
Bond Authorization Date	5/1/2010
Bonds Authorized	\$ 1,708,333.00
Bonds Issued	1,708,333.00
Original Authorized Cost	3,444,127.00
Additional Authorized Cost	-
Revised Authorized Cost	3,444,127.00
Percentage Increase over Original Authorized Cost	
Percentage Completion	77%
Original Target Completion Date	12/31/2011
Revised Target Completion Date	12/31/2013

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**

Schedule of Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis  
 Kennedy Elementary School Roof and HVAC Rehabilitation  
 From Inception and for the Fiscal Year Ended June 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 1,510,412.00		\$ 1,510,412.00	\$ 1,510,412.00
Proceeds from sale of serial bonds	1,486,516.00		1,486,516.00	1,486,516.00
<b>Total Revenues</b>	<b>2,996,928.00</b>	<b>-</b>	<b>2,996,928.00</b>	<b>2,996,928.00</b>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional Services	298,041.48	\$ 11,242.83	309,284.31	298,041.48
Construction Services	2,049,432.47	5,034.59	2,054,467.06	2,698,886.52
<b>Total Expenditures</b>	<b>2,347,473.95</b>	<b>16,277.42</b>	<b>2,363,751.37</b>	<b>2,996,928.00</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>\$ 649,454.05</b>	<b>\$ (16,277.42)</b>	<b>\$ 633,176.63</b>	<b>-</b>

**Additional Project Information**

Project Number	0340-050-09-1002
Grant Date	1/15/2009
Bond Authorization Date	5/1/2010
Bonds Authorized	\$ 1,486,516.00
Bonds Issued	1,486,516.00
Original Authorized Cost	2,996,928.00
Additional Authorized Cost	-
Revised Authorized Cost	2,996,928.00
Percentage Increase over Original Authorized Cost	
Percentage Completion	79%
Original Target Completion Date	12/31/2011
Revised Target Completion Date	12/31/2013

PROPRIETARY FUNDS

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Enterprise Funds  
Combining Statement of Net Position  
June 30, 2013

	<u>Food Service</u>	<u>After School Program</u>	<u>Totals</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 70,283.15	\$ 18,469.86	\$ 88,753.01
Accounts Receivable:			
State	168.00		168.00
Federal	9,646.38		9,646.38
Other		10,491.72	10,491.72
Inventory	2,380.38		2,380.38
Interfund Accounts Receivable - General Fund	1,966.38		1,966.38
	<u>84,444.29</u>	<u>28,961.58</u>	<u>113,405.87</u>
Total Current Assets			
Noncurrent Assets:			
Restricted Cash and Cash Equivalents, Furniture, Machinery and Equipment Less Accumulated Depreciation	77,596.00 (58,204.93)		77,596.00 (58,204.93)
	<u>19,391.07</u>	<u>-</u>	<u>19,391.07</u>
Total Noncurrent Assets			
Total Assets	<u>103,835.36</u>	<u>28,961.58</u>	<u>132,796.94</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Unearned Revenue		1,740.79	1,740.79
Accounts Payable	1,071.75		1,071.75
	<u>1,071.75</u>	<u>1,740.79</u>	<u>2,812.54</u>
Total Current Liabilities			
<b>NET POSITION:</b>			
Net Investment in Capital Assets	19,391.07		19,391.07
Unrestricted	83,372.54	27,220.79	110,593.33
	<u>\$ 102,763.61</u>	<u>\$ 27,220.79</u>	<u>\$ 129,984.40</u>
Total Net Position			

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Enterprise Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>After School Program</u>	<u>Totals</u>
<b>OPERATING REVENUES:</b>			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Breakfast Program	\$ 5,251.06		\$ 5,251.06
School Lunch Program	52,763.75		52,763.75
Daily Sales Non-Reimbursable Programs	33,362.74		33,362.74
Special Functions	239.00		239.00
Miscellaneous	1,808.26		1,808.26
Program Fees		<u>\$ 106,726.65</u>	<u>106,726.65</u>
Total Operating Revenue	<u>93,424.81</u>	<u>106,726.65</u>	<u>200,151.46</u>
<b>OPERATING EXPENSES:</b>			
Salaries	87,006.89	68,462.27	155,469.16
Employee Benefits	16,984.83	6,872.10	23,856.93
Management Fee	20,186.69		20,186.69
Cost of Goods Sold	121,490.02		121,490.02
Supplies and Materials	16,205.78	17,922.88	34,128.66
Depreciation	1,049.80		1,049.80
Repairs and Maintenance	2,759.29		2,759.29
Other Objects		<u>360.00</u>	<u>360.00</u>
Total Operating Expenses	<u>265,683.30</u>	<u>93,617.25</u>	<u>359,300.55</u>
Operating Income (Loss)	<u>(172,258.49)</u>	<u>13,109.40</u>	<u>(159,149.09)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State Sources:			
State School Lunch Program	3,160.23		3,160.23
Federal Sources:			
National School Lunch Program	121,673.54		121,673.54
School Breakfast Program	38,018.58		38,018.58
Food Distribution Program	15,765.75		15,765.75
Healthy Hunger-Free Kids Act	<u>3,444.06</u>		<u>3,444.06</u>
Total Nonoperating Revenues (Expenses)	<u>182,062.16</u>	<u>-</u>	<u>182,062.16</u>
Income (Loss) before Contributions and Transfers	9,803.67	13,109.40	22,913.07
Other Financing Sources and Uses:			
Prior Year Asset Adjustment	<u>(6,951.00)</u>		<u>(6,951.00)</u>
Total Contributions and Transfers	<u>(6,951.00)</u>	<u>-</u>	<u>(6,951.00)</u>
Change in Net Position	2,852.67	13,109.40	15,962.07
Net Position - July 1	<u>99,910.94</u>	<u>14,111.39</u>	<u>114,022.33</u>
Net Position - June 30	<u>\$ 102,763.61</u>	<u>\$ 27,220.79</u>	<u>\$ 129,984.40</u>

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Enterprise Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2013

	Food Service	After School Program	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 93,424.81	\$ 106,256.22	\$ 199,681.03
Payments to Employees	(87,006.89)	(68,462.27)	(155,469.16)
Payments for Employee Benefits	(16,984.83)	(6,872.10)	(23,856.93)
Payments to Suppliers	(153,599.94)	(18,282.88)	(171,882.82)
Net Cash Provided by (used for) Operating Activities	<u>(164,166.85)</u>	<u>12,638.97</u>	<u>(151,527.88)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
State Sources	3,203.95		3,203.95
Federal Sources	163,800.43		163,800.43
Operating Subsidies and Transfers to Other Funds	(2,674.07)		(2,674.07)
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>164,330.31</u>	<u>-</u>	<u>164,330.31</u>
Net Increase (Decrease) in Cash and Cash Equivalents	163.46	12,638.97	12,802.43
Cash and Cash Equivalents, July 1	<u>70,119.69</u>	<u>5,830.89</u>	<u>75,950.58</u>
Cash and Cash Equivalents, June 30	<u>\$ 70,283.15</u>	<u>\$ 18,469.86</u>	<u>\$ 88,753.01</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>			
by Operating Activities:			
Operating Income (Loss)	\$ (172,258.49)	\$ 13,109.40	\$ (159,149.09)
Adjustments to Reconcile Operating Income (Loss)			
to Cash Provided (Used) by Operating Activities:			
Depreciation and Net Amortization	1,049.80		1,049.80
Food Distribution Program	15,765.75		15,765.75
Change in Assets and Liabilities:			
(Increase) / Decrease in Accounts Receivable	707.97	(2,211.22)	(1,503.25)
(Increase) / Decrease in Inventory	(149.04)		(149.04)
Increase / (Decrease) in Unearned Revenue		1,740.79	1,740.79
Increase / (Decrease) in Accounts Payable	(9,282.84)		(9,282.84)
Total Adjustments	<u>8,091.64</u>	<u>(470.43)</u>	<u>7,621.21</u>
Net Cash Provided (Used) in Operating Activities	<u>\$ (164,166.85)</u>	<u>\$ 12,638.97</u>	<u>\$ (151,527.88)</u>

## FIDUCIARY FUNDS

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2013

	Trust Funds		Agency Funds			Totals
	Flexible Benefits Trust	Unemployment Compensation	Student Activity	Community Education	Payroll	
ASSETS:						
Cash and Cash Equivalents	\$ 1,811.44	\$ 12,197.92	\$ 21,958.28	\$ 4,366.24	\$ 4,665.04	\$ 44,998.92
Interfund Accounts Receivable:						
General Fund					130.88	130.88
Total Assets	<u>1,811.44</u>	<u>12,197.92</u>	<u>\$ 21,958.28</u>	<u>\$ 4,366.24</u>	<u>\$ 4,795.92</u>	<u>45,129.80</u>
LIABILITIES:						
Payroll Deductions and Withholdings Reserve for Community Education Program Payable to Student Groups					\$ 4,795.92	4,795.92
				\$ 4,366.24		4,366.24
			\$ 21,958.28			21,958.28
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 21,958.28</u>	<u>\$ 4,366.24</u>	<u>\$ 4,795.92</u>	<u>31,120.44</u>
NET POSITION:						
Held in Trust for Unemployment Claims and Other Purposes	<u>1,811.44</u>	<u>12,197.92</u>				<u>14,009.36</u>
Total Net Position	<u>\$ 1,811.44</u>	<u>\$ 12,197.92</u>				<u>\$ 14,009.36</u>

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2013

	<u>Flexible Benefits Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>
<b>ADDITIONS:</b>		
Board Contribution		\$ 22,331.27
Payroll Deductions	\$ 5,600.00	14,725.48
Total Additions	<u>5,600.00</u>	<u>37,056.75</u>
<b>DEDUCTIONS:</b>		
Flexible Spending Claims Paid	4,378.12	
Unemployment Compensation Insurance Claims		<u>27,587.74</u>
Total Operating Expenditures	<u>4,378.12</u>	<u>27,587.74</u>
Change in Net Position	1,221.88	9,469.01
Net Position -- July 1	<u>589.56</u>	<u>2,728.91</u>
Net Position -- June 30	<u>\$ 1,811.44</u>	<u>\$ 12,197.92</u>

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Fiduciary Funds  
 Student Activity Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2013

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	<u>Balance</u> <u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>ELEMENTARY SCHOOLS:</b>				
Dwight D. Eisenhower	\$ 10,098.18	\$ 18,190.52	\$ 13,659.00	\$ 14,629.70
John F. Kennedy	<u>7,499.79</u>	<u>11,141.88</u>	<u>11,313.09</u>	<u>7,328.58</u>
 Total Student Activity	 <u>\$ 17,597.97</u>	 <u>\$ 29,332.40</u>	 <u>\$ 24,972.09</u>	 <u>\$ 21,958.28</u>

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Fiduciary Funds  
 Community Education Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2013

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	<u>Balance</u> <u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>ASSETS:</b>				
Cash and cash equivalents	<u>\$ 4,058.24</u>	<u>\$ 453.00</u>	<u>\$ 145.00</u>	<u>\$ 4,366.24</u>
Total Assets	<u><u>\$ 4,058.24</u></u>	<u><u>\$ 453.00</u></u>	<u><u>\$ 145.00</u></u>	<u><u>\$ 4,366.24</u></u>
<b>LIABILITIES:</b>				
Due to community groups	<u>\$ 4,058.24</u>	<u>\$ 453.00</u>	<u>\$ 145.00</u>	<u>\$ 4,366.24</u>
Total Liabilities	<u><u>\$ 4,058.24</u></u>	<u><u>\$ 453.00</u></u>	<u><u>\$ 145.00</u></u>	<u><u>\$ 4,366.24</u></u>

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2013

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	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 12,453.05	\$ 6,982,524.54	\$ 6,990,312.55	\$ 4,665.04
Interfund Accounts Receivable:				
General Fund	<u>                    </u>	<u>577.92</u>	<u>447.04</u>	<u>130.88</u>
Total Assets	<u>\$ 12,453.05</u>	<u>\$ 6,983,102.46</u>	<u>\$ 6,990,759.59</u>	<u>\$ 4,795.92</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 12,453.05	\$ 2,899,026.29	\$ 2,906,683.42	\$ 4,795.92
Net Payroll	<u>                    </u>	<u>4,084,076.17</u>	<u>4,084,076.17</u>	<u>                    </u>
Total Liabilities	<u>\$ 12,453.05</u>	<u>\$ 6,983,102.46</u>	<u>\$ 6,990,759.59</u>	<u>\$ 4,795.92</u>

LONG-TERM DEBT

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Statement of Serial Bonds  
 For the Fiscal Year Ended June 30, 2013

	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2012	Retired	Balance June 30, 2013
			Date	Amount				
Renovations and Improvements to various school buildings	1/15/1993	\$ 2,993,000.00			5.70%	\$ 148,000.00	\$ 148,000.00	
Renovations and Improvements to various school buildings	4/1/2010	1,995,000.00	04/01/14	\$ 230,000.00	2.50%	1,520,000.00	235,000.00	\$ 1,285,000.00
			04/01/15	220,000.00	2.50%			
			04/01/16	215,000.00	2.75%			
			04/01/17	210,000.00	3.00%			
			04/01/18	220,000.00	3.125%			
			04/01/19	190,000.00	3.50%			
Renovations and Improvements to various school buildings	4/1/2010	3,334,000.00	4/1/14 - 15	100,000.00	3.50%	3,334,000.00		3,334,000.00
			04/01/16	100,000.00	4.00%			
			4/1/17 - 19	50,000.00	4.00%			
			4/1/20 - 21	230,000.00	4.00%			
			04/01/22	234,000.00	4.00%			
			04/01/23	240,000.00	4.00%			
			04/01/24	250,000.00	4.00%			
			04/01/25	260,000.00	4.00%			
			04/01/26	270,000.00	4.00%			
			04/01/27	280,000.00	4.13%			
			04/01/28	285,000.00	4.25%			
			04/01/29	295,000.00	4.25%			
			04/01/30	310,000.00	4.25%			
						<u>3,334,000.00</u>		<u>3,334,000.00</u>
						<u>\$ 5,002,000.00</u>	<u>\$ 383,000.00</u>	<u>\$ 4,619,000.00</u>

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Schedule of Obligations Under Capital Leases  
 For the Fiscal Year Ended June 30, 2013

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<u>SERIES</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>		<u>Amount Outstanding July 1, 2012</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>
				<u>Principal</u>	<u>Interest</u>			
School Buses	7/1/2008	7/1/2013	4.28%	\$ 253,797.00	\$ 21,708.00	\$ 52,837.18		\$ 52,837.18
						<u>\$ 52,837.18</u>	<u>-</u>	<u>\$ 52,837.18</u>

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 422,056.00		\$ 422,056.00	\$ 422,054.50	\$ (1.50)
State Sources:					
Debt Service Aid Type II	141,992.00		141,992.00	141,992.00	
Total Revenues	<u>564,048.00</u>	<u>-</u>	<u>564,048.00</u>	<u>564,046.50</u>	<u>(1.50)</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	185,059.00		185,059.00	185,058.50	0.50
Redemption of Principal	383,000.00		383,000.00	383,000.00	
Total Regular Debt Service	<u>568,059.00</u>	<u>-</u>	<u>568,059.00</u>	<u>568,058.50</u>	<u>0.50</u>
Total Expenditures	<u>568,059.00</u>	<u>-</u>	<u>568,059.00</u>	<u>568,058.50</u>	<u>0.50</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,011.00)		(4,011.00)	(4,012.00)	(1.00)
Other Financing Sources:					
Interest Earned in Capital Projects Fund				0.27	0.27
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.27</u>	<u>0.27</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(4,011.00)	-	(4,011.00)	(4,011.73)	(0.73)
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,949.95</u>	<u>4,949.95</u>
Fund Balance, June 30	<u>\$ (4,011.00)</u>	<u>-</u>	<u>\$ (4,011.00)</u>	<u>\$ 938.22</u>	<u>\$ 4,949.22</u>

STATISTICAL SECTION

## Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Net Position by Component  
 Last Ten Fiscal Years (accrual basis of accounting)  
 Unaudited

	Fiscal Year Ending June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 4,623,578.45	\$ 4,609,576	\$ 4,311,894	\$ (550,224)	\$ 2,044,871	\$ 1,904,400	\$ 1,258,947	\$ 1,081,962	\$ 870,220	\$ 686,235
Restricted	890,590.48	2,445,960	1,730,357	4,621,105	1,774,694	1,535,693	1,531,401	921,130	620,280	357,836
Unrestricted	<u>1,079,300.30</u>	<u>(821,749)</u>	<u>(874,852)</u>	<u>(1,124,312)</u>	<u>(972,589)</u>	<u>(585,725)</u>	<u>(646,766)</u>	<u>(792,990)</u>	<u>(893,131)</u>	<u>(903,450)</u>
<b>Total Governmental Activities Net Assets</b>	<u>\$ 6,593,469.23</u>	<u>\$ 6,233,787</u>	<u>\$ 5,167,399</u>	<u>\$ 2,946,569</u>	<u>\$ 2,846,976</u>	<u>\$ 2,854,368</u>	<u>\$ 2,143,582</u>	<u>\$ 1,210,102</u>	<u>\$ 597,369</u>	<u>\$ 140,621</u>
<b>Business-type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 19,391.07	\$ 27,392		\$ 1,040	\$ 2,126	\$ 5,253	\$ 10,533	\$ 2,823	\$ 3,310	\$ 3,797
Unrestricted	<u>110,593.33</u>	<u>86,630</u>	<u>\$ 129,333</u>	<u>122,650</u>	<u>98,847</u>	<u>100,885</u>	<u>93,557</u>	<u>75,842</u>	<u>43,125</u>	<u>25,328</u>
<b>Total Business-type Activities Net Assets</b>	<u>\$ 129,984.40</u>	<u>\$ 114,022</u>	<u>\$ 129,333</u>	<u>\$ 123,690</u>	<u>\$ 100,973</u>	<u>\$ 106,138</u>	<u>\$ 104,090</u>	<u>\$ 78,665</u>	<u>\$ 46,435</u>	<u>\$ 29,125</u>
<b>District-wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 4,642,969.52	\$ 4,636,968	\$ 4,311,894	\$ (549,184)	\$ 2,046,997	\$ 1,909,653	\$ 1,269,480	\$ 1,084,785.00	\$ 873,530.00	\$ 690,032
Restricted	890,590.48	2,445,960	1,730,357	4,621,105	1,774,694	1,535,693	1,531,401	921,130	620,280	357,836
Unrestricted	<u>1,189,893.63</u>	<u>(735,119)</u>	<u>(745,519)</u>	<u>(1,001,662)</u>	<u>(873,742)</u>	<u>(484,840)</u>	<u>(553,209)</u>	<u>(717,148)</u>	<u>(850,006)</u>	<u>(878,122)</u>
<b>Total District-wide Net Position</b>	<u>\$ 6,723,453.63</u>	<u>\$ 6,347,809</u>	<u>\$ 5,296,732</u>	<u>\$ 3,070,259</u>	<u>\$ 2,947,949</u>	<u>\$ 2,960,506</u>	<u>\$ 2,247,672</u>	<u>\$ 1,288,767</u>	<u>\$ 643,804</u>	<u>\$ 169,746</u>

Source: District Records

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Changes in Net Position  
Last Ten Fiscal Years (accrual basis of accounting)  
Unaudited

	<u>Fiscal Year Ending June 30,</u>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular	\$ 3,154,895.44	\$ 2,544,341	\$ 3,020,569	\$ 3,687,352	\$ 3,575,486	\$ 3,309,413	\$ 3,232,286	\$ 2,935,369	\$ 3,752,767	\$ 3,419,557
Special Education	1,487,885.42	1,948,495	1,491,794	1,222,647	1,066,568	972,257	903,156	808,893	1,048,438	1,274,673
Other Instruction	381,393.19	290,953	370,608	283,340	260,760	250,295	179,093	131,708	168,568	238,281
Support Services:										
Tuition	3,314,424.77	3,127,489	3,330,557	3,222,981	3,631,756	3,509,898	3,492,450	4,008,356	3,574,894	3,249,773
Student & Instruction Related Services	1,257,159.16	1,170,602	1,162,357	1,202,035	1,295,229	1,264,645	1,074,107	995,312	1,365,937	1,110,315
School Administrative Services	201,817.26	234,875	212,479	232,891	228,033	259,214	282,892	297,928	397,329	374,561
General and Business Administrative Services	485,612.66	528,562	499,867	600,002	538,340	577,703	600,128	617,613	672,102	334,014
Plant Operations and Maintenance	1,311,429.13	607,624	722,140	716,766	770,609	949,109	786,521	720,425	927,867	663,797
Pupil Transportation	479,783.44	604,197	609,996	657,728	635,852	618,203	525,477	540,892	491,406	393,814
Business and Other Support Services										299,299
Unallocated Benefits	2,789,157.63	2,597,600	2,555,680	2,411,664	2,295,065	2,465,833	2,312,810	1,833,411		
Interest on Long-term Debt	186,147.32	192,933	199,229	177,565	160,131	160,131	177,681	195,231	286,816	236,856
Unallocated Depreciation	282,224.08	163,708	163,707	180,420	260,039	34,225	37,783	36,474	58,636	58,047
Total Governmental Activities Expenses	<u>15,331,929.50</u>	<u>14,011,379</u>	<u>14,338,983</u>	<u>14,595,391</u>	<u>14,717,868</u>	<u>14,370,926</u>	<u>13,604,384</u>	<u>13,121,612</u>	<u>12,744,760</u>	<u>11,652,987</u>
Business-type Activities:										
Food Service	256,868.55	266,305	230,101	231,651	226,703	221,226	230,630	221,243	244,849	221,536
After School Program	93,617.25	117,815	118,561	106,341	105,061	92,552	92,482	104,417	110,078	119,303
Total Business-type Activities Expense	<u>350,486</u>	<u>384,120</u>	<u>348,662</u>	<u>337,992</u>	<u>331,764</u>	<u>313,778</u>	<u>323,112</u>	<u>325,660</u>	<u>354,927</u>	<u>340,839</u>
Total District Expenses	<u>\$ 15,682,415</u>	<u>\$ 14,395,499</u>	<u>\$ 14,687,645</u>	<u>\$ 14,933,383</u>	<u>\$ 15,049,632</u>	<u>\$ 14,684,704</u>	<u>\$ 13,927,496</u>	<u>\$ 13,447,272</u>	<u>\$ 13,099,687</u>	<u>\$ 11,993,826</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services		\$ 204,126	\$ 99,914	\$ 87,663	\$ 33,380				\$ 28,148	\$ 45,180
Operating Grants and Contributions	\$ 577,986.55	1,414,959	1,370,702	1,571,278	1,328,261	2,144,209	2,083,548	1,691,716	1,747,482	1,590,547
Capital Grants and Contributions	37,261.26									
Total Governmental Activities Program Revenues	<u>615,247.81</u>	<u>1,619,085</u>	<u>1,470,616</u>	<u>1,658,941</u>	<u>1,361,641</u>	<u>2,144,209</u>	<u>2,083,548</u>	<u>1,691,716</u>	<u>1,775,630</u>	<u>1,635,727</u>
Business-type activities:										
Charges for services										
Food Service	93,424.81	94,726	93,309	112,978	124,016	127,527	119,048	123,443	142,313	123,480
After School Program	106,726.65	108,001	107,516	93,051	91,179	90,621	97,944	119,592	120,159	105,001
Operating Grants and Contributions	166,296.41	166,033	153,328	154,533	111,079	95,498	101,904	111,811	108,491	93,611
Total Business-type Activities Program Revenues	<u>366,447.87</u>	<u>368,760</u>	<u>354,153</u>	<u>360,562</u>	<u>326,274</u>	<u>313,646</u>	<u>318,896</u>	<u>354,846</u>	<u>370,963</u>	<u>322,092</u>
Total District Program Revenues	<u>\$ 981,695.68</u>	<u>\$ 1,987,845</u>	<u>\$ 1,824,769</u>	<u>\$ 2,019,503</u>	<u>\$ 1,687,915</u>	<u>\$ 2,457,855</u>	<u>\$ 2,402,444</u>	<u>\$ 2,046,562</u>	<u>\$ 2,146,593</u>	<u>\$ 1,957,819</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (14,716,681.69)	\$ (12,392,294)	\$ (12,868,367)	\$ (12,936,450)	\$ (13,356,227)	\$ (12,226,717)	\$ (11,520,836)	\$ (11,429,896)	\$ (10,969,130)	\$ (10,017,260)
Business-type Activities	15,962.07	(15,360)	5,491	22,570	(5,490)	(132)	(4,216)	29,186	16,036	(18,747)
Total District-wide Net Expense	<u>\$ (14,700,719.62)</u>	<u>\$ (12,407,654)</u>	<u>\$ (12,862,876)</u>	<u>\$ (12,913,880)</u>	<u>\$ (13,361,717)</u>	<u>\$ (12,226,849)</u>	<u>\$ (11,525,052)</u>	<u>\$ (11,400,710)</u>	<u>\$ (10,953,094)</u>	<u>\$ (10,036,007)</u>

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Changes in Net Position  
 Last Ten Fiscal Years (accrual basis of accounting)  
 Unaudited

	<u>Fiscal Year Ending June 30,</u>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 7,713,502.50	\$ 7,564,479	\$ 7,416,156	\$ 7,511,850	\$ 7,511,850	\$ 7,603,528	\$ 7,379,482	\$ 6,929,343	\$ 6,503,844	\$ 6,017,148
Taxes Levied for Debt Service	422,054.50	444,324	427,946	318,505	318,505	318,505	329,455	340,406	351,356	362,307
Unrestricted Grants and Contributions	6,774,840.76	5,289,478	4,719,782	4,899,050	5,049,772	4,322,703	4,107,380	4,092,649	4,122,092	3,978,924
State Aid Restricted for Capital Projects	170,807.49	114,158	2,343,802	203,379					8,205	22,309
Miscellaneous Income	37,117.67	46,243	181,511	103,260	468,708	692,767	637,999	680,231	440,381	206,411
<b>Total Governmental Activities</b>	<u>15,118,322.92</u>	<u>13,458,682</u>	<u>15,089,197</u>	<u>13,036,044</u>	<u>13,348,835</u>	<u>12,937,503</u>	<u>12,454,316</u>	<u>12,042,629</u>	<u>11,425,878</u>	<u>10,587,099</u>
Business-type Activities:										
Investment Earnings		49	152	147	325	2,180	3,241	3,044	1,274	805
Contributions							26,400			
<b>Total Business-type Activities</b>	<u>-</u>	<u>49</u>	<u>152</u>	<u>147</u>	<u>325</u>	<u>2,180</u>	<u>29,641</u>	<u>3,044</u>	<u>1,274</u>	<u>805</u>
<b>Total District-wide</b>	<u>\$ 15,118,322.92</u>	<u>\$ 13,458,731</u>	<u>\$ 15,089,349</u>	<u>\$ 13,036,191</u>	<u>\$ 13,349,160</u>	<u>\$ 12,939,683</u>	<u>\$ 12,483,957</u>	<u>\$ 12,045,673</u>	<u>\$ 11,427,152</u>	<u>\$ 10,587,904</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 401,641.23	\$ 1,066,388	\$ 2,220,830	\$ 99,594	\$ (7,392)	\$ 710,786	\$ 933,480	\$ 612,733	\$ 456,748	\$ 569,839
Business-type Activities	15,962.07	(15,311)	5,643	22,717	(5,165)	2,048	25,425	32,230	17,310	(17,942)
<b>Total District</b>	<u>\$ 417,603.30</u>	<u>\$ 1,051,077</u>	<u>\$ 2,226,473</u>	<u>\$ 122,311</u>	<u>\$ (12,557)</u>	<u>\$ 712,834</u>	<u>\$ 958,905</u>	<u>\$ 644,963</u>	<u>\$ 474,058</u>	<u>\$ 551,897</u>

Source: District Records

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years (modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2013	2012	2011(a)	2010	2009	2008	2007	2006	2005	2004
General Fund										
Restricted	\$ 1,094,341.77	\$ 875,048	\$ 646,631	\$ 981,666	\$ 1,605,834	\$ 724,022	\$ 761,666	\$ 386,895	\$ 159,270	\$ 161,259
Assigned	205,198.00	665,678	186,053	352,773	168,860	811,671	730,105	534,235	461,010	196,577
Unassigned	275,915.44	(256,055)	(202,712)							
Unreserved				(309,107)	(231,890)	56,621	46,773	26,242	19,226	102,947
<b>Total General Fund</b>	<b><u>\$ 1,575,455.21</u></b>	<b><u>\$ 1,284,671</u></b>	<b><u>\$ 629,972</u></b>	<b><u>\$ 1,025,332</u></b>	<b><u>\$ 1,542,804</u></b>	<b><u>\$ 1,592,314</u></b>	<b><u>\$ 1,538,544</u></b>	<b><u>\$ 947,372</u></b>	<b><u>\$ 639,506</u></b>	<b><u>\$ 460,783</u></b>
All Other Governmental Funds										
Restricted	\$ 890,590.48									
Unreserved, Reported in:										
Special Revenue Fund			\$ (9,200)	\$ (8,190)	\$ (8,190)	\$ (31,019)	\$ 13,186	\$ (26,444)	\$ (24,936)	\$ (24,936)
Capital Projects Fund		\$ 900,284.00	901,728	3,286,666						
Debt Service Fund		4,950	5,145	1,134						
<b>Total All Other Governmental Funds</b>	<b><u>\$ 890,590.48</u></b>	<b><u>\$ 905,234</u></b>	<b><u>\$ 897,673</u></b>	<b><u>\$ 3,279,610</u></b>	<b><u>\$ (8,190)</u></b>	<b><u>\$ (31,019)</u></b>	<b><u>\$ 13,186</u></b>	<b><u>\$ (26,444)</u></b>	<b><u>\$ (24,936)</u></b>	<b><u>\$ (24,936)</u></b>

(a) Beginning for the fiscal year ended June 30, 2011, the School District began reporting fund balances under GASB 54.

Source: District Records

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years (modified accrual basis of accounting)  
 Unaudited

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Revenues</b>										
Tax Levy	\$ 8,135,557.00	\$ 8,008,803	\$ 7,844,102	\$ 7,814,321	\$ 7,830,355	\$ 7,922,033	\$ 7,708,937	\$ 7,269,749	\$ 6,855,200	\$ 6,379,455
Tuition Charges	170,807.49	204,126	99,914	87,663	33,380	53,658	36,842		28,148	45,180
Miscellaneous	33,794.55	46,243	181,511	103,260	468,708	639,109	601,157	680,231	440,381	206,411
State Sources	6,939,197.21	6,290,922	8,090,855	5,227,895	6,028,730	6,083,874	5,760,793	5,304,246	5,318,357	5,141,244
Federal Sources	450,891.36	527,673	343,431	1,436,746	349,303	383,038	430,135	480,119	559,422	450,537
<b>Total Revenue</b>	<b>15,730,247.61</b>	<b>15,077,767.00</b>	<b>16,559,813.00</b>	<b>14,669,885.00</b>	<b>14,710,476.00</b>	<b>15,081,712.00</b>	<b>14,537,864.00</b>	<b>13,734,345.00</b>	<b>13,201,508.00</b>	<b>12,222,827.00</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	3,123,129.33	2,511,690	3,027,281	3,669,803	3,362,414	3,224,624	3,101,206	2,830,976	2,887,549	2,630,342
Special Education Instruction	1,487,885.42	1,948,495	1,491,794	1,222,647	1,066,568	972,257	903,156	808,893	746,359	902,602
Other Instruction	381,393.19	290,953	370,608	283,340	260,760	250,295	179,093	131,708	122,182	172,106
<b>Support Services:</b>										
Tuition	3,314,424.77	3,127,489	3,330,557	3,222,981	3,631,756	3,509,898	3,492,450	4,008,356	3,574,894	3,249,773
Student & Instruction Related Services	1,256,904.16	1,170,602	1,162,357	1,202,035	1,295,229	1,264,645	1,074,107	995,312	1,084,845	855,318
School Administrative Services	206,805.66	234,875	212,479	232,891	228,033	259,214	282,892	297,928	287,843	268,121
General Business and Administrative Svs	485,612.66	526,887	498,192	598,327	536,105	568,764	590,172	608,031	535,605	495,066
Plant Operations and Maintenance	878,736.66	707,610	769,869	762,501	861,039	1,014,072	707,274	631,141	816,607	572,184
Pupil Transportation	478,881.34	542,142	547,941	595,673	631,163	595,855	500,587	516,937	472,289	377,881
Other Support Services	2,841,476.87	2,650,754	2,608,118	2,474,497	2,347,434	2,495,532	2,446,526	1,883,680	1,905,658	1,783,702
Capital Outlay	431,857.47	115,602	4,735,215	477,306	253,797	400,335	95,393	163,269	19,648	38,929
<b>Debt Service:</b>										
Principal	383,000.00	390,000	385,000	360,000	350,000	350,000	350,000	350,000	350,000	350,000
Interest	185,058.50	198,408	197,699	131,556	166,656	166,656	184,206	201,756	219,306	236,856
<b>Total Expenditures</b>	<b>15,455,166.03</b>	<b>14,415,507</b>	<b>19,337,110</b>	<b>15,233,557</b>	<b>14,990,954</b>	<b>15,072,147</b>	<b>13,907,062</b>	<b>13,427,987</b>	<b>13,022,785</b>	<b>11,932,880</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	275,081.58	662,260	(2,777,297)	(563,672)	(280,478)	9,565	630,802	306,358	178,723	289,947
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing				3,334,000	253,797					
Cancellation of Prior Year Accounts Receivable	1,058.49									
Operating Transfers In	938.22	938	3,810	1,134						
Operating Transfers Out		(938)	(3,810)	(1,134)						
<b>Total Other Financing Sources (Uses)</b>	<b>1,996.71</b>	<b>-</b>	<b>-</b>	<b>3,334,000</b>	<b>253,797</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 277,078.29</b>	<b>\$ 662,260</b>	<b>\$ (2,777,297)</b>	<b>\$ 2,770,328</b>	<b>\$ (26,681)</b>	<b>\$ 9,565</b>	<b>\$ 630,802</b>	<b>\$ 306,358</b>	<b>\$ 178,723</b>	<b>\$ 289,947</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	3.78%	4.11%	3.99%	3.33%	3.51%	3.52%	3.87%	4.16%	4.38%	4.93%

Source: District Records

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 General Fund - Other Local Revenue by Source  
 Last Ten Fiscal Years (modified accrual basis of accounting)  
 Unaudited

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Interest on Investments		\$ 619	\$ 2,274	\$ 12,799	\$ 24,789	\$ 58,507	\$ 49,444	\$ 38,709	\$ 16,837	\$ 9,606
Tuition	\$ 170,807.49	204,126	99,914	87,663	33,380	53,658	36,842	28,139	28,148	57,760
Refund of Prior Year Expenditures	6,834.34	10,902	88,856	11,911	107,533	4,680	32,526	8,995		4,209
Shared Services				66,255		57,857				
E-Rate	25,245.02	21,701	18,850	5,904						
Dissolution Asset Settlement					333,505	499,146	497,856	572,148	423,544	164,341
Miscellaneous	1,715.19	13,021	71,531	6,391	2,881	18,919	21,331	2,240	15,675	15,675
	<u>\$ 204,602.04</u>	<u>\$ 250,369</u>	<u>\$ 659,594</u>	<u>\$ 190,923</u>	<u>\$ 502,088</u>	<u>\$ 692,767</u>	<u>\$ 637,999</u>	<u>\$ 650,231</u>	<u>\$ 484,204</u>	<u>\$ 251,591</u>

Source: District Records.

## Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Assessed Value and Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg./Qual.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2013	\$ 10,650,400.00	\$ 184,985,400.00	\$ 166,400.00	\$ 27,100.00	\$ 117,425,300.00	\$ 31,107,700.00	\$ 3,955,600.00	\$ 348,317,900.00	\$ 983,728.00	\$ 349,301,628.00	\$ 25,386,500.00	\$ 553,249,775.00	\$ 2.349
2012	10,698,100.00	183,746,600.00	166,400.00	27,100.00	119,559,500.00	31,381,700.00	3,955,600.00	349,535,000.00	733,328.00	350,268,328.00	25,386,500.00	571,823,079.00	2.303
2011	10,441,700.00	182,735,100.00	166,400.00	43,300.00	118,332,800.00	31,476,600.00	3,955,600.00	347,151,500.00	729,225.00	347,880,725.00	21,754,900.00	594,857,694.00	2.278
2010	10,293,300.00	179,117,800.00	166,400.00	43,300.00	117,366,300.00	32,875,000.00	3,955,600.00	343,817,700.00	1,007,138.00	344,824,838.00	19,945,600.00	589,362,309.00	2.270
2009	11,155,600.00	176,191,600.00	166,400.00	43,300.00	117,193,600.00	33,195,000.00	3,955,600.00	341,901,100.00	705,599.00	342,606,699.00	18,996,500.00	601,482,610.00	2.282
2008	11,164,300.00	172,878,100.00	166,400.00	43,300.00	119,255,400.00	33,578,200.00	3,955,600.00	341,041,300.00	575,061.00	341,616,361.00	18,882,000.00	587,559,045.00	2.304
2007	10,810,400.00	173,496,100.00	166,400.00	42,100.00	118,941,200.00	31,533,000.00	3,955,600.00	338,944,800.00	596,219.00	339,541,019.00	19,303,000.00	538,788,222.00	2.302
2006	8,984,200.00	171,055,300.00	166,400.00	64,700.00	118,706,800.00	30,004,700.00	3,955,600.00	332,937,700.00	641,016.00	333,578,716.00	19,143,700.00	455,520,070.00	2.245
2005	8,456,900.00	170,025,100.00	164,900.00	56,000.00	113,729,700.00	31,803,200.00	3,955,600.00	328,191,400.00	764,862.00	328,956,262.00	18,480,000.00	400,715,501.00	2.146
2004	8,150,800.00	168,834,500.00	164,900.00	57,200.00	112,011,000.00	31,429,100.00	3,955,600.00	324,603,100.00	883,323.00	325,486,423.00	18,476,000.00	366,825,691.00	2.033

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax Rates are per \$100.00 of Assessed Valuation

Source: Municipal Tax Assessor

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Direct and Overlapping Property Tax Rates  
 Last Ten Years  
 (rate per \$100 of assessed value)  
 Unaudited

Fiscal Year Ended June 30,	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate (1)	General Obligation Debt Service (2)	Total Direct School Tax Rate	Township of Berlin	Fire District	County of Camden	
2013	\$ 2.227	\$ 0.122	\$ 2.349	\$ 1.781	\$ 0.136	\$ 1.319	\$ 5.585
2012	2.175	0.128	2.303	1.782	0.130	1.259	5.474
2011	2.166	0.112	2.278	1.688	0.131	1.216	5.313
2010	2.164	0.106	2.270	1.410	0.132	1.114	4.926
2009	2.193	0.089	2.282	1.293	0.126	1.089	4.790
2008	2.211	0.093	2.304	1.193	0.121	1.096	4.714
2007	2.209	0.093	2.302	1.081	0.117	1.116	4.616
2006	2.142	0.103	2.245	1.029	0.105	1.107	4.486
2005	2.040	0.106	2.146	0.954	0.104	1.011	4.215
2004	1.922	0.111	2.033	0.955	0.090	0.998	4.076

(1) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

(2) Rates for debt service are based on each year's requirements.

**Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2,5 percent, whichever is greater, plus any growth adjustments.

Source: Municipal Tax Collector

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Principal Property Tax Payers  
Current Year and Nine Years Ago  
Unaudited

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
ACP Jersey Associates	\$ 17,225,000.00	1	4.93%	\$ 19,979,000.00	1	6.14%
Bloom Organization	6,715,000.00	2	1.92%	8,531,500.00	2	2.62%
Wal-Mart Stores, Inc.	5,959,500.00	3	1.71%	6,265,000.00	3	1.92%
Pineridge Associates	4,380,700.00	4	1.25%	4,383,400.00	4	1.35%
Greenway Village Apts.	3,075,000.00	5	0.88%	3,075,000.00	5	0.94%
H2O Entertainment Group	2,900,000.00	6	0.83%	N/A	N/A	N/A
215-235 Route 73 North, LLC	2,900,000.00	7	0.83%	2,900,000.00	6	0.89%
Frankel S. & Rubinson, R.	2,244,400.00	8	0.64%	N/A	N/A	N/A
Piccoli Enterprise LLC	2,015,000.00	9	0.58%	N/A	N/A	N/A
Hovbros Berlin, LLC	1,839,400.00	10	0.53%	N/A	N/A	N/A
Gill Partnership	N/A	N/A	N/A	1,875,000.00	7	0.58%
Berlin PF, LLP	N/A	N/A	N/A	1,863,500.00	8	0.57%
J&D Executiv Leasing	N/A	N/A	N/A	1,784,500.00	9	0.55%
Resintech Realty Associates	N/A	N/A	N/A	1,600,000.00	10	0.49%
<b>Total</b>	<b>\$ 49,254,000.00</b>		<b>14.10%</b>	<b>\$ 52,256,900.00</b>		<b>16.06%</b>

Source: Municipal Tax Assessor

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited

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Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 8,135,557.00	\$ 8,135,557.00	100.00%	
2012	8,008,803.00	8,008,803.00	100.00%	
2011	7,844,102.00	7,844,102.00	100.00%	
2010	7,814,321.00	7,814,321.00	100.00%	
2009	7,830,355.00	7,830,355.00	100.00%	
2008	7,922,033.00	7,922,033.00	100.00%	
2007	7,708,937.00	7,708,937.00	100.00%	
2006	7,922,033.00	7,922,033.00	100.00%	
2005	6,855,200.00	6,855,200.00	100.00%	
2004	6,379,455.00	6,379,455.00	100.00%	

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

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

## Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	<u>Governmental Activities (1)</u>			<u>Business-Type Activities</u>		<u>Total District</u>	Percentage of Personal Income (2)	<u>Per Capita (3)</u>
	General Obligation Bonds	Unfunded Pension Liability	Capital Leases	Capital Leases				
2013	\$ 4,619,000.00	\$ 281,847.00		-	\$ 4,900,847.00	(4)	(4)	
2012	5,002,000.00	333,771.00	\$ 52,837.00	-	5,388,608.00	(4)	\$ 994.02	
2011	5,392,000.00	389,093.00	103,508.00	-	5,884,601.00	2.55%	1,099.31	
2010	5,777,000.00	439,363.00	152,099.00	-	6,368,462.00	2.78%	1,189.03	
2009	2,764,000.00	489,517.00	253,797.00	-	3,507,314.00	1.55%	642.72	
2008	3,114,000.00	541,886.00		-	3,655,886.00	1.61%	675.02	
2007	3,464,000.00	571,585.00		-	4,035,585.00	1.86%	749.13	
2006	3,814,000.00	705,301.00		-	4,519,301.00	2.17%	840.33	
2005	4,164,000.00	755,571.00	30,183.00	-	4,949,754.00	2.54%	923.81	
2004	4,514,000.00	807,242.00	62,902.00	-	5,384,144.00	2.89%	1,009.97	

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

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by county-estimated based upon the 2010 Census published
- (4) Unavailable

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years  
 Unaudited

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<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u> <u>Ended June 30.</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita (2)</u>
2013	\$ 4,619,000.00		\$ 4,619,000.00	1.32%	(3)
2012	5,002,000.00		5,002,000.00	1.43%	\$ 922.71
2011	5,392,000.00		5,392,000.00	1.55%	1,007.29
2010	5,777,000.00		5,777,000.00	1.68%	1,078.60
2009	2,764,000.00		2,764,000.00	0.81%	506.51
2008	3,114,000.00		3,114,000.00	0.91%	574.96
2007	3,464,000.00		3,464,000.00	1.02%	643.03
2006	3,814,000.00		3,814,000.00	1.14%	709.19
2005	4,164,000.00		4,164,000.00	1.27%	777.16
2004	4,514,000.00		4,514,000.00	1.39%	846.75

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

- (1) See Exhibit No. J-6 for property tax data.
- (2) Population data can be found in Exhibit No. J-14.
- (3) Information not available.

Source: District Records.

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2012  
*Unaudited*

Township of Berlin:	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Berlin Township</u>
Municipal Debt: (1)				
Berlin Township School District	\$ 5,002,000.00	\$ 5,002,000.00		
Berlin Township Sewer Utility	6,450,000.00	6,450,000.00		
Berlin Township	<u>14,893,122.71</u>	<u>165,122.71</u> (3)	<u>\$ 14,728,000.00</u>	<u>\$ 14,728,000.00</u>
	<u>26,345,122.71</u>	<u>11,617,122.71</u>	<u>14,728,000.00</u>	<u>14,728,000.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Camden: (2)				
General:				
Bonds	44,081,645.00	10,684,251.00 (3)	33,397,394.00	483,316.78 (5)
Loan Agreement	147,285,000.00		147,285,000.00	
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>681,777,740.00</u>	<u>681,777,740.00</u> (4)		
	<u>873,144,385.00</u>	<u>692,461,991.00</u>	<u>180,682,394.00</u>	<u>483,316.78</u>
	<u>\$ 899,489,507.71</u>	<u>\$ 704,079,113.71</u>	<u>\$ 195,410,394.00</u>	<u>\$ 15,211,316.78</u>

## Sources:

- (1) 2012 Annual Debt Statement
- (2) County's 2012 Audit Report
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Township's share of the total 2012 Equalized Value, which is 1.45%.

The source for this computation was the 2012 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 Unaudited

**Legal Debt Margin Calculation for Fiscal Year 2013**

	Equalized valuation basis	
	2012	\$ 554,079,531.00
	2011	566,408,060.00
	2010	587,923,564.00
	<b>[A]</b>	<u>\$ 1,708,411,155.00</u>
Average equalized valuation of taxable property	<b>[A/3]</b>	\$ 569,470,385.00
Debt limit ( 3% of average equalization value)	<b>[B]</b>	17,084,111.55
Total Net Debt Applicable to Limit	<b>[C]</b>	<u>4,619,000.00</u>
Legal Debt Margin	<b>[B-C]</b>	<u>\$ 12,465,111.55</u>

	Fiscal Year									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt limit	\$ 17,084,111.55	\$ 17,388,779.00	\$ 17,712,080.00	\$ 17,661,646.00	\$ 17,098,394.00	\$ 15,590,829.00	\$ 13,713,855.00	\$ 12,047,765.00	\$ 10,824,884.00	\$ 10,063,778.00
Total net debt applicable to limit	<u>4,619,000.00</u>	<u>5,002,000.00</u>	<u>5,392,000.00</u>	<u>5,777,000.00</u>	<u>2,764,000.00</u>	<u>3,114,000.00</u>	<u>3,464,000.00</u>	<u>3,814,000.00</u>	<u>4,164,000.00</u>	<u>4,514,000.00</u>
Legal debt margin	<u>\$ 12,465,111.55</u>	<u>\$ 12,386,779.00</u>	<u>\$ 18,939,642.68</u>	<u>\$ 16,603,862.83</u>	<u>\$ 14,415,393.34</u>	<u>\$ 12,747,382.99</u>	<u>\$ 11,987,893.46</u>	<u>\$ 11,556,604.47</u>	<u>\$ 11,034,314.23</u>	<u>\$ 10,642,056.13</u>
Total net debt applicable to the limit as a percentage of debt limit	27.04%	28.77%	30.44%	32.71%	16.17%	19.97%	25.26%	31.66%	38.47%	44.85%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

## Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

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<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2013	(5)	(5)	(5)	(5)
2012	5,421	(5)	(5)	6.3%
2011	5,353	\$ 230,708,947.00	\$ 43,099.00	6.2%
2010	5,356	228,808,320.00	42,720.00	6.3%
2009	5,457	225,952,542.00	41,406.00	6.0%
2008	5,416	227,428,672.00	41,992.00	3.8%
2007	5,387	216,880,620.00	40,260.00	2.8%
2006	5,378	207,972,638.00	38,671.00	3.1%
2005	5,358	194,490,042.00	36,299.00	2.9%
2004	5,331	186,345,105.00	34,955.00	4.0%

**Source:**

- (1) Population information provided by the NJ Dept of Labor and Workforce Development (July 1)
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per Capita personal income by municipality-estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development
- (5) Information unavailable

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Principal Employers  
Current Year and Nine Years Ago  
Unaudited

<u>Employer (1)</u>	<u>2013</u>			<u>2004 (2)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
E.S.S. Co.	362	1	13.42%	N/A	N/A	N/A
Home Depot USA Inc.	250	2	9.27%	N/A	N/A	N/A
Hilman's Bus Service Inc.	160	3	5.93%	N/A	N/A	N/A
Sulzer Chemtech USA Inc	150	4	5.56%	N/A	N/A	N/A
Medplast West Berlin, Inc.	150	5	5.56%	N/A	N/A	N/A
William Bowman Associates Inc.	150	6	5.56%	N/A	N/A	N/A
Sears, Roebuck and Co.	113	7	4.19%	N/A	N/A	N/A
Elite Dry Wall, Inc	100	8	3.71%	N/A	N/A	N/A
Atmostemp LLC	72	9	2.67%	N/A	N/A	N/A
Providence Pediatric Medical Daycare	65	10	2.41%	N/A	N/A	N/A
	<u>1,572</u>		<u>58.27%</u>	<u>---</u>		<u>---</u>

(1) Source: D&B Regional Business Directory (2012), School District Records and the Township of Berlin.

(2) The data for 2004 was not available.

## Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Full-time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years  
 Unaudited

<u>Function/Program</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Instruction										
Regular	50	55	54	57	50	67	55	56	54	54
Special education	25	21	21	20	25	15	23	9	9	12
Support Services:										
Student & instruction related services	10	10	10	11	13	10	9	14	14	12
School administrative services	5	5	5	5	6	6	6	6	6	6
General and business administrative services	5	5	5	7	3	3	4	4	5	1
Plant operations and maintenance	7	7	10	10	8	8	8	8	8	8
Pupil transportation	7	7	8	7	8	8	7	9	8	8
Business and other support services									3	4
After School Program	1	2	-	-	-	-	-	-	-	-
Total	110.0	112.0	113.0	117.0	113.0	116.5	112.0	106.0	107.0	105.0

**Source:** District Personnel Records

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Operating Statistics  
 Last Ten Fiscal Years  
 Unaudited

Fiscal	Resident Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (3)	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) (4)	Average Daily Attendance (ADA) (4)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2013	780	\$ 14,455,250.06	\$18,532.37	7.45%	75.0	1:12	1:09	648.0	608.0	0.56%	93.83%
2012	795	13,711,497.00	17,247.17	-3.18%	75.0	1:12	1:09	644.4	609.1	5.59%	94.52%
2011	787	14,019,196.00	17,813.46	0.027%	75.0	1:12	1:09	610.3	573.8	-0.11%	94.02%
2010	801	14,264,695.00	17,808.61	-1.07%	77.0	1:12	1:09	611.0	568.8	4.44%	94.80%
2009	790	14,220,501.00	18,000.63	6.44%	74.0	1:12	1:09	585.0	553.0	-0.85%	94.53%
2008	837	14,155,156.00	16,911.78	7.12%	76.0	1:12	1:09	590.0	559.2	1.72%	94.78%
2007	841	13,277,463.00	15,787.71	11.77%	75.0	1:13	1:10	580.0	541.7	-15.57%	93.40%
2006	900	12,712,962.00	14,125.51	-1.84%	73.0	1:21	1:20	687.0	672.0	-0.29%	97.82%
2005	864	12,433,831.00	14,391.01	1.95%	74.0	1:10	N/A	689.0	669.2	-1.70%	97.13%
2004	801	11,307,095.00	14,116.22	10.23%	74.0	1:10	N/A	700.9	656.5	-4.72%	93.67%

**Sources:** District records and ASSA

**Note:** Enrollment based on annual October district count.

- (1) Operating expenditures equal total expenditures from Exh. J-4 less debt service and capital outlay.
- (2) Operating expenditures equal total expenditures less debt service and capital outlay
- (3) Teaching staff includes only full-time equivalents of certificated staff.
- (4) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 School Building Information  
 Last Ten Fiscal Years  
 Unaudited

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
John F. Kennedy Elementary (1965)										
Square Feet	51,060	51,060	50,046	50,046	50,046	50,046	50,046	50,046	50,046	50,046
Capacity (students)	351	351	351	351	351	351	351	351	351	351
Enrollment	335	298	279	290	366	308	358	374	356	354
<b><u>Middle</u></b>										
Dwight D. Eisenhower Middle School (1968)										
Square Feet	62,870	62,870	62,315	62,315	62,315	62,315	62,315	62,315	62,315	62,315
Capacity (students)	409	409	409	409	409	409	409	409	409	409
Enrollment	310	342	319	320	232	236	243	287	192	193
<b><u>Other</u></b>										
Central Administration (1968)										
Square Feet	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750
Warehouse (2006)										
Square Feet	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	N/A	N/A
Number of Schools at June 30, 2012										
Elementary = 1										
Middle School = 1										
Senior High School = 0										
Other = 2										

**Source:** District Facilities Office

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Schedule of Required Maintenance  
 Last Ten Fiscal Years  
 Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-XXX

<u>* School Facilities</u>	<u>Project # (s)</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
John F. Kennedy Elementary School	N/A	\$ 57,944.00	\$ 65,834	\$ 78,375	\$ 80,058	\$ 99,300	\$ 205,255	\$ 83,444	\$ 44,704	\$ 176,942	\$ 50,989
Dwight D. Eisenhower Middle School	N/A	84,274.18	88,693	69,831	103,323	135,063	160,171	80,444	83,021	102,999	44,103
Total School Facilities		<u>142,218.18</u>	<u>154,527</u>	<u>148,206</u>	<u>183,381</u>	<u>234,363</u>	<u>365,426</u>	<u>163,888</u>	<u>127,725</u>	<u>279,941</u>	<u>95,092</u>
Other Facilities	N/A	22,169.34	13,095	49,291	11,617		9,659			2,421	1887
Grand Total		<u>\$ 164,387.52</u>	<u>\$ 167,622</u>	<u>\$ 130,330</u>	<u>\$ 194,998</u>	<u>\$ 234,363</u>	<u>\$ 375,085</u>	<u>\$ 163,888</u>	<u>\$ 127,725</u>	<u>\$ 282,362</u>	<u>\$ 96,979</u>

\* 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

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Insurance Schedule  
June 30, 2013  
*Unaudited*

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
<u>Article I - Property</u>		
Blanket Real and Personal Property - per occurrence	\$ 400,000.00	\$ 5,000.00
Blanket Extra Expense	50,000,000.00	5,000.00
Blanket Valuable Papers and Records	10,000,000.00	5,000.00
Demolition and Increased Cost of Construction-per occurrence	10,000,000.00	
Fire Department Service Charge	10,000.00	
Arson Reward	10,000.00	
Pollutant Cleanup and Removal	250,000.00	
Sublimits: Flood Zone (SFHA)		
Per occurrence	10,000,000.00	per building 500,000.00
NJSBAIG annual aggregate	10,000,000.00	bldg. contents 500,000.00
Accounts Receivable	250,000.00	
All Other Flood Zones		
Per occurrence/ NJSBAIG annual aggregate	50,000,000.00	per member 10,000.00
Earthquake		
Per occurrence	50,000,000.00	
NJSBAIG annual aggregate	50,000,000.00	
Terrorism		
Per occurrence	1,000,000.00	
NJSBAIG annual aggregate	1,000,000.00	
<u>Article II - Electronic Data Processing</u>		
Blanket Hardware/ Software - per occurrence	110,000.00	1,000.00
Blanket Extra Expense	included	
Coverage Extensions:		
Transit	25,000.00	
Loss of Income	10,000.00	
Terrorism	included in property	
Flood	1,000,000.00	
Flood Deductibles		
Zones A&V		500,000.00
All Other Zones		10,000.00
<u>Article III - Equipment Breakdown</u>		
Combined Single Limit per Accident for Property		
Damage and Business Income	100,000.00	5,000.00
Sublimits:		
Property Damage	Included	
Off Premises Property Damage	100,000.00	
Business Income	Included	
Extra Expense	10,000,000.00	12 hours
Service Interruption	10,000,000.00	
Perishable Goods	500,000.00	
Data Restoration	100,000.00	

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Insurance Schedule  
June 30, 2013  
*Unaudited*

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1) (Continued)		
<u>Article III - Equipment Breakdown (Continued)</u>		
Contingent Business Income	\$ 100,000.00	
Demolition	1,000,000.00	
Ordinance of Law	1,000,000.00	
Expediting Expenses	500,000.00	
Hazardous Substances	500,000.00	
Newly Acquired Locations (120 days notice)	250,000.00	60 days
Terrorism	Included	
Interruption of service waiting period 24 hours		
<u>Article IV - Crime</u>		
Public Employee Dishonesty with Faithful Performance	50,000.00	\$ 500.00
Theft, Disappearance and Destruction - Loss of Money & Securities On or Off Premises	10,000.00	500.00
Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency	10,000.00	500.00
Forgery or Alteration	100,000.00	500.00
Computer Fraud	100,000.00	500.00
Public Official Bonds		
Treasurer	225,000.00	
Board Secretary	250,000.00	
<u>Article V - Comprehensive General Liability</u>		
Bodily Injury and Property Damage - Single Limit	6,000,000.00	
Bodily Injury from Products and Completed Operations	6,000,000.00	
Sexual Abuse		
Per Occurrence	6,000,000.00	
Annual NJSBAIG Aggregate	17,000,000.00	
Personal Injury and Advertising Injury		
Per Occurrence	6,000,000.00	
Annual Aggregate	6,000,000.00	
Employee Benefits Liability - Per Occurrence/Annual	6,000,000.00	Each Claim 1,000.00
Premises Medical Payments	5,000.00	
Terrorism - Per Occurrences/Annual NJSBAIG	1,000,000.00	
<u>Article VI - Automobile</u>		
Combined Single Limit for Bodily Injury and Property Damage - Any Auto - Per accident	6,000,000.00	1,000.00
Uninsured/ Underinsured Motorists		
Private Passenger Auto Combined Single Limit	1,000,000.00	
All Other Vehicles		
Bodily Injury per person	15,000.00	
Bodily Injury per accident	30,000.00	
Property Damage per accident	5,000.00	

(Continued)

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Insurance Schedule  
June 30, 2013  
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1) (Continued)		
<u>Article VI - Automobile (Continued)</u>		
Personal Injury Protection (Including Pedestrians)	\$ 250,000.00	
Medical Payments		
Private Passenger Vehicles	10,000.00	
All Other Vehicles	5,000.00	
Terrorism - Per Occurrence/ Annual NJSBAIG	1,000,000.00	
Errors and Omissions (1)		
Coverage A	5,000,000.00	\$ 5,000.00
Coverage B		
Each Claim	100,000.00	5,000.00
Each Policy Period	300,000.00	
Workers' Compensation (1)		
Bodily Injury by Accident	2,000,000.00	
Bodily Injury by Disease		
Each Employee	2,000,000.00	
Aggregate limit	2,000,000.00	
Student Accident Insurance (2)	1,000,000.00	
Catastrophic Injury	500,000.00	
Surety Bonds (1)		
Treasurer	225,000.00	
Board Secretary	250,000.00	
(1) New Jersey School Boards Insurance Group		
(2) Markel Insurance		

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND  
STATE OF NEW JERSEY CIRCULAR 04-04-OMB**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Berlin Township School District  
West Berlin, New Jersey 08091

***Report on Compliance for Each Major Federal and State Program***

We have audited the Township of Berlin School District'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, 2013. 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.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB 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. Those standards, 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 Township of Berlin 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the School District's compliance.

### **Opinion on Each Major Federal and State Program**

In our opinion, the Township of Berlin School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the Township of Berlin School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey Circular 04-04-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



John F. Dailey, Jr.  
Certified Public Accountant  
Public School Accountant No. CS 00140

Voorhees, New Jersey  
October 15, 2013

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**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2013

Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2012		
						Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Department of Agriculture								
Passed-through State Department of Education:								
Child Nutrition Cluster:								
Non-Cash Assistance (Food Distribution):								
National School Lunch Program	10.550	N/A	\$ 15,765.75	7/1/12	6/30/13			
Non-Cash Assistance Subtotal						-	-	-
Cash Assistance:								
School Breakfast Program	10.553	N/A	38,018.58	7/1/12	6/30/13			
National School Lunch Program	10.555	N/A	118,686.32	7/1/11	6/30/12	\$ (10,310.63)		
National School Lunch Program	10.555	N/A	125,117.60	7/1/12	6/30/13			
Cash Assistance Subtotal						(10,310.63)	-	-
Total Enterprise Fund						(10,310.63)	-	-
U.S. Department of Education								
General Fund:								
Medical Assistance Program (SEMI)	93.778	N/A	4,720.39	7/1/12	6/30/13			
U.S. Department of Education								
Passed-through State Department of Education:								
No Child Left Behind Programs:								
Title I, Part A Cluster								
Title I, Part A	84.010A	NCLB034012	217,987.00	9/1/11	8/31/12	(132,640.00)	\$ 83,065.00	
Title I, Part A, Carryover	84.010A	NCLB034012	86,171.00	9/1/12	8/31/13			
Title I, Part A	84.010A	NCLB034013	174,075.00	9/1/12	8/31/13			
Total Title I, Part A Cluster						(132,640.00)	83,065.00	-
Title II, Part A	84.367	NCLB034012	54,832.00	9/1/11	8/31/12	(17,131.00)	3,460.00	
Title II, Part A, Carryover	84.367	NCLB034012	3,460.00	9/1/11	8/31/12			
Title II, Part A	84.367	NCLB034013	48,287.00	9/1/12	8/31/13			
Total Title II, Part A						(17,131.00)	3,460.00	-
Title II, Part D	84.318	NCLB034012	365.00	9/1/11	8/31/12	(365.00)	365.00	
Total Title II, Part D						(365.00)	365.00	-
Title III, Part A	84.365	NCLB034013	2,871.00	9/1/12	8/31/13			
Total No Child Left Behind (NCLB)						(150,136.00)	86,890.00	-
I.D.E.I.A., Part B Cluster:								
Basic - Regular	84.027	FT034012	169,920.00	9/1/11	8/31/12	(74,169.00)	14,830.00	
Basic - Regular, Carryover	84.027	FT034013	14,830.00	9/1/12	8/31/13			
Basic - Regular	84.027	FT034013	180,978.00	9/1/12	8/31/13			
Preschool Incentive	84.173	PS034012	6,743.00	9/1/11	8/31/12	(6,743.00)	2,326.00	
Preschool Incentive, Carryover	84.173	PS034013	2,327.00	9/1/12	8/31/13			
Preschool Incentive	84.173	PS034013	9,017.00	9/1/12	8/31/13			
Total I.D.E.I.A. Part B Cluster						(80,912.00)	17,156.00	-
Race To The Top	84.413A	N/A	13,908.00	9/1/11	11/30/15			
Total U.S. Department of Education						(231,048.00)	104,046.00	-
Total Special Revenue Fund						(231,048.00)	104,046.00	-
Total Federal Financial Assistance						\$ (241,358.63)	\$ 104,046.00	-

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

Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjustments (A)	Repayment of Prior Years' Balances	Balance at June 30, 2013		
					Accounts Receivable	Unearned Revenue	Due to Grantor
	\$ 15,765.75	\$ (15,765.75)					
-	15,765.75	(15,765.75)	-	-	-	-	-
	35,076.05	(38,018.58)			\$ (2,942.53)		
	10,310.63						
	118,413.75	(125,117.60)			(6,703.85)		
-	163,800.43	(163,136.18)	-	-	(9,646.38)	-	-
-	179,566.18	(178,901.93)	-	-	(9,646.38)	-	-
	4,720.39	(4,720.39)			-		
	46,469.00		\$ 3,106.00				
	86,171.00	(86,171.00)					
	33,603.96	(107,560.50)			(73,956.54)		
-	166,243.96	(193,731.50)	3,106.00	-	(73,956.54)	-	-
	13,671.00						
	3,460.00	(3,460.00)					
	28,519.00	(45,263.09)			(16,744.09)		
-	45,650.00	(48,723.09)	-	-	(16,744.09)	-	-
-	-	-	-	-	-	-	-
	2,871.00	(2,871.00)					
-	214,764.96	(245,325.59)	3,106.00	-	(90,700.63)	-	-
	59,339.00						
	14,830.00	(14,830.00)					
	134,204.00	(165,913.28)			(31,709.28)		
	4,416.00		1.00				
	1,982.00	(2,327.00)			(345.00)		
		(5,045.10)			(5,045.10)		
-	214,771.00	(188,115.38)	1.00	-	(37,099.38)	-	-
		(12,730.00)			(12,730.00)		
-	429,535.96	(446,170.97)	3,107.00	-	(140,530.01)	-	-
-	429,535.96	(446,170.97)	3,107.00	-	(140,530.01)	-	-
-	\$ 613,822.53	\$ (629,793.29)	\$ 3,107.00	-	\$ (150,176.39)	-	-

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2013

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Local Share</u>	<u>Grant Period</u>		<u>Balance at June 30, 2012</u>		
				<u>From</u>	<u>To</u>	<u>Accounts Receivable</u>	<u>Unearned Revenue</u>	<u>Due to Grantor</u>
<b>State Department of Education (State Aid):</b>								
<b>General Fund:</b>								
Equalization Aid	12-495-034-5120-078	\$ 4,396,297.00		7/1/2011	6/30/2012	\$ (434,190.87)		
Equalization Aid	13-495-034-5120-078	4,489,815.00		7/1/2012	6/30/2013			
Special Education Categorial Aid	12-495-034-5120-089	408,527.00		7/1/2011	6/30/2012	(40,347.30)		
Special Education Categorial Aid	13-495-034-5120-089	432,306.00		7/1/2012	6/30/2013			
School Choice Aid	12-495-034-5120-068	232,864.00		7/1/2011	6/30/2012	(22,998.31)		
School Choice Aid	13-495-034-5120-068	562,548.00		7/1/2012	6/30/2013			
Security Aid	12-495-034-5120-084	114,441.00		7/1/2011	6/30/2012	(11,302.52)		
Security Aid	13-495-034-5120-084	127,480.00		7/1/2012	6/30/2013			
Transportation Aid	13-495-034-5120-014	56,459.00		7/1/2012	6/30/2013			
Other State Aid - Extraordinary Aid	13-100-034-5120-473	7,126.00		7/1/2012	6/30/2013			
Other State Aid - Nonpublic School Transportation Aid	12-495-034-5120-014	2,784.00		7/1/2011	6/30/2012	(2,784.00)		
Other State Aid - Nonpublic School Transportation Aid	13-495-034-5120-014	3,584.70		7/1/2012	6/30/2013			
Reimbursed T.P.A.F. Social Security	12-495-034-5095-002	366,593.00		7/1/2011	6/30/2012	(37,586.13)		
Reimbursed T.P.A.F. Social Security	13-495-034-5095-002	369,414.03		7/1/2012	6/30/2013			
Total General Fund						(549,209.13)	-	-
<b>Special Revenue Fund:</b>								
School to Watch	Unknown	3,000.00		7/1/2009	6/30/2012		\$ 5,024.14	
Preschool Education Aid	12-495-034-5120-086	73,600.00		7/1/2011	6/30/2012	(7,360.00)		
Preschool Education Aid	13-495-034-5120-086	105,000.00		7/1/2012	6/30/2013			
Total Special Revenue Fund						(7,360.00)	5,024.14	-
<b>State Department of Agriculture:</b>								
<b>Enterprise Fund:</b>								
State School Lunch Program	12-100-010-3350-023	3,284.00		7/1/2011	6/30/2012	(212.00)		
State School Lunch Program	13-100-010-3350-023	3,160.23		7/1/2012	6/30/2013			
Total Enterprise Fund						(212.00)	-	
<b>NJ Economic Development Authority:</b>								
<b>Capital Projects Fund:</b>								
SDA Educational Facilities Construction and Financing Act - Section 15: Eisenhower Middle School	0340-030-09-1001	1,735,794.00	1,708,333.00	7/1/2009	6/30/2012	(691,966.00)	324,207.72	
Kennedy Elementary School	0340-050-09-1002	1,510,412.00	1,486,516.00	7/1/2009	6/30/2012	(381,849.00)	260,658.72	
Total Capital Projects Fund						(1,073,815.00)	584,866.44	-
Total State Financial Assistance						\$ (1,630,596.13)	\$ 589,890.58	-

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

Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustment	Balance at June 30, 2013			Memo	
					Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2013	Cumulative Total Expenditures
	\$ 434,190.87							\$	\$ 4,396,297.00
	4,045,459.70	\$ (4,489,815.00)			\$ (444,355.30)			\$	4,489,815.00
	40,347.30								408,527.00
	389,520.84	(432,306.00)			(42,785.16)			(42,785.16)	432,306.00
	22,998.31								232,884.00
	506,872.84	(562,548.00)			(55,675.16)			(55,675.16)	562,548.00
	11,302.52								114,441.00
	114,863.35	(127,480.00)			(12,616.65)			(12,616.65)	127,480.00
	50,871.27	(56,459.00)			(5,587.73)			(5,587.73)	56,459.00
		(7,126.00)			(7,126.00)			(7,126.00)	7,126.00
	2,784.00								2,784.00
		(3,584.70)			(3,584.70)			(3,584.70)	3,584.70
	37,586.13								366,593.00
	351,370.05	(369,414.03)			(18,043.98)			(18,043.98)	369,414.03
-	6,008,167.18	(6,048,732.73)	-	-	(589,774.68)	-	-	(589,774.68)	11,570,258.73
				\$ 7.99		\$ 5,032.13			
	7,360.00								73,600.00
	94,500.00	(95,458.22)			(10,500.00)	9,541.78		(10,500.00)	95,458.22
-	101,860.00	(95,458.22)	-	7.99	(10,500.00)	14,573.91	-	(10,500.00)	169,058.22
	212.00								3,284.00
	2,991.95	(3,160.23)			(168.28)			(168.28)	3,160.23
-	3,203.95	(3,160.23)	-	-	(168.28)	-	-	(168.28)	6,444.23
	195,718.39	(20,983.84)			(496,247.61)	303,223.88		(496,247.61)	2,641,567.84
		(16,277.42)			(381,849.00)	244,381.30		(381,849.00)	2,363,751.42
-	195,718.39	(37,261.26)	-	-	(878,096.61)	547,605.18	-	(878,096.61)	5,005,319.26
-	\$ 6,308,949.52	\$ (6,184,612.44)	-	\$ 7.99	\$ (1,478,539.57)	\$ 562,179.09	-	\$ (1,478,539.57)	\$ 16,751,080.44

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2013

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**Note 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Township of Berlin School District (hereafter referred to as the "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.

**Note 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 States, 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.

**Note 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 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 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 special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is (\$52,181.00) for the general fund and \$10,500.00 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.

**Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)**

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	\$ 4,720.39	\$ 6,674,985.73	\$ 6,679,706.12
Special Revenue	446,170.97	84,958.22	531,129.19
Capital Projects		37,261.26	37,261.26
Debt Service		141,992.00	141,992.00
Food Service	178,901.93	3,160.23	182,062.16
Total Awards and Financial Assistance	<u>\$ 629,793.29</u>	<u>\$ 6,942,357.44</u>	<u>\$ 7,572,150.73</u>

**Note 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.

**Note 5: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" represent favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2011-2012.

**Note 6: OTHER**

Revenues and expenditures reported under the food distribution program represent current year value received and current year distribution, respectively. 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 fiscal year ended June 30, 2013.

**Note 7: MAJOR PROGRAMS**

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

TOWNSHIP OF BERLIN SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

**Section 1- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?      yes   X   no

Significant deficiency(ies) identified?      yes   X   none reported

Noncompliance material to financial statements noted?      yes   X   no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?      yes   X   no

Significant deficiency(ies) identified?      yes   X   none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?      yes   X   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010A</u>	<u>Title I</u>
<u>84.027</u>	<u>I.D.E.A. Basic</u>
<u>84.173</u>	<u>I.D.E.A. Preschool</u>
<u>          </u>	<u>                          </u>
<u>          </u>	<u>                          </u>
<u>          </u>	<u>                          </u>

Dollar threshold used to determine Type A programs \$ 300,000.00

Auditee qualified as low-risk auditee?   X   yes      no

**TOWNSHIP OF BERLIN SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013**

**Section 1- Summary of Auditor's Results (Cont'd)**

**State Financial Assistance**

Internal control over major programs:

Material weakness(es) identified? \_\_\_ yes X no

Significant deficiency(ies) identified? \_\_\_ yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or New Jersey Circular 04-04-OMB? \_\_\_ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-068	School Choice Aid

Dollar threshold used to determine Type A programs \$ 300,000.00

Auditee qualified as low-risk auditee? X yes \_\_\_ no

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

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***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 Administration and Finance, Department of Education, State of New Jersey.

None.

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

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

None.

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

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***Section 4- Schedule of 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 State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

None.

**TOWNSHIP OF BERLIN SCHOOL DISTRICT**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management

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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**

None.

**FEDERAL AWARDS**

None.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

None.

