

**BOARD OF EDUCATION  
OF THE  
BOROUGH OF STRATFORD  
SCHOOL DISTRICT**



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

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## INTRODUCTORY SECTION

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November 2013

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

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections:

- Introductory Section containing this Letter of Transmittal, List of Principal Officials, and Organizational Chart.
- Financial Section containing the Independent Auditors' Report, the Management's Discussion and Analysis, the Basic Financial Statements and Notes.
- Statistical Section containing Economic and Demographic Information, Fiscal Trends.
- Single Audit Section in conformity with the provisions of the Single Audit Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State of New Jersey Circular 04-04-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on compliance for each major program and report on the internal control over compliance are included in the single audit section of this report.

### **SCHOOL DISTRICT ORGANIZATION**

The Stratford School District is one of 643 school districts in the State of New Jersey and one of 39 school districts in Camden County. The School District provides education to students in grades PreK to 8, including tuition students in grades 7 and 8 from Laurel Springs and grades PreK to 8 from Hi-Nella per the agreement approved in April 2012. In addition, Stratford became a Choice district beginning with the 2011-12 school year, with nine students from other districts attending both Parkview and Yellin in grades 1-8 during the 2012-13 year.

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

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

**REPORTING ENTITY**

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

**ECONOMIC CONDITION AND OUTLOOK**

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

The Stratford School District provides a full range of educational services appropriate to grade levels K through 8. The District completed the 2012-2013 year with an enrollment of 817 students, which is six students more than the previous year.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2003-04	875	-0.91
2004-05	844	-3.54
2005-06	839	-0.59
2006-07	842	+0.36
2007-08	835	-0.83
2008-09	838	+0.36
2009-10	827	-0.14
2010-11	831	+0.50
2011-12	782	-3.49
2012-13	805	+2.94

The forecast for student enrollment over the next five years is relatively stable. Choice enrollment will add approximately five to nine students annually. The addition of Hi-Nella students through a five-year phase-in send/receive agreement that began with the 2012-13 school year will increase total enrollment, at the end of the five years, by 75 students.

The School District continues to face difficult economic situations since the primary funding sources are property tax revenue, which is capped at 2% and state aid, which has seen small increases. Increases in state aid, Choice aid, tuition, and miscellaneous revenue for shared services allowed the 2012-13 school year appropriation budget increased by \$494,549.00. This allowed the district to once again put forth a \$0 tax levy increase. In keeping with law and submitting a budget at or under the 2% tax levy cap, the budget was approved by the executive county superintendent. The election of board members took place at the general election in November and newly seated members took office in January. Full-day Kindergarten and hazardous transportation continue to be part of the annual budget as well as additional part-time positions in basic skills. The School District continues to closely monitor the cost of operations and to look for new funding sources in order to maintain the quality educational services that the School District has been providing and that the students deserve.

### **EDUCATIONAL PROGRAM**

District classrooms are primarily self-contained and the pupils are grouped heterogeneously. Basic Skills instruction in the areas of computation and communications are provided to eligible students. In addition, students are offered programs in art, music, computers, gifted and talented, physical education, reading, language arts, science, health, social studies, library science, and guidance. The District provides individual education plans for pupils who are learning disabled either in self-contained classrooms, in-class support, or resource rooms through various programs – preschool disabilities and preschool disabilities inclusion, autism, learning and/or language disabled and multiple disabilities.

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

### **MAJOR INITIATIVES**

The District will continue to provide a challenging academic environment during the 2013-14 school year with several areas of emphasis:

- The Stratford School District understands the importance of integrating technology into the curriculum wherever possible and appropriate. We will continue to enhance and upgrade the use of the media center and computer lab to teach students various aspects of technology in an age-appropriate manner.
- A new math program that is aligned to the common core standards, Big Ideas, will be implemented in grades 6-8.
- A new language arts literacy program, Glencoe Literature and Prentice Hall / Pearson Literature will be implemented in grades 6-8.
- Our G.A.T.E. program is in its second year following the STEM initiative using Robotics as the catalyst for the program
- The Basic Skills program, “Summer Project Assist”, afforded those students under Title I the opportunity to enhance their math and language arts skills throughout the month of July. Project Assist will be offered again during the 2014 summer.
- Full-day Kindergarten continues for all students. Through this effort students are being better prepared when entering first grade.

## **FINANCIAL INFORMATION**

### ***Internal Accounting***

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

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

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

### ***Budgetary Controls***

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as appropriation of fund balance in the subsequent year. Those amounts to be appropriated are reported as reservations of fund balance at fiscal year-end.

## **CASH MANAGEMENT**

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

## **RISK MANAGEMENT**

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

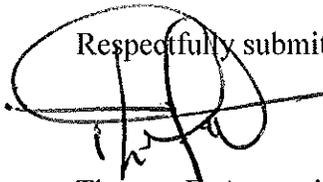
**INDEPENDENT AUDIT**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996, the related U.S. Office of Management and Budget Circular, "Audits of State, Local Governments and Non-Profit Organizations" A-133 and the State Treasury Circular Letter 04-04 OMB "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors reports related specifically to the single audit are included in the single audit section of this report.

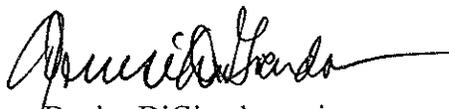
**ACKNOWLEDGEMENTS**

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

Respectfully submitted,



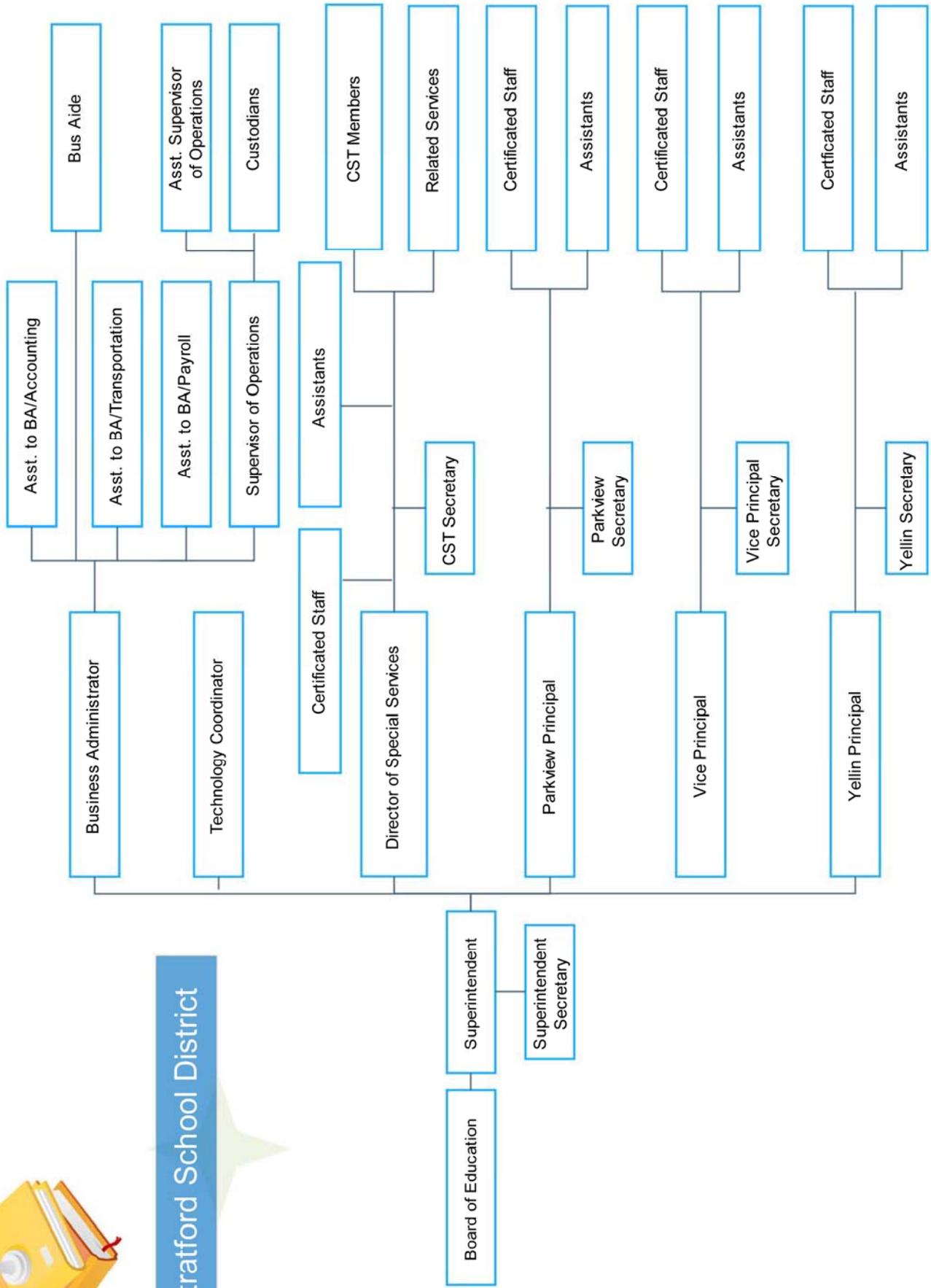
Thomas F. Attanasi  
Superintendent



Denise DiGiandomenico  
Business Administrator/Board Secretary



# Stratford School District



**BOARD OF EDUCATION  
BOROUGH OF STRATFORD SCHOOL DISTRICT  
STRATFORD, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2013**

<b><u>Members of the Board of Education</u></b>	<b><u>Title</u></b>	<b><u>Term Expires</u></b>
Sue Bove	President	2013
Jeffrey Ziegler	Vice President	2014
George D'Angelo		2013
Patrick Green		2015
Tina Lomanno		2014
Nancy Scully		2013
Brian Sime		2015
Richard St. Maur III		2015
Bruce Thompson		2014
Barbara Brown, Laurel Springs Representative		
<b><u>Other Officials</u></b>		
Albert K. Brown	Superintendent	
Denise DiGiandomenico	Business Administrator Board Secretary	

**BOARD OF EDUCATION  
BOROUGH OF STRATFORD SCHOOL DISTRICT  
STRATFORD, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

**JUNE 30, 2013**

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**Architect**

Garrison Architects  
130 Presidential Boulevard  
Bala Cynwyd, Pennsylvania 19004

**Audit Firm**

Bowman & Company LLP  
601 White Horse Road  
Voorhees, New Jersey 08043

**Attorney**

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**Insurance Broker**

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**Official Depositories**

Beneficial Bank  
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FINANCIAL SECTION

## **INDEPENDENT AUDITOR'S REPORT**

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

### ***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 Borough of Stratford 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 Borough of Stratford 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 1 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 Borough of Stratford 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.

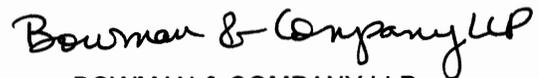
The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records 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 November 18, 2013 on our consideration of the Borough of Stratford 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 Borough of Stratford School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Carol A. McAllister  
Certified Public Accountant  
Public School Accountant No. CS 238400

Voorhees, New Jersey  
November 18, 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  
Borough of Stratford School District  
County of Camden  
Stratford, New Jersey 08084

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 Borough of Stratford 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 November 18, 2013.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Borough of Stratford 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 Borough of Stratford 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 Borough of Stratford 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 an instance of noncompliance or other matter that is 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 and which is described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance as finding no.: 2013-1.

### ***The Borough of Stratford School District's Response to the Finding***

The Borough of Stratford School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***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



Carol A. McAllister  
Certified Public Accountant  
Public School Accountant No. CS 238400

Voorhees, New Jersey  
November 18, 2013

REQUIRED SUPPLEMENTARY INFORMATION  
PART I

**Stratford School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013**

As management of the Board of Education of the Borough of Stratford, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Financial Highlights**

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$6,581,285.67 (*net position*).
- Governmental activities have unrestricted net position of (\$378,005.58). The accounting treatments in the governmental funds for compensated absences payable, capital lease payable and the last state aid payment, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District decreased by \$524,481.33, or a less than 7% decrease from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds decreased by \$116,865.58 resulting in an ending fund balance of \$625,956.75.
- Business-type activities have unrestricted net position of \$177,357.48 which may be used to meet the School District's ongoing obligations of the enterprise-related activities (Food Services Program and Summer Drama Camp).
- The School District's long-term obligations decreased by \$16,386.11 which is the net result of current year payments on existing debt obligations and the restructuring of compensated absences payable in accordance with approved contracts.

**Overview of the Basic Financial Statements**

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

**District-wide Financial Statements**

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

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net position. Over time, changes in net

position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

The School District's Food Service Fund, one of two enterprise funds, is listed individually and is considered to be a major fund.

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

## **Notes to the Basic Financial Statements**

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

### **Other Information**

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

### **District-wide Financial Analysis**

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued interest expense on long-term debt, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2013. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2013.

The assets of the primary government activities exceeded liabilities by \$6,289,024.12 with an unrestricted deficit balance of \$378,005.58. The net position of the primary government does not include internal balances.

A net investment of \$6,139,619.09 in land, improvements, buildings and equipment which provide the services to the School District's 817 public school students, represents 93.3% of the School District's net position. Net position of \$643,706.68 has been restricted for future budget appropriation.

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

**Stratford School District**  
**Comparative Summary of Net position**  
**As of June 30, 2013 and 2012**

	Governmental Activities		Business-Type Activities		District-Wide	
	2013	2012	2013	2012	2013	2012
Assets:						
Current assets	\$820,564.87	\$2,511,229	\$188,514.63	\$173,406	\$1,009,079.50	\$2,684,635
Capital assets	11,350,715.02	11,671,005	114,904.07	93,369	11,465,619.09	11,764,374
Total assets	12,171,279.89	14,182,234	303,418.70	266,775	12,474,698.59	14,449,009
Liabilities:						
Current Liabilities	409,451.66	1,886,824	11,157.15		420,608.81	1,886,824
Noncurrent Liabilities	5,472,804.11	5,456,418			5,472,804.11	5,456,418
Total liabilities	5,882,255.77	7,343,242	11,157.15		5,893,412.92	7,343,242
Net position	\$6,289,024.12	\$6,838,992	\$292,261.55	\$266,775	\$6,581,285.67	\$7,105,767
Net position consist of:						
Net investment in capital asset	6,024,715.02	6,235,005	114,904.07	93,369	6,139,619.09	6,328,374
Restricted net position	643,706.68	800,895			643,706.68	800,895
Unrestricted net position (deficit)	(379,397.58)	(196,908)	177,357.48	173,406	(202,040.10)	(23,502)
Net position	\$6,289,024.12	\$6,838,992	\$292,261.55	\$266,775	\$6,581,285.67	\$7,105,767

**Governmental Activities**

Governmental activities decreased the net position of the School District by \$556,136.05 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Adjustments of Capital Assets net of accumulated appreciation is (\$303,271.51)
- Repayment of long-term debt of \$110,000.

**Business-type Activities**

Business-type activities increased the School District's net position by \$25,486.80. This increase is attributable to the cafeteria and summer drama camp programs having an excess of revenues over expenses during the fiscal year 2013.

**Stratford School District**  
**Comparative Schedule of Changes in Net position**  
**As of and for the Fiscal Year Ended June 30, 2013 and 2012**

	Governmental Activities		Business-Type Activities		District-Wide	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program Revenues						
Charges for services						
Food Service Operations			\$212,191.34	\$205,454	\$212,191.34	\$205,454
Summer Drama Camp			1,616.00	10,709		10,709
Operating grants and						
Contributions	\$1,834,692.64	\$1,592,483	131,125.49	101,264	\$1,965,818.13	\$1,693,747
General Revenues:						
Property Taxes	6,022,907.00	6,301,103			6,022,907.00	6,301,103
State/Federal Aid	4,309,164.30	4,303,592			4,309,164.30	4,303,592
Tuition	635,463.17	587,319			635,463.17	587,319
Other Revenues	313,607.06	218,207			313,607.06	218,207
<b>Total Revenues</b>	<b>13,115,833.87</b>	<b>12,732,704</b>	<b>344,932.83</b>	<b>317,427</b>	<b>13,460,766.71</b>	<b>13,050,131</b>
<b>Expenses:</b>						
Governmental Activities:						
Instruction	5,570,827.65	5,215,771			5,570,827.65	5,215,771
Tuition	501,840.83	534,273			501,840.83	534,273
Related Services	1,193,005.96	1,284,715			1,193,005.96	1,284,715
Administrative						
Services	1,137,496.47	1,054,262			1,137,496.47	1,054,262
Operations and						
Maintenance	998,078.80	983,646			998,078.80	983,646
Transportation	368,120.88	375,469			368,120.88	375,469
Unallocated benefits	3,139,599.49	2,875,982			3,139,599.49	2,875,982
Interest on long-term						
Debt	229,844.16	262,263			229,844.16	262,263
Other	536,988.24	434,045			536,988.24	434,045
Business-Type Activities:						
Food Service Operations			309,553.15	285,035	309,553.15	285,035
Summer Drama Camp			9,892.88	10,102	9,892.88	10,102
<b>Total Expenses</b>	<b>13,665,802.48</b>	<b>13,020,426</b>	<b>319,446.03</b>	<b>295,137</b>	<b>13,985,248.51</b>	<b>13,315,563</b>
Increase (Decrease) in Net						
Assets Before transfers	(549,968.61)	(122,894)	25,486.80	22,290	(524,481.61)	(100,604)
Transfers						
Changes in net position	(549,968.61)	(122,894)	25,486.80	22,290	(524,481.61)	(100,604)
Net position, July 1,	6,838,992.73	6,961,886	266,774.75	244,485	7,105,767.48	7,206,371
Net position, June 30,	\$6,289,024.12	\$6,838,992	\$292,261.55	\$266,775	\$6,581,285.67	\$7,105,767

## **Financial Analysis of the Governmental Funds**

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$625,956.75, a decrease of \$116,865.25 in comparison with the prior year. The decrease can be attributed decreases in Special Revenue, Capital Projects, and Debt Service.

The unassigned fund balance of (\$148,293.00) for the School District's governmental fund at the end of the fiscal year includes the General funds. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) restricted cash reserved for future capital outlay expenditures (\$51,356.79); 2) appropriated as a revenue source in the subsequent year's budget (\$146,579); and 3) excess surplus (\$342,761.53).

The general fund is the chief operating fund of the School District. The unassigned deficit fund balance of the general fund is due, primarily, to the accounting treatment of the last state aid payments as discussed in Note 17 of the notes to the basic financial statements, and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

The special revenue fund reflects a \$0 fund balance as special revenue is now paid out on an expenditure basis only. Revenue is generally recognized at the time that the outlays are identified; therefore no fund balances are normally generated in the special revenue fund.

### **General Fund Budgetary Highlights**

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$278,670.00 while total fund balance (budgetary basis) was \$954,144.81. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$12,092,609.88. Unreserved fund balance (budgetary basis) represents less than .023% of expenditures while total fund balance (budgetary basis) represents .079% of that same amount.

### **Capital Asset and Debt Administration**

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2013, totaled \$6,139,619.09 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$188,754.91.

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

- Depreciation expense for the current fiscal year was \$434,133.24.
- The Grant Anticipation Note was paid in full in December 2012 and the balance of the Section 15 Grant Funds was received in January 2013.

**Stratford School District**  
**Capital Asset (net of accumulated depreciation)**  
**June 30, 2013 and 2012**

	Governmental Activities		Business-Type Activities		District-Wide	
	2013	2012	2013	2012	2013	2012
Land	\$ 2	\$ 2			\$ 2	\$ 2
Construction in Progress	79,490.73	0			79,490.73	0
Land Improvements	35,545.58	38,244			35,545.58	38,244
Buildings and Building Improvements	1	11,073,269			1	11,073,269
Equipment	10,757,084.28	518,277	\$114,904.00	\$93,369	10,757,084.28	518,277
Vehicles	449,958.91	41,213			564,862.91	41,213
	<u>28,633.52</u>	<u>41,213</u>	<u>28,633.52</u>	<u>41,213</u>	<u>28,633.52</u>	<u>41,213</u>
Net position	<u>\$11,350,715.02</u>	<u>\$11,671,005</u>	<u>\$114,904.00</u>	<u>\$93,369</u>	<u>\$11,465,619.02</u>	<u>\$11,764,374</u>

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

**Long-term debt** – During the fiscal year ended June 30, 2013, the School District had total bonded debt outstanding of \$5,326,000.00 backed by the full faith and credit of the School District.

General obligation bonds for the School District increased due the sale of bonds December 2009 in the amount of \$5,206,000.00 and decreased during the current fiscal year according to the normal schedule of payments.

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

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$19,410,747.50 and the legal debt margin was \$14,009,747.40.

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

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

The following factors were considered and incorporated into the preparation of the School District's budget for the 2013-2014 school year.

- The district presented the 2013-2014 school year budget to the voters with a \$97,875 (1.715%) tax increase. This is the first tax increase after three consecutive of no increase.
- The district approved moving the election to November, allowing for no vote on the budget as long as the tax levy increase is at or under 2% as allowed by law.
- As the budget was at/under the 2% allowable increase, it was submitted to the ECS for approval.
- The additional tax levy along with the additional tuition revenue from the send-receive agreement with Hi-Nella allowed for additional teaching positions (kindergarten, if necessary and basic skills) as well as the additional of number of part-time teaching positions in some of the special areas that were eliminated in the 2010-11 school year due to the extreme loss of state aid.
- Tuition revenue shows an increase of almost \$1,000,000.00 for the 2013-14 school year. This increase is attributed to the second year of the send/receive agreement with Hi-Nella as well as an increase in the number of tuition students from Laurel Springs.
- Year 3 of P.L. 2012, Chapter 78 will be implemented in 2013-14, which mandates that employees who receive benefits are required to pay a portion of the cost. The payroll deduction is utilized the offset the district cost of the benefits. In addition, the district changed both health and prescription carriers which decreased premiums.
- The food service program was again contracted out for the 2013-2014 school year with a management fee increase of \$252.33. Student lunch prices will increase in the 2013-14 school year due to a federal mandate. Breakfast programs are offered at both Parkview and Yellin.
- Home sales and foreclosures in Stratford continue to be a reflection of the financial woes of the nation. The additional students and revenue from both the Choice Program and the send/receive agreement with Hi-Nella have added to enrollment. Stratford is starting the 2013-2014 school year with an enrollment of 849, an increase of 32 students since the end of the 2012-2013 school year.

### **Requests for Financial Information**

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

## BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

## BOROUGH OF STRATFORD 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	\$ 331,017.53	\$ 153,388.77	\$ 484,406.30
Receivables, net	392,164.40	26,296.23	418,460.63
Prepaid Expenses		463.75	463.75
Inventory		8,365.88	8,365.88
Restricted Cash and Cash Equivalents	97,382.94		97,382.94
Capital Assets, net	11,350,715.02	114,904.07	11,465,619.09
<b>Total Assets</b>	<b>12,171,279.89</b>	<b>303,418.70</b>	<b>12,474,698.59</b>
<b>LIABILITIES:</b>			
Cash Deficit	34,115.02		34,115.02
Accounts Payable	50,817.82		50,817.82
Due Students, Net		839.80	839.80
Payable to State Government	73,239.00		73,239.00
Interfunds Payable		1,706.35	1,706.35
Accrued Interest	81,769.79		81,769.79
Unearned Revenue	36,436.28	8,611.00	45,047.28
Noncurrent Liabilities:			
Due within One Year	133,073.75		133,073.75
Due beyond One Year	5,472,804.11		5,472,804.11
<b>Total Liabilities</b>	<b>5,882,255.77</b>	<b>11,157.15</b>	<b>5,893,412.92</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	6,024,715.02	114,904.07	6,139,619.09
Restricted for:			
Debt Service	(72,268.64)		(72,268.64)
Other Purposes	664,618.53		664,618.53
Capital Projects	51,356.79		51,356.79
Unrestricted (Deficit)	(379,397.58)	177,357.48	(202,040.10)
<b>Total Net Position</b>	<b>\$ 6,289,024.12</b>	<b>\$ 292,261.55</b>	<b>\$ 6,581,285.67</b>

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

**BOROUGH OF STRATFORD 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 Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities:</b>							
Instruction:							
Regular Instruction	\$ 3,925,411.86	\$ 635,463.17	\$ 670,987.00		\$ (2,618,961.69)		\$ (2,618,961.69)
Special Education Instruction	1,167,349.67				(1,167,349.67)		(1,167,349.67)
Other Special Instruction	478,066.12				(478,066.12)		(478,066.12)
Support Services:							
Instruction/Tuition	501,840.83		53,280.32		(448,560.51)		(448,560.51)
Attendance and Social Work	3,394.56				(3,394.56)		(3,394.56)
Health Services	142,090.37				(142,090.37)		(142,090.37)
Support Services - Students	898,110.64				(898,110.64)		(898,110.64)
Support Services - Instructional Staff	49,646.22				(49,646.22)		(49,646.22)
Educational Media / Library	90,484.21				(90,484.21)		(90,484.21)
Instructional Staff Training Services	9,279.96				(9,279.96)		(9,279.96)
General Administration	299,982.14				(299,982.14)		(299,982.14)
School Administration	462,651.39				(462,651.39)		(462,651.39)
Operations and Maintenance	901,780.35				(901,780.35)		(901,780.35)
Central Services	244,002.84				(244,002.84)		(244,002.84)
Administration Information Technology	130,860.10				(130,860.10)		(130,860.10)
Security	86,298.45				(86,298.45)		(86,298.45)
Student Transportation	368,120.88				(368,120.88)		(368,120.88)
Unallocated Benefits	2,031,686.79				(2,031,686.79)		(2,031,686.79)
On - behalf T.P.A.F. Pension Contributions:							
Normal Cost	324,984.00		324,984.00				
Post-Retirement Medical Contribution	367,474.00		367,474.00				
Reimbursed T.P.A.F. Social Security Contributions	415,454.70		415,454.70				
Debt Service:							
Interest and Other Charges	229,844.16				(229,844.16)		(229,844.16)
Capital Outlay	28,107.00		2,512.62		(25,594.38)		(25,594.38)
Unallocated Depreciation and Amortization	434,132.24				(434,132.24)		(434,132.24)
Amortization of Debt Issuance Costs	74,749.00				(74,749.00)		(74,749.00)
<b>Total Governmental Activities</b>	<b>13,665,802.48</b>	<b>635,463.17</b>	<b>1,834,692.64</b>	<b>-</b>	<b>(11,195,646.67)</b>	<b>-</b>	<b>(11,195,646.67)</b>
<b>Business-Type Activities:</b>							
Food Service	309,553.15	212,191.34	131,125.49			\$ 33,763.68	33,763.68
Summer Drama Camp	9,892.88	1,616.00				(8,276.88)	(8,276.88)
<b>Total Business-Type Activities</b>	<b>319,446.03</b>	<b>213,807.34</b>	<b>131,125.49</b>	<b>-</b>	<b>-</b>	<b>25,486.80</b>	<b>25,486.80</b>
<b>Total Primary Government</b>	<b>\$ 13,985,248.51</b>	<b>\$ 849,270.51</b>	<b>\$ 1,965,818.13</b>	<b>\$ -</b>	<b>(11,195,646.67)</b>	<b>25,486.80</b>	<b>(11,170,159.87)</b>

(Continued)

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

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					\$ 5,706,500.00		\$ 5,706,500.00
Taxes Levied for Debt Service					316,407.00		316,407.00
Federal and State Aid not Restricted					4,309,164.00		4,309,164.00
Miscellaneous Income					330,424.01		330,424.01
Special Item:							
Adjustment for Fixed Assets					(17,018.47)		(17,018.47)
Adjustment to Prior Year Canceled Receivable Balance					201.52		201.52
Total General Revenues, Special Items, Extraordinary Items and Transfers					<u>10,645,678.06</u>		<u>10,645,678.06</u>
Change in Net Position					(549,968.61)	\$ 25,486.80	(524,481.81)
Net Position -- July 1					<u>6,838,992.73</u>	<u>266,774.75</u>	<u>7,105,767.48</u>
Net Position -- June 30					<u>\$ 6,289,024.12</u>	<u>\$ 292,261.55</u>	<u>\$ 6,581,285.67</u>

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

FUND FINANCIAL STATEMENTS

## BOROUGH OF STRATFORD SCHOOL DISTRICT

Balance Sheet  
Governmental Funds  
June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 331,017.53		\$ 87,881.79	\$ 9,501.15	\$ 428,400.47
Due from Other Funds	12,609.20				12,609.20
Receivables from Other Governments	55,011.95	\$ 159,257.00			214,268.95
Other - Tuition	165,286.25				165,286.25
<b>Total Assets</b>	<b>\$ 563,924.93</b>	<b>\$ 159,257.00</b>	<b>\$ 87,881.79</b>	<b>\$ 9,501.15</b>	<b>\$ 820,564.87</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Cash Deficit		\$ 34,115.02			\$ 34,115.02
Accounts Payable	\$ 35,351.12	15,466.70			50,817.82
Payable to State Government		73,239.00			73,239.00
Unearned Revenue		36,436.28			36,436.28
<b>Total Liabilities</b>	<b>35,351.12</b>	<b>159,257.00</b>			<b>194,608.12</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve	174,234.00				174,234.00
Capital Projects			\$ 51,356.79		51,356.79
Debt Service				\$ 9,501.15	9,501.15
Excess Surplus -- Designated for Subsequent Year's Expenditures	146,579.00				146,579.00
Excess Surplus	342,761.53				342,761.53
<b>Assigned:</b>					
Subsequent Year's Expenditures	1,044.00				1,044.00
Other Purposes	12,248.28		36,525.00		48,773.28
<b>Unassigned:</b>					
Fund Balance	(148,293.00)				(148,293.00)
<b>Total Fund Balances</b>	<b>528,573.81</b>		<b>87,881.79</b>	<b>9,501.15</b>	<b>625,956.75</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 563,924.93</b>	<b>\$ 159,257.00</b>	<b>\$ 87,881.79</b>	<b>\$ 9,501.15</b>	

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 \$16,301,629.73 and the accumulated depreciation is \$4,950,914.71

11,350,715.02

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

(5,605,877.86)

Interest on long term debt in the statement of activities is accrued, regardless when due.

(81,769.79)

Net Position of governmental activities

\$ 6,289,024.12

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

**BOROUGH OF STRATFORD 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>
REVENUES:					
Local Tax Levy	\$ 5,706,500.00			\$ 316,407.00	\$ 6,022,907.00
Tuition Charges	635,463.17				635,463.17
Miscellaneous	317,644.82	\$ 9,667.38	\$ 3,111.81		330,424.01
State Sources	5,417,076.70	350,106.42			5,767,183.12
Federal Sources		376,673.52			376,673.52
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	12,076,684.69	736,447.32	3,111.81	316,407.00	13,132,650.82
EXPENDITURES:					
Current:					
Regular Instruction	3,254,424.86	670,987.00			3,925,411.86
Special Education Instruction	1,167,349.67				1,167,349.67
Other Special Instruction	478,066.12				478,066.12
Support Services and Undistributed Costs:					
Instruction/Tuition	448,560.51	53,280.32			501,840.83
Attendance and Social Work	3,394.56				3,394.56
Health Services	142,090.37				142,090.37
Support Services - Students	898,110.64				898,110.64
Support Services - Instructional Staff	49,646.22				49,646.22
Educational Media / Library	90,484.21				90,484.21
Instructional Staff Training Services	9,279.96				9,279.96
General Administration	299,982.14				299,982.14
School Administration	462,651.39				462,651.39
Operations and Maintenance	901,780.35				901,780.35

(Continued)

**BOROUGH OF STRATFORD 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>EXPENDITURES (CONT'D):</b>					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 244,002.84				\$ 244,002.84
Administration Information Technology	130,860.10				130,860.10
Security	86,298.45				86,298.45
Student Transportation	368,120.88				368,120.88
Unallocated Benefits	1,882,226.91				1,882,226.91
On-behalf T.P.A.F. Pension Contributions					
Normal Cost	324,984.00				324,984.00
Post-Retirement Medical Contribution	367,474.00				367,474.00
Reimbursed T.P.A.F. Social Security Contributions	415,454.70				415,454.70
Debt Service:					
Principal				\$ 110,000.00	110,000.00
Interest and Other Charges				231,239.99	231,239.99
Capital Outlay	67,367.00	\$ 12,180.00	\$ 79,420.73		158,967.73
<b>Total Expenditures</b>	<b>12,092,609.88</b>	<b>736,447.32</b>	<b>79,420.73</b>	<b>341,239.99</b>	<b>13,249,717.92</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(15,925.19)</b>	<b>-</b>	<b>(76,308.92)</b>	<b>(24,832.99)</b>	<b>(117,067.10)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Adjustment to Prior Year Canceled Receivable Balance			201.52		201.52
Operating Transfers In/(Out) - Capital Projects			(3,111.81)	3,111.81	
<b>Total Other Financing Sources (Uses)</b>		<b>-</b>	<b>(2,910.29)</b>	<b>3,111.81</b>	<b>201.52</b>
<b>Net Change in Fund Balances</b>	<b>(15,925.19)</b>	<b>-</b>	<b>(79,219.21)</b>	<b>(21,721.18)</b>	<b>(116,865.58)</b>
Fund Balance -- July 1	544,499.00	-	167,101.00	31,222.33	742,822.33
Fund Balance -- June 30	<u>\$ 528,573.81</u>	<u>\$ -</u>	<u>\$ 87,881.79</u>	<u>\$ 9,501.15</u>	<u>\$ 625,956.75</u>

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2013

Total Net Change in Fund Balances - Governmental Funds	\$	(116,865.58)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	\$	(434,132.24)
Debt Service Assessment Charged to Capital Outlay		(28,107.00)
Capital Outlays		<u>158,967.73</u>
		(303,271.51)
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.		110,000.00
Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of long-term debt and related items.		(74,749.00)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)		1,395.83
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals and donations) is to decrease Net Position.		(17,018.47)
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>(149,459.88)</u>
Change in Net Position of Governmental Activities	\$	<u>(549,968.61)</u>

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**

Statement of Net Position

Proprietary Funds

June 30, 2013

	Business-Type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>Summer Drama Camp</u>	<u>Totals</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 139,038.15	\$ 14,350.62	\$ 153,388.77
Accounts Receivable:			
State	183.79		183.79
Federal	7,238.64		7,238.64
Other	17,677.80	1,196.00	18,873.80
Prepaid Expenses		463.75	463.75
Inventories	8,365.88		8,365.88
Total Current Assets	<u>172,504.26</u>	<u>16,010.37</u>	<u>188,514.63</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment	217,121.40		217,121.40
Less Accumulated Depreciation	<u>(102,217.33)</u>		<u>(102,217.33)</u>
Total Noncurrent Assets	<u>114,904.07</u>		<u>114,904.07</u>
Total Assets	<u>287,408.33</u>	<u>16,010.37</u>	<u>303,418.70</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Interfund Accounts Payable:			
Due Student Activities		1,706.35	1,706.35
Due Students, Net	839.80		839.80
Unearned Revenue		8,611.00	8,611.00
Total Current Liabilities	<u>839.80</u>	<u>10,317.35</u>	<u>11,157.15</u>
Total Liabilities	<u>839.80</u>	<u>10,317.35</u>	<u>11,157.15</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	114,904.07		114,904.07
Unrestricted	<u>171,664.46</u>	<u>5,693.02</u>	<u>177,357.48</u>
Total Net Position	<u>\$ 286,568.53</u>	<u>\$ 5,693.02</u>	<u>\$ 292,261.55</u>

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

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

	Business-Type Activities - Enterprise Fund		
	<u>Food Service</u>	<u>Summer Drama Camp</u>	<u>Total Enterprise</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales - Reimbursable Programs			
School Lunch	\$ 50,907.44		\$ 50,907.44
School Breakfast	1,772.95		1,772.95
Other Governmental Units	112,401.20		112,401.20
Adult and Alacarte Sales	47,109.75		47,109.75
Program Fees		\$ 1,616.00	1,616.00
Total Operating Revenues	<u>212,191.34</u>	<u>1,616.00</u>	<u>213,807.34</u>
<b>OPERATING EXPENSES:</b>			
Management Fees	19,465.10		19,465.10
Salaries and Fringe Benefits	111,176.00	9,365.55	120,541.55
Supplies and Materials	12,948.59	527.33	13,475.92
Other Costs	4,659.50		4,659.50
Depreciation	8,651.00		8,651.00
Cost of Sales	152,652.96		152,652.96
Total Operating Expenses	<u>309,553.15</u>	<u>9,892.88</u>	<u>319,446.03</u>
Operating Income / (Loss)	<u>(97,361.81)</u>	<u>(8,276.88)</u>	<u>(105,638.69)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State Sources:			
State School Lunch Program	2,576.34		2,576.34
Federal Sources:			
National School Lunch Program	91,762.96		91,762.96
National School Breakfast Program	11,299.57		11,299.57
Food Distribution Program	25,486.62		25,486.62
Total Nonoperating Revenues (Expenses)	<u>131,125.49</u>	<u>-</u>	<u>131,125.49</u>
Change in Net Position	33,763.68	(8,276.88)	25,486.80
Net Position -- July 1	<u>252,804.85</u>	<u>13,969.90</u>	<u>266,774.75</u>
Net Position -- June 30	<u>\$ 286,568.53</u>	<u>\$ 5,693.02</u>	<u>\$ 292,261.55</u>

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

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

	Business-Type Activities - Enterprise Funds		
	Food Service	Summer Drama Camp	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 195,353.34	\$ 10,737.35	\$ 206,090.69
Payments to Employees	(111,176.00)	(9,365.55)	(120,541.55)
Payments to Suppliers	(190,267.60)	(991.08)	(191,258.68)
Net Cash Provided by (used for) Operating Activities	(106,090.26)	380.72	(105,709.54)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
State Sources	2,511.74		2,511.74
Federal Sources	124,863.55		124,863.55
Net Cash Provided by (used for) Non-Capital Financing Activities	127,375.29	-	127,375.29
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchases of Capital Assets	(30,186.00)		(30,186.00)
Net Cash Provided by (used for) Capital and Related Financing Activities	(30,186.00)	-	(30,186.00)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and Dividends			-
Net Cash Provided by (used for) Investing Activities	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(8,900.97)	380.72	(8,520.25)
Cash and Cash Equivalents -- July 1	147,939.12	13,969.90	161,909.02
Cash and Equivalents -- June 30	<u>\$ 139,038.15</u>	<u>\$ 14,350.62</u>	<u>\$ 153,388.77</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
Operating Income (Loss)	\$ (97,361.81)	\$ (8,276.88)	\$ (105,638.69)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	8,651.00		8,651.00
(Increase) Decrease in Accounts Receivable, net	(17,677.80)	(1,196.00)	(18,873.80)
(Increase) Decrease in Inventories	(541.45)		(541.45)
(Increase) Decrease in Prepaid Expenses		(463.75)	(463.75)
Increase (Decrease) in Interfund Payable		1,706.35	1,706.35
Increase (Decrease) in Other Current Liabilities	839.80	8,611.00	9,450.80
Total Adjustments	(8,728.45)	8,657.60	(70.85)
Net Cash Provided by (used for) Operating Activities	<u>\$ (106,090.26)</u>	<u>\$ 380.72</u>	<u>\$ (105,709.54)</u>

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2013

	<u>Trust Funds</u>		<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefits Trust Fund</u>	<u>Student Activity</u>	<u>Payroll</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 60,082.07	\$ 4,400.56	\$ 36,810.19	\$ 31,989.20
Accounts Receivable:				
Due State of New Jersey	10,233.94			
Interfund Accounts Receivable:				
Due Payroll			1,706.35	
<b>Total Assets</b>	<u>70,316.01</u>	<u>4,400.56</u>	<u>\$ 38,516.54</u>	<u>\$ 31,989.20</u>
<b>LIABILITIES:</b>				
Payable to Student Groups			\$ 38,516.54	
Payroll Deductions and Withholdings				\$ 21,891.34
Interfund Accounts Payable:				
Due General Fund		\$ 2,511.34		10,097.86
<b>Total Liabilities</b>	<u>-</u>	<u>2,511.34</u>	<u>\$ 38,516.54</u>	<u>\$ 31,989.20</u>
<b>NET POSITION:</b>				
Held in Trust for Unemployment Claims and Other Purposes	\$ 70,316.01			
Held in Trust for Flexible Benefit Claims		1,889.22		
	<u>\$ 70,316.01</u>	<u>\$ 1,889.22</u>		

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

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

	Unemployment Compensation <u>Trust</u>	Flexible Benefits Trust <u>Fund</u>	<u>Total</u>
<b>ADDITIONS:</b>			
Contributions:			
Employee	\$ 11,984.40	\$ 17,100.00	\$ 29,084.40
	11,984.40	17,100.00	29,084.40
Investment Earnings:			
Interest	419.22	-	419.22
Total Additions	<u>12,403.62</u>	<u>17,100.00</u>	<u>29,503.62</u>
<b>DEDUCTIONS:</b>			
Quarterly Contribution Reports	27,032.61		27,032.61
Claims Paid		15,710.78	15,710.78
Total Deductions	<u>27,032.61</u>	<u>15,710.78</u>	<u>42,743.39</u>
Change in Net Position	(14,628.99)	1,389.22	(13,239.77)
Net Position -- July 1	<u>84,945.00</u>	<u>500.00</u>	<u>85,445.00</u>
Net Position -- June 30	<u>\$ 70,316.01</u>	<u>\$ 1,889.22</u>	<u>\$ 72,205.23</u>

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

**BOROUGH OF STRATFORD 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 Borough of Stratford 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 Superintendent is appointed by the Board to act as executive officer of the School District. 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 the Sterling High School District. In addition, the School District provides educational services for students in grades 6 through 8 received from the Laurel Springs School District, on a tuition basis. The School District has an approximate enrollment at June 30, 2013 of 817.

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:

***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.

**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 (Cont'd)** -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.

In addition to the capital outlay sub-fund, the School District is accountable for an additional sub-fund, the Education Jobs Fund ("Ed Jobs"), resulting from federal legislation signed into law on August 10, 2010. The Ed Jobs program was created to provide funding assistance to states in order to save or create education jobs for the 2010-2011 school year, through September 30, 2012. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education. Ed Jobs revenues and expenditures are recorded in the general fund (fund 18) on a reimbursement basis. As such, revenue is not included in the fiscal year surplus, and no portion of general fund balance at June 30, 2013 is considered to be attributable to Ed Jobs. Ed Jobs expenditures during the fiscal year ended June 30, 2013 are included as a component of overall general fund expenditures, and also are included in total general fund expenditures for purposes of the excess surplus calculation.

**Special Revenue Fund** - The special revenue fund is used to account for and report the proceeds of specific 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.

**Permanent Fund** - The permanent fund is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs, that is, for the benefit of the School District or its students as a whole. The School District does not maintain any permanent 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)****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.

***Summer Drama Camp Fund*** - This fund accounts for the financial activity related to the summer drama camp operation of the School District.

**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: student activity fund and 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:

***Flexible Spending Trust Fund*** - Revenues consist of contributions from employee payroll withholdings. Expenditures represent claims incurred by employees.

***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.

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

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.

**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**

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. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. 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.

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)****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.

**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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Prepaid Expenses (Cont'd)**

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.

**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:

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

The School District does not possess any infrastructure assets.

**Deferred Loss on Refunding of Debt**

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2013 and 2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****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.

**Accrued Salaries and Wages**

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2013, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

**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.

**Bond Discounts / Premiums**

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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)****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.

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 adoption of GASBS 61 does not have any impact on the School District's financial statements.

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

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, however, does not have a material impact on the School District's financial statements.

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. 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.

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

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. Such funds are shown as uninsured and uncollateralized in the schedule below.

As of June 30, 2013, the School District's bank balances of \$948,492.41 were exposed to custodial credit risk as follows:

Collateralized by securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name	<u>\$ 698,492.41</u>
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**Note 3: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the School District by 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.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance July 1, 2012	\$ 138,366.00
Increased by:	
Interest Earnings	868.00
Deposits:	
Approved at June 24, 2013 Board Meeting	<u>50,000.00</u>
	189,234.00
Decreased by:	
Withdrawals:	
Board Resolution (June 24, 2013)	<u>15,000.00</u>
Ending Balance June 30, 2013	<u>\$ 174,234.00</u>

The June 30, 2013 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

**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>Proprietary Funds</u>	<u>Total</u>
Intergovernmental	\$ 55,011.95	\$ 159,257.00	\$ 7,422.43	\$ 221,691.38
Other	<u>165,286.25</u>		<u>18,873.80</u>	<u>184,160.05</u>
Total	<u>\$ 220,298.20</u>	<u>\$ 159,257.00</u>	<u>\$ 26,296.23</u>	<u>\$ 405,851.43</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	\$ 6,073.65
Supplies	<u>2,292.23</u>
Total	<u>\$ 8,365.88</u>

**Note 6: CAPITAL ASSETS**

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

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 2.00			\$ 2.00
Construction in Progress		\$ 79,490.73		79,490.73
Total Capital Assets not being Depreciated	2.00	79,490.73	-	79,492.73
Capital Assets, being Depreciated:				
Land Improvements	385,542.00			385,542.00
Building and Improvements	14,711,769.00			14,711,769.00
Vehicles	140,176.00			140,176.00
Equipment	954,035.00	37,250.00	\$ (6,635.00)	984,650.00
Total Capital Assets, being Depreciated:	16,191,522.00	37,250.00	(6,635.00)	16,222,137.00
Less Accumulated Depreciation:				
Land Improvements	(347,298.00)	(2,698.42)		(349,996.42)
Building and Improvements	(3,638,500.00)	(316,184.72)		(3,954,684.72)
Vehicles	(98,963.00)	(12,579.48)		(111,542.48)
Equipment	(435,758.00)	(102,669.62)	3,736.53	(534,691.09)
Total Accumulated Depreciation	(4,520,519.00)	(434,132.24)*	3,736.53	(4,950,914.71)
Total Capital Assets, being Depreciated, Net	11,671,003.00	(396,882.24)	(2,898.47)	11,271,222.29
Governmental Activities Capital Assets, Net	\$ 11,671,005.00	\$ (317,391.51)	\$ (2,898.47)	\$ 11,350,715.02
<b>Business-Type Activities:</b>				
Equipment	\$ 189,535.00	\$ 30,186.07	\$ (2,600.00)	\$ 217,121.07
Less Accumulated Depreciation	(96,166.00)	(8,651.00)	2,600.00	(102,217.00)
Business-Type Activities Capital Assets, Net	\$ 93,369.00	\$ 21,535.07	\$ -	\$ 114,904.07

Depreciation expense was fully charged to Unallocated Depreciation and Amortization of the School District.

**Note 7: LONG-TERM LIABILITIES**

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

	<u>Principal Outstanding July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2013</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 5,436,000.00		\$ (110,000.00)	\$ 5,326,000.00	\$ 125,000.00
Other Liabilities:					
Compensated Absences	130,418.00	\$ 149,459.86		279,877.86	8,073.75
Governmental Activity					
Long-term Liabilities	<u>\$ 5,566,418.00</u>	<u>\$ 149,459.86</u>	<u>\$ (110,000.00)</u>	<u>5,605,877.86</u>	<u>133,073.75</u>

The bonds payable are generally liquidated by the debt service fund, while compensated absences are liquidated by the general fund.

**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.

On April 1, 2003, the School District issued \$790,000 of Taxable Refunding Bonds to provide funding to retire the School District's unfunded accrued liability in the Teachers' Pension and Annuity Fund ("TPAF") under an Early Retirement Incentive Program previously adopted by the School District. The Bond bears interest rate of 5.50% with final maturity on April 1, 2016.

On August 1, 2009, the School District issued \$5,206,000 General Obligation Bonds. The purpose of the Bonds is to finance the construction of an addition as well as various improvements and renovations at the Yellin School and various improvements and renovations at the Parkview School and to acquire the necessary equipment and undertake any associated site work. The Bonds maturing prior to August 1, 2020 are not subject to optional redemption. The Bonds maturing on or after August 1, 2020 are redeemable at the option of the Board, in whole or in part, on any date on or after August 1, 2019. The Bonds bear interest rates from 2.00% to 4.00% with final maturity on August 1, 2029.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 125,000.00	\$ 199,865.00	\$ 324,865.00
2015	170,000.00	193,840.00	363,840.00
2016	185,000.00	186,102.50	371,102.50
2017	225,000.00	179,633.75	404,633.75
2018	260,000.00	172,965.00	432,965.00
2019-2023	1,560,000.00	717,225.00	2,277,225.00
2024-2028	1,925,000.00	373,700.00	2,298,700.00
2029-2030	876,000.00	35,360.00	911,360.00
	<u>\$ 5,326,000.00</u>	<u>\$ 2,058,691.25</u>	<u>\$ 7,384,691.25</u>

**Note 7: LONG-TERM LIABILITIES (CONT'D)**

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

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

**Note 8: OPERATING LEASES**

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

<b>Fiscal Year Ending June 30,</b>	<b>Amount</b>
2014	\$ 21,119.16
2015	14,410.66
2016	<u>536.38</u>
	<u>\$ 36,066.20</u>

Rental payments under operating leases for the fiscal year ended June 30, 2013 were \$22,543.00.

**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.

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

**Teachers' Pension and Annuity Fund (Cont'd)** - 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.

**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 Contribution</u>	<u>Non-Contributory Group Life Insurance</u>	<u>Paid by School District</u>
2013	\$ 39,277.00	\$ 93,911.00	\$ 133,188.00	\$ 7,927.00	\$ 141,115.00
2012	50,192.00	100,384.00	150,576.00	9,593.00	160,169.00
2011	57,306.00	91,314.00	148,620.00	11,288.00	159,908.00

**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.

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

**Defined Contribution Retirement Program (Cont'd)** - 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.

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

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2013	\$ 9,139.43	\$ 9,139.43
2012	558.00	558.00
2011	None	None

**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 \$324,984.00 and \$367,474.00, 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.

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

**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:

<b><u>Fiscal Year</u></b> <b><u>Ended June30,</u></b>	<b><u>School</u></b> <b><u>District</u></b> <b><u>Contributions</u></b>	<b><u>Employee</u></b> <b><u>Contributions</u></b>	<b><u>Interest</u></b> <b><u>Income</u></b>	<b><u>Amount</u></b> <b><u>Reimbursed</u></b>	<b><u>Ending</u></b> <b><u>Balance</u></b>
2013	None	\$ 11,984.40	\$ 419.22	\$ 27,032.61	\$ 70,316.01
2012	None	11,344.00	943.00	34,162.00	84,945.00
2011	\$ 251,977.00	11,137.00		177,739.00	106,820.00

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

Property (Including Crime and Auto Physical Damage)  
 General Liability  
 Automobile Liability  
 Workers' Compensation  
 School Board Legal Liability  
 Boiler and Machinery  
 Pollution/Environmental Legal Liability

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 from the following address:

New Jersey School Boards Association Insurance  
 450 Veterans Drive  
 Burlington, New Jersey 08016

**Note 13: DEFERRED COMPENSATION**

The School District offers its employees a choice of various 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:

***SBP Commerce***  
***Northern Life***  
***Vanguard***  
***American Express***  
***Equi-Vest***

***Retirement Annuity***  
***Lincoln Investment***  
***American Funds***  
***Metropolitan Life***

**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 who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to five personal days which may be carried forward to subsequent years. Vacation days not used during the year may be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

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 \$279,877.86.

**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	\$ 12,609.20	
Proprietary		\$ 1,706.35
Fiduciary	1,706.35	12,609.20
	<u>\$ 14,315.55</u>	<u>\$ 14,315.55</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 \$148,293.00 in the general 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 general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$148,293.00 less than the June state aid payments.

**Note 17: DEFICIT UNRESTRICTED NET POSITION**

The governmental funds had a deficit in unrestricted net position of \$379,397.58 as of June 30, 2013. This deficit is attributable to the timing difference of recording the June state aid payments and the allocation of compensated absences payable to unrestricted net position.

**Note 18: 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 \$342,761.53. Additionally, \$146,579.00 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 \$174,234.00. 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 \$51,356.79 all of which is designated for subsequent year's expenditures.

**Debt Service Fund** - The debt service fund has a restricted fund balance in the amount of \$9,501.15 as of June 30, 2013. The funds are to be budgeted in future years to retire outstanding debt service obligations of the School District.

**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 anticipated revenue for the fiscal year ending June 30, 2014 \$1,044.00 of general fund balance at June 30, 2013.

**Other Purposes** - As of June 30, 2013, the School District had \$12,248.28 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**Note 18: FUND BALANCES (CONT'D)****ASSIGNED (CONT'D)****Capital Projects Fund –**

**Other Purposes** - As of June 30, 2013, the School District had \$36,525.00 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**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, the fund balance of the general fund was a deficit of \$148,293.00 thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 16, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$379,397.58 is less than the last state aid payment.

**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

**BOROUGH OF STRATFORD 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 / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 5,706,500.00		\$ 5,706,500.00	\$ 5,706,500.00	
Tuition	576,058.00		576,058.00	635,463.17	\$ 59,405.17
Capital Reserve Interest	500.00		500.00	868.23	
Unrestricted Miscellaneous Revenues	156,312.00		156,312.00	316,776.59	160,464.59
<b>Total - Local Sources</b>	<b>6,439,370.00</b>	<b>-</b>	<b>6,439,370.00</b>	<b>6,659,607.99</b>	<b>219,869.76</b>
State Sources:					
School Choice Aid	183,114.00		183,114.00	183,114.00	
Transportation Aid	41,194.00		41,194.00	41,194.00	
Extraordinary Aid	6,000.00		6,000.00	33,278.00	27,278.00
Categorical Special Education Aid	421,896.00		421,896.00	421,896.00	
Equalization Aid	3,727,587.00		3,727,587.00	3,727,587.00	
Categorical Security Aid	17,157.00		17,157.00	17,157.00	
Other State Aid		\$ 1,392.00	1,392.00	1,392.00	
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)					
Normal Cost				324,984.00	
Post-Retirement Medical Contribution				367,474.00	
Reimbursed T.P.A.F. Social Security Contributions				415,454.70	
<b>Total - State Sources</b>	<b>4,396,948.00</b>	<b>1,392.00</b>	<b>4,398,340.00</b>	<b>5,533,530.70</b>	<b>27,278.00</b>
<b>Total Revenues</b>	<b>10,836,318.00</b>	<b>1,392.00</b>	<b>10,837,710.00</b>	<b>12,193,138.69</b>	<b>247,147.76</b>

(Continued)

**BOROUGH OF STRATFORD 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 / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 311,131.00	\$ (30,814.00)	\$ 280,317.00	\$ 276,919.42	\$ 3,397.58
Grades 1-5	1,643,912.00	357.00	1,644,269.00	1,636,923.01	7,345.99
Grades 6-8	1,122,219.00	11,599.00	1,133,818.00	1,118,219.25	15,598.75
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000.00	2,863.00	7,863.00	7,862.20	0.80
Purchased Professional - Educational Services	7,500.00	(5,700.00)	1,800.00	608.00	1,192.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	10,000.00	315.00	10,315.00	10,315.00	
Purchased Professional - Educational Services		2,795.00	2,795.00	2,665.00	130.00
Other Purchased Services (400-500 Series)	27,000.00	6,975.00	33,975.00	32,650.03	1,324.97
General Supplies	143,290.00	(25,796.00)	117,494.00	111,440.31	6,053.69
Textbooks	14,000.00	44,289.00	58,289.00	55,907.64	2,381.36
Other Objects	2,500.00	(225.00)	2,275.00	915.00	1,360.00
Total Regular Programs	<u>3,286,552.00</u>	<u>6,658.00</u>	<u>3,293,210.00</u>	<u>3,254,424.86</u>	<u>38,785.14</u>
Learning and / or Language Disabilities:					
Salaries of Teachers	53,038.00	158,549.00	211,587.00	210,140.52	1,446.48
Other Salaries for Instruction	37,652.00	28,438.00	66,090.00	66,089.61	0.39
General Supplies	1,000.00	427.00	1,427.00	1,289.51	137.49
Textbooks		4,630.00	4,630.00	4,499.01	130.99
Total Learning and / or Language Disabilities	<u>91,690.00</u>	<u>192,044.00</u>	<u>283,734.00</u>	<u>282,018.65</u>	<u>1,715.35</u>
Multiple Disabilities:					
Salaries of Teachers	363,863.00	(100,145.00)	263,718.00	262,509.51	1,208.49
Other Salaries for Instruction	127,513.00	(58,620.00)	68,893.00	68,831.99	61.01
General Supplies	6,000.00	(1,730.00)	4,270.00	2,017.57	2,252.43
Textbook		5,385.00	5,385.00	5,335.44	49.56
Other Objects		921.00	921.00	825.94	95.06
Total Multiple Disabilities	<u>497,376.00</u>	<u>(154,189.00)</u>	<u>343,187.00</u>	<u>339,520.45</u>	<u>3,666.55</u>
Resource Room / Resource Center:					
Salaries of Teachers	427,203.00	(95,806.00)	331,397.00	328,994.10	2,402.90
General Supplies	6,000.00	(1,000.00)	5,000.00	652.42	4,347.58
Textbooks		390.00	390.00	389.85	0.15
Total Resource Room / Resource Center	<u>433,203.00</u>	<u>(96,416.00)</u>	<u>336,787.00</u>	<u>330,036.37</u>	<u>6,750.63</u>

(Continued)

**BOROUGH OF STRATFORD 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 / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Special Education Instruction - Autism					
Salaries of Teachers	\$ 56,510.00	\$ 1,284.00	\$ 57,794.00	\$ 54,857.90	\$ 2,936.10
Other Salaries for Instruction	78,049.00	(21,748.00)	56,301.00	52,947.42	3,353.58
Purchased Professional-Education Services	2,000.00		2,000.00	1,295.00	705.00
General Supplies	2,500.00		2,500.00	2,065.31	434.69
Textbook		2,423.00	2,423.00	2,422.75	0.25
Other Objects	1,000.00		1,000.00	313.75	686.25
Total Autism	<u>140,059.00</u>	<u>(18,041.00)</u>	<u>122,018.00</u>	<u>113,902.13</u>	<u>8,115.87</u>
Preschool Disabilities - Part Time:					
Salaries of Teachers	82,631.00	3,399.00	86,030.00	86,016.45	13.55
Other Salaries for Instruction	7,652.00	1,514.00	9,166.00	9,165.09	0.91
Purchased Professional Services - PSD	2,500.00		2,500.00	1,382.50	1,117.50
General Supplies	2,500.00	1,918.00	4,418.00	4,266.43	151.57
Textbooks		254.00	254.00	253.20	0.80
Other Objects	1,000.00	(150.00)	850.00	788.40	61.60
Total Preschool Disabilities - Part Time	<u>96,283.00</u>	<u>6,935.00</u>	<u>103,218.00</u>	<u>101,872.07</u>	<u>1,345.93</u>
Total Special Education - Instruction	<u>1,258,611.00</u>	<u>(69,667.00)</u>	<u>1,188,944.00</u>	<u>1,167,349.67</u>	<u>21,594.33</u>
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	276,868.00	8,557.00	285,425.00	278,880.08	6,544.92
General Supplies	8,000.00	(3,690.00)	4,310.00	3,133.27	1,176.73
Textbooks		2,169.00	2,169.00	2,168.50	0.50
Total Basic Skills / Remedial - Instruction	<u>284,868.00</u>	<u>7,036.00</u>	<u>291,904.00</u>	<u>284,181.85</u>	<u>7,722.15</u>
Bilingual Education - Instruction:					
Salaries of Teachers	105,254.00	6,035.00	111,289.00	110,708.40	580.60
General Supplies	2,500.00	500.00	3,000.00	2,798.73	201.27
Total Bilingual Education - Instruction	<u>107,754.00</u>	<u>6,535.00</u>	<u>114,289.00</u>	<u>113,507.13</u>	<u>781.87</u>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	48,700.00	(210.00)	48,490.00	41,607.50	6,882.50
Supplies and Materials	2,500.00	2,500.00	5,000.00	3,720.14	1,279.86
Total School Sponsored Cocurricular Activities - Instruction	<u>51,200.00</u>	<u>2,290.00</u>	<u>53,490.00</u>	<u>45,327.64</u>	<u>8,162.36</u>

(Continued)

**BOROUGH OF STRATFORD 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 / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
School Sponsored Athletics - Instruction:					
Salaries	\$ 22,700.00	\$ 210.00	\$ 22,910.00	\$ 22,910.00	
Purchased Services (300-500 series)	15,000.00	(3,000.00)	12,000.00	6,825.50	\$ 5,174.50
Supplies and Materials	5,000.00	500.00	5,500.00	5,314.00	186.00
Total School Sponsored Athletics - Instruction	<u>42,700.00</u>	<u>(2,290.00)</u>	<u>40,410.00</u>	<u>35,049.50</u>	<u>5,360.50</u>
Total Instruction	<u>5,031,685.00</u>	<u>(49,438.00)</u>	<u>4,982,247.00</u>	<u>4,899,840.65</u>	<u>82,406.35</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within State - Special		4,259.00	4,259.00	4,259.00	
Tuition to CSSD and Regional Day Schools	64,635.00	72,730.00	137,365.00	137,015.79	349.21
Tuition to Private Schools for the Disabled - Within State	389,265.00	(81,979.00)	307,286.00	307,285.72	0.28
Total Undistributed Expenditures - Instruction	<u>453,900.00</u>	<u>(4,990.00)</u>	<u>448,910.00</u>	<u>448,560.51</u>	<u>349.49</u>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	3,396.00		3,396.00	3,394.56	1.44
Total Undistributed Expenditures - Attendance and Social Work	<u>3,396.00</u>	<u>-</u>	<u>3,396.00</u>	<u>3,394.56</u>	<u>1.44</u>
Undistributed Expenditures - Health Services:					
Salaries	130,065.00	(1,067.00)	128,998.00	128,997.85	0.15
Purchased Professional and Technical Services	6,500.00	6,167.00	12,667.00	10,188.00	2,479.00
Supplies and Materials	1,500.00	1,150.00	2,650.00	2,601.22	48.78
Other Objects	375.00		375.00	303.30	71.70
Total Undistributed Expenditures - Health Services	<u>138,440.00</u>	<u>6,250.00</u>	<u>144,690.00</u>	<u>142,090.37</u>	<u>2,599.63</u>
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	213,728.00	1,722.00	215,450.00	215,448.95	1.05
Purchased Professional - Educational Services	15,100.00	2,590.00	17,690.00	17,590.00	100.00
Supplies and Materials	1,500.00	500.00	2,000.00	1,733.88	266.12
Other Objects	500.00		500.00	450.00	50.00
Total Undistributed Expenditures - Other Support Services - Students - Related Services	<u>230,828.00</u>	<u>4,812.00</u>	<u>235,640.00</u>	<u>235,222.83</u>	<u>417.17</u>

(Continued)

**BOROUGH OF STRATFORD 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 / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services -					
Students - Extra Services:					
Salaries of Other Professional Staff	\$ 81,123.00	\$ 71,538.00	\$ 152,661.00	\$ 152,660.61	\$ 0.39
Purchased Professional - Educational Services		6,417.00	6,417.00	3,305.00	3,112.00
Supplies and Materials	500.00		500.00	285.14	214.86
	<u>81,623.00</u>	<u>77,955.00</u>	<u>159,578.00</u>	<u>156,250.75</u>	<u>3,327.25</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Extra Services					
	<u>81,623.00</u>	<u>77,955.00</u>	<u>159,578.00</u>	<u>156,250.75</u>	<u>3,327.25</u>
Undistributed Expenditures - Other Support Services -					
Students - Regular:					
Salaries of Other Professional Staff	155,975.00	24,100.00	180,075.00	179,955.65	119.35
Miscellaneous Purchased Services (400-500 Series other than Residential Costs)	2,500.00	(2,500.00)			
Supplies and Materials	3,000.00		3,000.00	381.28	2,618.72
	<u>161,475.00</u>	<u>21,600.00</u>	<u>183,075.00</u>	<u>180,336.93</u>	<u>2,738.07</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Regular					
	<u>161,475.00</u>	<u>21,600.00</u>	<u>183,075.00</u>	<u>180,336.93</u>	<u>2,738.07</u>
Undistributed Expenditures - Other Support Services -					
Students - Special:					
Salaries of Other Professional Staff	197,337.00		197,337.00	195,540.73	1,796.27
Salaries of Secretarial and Clerical Assistants	46,490.00	(2,200.00)	44,290.00	42,990.00	1,300.00
Other Salaries	5,000.00		5,000.00	2,332.70	2,667.30
Purchased Professional - Educational Services	66,000.00	3,155.00	69,155.00	68,391.23	763.77
Other Purchased Professional and Technical Services	1,200.00	6,000.00	7,200.00	6,750.00	450.00
Miscellaneous Purchased Services (400-500 Series other than Residential Costs)	5,000.00		5,000.00	4,474.08	525.92
Supplies and Materials	3,500.00	2,500.00	6,000.00	5,821.39	178.61
Other Objects	750.00		750.00		750.00
	<u>325,277.00</u>	<u>9,455.00</u>	<u>334,732.00</u>	<u>326,300.13</u>	<u>8,431.87</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Special					
	<u>325,277.00</u>	<u>9,455.00</u>	<u>334,732.00</u>	<u>326,300.13</u>	<u>8,431.87</u>
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Other Professional Staff	2,500.00	3,857.00	6,357.00	5,416.76	940.24
Other Salaries for Instruction		5,000.00	5,000.00	1,865.00	3,135.00
Other Salaries	31,255.00		31,255.00	31,254.96	0.04
Purchased Prof - Educational Services	3,500.00	2,010.00	5,510.00	5,509.50	0.50
Other Purchased Professional and Technical Services		5,600.00	5,600.00	5,600.00	
Supplies and Materials	2,500.00	(2,057.00)	443.00		443.00
Other Objects	200.00		200.00		200.00
	<u>39,955.00</u>	<u>14,410.00</u>	<u>54,365.00</u>	<u>49,646.22</u>	<u>4,718.78</u>
Total Undistributed Expenditures - Improvement of Instruction Services					
	<u>39,955.00</u>	<u>14,410.00</u>	<u>54,365.00</u>	<u>49,646.22</u>	<u>4,718.78</u>

(Continued)

**BOROUGH OF STRATFORD 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 / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	\$ 77,292.00	\$ 750.00	\$ 78,042.00	\$ 77,639.50	\$ 402.50
Purchased Professional and Technical Services	2,500.00		2,500.00	1,000.00	1,500.00
Supplies and Materials	25,000.00	(12,129.00)	12,871.00	11,794.71	1,076.29
Other Objects	50.00		50.00	50.00	
Total Undistributed Expenditures - Educational Media Services / School Library	<u>104,842.00</u>	<u>(11,379.00)</u>	<u>93,463.00</u>	<u>90,484.21</u>	<u>2,978.79</u>
Undistributed Expenditures - Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	4,000.00	6,191.00	10,191.00	9,187.94	1,003.06
Supplies and Materials	750.00		750.00	92.02	657.98
Other Objects	500.00	(500.00)			
Total Undistributed Expenditures - Instructional Staff Training Services:	<u>5,250.00</u>	<u>5,691.00</u>	<u>10,941.00</u>	<u>9,279.96</u>	<u>1,661.04</u>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	164,511.00	15,395.00	179,906.00	179,853.63	52.37
Legal Services	13,000.00	(3,500.00)	9,500.00	6,430.50	3,069.50
Audit Fees	23,460.00	(4,950.00)	18,510.00	18,500.00	10.00
Other Purchased Professional Services	800.00	(800.00)			
Communications / Telephone	45,000.00	17,900.00	62,900.00	55,844.13	7,055.87
Other Purchased Services (400-500 series)	19,000.00	3,720.00	22,720.00	22,267.55	452.45
General Supplies	2,000.00	3,181.00	5,181.00	5,180.07	0.93
BOE In-House Training/Meeting Supplies	250.00	(235.00)	15.00		15.00
Miscellaneous Expenditures	4,000.00	1,834.00	5,834.00	5,833.86	0.14
BOE Membership Dues and Fees	6,500.00	(400.00)	6,100.00	6,072.40	27.60
Total Undistributed Expenditures - Support Services - General Adminst.	<u>278,521.00</u>	<u>32,145.00</u>	<u>310,666.00</u>	<u>299,982.14</u>	<u>10,683.86</u>
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	281,298.00		281,298.00	281,298.00	
Salaries of Secretarial and Clerical Assistants	177,342.00	(1,696.00)	175,646.00	170,161.07	5,484.93
Other Purchased Services	3,500.00	(500.00)	3,000.00	2,253.48	746.52
Supplies and Materials	3,650.00	4,046.00	7,696.00	5,913.84	1,782.16
Other Objects	3,450.00		3,450.00	3,025.00	425.00
Total Undistributed Expenditures - Support Services - School Administration	<u>469,240.00</u>	<u>1,850.00</u>	<u>471,090.00</u>	<u>462,651.39</u>	<u>8,438.61</u>

(Continued)

**BOROUGH OF STRATFORD 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 / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Central Services:					
Salaries	\$ 218,710.00	\$ 735.00	\$ 219,445.00	\$ 219,444.96	\$ 0.04
Miscellaneous Purchased Services	21,300.00	(3,998.00)	17,302.00	17,269.68	32.32
Supplies and Materials	5,000.00	1,263.00	6,263.00	5,987.20	275.80
Miscellaneous Expenditures	1,500.00		1,500.00	1,301.00	199.00
Total Undistributed Expenditures - Central Services	<u>246,510.00</u>	<u>(2,000.00)</u>	<u>244,510.00</u>	<u>244,002.84</u>	<u>507.16</u>
Undistributed Expenditures - Administration Information Technology:					
Salaries	70,667.00	17,132.00	87,799.00	87,789.54	9.46
Purchased Technical Services	7,500.00	(4,750.00)	2,750.00	2,750.00	
Supplies and Materials	7,500.00	35,161.00	42,661.00	40,320.56	2,340.44
Total Undistributed Expenditures - Administration Information Technology	<u>85,667.00</u>	<u>47,543.00</u>	<u>133,210.00</u>	<u>130,860.10</u>	<u>2,349.90</u>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	81,852.00		81,852.00	81,851.76	0.24
Cleaning, Repair and Maintenance Services	63,670.00	8,415.00	72,085.00	68,658.31	3,426.69
Miscellaneous Purchased Services		1,226.00	1,226.00	613.00	613.00
General Supplies	13,047.98	(2,927.00)	10,120.98	8,035.95	2,085.03
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>158,569.98</u>	<u>6,714.00</u>	<u>165,283.98</u>	<u>159,159.02</u>	<u>6,124.96</u>
Undistributed Expenditures - Operation and Maintenance of Plant Services					
Salaries	367,638.00	(15,008.00)	352,630.00	349,775.43	2,854.57
Purchased Professional and Technical Services	5,000.00	(108.00)	4,892.00	4,827.00	65.00
Cleaning, Repair and Maintenance Services	55,435.00	9,082.00	64,517.00	63,541.69	975.31
Other Purchased Property Services	27,000.00	1,175.00	28,175.00	28,001.75	173.25
Insurance	50,000.00	4,208.00	54,208.00	54,208.00	
Miscellaneous Purchased Services	1,500.00		1,500.00	525.00	975.00
General Supplies	50,000.00	(969.00)	49,031.00	49,030.89	0.11
Energy (Truck Fuel)	6,500.00	(4,206.00)	2,294.00	2,293.24	0.76
Energy (Electricity)	160,000.00	(11,995.00)	148,005.00	148,004.75	0.25
Energy (Natural Gas)	65,000.00	(22,956.00)	42,044.00	42,043.58	0.42
Other Objects	1,000.00		1,000.00	370.00	630.00
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	<u>789,073.00</u>	<u>(40,777.00)</u>	<u>748,296.00</u>	<u>742,621.33</u>	<u>5,674.67</u>

(Continued)

**BOROUGH OF STRATFORD 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 / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Security					
Salaries	\$ 84,421.00	\$ 1,878.00	\$ 86,299.00	\$ 86,298.45	\$ 0.55
Total Undistributed Expenditures - Security	<u>84,421.00</u>	<u>1,878.00</u>	<u>86,299.00</u>	<u>86,298.45</u>	<u>0.55</u>
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Special Education	46,716.00	2,500.00	49,216.00	48,860.19	355.81
Salaries for Pupil Transportation (Other than Bet. Home & School)	750.00		750.00	317.57	432.43
Cleaning, Repair, & Maintenance Services	7,500.00	5,000.00	12,500.00	10,749.89	1,750.11
Rental Payments - School Buses	500.00	2,700.00	3,200.00	2,600.00	600.00
Contracted Services (Between Home and School) - Vendors	185,000.00	(8,347.00)	176,653.00	173,670.60	2,982.40
Contracted Services Other (Between Home and School) - Vendors	8,000.00	(472.00)	7,528.00	7,516.00	12.00
Contracted Services (Special Education Students) - Vendors		2,250.00	2,250.00	1,984.43	265.57
Aid-in-Lieu-of Payments	5,000.00	2,426.00	7,426.00	7,425.60	0.40
Contracted Services (Regular Students) - ESCs & CTSA's	125,000.00	(17,634.00)	107,366.00	107,365.41	0.59
Miscellaneous Purchased Services - Transportation	400.00		400.00	108.55	291.45
General Supplies	7,500.00	600.00	8,100.00	7,522.64	577.36
Total Undistributed Expenditures - Student Transportation Services	<u>386,366.00</u>	<u>(10,977.00)</u>	<u>375,389.00</u>	<u>368,120.88</u>	<u>7,268.12</u>
Unallocated Benefits:					
Social Security Contributions	130,000.00	18,106.00	148,106.00	147,440.29	665.71
Other Retirement Contributions - PERS	155,000.00	(13,885.00)	141,115.00	141,115.00	
Other Retirement Contributions - Regular	2,700.00	10,191.00	12,891.00	12,890.20	0.80
Workmen's Compensation	90,000.00	19,345.00	109,345.00	109,344.85	0.15
Health Benefits	1,551,354.00	(250,871.00)	1,300,483.00	1,299,777.29	705.71
Tuition Reimbursement	25,000.00	(3,372.00)	21,628.00	18,485.40	3,142.60
Other Employee Benefits	82,250.00	75,557.00	157,807.00	153,173.88	4,633.12
Total Unallocated Benefits	<u>2,036,304.00</u>	<u>(144,929.00)</u>	<u>1,891,375.00</u>	<u>1,882,226.91</u>	<u>9,148.09</u>
On-behalf T.P.A.F. Pension Contributions (non-budgeted)					
Normal Cost				324,984.00	(324,984.00)
Post-Retirement Medical Contribution				367,474.00	(367,474.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				415,454.70	(415,454.70)
Total On-behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,107,912.70</u>	<u>(1,107,912.70)</u>
Total Undistributed Expenditures	<u>6,079,657.98</u>	<u>15,251.00</u>	<u>6,094,908.98</u>	<u>7,125,402.23</u>	<u>(1,030,493.25)</u>
Total Current Expense	<u>11,111,342.98</u>	<u>(34,187.00)</u>	<u>11,077,155.98</u>	<u>12,025,242.88</u>	<u>(948,086.90)</u>

(Continued)

**BOROUGH OF STRATFORD 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 / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES (CONT'D):</b>					
Capital Outlay:					
Interest Deposit to Capital Reserve	\$ 500.00		\$ 500.00		\$ 500.00
Equipment:					
Grade 1-5	8,397.00	\$ 15,475.00	23,872.00	\$ 23,762.00	110.00
Grade 6-8	5,598.00		5,598.00	5,598.00	
Undistributed Expenditures - Operation and Maintenance of Plant School Sponsored and Other Instructional Program		9,900.00	9,900.00	9,900.00	
Total Equipment	<u>13,995.00</u>	<u>25,375.00</u>	<u>39,370.00</u>	<u>39,260.00</u>	<u>110.00</u>
Facilities Acquisition and Constructing Services:					
Construction Services		8,812.00	8,812.00		8,812.00
Assessment for Debt Service on SDA Funding	28,107.00		28,107.00	28,107.00	
Total Facilities Acquisition and Constructing Services	<u>28,107.00</u>	<u>8,812.00</u>	<u>36,919.00</u>	<u>28,107.00</u>	<u>8,812.00</u>
Total Capital Outlay	<u>42,602.00</u>	<u>34,187.00</u>	<u>76,789.00</u>	<u>67,367.00</u>	<u>9,422.00</u>
Total Expenditures	<u>11,153,944.98</u>	<u>-</u>	<u>11,153,944.98</u>	<u>12,092,609.88</u>	<u>(938,664.90)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(317,626.98)</u>	<u>1,392.00</u>	<u>(316,234.98)</u>	<u>100,528.81</u>	<u>(691,517.14)</u>
Fund Balances, July 1	<u>853,616.00</u>	<u>-</u>	<u>853,616.00</u>	<u>853,616.00</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 535,989.02</u>	<u>\$ 1,392.00</u>	<u>\$ 537,381.02</u>	<u>\$ 954,144.81</u>	<u>\$ (691,517.14)</u>
<b>Recapitulation:</b>					
Restricted Fund Balance:					
Capital Reserve				\$ 174,234.00	
Excess Surplus - Designated for Subsequent Year's Expenditures				146,579.00	
Excess Surplus				342,761.53	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				1,044.00	
Year-End Encumbrances				12,248.28	
Unassigned Fund Balance				<u>277,278.00</u>	
				954,144.81	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>425,571.00</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 528,573.81</u>	

**BOROUGH OF STRATFORD 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>	Variance Final to Actual Favorable / (Unfavorable)
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources	_____	\$ 14,916.23	\$ 14,916.23	\$ 11,162.38	\$ (3,753.85)
Total - Local Sources	_____ -	_____ 14,916.23	_____ 14,916.23	_____ 11,162.38	_____ (3,753.85)
State Sources:					
Nonpublic Aid	\$ 575,471.00	(152,125.00)	423,346.00	350,106.42	(73,239.58)
Total - State Sources	_____ 575,471.00	_____ (152,125.00)	_____ 423,346.00	_____ 350,106.42	_____ (73,239.58)
Federal Sources:					
Title I	98,463.00	6,640.00	105,103.00	96,062.85	(9,040.15)
Title II Part A	25,961.00	(2,629.00)	23,332.00	22,112.08	(1,219.92)
I.D.E.A., Part B	261,691.00	(8,791.86)	252,899.14	237,788.56	(15,110.58)
I.D.E.A., Part B, Preschool Incentive	_____	_____ 15,334.00	_____ 15,334.00	_____ 11,238.03	_____ (4,095.97)
Total - Federal Sources	_____ 386,115.00	_____ 10,553.14	_____ 396,668.14	_____ 367,201.52	_____ (29,466.62)
Total Revenues	_____ 961,586.00	_____ (126,655.63)	_____ 834,930.37	_____ 728,470.32	_____ (106,460.05)

(Continued)

**BOROUGH OF STRATFORD 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 Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 360,154.00	\$ (282,588.00)	\$ 77,566.00	\$ 71,266.00	\$ 6,300.00
Other Salaries for Instruction	25,961.00	61,989.00	87,950.00	87,950.00	-
Purchased Professional and Technical Services		94,987.00	94,987.00	76,709.10	18,277.90
Purchased Professional - Educational Services	552,507.00	(152,821.00)	399,686.00	325,773.91	73,912.09
Other Purchased Services (400-500 series)		52,250.00	52,250.00	50,000.00	2,250.00
General Supplies		33,778.37	33,778.37	30,752.22	3,026.15
Textbooks	22,964.00	(3,995.00)	18,969.00	18,944.77	24.23
Other Objects		119.00	119.00	119.00	-
<b>Total Instruction</b>	<u>961,586.00</u>	<u>(196,280.63)</u>	<u>765,305.37</u>	<u>661,515.00</u>	<u>103,790.37</u>
Support Services:					
Personal Services - Employee Benefits		15,338.00	15,338.00	15,337.45	0.55
Purchased Professional and Technical Services		26,710.00	26,710.00	26,710.00	-
Purchased Professional - Educational Services		500.00	500.00	500.00	-
Cleaning, Repair & Maintenance Services		4,400.00	4,400.00	4,400.00	-
Other Purchased Services (400-500 series)		4,502.00	4,502.00	4,252.00	250.00
General Supplies		4,500.00	4,500.00	2,080.87	2,419.13
<b>Total Support Services</b>	<u>-</u>	<u>55,950.00</u>	<u>55,950.00</u>	<u>53,280.32</u>	<u>2,669.68</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		13,675.00	13,675.00	13,675.00	-
<b>Facilities Acquisition and Construction Services</b>	<u>-</u>	<u>13,675.00</u>	<u>13,675.00</u>	<u>13,675.00</u>	<u>-</u>
<b>Total Expenditures</b>	<u>961,586.00</u>	<u>(126,655.63)</u>	<u>834,930.37</u>	<u>728,470.32</u>	<u>106,460.05</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF STRATFORD 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>
<b>Sources / Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 12,193,138.69	\$ 728,470.32
<b>Differences - Budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		7,977.00
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2012.	309,117.00	
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2013.	<u>(425,571.00)</u>	
<b>Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</b>	<u>\$ 12,076,684.69</u>	<u>\$ 736,447.32</u>
<b>Uses / Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 12,092,609.88	\$ 728,470.32
<b>Differences - Budget to GAAP:</b>		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>7,977.00</u>
<b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)</b>	<u>\$ 12,092,609.88</u>	<u>\$ 736,447.32</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

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

	Total	NCLB						Total Borough Forward
		Title I - Part A 2012-2013	Title II - Part A, Improving Teacher Quality State Grants 2012-2013	I.D.E.A. Part B, Basic 2012-2013	I.D.E.A. Part B, Preschool 2012-2013	NJ Nonpublic Textbook Aid, Ch. 194, L. 1979 2012-2013	NJ Nonpublic Handicapped Services Ch. 193 2012-2013	
<b>REVENUES:</b>								
Federal Sources	\$ 367,201.52	\$ 96,062.85	\$ 22,112.08	\$ 237,788.56	\$ 11,238.03			
State Sources	350,106.42					\$ 18,944.77	\$ 123,313.14	\$ 207,848.51
Local Sources	11,162.38							11,162.38
<b>Total Revenues</b>	<b>728,470.32</b>	<b>96,062.85</b>	<b>22,112.08</b>	<b>237,788.56</b>	<b>11,238.03</b>	<b>18,944.77</b>	<b>123,313.14</b>	<b>219,010.89</b>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	71,266.00	70,066.00						1,200.00
Other Salaries for Instruction	87,950.00		450.00	80,000.00	7,500.00			
Purchased Professional and Technical Services	76,709.10			74,259.10	2,450.00			
Purchased Professional - Educational Services	325,773.91						123,313.14	202,460.77
Other Purchased Services (400-500 series)	50,000.00			50,000.00				
General Supplies	30,752.22	7,924.40	6,470.08	6,700.46	1,288.03			8,369.25
Textbooks	18,944.77					18,944.77		
Other Objects	119.00			119.00				
<b>Total Instruction</b>	<b>661,515.00</b>	<b>77,990.40</b>	<b>6,920.08</b>	<b>211,078.56</b>	<b>11,238.03</b>	<b>18,944.77</b>	<b>123,313.14</b>	<b>212,030.02</b>
Support Services:								
Personal Services - Employee Benefits	15,337.45	15,337.45						
Purchased Professional and Technical Services	26,710.00			26,710.00				
Purchased Professional - Educational Services	500.00							500.00
Cleaning, Repair & Maintenance Services	4,400.00							4,400.00
Other Purchased Services (400-500 series)	4,252.00		4,252.00					
General Supplies	2,080.87							2,080.87
<b>Total Support Services</b>	<b>53,280.32</b>	<b>15,337.45</b>	<b>4,252.00</b>	<b>26,710.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,980.87</b>
Facilities Acquisition and Construction Services:								
Instructional Equipment	13,675.00	2,735.00	10,940.00					
<b>Total Facilities Acquisition and Construction Services</b>	<b>13,675.00</b>	<b>2,735.00</b>	<b>10,940.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>728,470.32</b>	<b>96,062.85</b>	<b>22,112.08</b>	<b>237,788.56</b>	<b>11,238.03</b>	<b>18,944.77</b>	<b>123,313.14</b>	<b>219,010.89</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-

(Continued)

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

	Total Brought Forward	NJ Nonpublic Nursing Services Aid. (Chapter 226) 2012-2013	NJ Nonpublic Auxiliary Services Ch. 192 2012-2013	NJ Nonpublic Technology Initiative Aid 2012-2013	Lowes Grant 2012-2013	Dodge Grant 2012-2013	Municipal Alliance 2012-2013	NJSBAIG Safety Grant 2012-2013
<b>REVENUES:</b>								
Federal Sources								
State Sources	\$ 207,848.51	\$ 26,065.70	\$ 174,845.07	\$ 6,937.74				
Local Sources	11,162.38				\$ 2,580.87	\$ 1,006.23	\$ 3,175.28	\$ 4,400.00
<b>Total Revenues</b>	<u>219,010.89</u>	<u>26,065.70</u>	<u>174,845.07</u>	<u>6,937.74</u>	<u>2,580.87</u>	<u>1,006.23</u>	<u>3,175.28</u>	<u>4,400.00</u>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Salaries of Teachers	1,200.00						1,200.00	
Other Salaries for Instruction								
Purchased Professional and Technical Services								
Purchased Professional - Educational Services	202,460.77	26,065.70	174,845.07				1,550.00	
Other Purchased Services (400-500 series)								
General Supplies	8,369.25			6,937.74		1,006.23	425.28	
Textbooks								
Other Objects								
<b>Total Instruction</b>	<u>212,030.02</u>	<u>26,065.70</u>	<u>174,845.07</u>	<u>6,937.74</u>		<u>1,006.23</u>	<u>3,175.28</u>	
<b>Support Services:</b>								
Personal Services - Employee Benefits								
Purchased Professional and Technical Services								
Purchased Professional - Educational Services	500.00				500.00			
Cleaning, Repair & Maintenance Services	4,400.00							4,400.00
Other Purchased Services (400-500 series)								
General Supplies	2,080.87				2,080.87			
<b>Total Support Services</b>	<u>6,980.87</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,580.87</u>	<u>-</u>	<u>-</u>	<u>4,400.00</u>
<b>Facilities Acquisition and Construction Services</b>								
Instructional Equipment								
<b>Total Expenditures</b>	<u>219,010.89</u>	<u>26,065.70</u>	<u>174,845.07</u>	<u>6,937.74</u>	<u>2,580.87</u>	<u>1,006.23</u>	<u>3,175.28</u>	<u>4,400.00</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CAPITAL PROJECTS FUND

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Summary Schedule of Project Expenditures  
 For the Fiscal Year Ended June 30, 2013

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2013</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Samuel S. Yellin Elementary School Renovations	09/15/09	\$ 3,461,593.35	\$ 3,371,223.00	\$ 49,114.77	\$ 41,255.58
Parkview Elementary School Renovations	09/15/09	2,888,875.17	2,811,943.00	30,305.96	46,626.21
Samuel S. Yellin Elementary School Additions	09/15/09	2,473,876.00	2,473,876.00	-	-
Totals		<u>\$ 8,824,344.52</u>	<u>\$ 8,657,042.00</u>	<u>\$ 79,420.73</u>	<u>\$ 87,881.79</u>

**BOROUGH OF STRATFORD 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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**Revenues and Other Financing Sources**

Grant Proceeds - SDA Grant	\$ (93,589.48)
Interest earned	<u>3,111.81</u>
Total Revenues	<u>(90,477.67)</u>

**Expenditures and Other Financing Uses**

Construction Services	<u>79,420.73</u>
Total Expenditures	<u>79,420.73</u>
Excess (deficiency) or revenues over (under) expenditures	(169,898.40)
Fund Balance -- Beginning	<u>260,892.00</u>
Fund Balance -- Before Operating Transfers Out	90,993.60
Operating Transfer Out -- Debt Service	<u>(3,111.81)</u>
Fund Balance -- Ending	<u><u>\$ 87,881.79</u></u>

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status -- Budgetary Basis  
 Samuel S. Yellin Elementary School Renovations  
 From Inception and for the Fiscal Year Ended June 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Grant Proceeds - SDA Grant	\$ 2,003,059.00	\$ (49,256.66)	\$ 1,953,802.34	\$ 1,953,802.34
Proceeds from sale of serial bonds and transfers	1,465,691.00	8,198.01	1,473,889.01	1,473,889.01
Prior Year Orders Canceled	33,902.00		33,902.00	33,902.00
	<u>3,502,652.00</u>	<u>(41,058.65)</u>	<u>3,461,593.35</u>	<u>3,461,593.35</u>
Total Revenues				
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional Services	531,749.00		531,749.00	531,749.00
Construction Services	2,839,474.00	49,114.77	2,888,588.77	2,929,844.35
	<u>3,371,223.00</u>	<u>49,114.77</u>	<u>3,420,337.77</u>	<u>3,461,593.35</u>
Total Expenditures				
Excess (deficiency) or revenues over (under) expenditures	<u>131,429.00</u>	<u>\$ (90,173.42)</u>	<u>\$ 41,255.58</u>	<u>\$ -</u>
Additional project information:				
Project Number	5080-060-09-2002			
Grant Date	12/31/2009			
Bond Authorization Date	9/15/2009			
Bonds Authorized	1,465,691.00			
Bonds Issued	1,465,691.00			
Original Authorized Cost	3,468,750.00			
Additional Authorized Cost	-			
Revised Authorized Cost	3,461,593.35			
Percentage Increase over Original Authorized Cost	-			
Percentage Completion				
Original Target Completion Date	9/1/2011			
Revised Target Completion Date	12/31/2013			

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status -- Budgetary Basis  
 Parkview Elementary School Renovations  
 From Inception and for the Fiscal Year Ended June 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Grant Proceeds - SDA Grant	\$ 1,627,711.00	\$ (44,332.82)	\$ 1,583,378.18	\$ 1,583,378.18
Proceeds from sale of serial bonds and transfers	1,191,039.00	90,285.99	1,281,324.99	1,281,324.99
Prior Year Orders Canceled	24,172.00		24,172.00	24,172.00
Total Revenues	<u>2,842,922.00</u>	<u>45,953.17</u>	<u>2,888,875.17</u>	<u>2,888,875.17</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional Services	434,954.00		434,954.00	434,954.00
Supplies	5,474.00		5,474.00	5,474.00
Construction Services	2,371,515.00	30,305.96	2,401,820.96	2,448,447.17
Total Expenditures	<u>2,811,943.00</u>	<u>30,305.96</u>	<u>2,842,248.96</u>	<u>2,888,875.17</u>
Excess (deficiency) or revenues over (under) expenditures	<u>30,979.00</u>	<u>\$ 15,647.21</u>	<u>\$ 46,626.21</u>	<u>\$ -</u>
Additional project information:				
Project Number	5080-045-09-2001			
Grant Date	12/31/2009			
Bond Authorization Date	9/15/2009			
Bonds Authorized	1,191,039.00			
Bonds Issued	1,191,039.00			
Original Authorized Cost	2,818,750.00			
Additional Authorized Cost	70,125.17			
Revised Authorized Cost	2,888,875.17			
Percentage Increase over Original Authorized Cost	2.49%			
Percentage Completion				
Original Target Completion Date	9/1/2011			
Revised Target Completion Date	12/13/2013			

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status -- Budgetary Basis  
 Samuel S. Yellin Elementary School Additions  
 From Inception and for the Fiscal Year Ended June 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Proceeds from sale of serial bonds and transfers	\$ 2,550,000.00	\$ (98,484.00)	\$ 2,451,516.00	\$ 2,451,516.00
Prior Year Orders Canceled	22,360.00		22,360.00	22,360.00
<b>Total Revenues</b>	<b>2,572,360.00</b>	<b>(98,484.00)</b>	<b>2,473,876.00</b>	<b>2,473,876.00</b>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional Services	372,791.00		372,791.00	372,791.00
Supplies	38,345.00		38,345.00	38,345.00
Construction Services	2,062,740.00		2,062,740.00	2,062,740.00
<b>Total Expenditures</b>	<b>2,473,876.00</b>	<b>-</b>	<b>2,473,876.00</b>	<b>2,473,876.00</b>
Excess (deficiency) or revenues over (under) expenditures	98,484.00	\$ (98,484.00)	\$ -	\$ -

## Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	9/15/2009
Bonds Authorized	2,550,000.00
Bonds Issued	2,550,000.00
Original Authorized Cost	2,550,000.00
Additional Authorized Cost	-
Revised Authorized Cost	2,473,876.00
Percentage Increase over Original Authorized Cost	---
Percentage Completion	100.00%
Original Target Completion Date	9/1/2011
Revised Target Completion Date	6/30/2013

PROPRIETARY FUNDS

## BOROUGH OF STRATFORD SCHOOL DISTRICT

Enterprise Fund  
Combining Statement of Net Position  
June 30, 2013

	<u>Food Service</u>	<u>Summer Drama Camp</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 139,038.15	\$ 14,350.62	\$ 153,388.77
Accounts Receivable:			
State	183.79		183.79
Federal	7,238.64		7,238.64
Other	17,677.80	1,196.00	18,873.80
Prepaid Expenses		463.75	463.75
Inventories	8,365.88		8,365.88
Total Current Assets	<u>172,504.26</u>	<u>16,010.37</u>	<u>188,514.63</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment	217,121.40		217,121.40
Less Accumulated Depreciation	<u>(102,217.33)</u>		<u>(102,217.33)</u>
Total Noncurrent Assets	<u>114,904.07</u>	<u>-</u>	<u>114,904.07</u>
Total Assets	<u>287,408.33</u>	<u>16,010.37</u>	<u>303,418.70</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Interfund Accounts Payable:			
Due Student Activities		1,706.35	1,706.35
Accounts Payable			
Due Students, Net	839.80		839.80
Other Liabilities			
Unearned Revenue		8,611.00	8,611.00
Total Current Liabilities	<u>839.80</u>	<u>10,317.35</u>	<u>11,157.15</u>
Total Liabilities	<u>839.80</u>	<u>10,317.35</u>	<u>11,157.15</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	114,904.07		114,904.07
Unrestricted	<u>171,664.46</u>	<u>5,693.02</u>	<u>177,357.48</u>
Total Net Position	<u>\$ 286,568.53</u>	<u>\$ 5,693.02</u>	<u>\$ 292,261.55</u>

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Enterprise Fund  
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>Summer Drama Camp</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs			
School Lunch	\$ 50,907.44		\$ 50,907.44
School Breakfast	1,772.95		1,772.95
Other Governmental Units	112,401.20		112,401.20
Adult and Alacarte Sales	47,109.75		47,109.75
Program Fees		\$ 1,616.00	1,616.00
Total Operating Revenues	<u>212,191.34</u>	<u>1,616.00</u>	<u>213,807.34</u>
OPERATING EXPENSES:			
Management Fees	19,465.10		19,465.10
Salaries and Fringe Benefits	111,176.00	9,365.55	120,541.55
Supplies and Materials	12,948.59	527.33	13,475.92
Other Costs	4,659.50		4,659.50
Depreciation	8,651.00		8,651.00
Cost of Sales	152,652.96		152,652.96
Total Operating Expenses	<u>309,553.15</u>	<u>9,892.88</u>	<u>319,446.03</u>
Operating Income / (Loss)	<u>(97,361.81)</u>	<u>(8,276.88)</u>	<u>(105,638.69)</u>
NONOPERATING REVENUES (EXPENSES):			
State Sources:			
State School Lunch Program	2,576.34		2,576.34
Federal Sources:			
National School Lunch Program	91,762.96		91,762.96
National School Breakfast Program	11,299.57		11,299.57
Food Distribution Program	25,486.62		25,486.62
Total Nonoperating Revenues (Expenses)	<u>131,125.49</u>		<u>131,125.49</u>
Change in Net Position	33,763.68	(8,276.88)	25,486.80
Net Position -- July 1	<u>252,804.85</u>	<u>13,969.90</u>	<u>266,774.75</u>
Net Position -- June 30	<u>\$ 286,568.53</u>	<u>\$ 5,693.02</u>	<u>\$ 292,261.55</u>

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Enterprise Fund  
 Combining Statement of Cash Flows  
 For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>Summer Drama Camp</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 195,353.34	\$ 10,737.35	\$ 206,090.69
Payments to Employees	(111,176.00)	(9,365.55)	(120,541.55)
Payments to Suppliers	<u>(190,267.60)</u>	<u>(991.08)</u>	<u>(191,258.68)</u>
Net Cash Provided by (used for) Operating Activities	<u>(106,090.26)</u>	<u>380.72</u>	<u>(105,709.54)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
State Sources	2,511.74		2,511.74
Federal Sources	<u>124,863.55</u>		<u>124,863.55</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>127,375.29</u>	<u>-</u>	<u>127,375.29</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchases of Capital Assets	<u>(30,186.00)</u>		<u>(30,186.00)</u>
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(30,186.00)</u>	<u>-</u>	<u>(30,186.00)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(8,900.97)	380.72	(8,520.25)
Cash and Cash Equivalents -- July 1	<u>147,939.12</u>	<u>13,969.90</u>	<u>161,909.02</u>
Cash and Equivalents -- June 30	<u>\$ 139,038.15</u>	<u>\$ 14,350.62</u>	<u>\$ 153,388.77</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
Operating Income (Loss)	\$ (97,361.81)	\$ (8,276.88)	\$ (105,638.69)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	8,651.00		8,651.00
(Increase) Decrease in Accounts Receivable, net	(17,677.80)	(1,196.00)	(18,873.80)
(Increase) Decrease in Inventories	(541.45)		(541.45)
(Increase) Decrease in Prepaid Expenses		(463.75)	(463.75)
Increase (Decrease) in Interfund Payable		1,706.35	1,706.35
Increase (Decrease) in Other Current Liabilities	<u>839.80</u>	<u>8,611.00</u>	<u>9,450.80</u>
Total Adjustments	<u>(8,728.45)</u>	<u>8,657.60</u>	<u>(70.85)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (106,090.26)</u>	<u>\$ 380.72</u>	<u>\$ (105,709.54)</u>

FIDUCIARY FUNDS

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2013

	<u>Trust Funds</u>		<u>Agency Funds</u>		
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefits Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 60,082.07	\$ 4,400.56	\$ 36,810.19	\$ 31,989.20	\$ 133,282.02
Accounts Receivable:					
Due State of New Jersey	10,233.94				10,233.94
Interfund Accounts Receivable:					
Due Summer Drama Camp			1,706.35		1,706.35
<b>Total Assets</b>	<b>70,316.01</b>	<b>4,400.56</b>	<b><u>\$ 38,516.54</u></b>	<b><u>\$ 31,989.20</u></b>	<b>145,222.31</b>
<b>LIABILITIES:</b>					
Payable to Student Groups			\$ 38,516.54		38,516.54
Payroll Deductions and Withholdings				\$ 21,891.34	21,891.34
Interfund Accounts Payable:					
Due General Fund		\$ 2,511.34		10,097.86	12,609.20
<b>Total Liabilities</b>	<b>-</b>	<b><u>2,511.34</u></b>	<b><u>\$ 38,516.54</u></b>	<b><u>\$ 31,989.20</u></b>	<b>73,017.08</b>
<b>NET POSITION:</b>					
Held in Trust for Unemployment Claims and Other Purposes	\$ 70,316.01				70,316.01
Held in Trust for Flexible Benefit Claims		1,889.22			1,889.22
	<b><u>\$ 70,316.01</u></b>	<b><u>\$ 1,889.22</u></b>			<b><u>\$ 72,205.23</u></b>

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

	Unemployment Compensation <u>Trust</u>	Flexible Benefits Trust <u>Fund</u>	<u>Total</u>
<b>ADDITIONS:</b>			
Contributions:			
Employee	\$ 11,984.40	\$ 17,100.00	29,084.40
	11,984.40	17,100.00	29,084.40
Investment Earnings:			
Interest	419.22		419.22
Total Additions	<u>12,403.62</u>	<u>17,100.00</u>	<u>29,503.62</u>
<b>DEDUCTIONS:</b>			
Quarterly Contribution Reports	27,032.61		27,032.61
Claims Paid		15,710.78	15,710.78
Total Deductions	<u>27,032.61</u>	<u>15,710.78</u>	<u>42,743.39</u>
Change in Net Position	(14,628.99)	1,389.22	(13,239.77)
Net Position -- July 1	<u>84,945.00</u>	<u>500.00</u>	<u>85,445.00</u>
Net Position -- June 30	<u>\$ 70,316.01</u>	<u>\$ 1,889.22</u>	<u>\$ 72,205.23</u>

**BOROUGH OF STRATFORD 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>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Yellin School	\$ 27,371.00	\$ 33,161.77	\$ 33,638.28	\$ 26,894.49
Parkview School	<u>10,445.00</u>	<u>2,424.03</u>	<u>1,246.98</u>	<u>11,622.05</u>
Total All Schools	<u><u>\$ 37,816.00</u></u>	<u><u>\$ 35,585.80</u></u>	<u><u>\$ 34,885.26</u></u>	<u><u>\$ 38,516.54</u></u>

**BOROUGH OF STRATFORD 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	\$ 83,948.00	\$ 8,240,149.44	\$ 8,292,108.24	\$ 31,989.20
Total Assets	<u>\$ 83,948.00</u>	<u>\$ 8,240,149.44</u>	<u>\$ 8,292,108.24</u>	<u>\$ 31,989.20</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 77,468.00	\$ 3,594,136.05	\$ 3,649,712.71	\$ 21,891.34
Net Payroll		4,639,653.59	4,639,653.59	
Interfund Accounts Payable:				
Due General Fund	<u>6,480.00</u>	<u>6,359.80</u>	<u>2,741.94</u>	<u>10,097.86</u>
Total Liabilities	<u>\$ 83,948.00</u>	<u>\$ 8,240,149.44</u>	<u>\$ 8,292,108.24</u>	<u>\$ 31,989.20</u>

LONG-TERM DEBT

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2012	Retired	Balance June 30, 2013
			Date	Amount				
Taxable Refunding of Early Retirement Bonds	4/1/2003	\$ 790,000.00	4/1/2014	\$ 155,000.00	5.500%	\$ 265,000.00	\$ 75,000.00	\$ 190,000.00
			4/1/2015	165,000.00	5.500%			
			4/1/2016	175,000.00	5.500%			
Renovations & Additions to Yellin & Parkview Schools	12/12/2009	5,206,000.00	8/1/2013	45,000.00	2.500%			
			8/1/2014	85,000.00	2.500%			
			8/1/2015	160,000.00	2.500%			
			8/1/2016	225,000.00	2.750%			
			8/1/2017	260,000.00	2.750%			
			8/1/2018	280,000.00	3.000%			
			8/1/2019	300,000.00	3.250%			
			8/1/2020	315,000.00	4.000%			
			8/1/2021	325,000.00	4.000%			
			8/1/2022	340,000.00	4.000%			
			8/1/2023	355,000.00	4.000%			
			8/1/2024	370,000.00	4.000%			
			8/1/2025	385,000.00	4.000%			
			8/1/2026	400,000.00	4.000%			
			8/1/2027	415,000.00	4.000%			
			8/1/2028	430,000.00	4.000%			
			8/1/2029	446,000.00	4.000%			
						5,171,000.00	35,000.00	5,136,000.00
						<u>\$ 5,436,000.00</u>	<u>\$ 110,000.00</u>	<u>\$ 5,326,000.00</u>

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>REVENUES:</b>				
Local Sources:				
Local Tax Levy	\$ 316,407.00	\$ 316,407.00	\$ 316,407.00	
Total Revenues	<u>316,407.00</u>	<u>316,407.00</u>	<u>316,407.00</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Regular Debt Service:				
Interest on Early Retirement of Bonds	14,575.00	14,575.00	14,575.00	
Interest on Bonds	218,415.00	218,415.00	216,664.99	\$ 1,750.01
Redemption of Principal on Early Retirement of Bonds	75,000.00	75,000.00	75,000.00	
Redemption of Principal	<u>35,000.00</u>	<u>35,000.00</u>	<u>35,000.00</u>	
Total Expenditures	<u>342,990.00</u>	<u>342,990.00</u>	<u>341,239.99</u>	<u>1,750.01</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,583.00)	(26,583.00)	(24,832.99)	1,750.01
Other Financing Sources:				
Operating Transfers In - Capital Projects			<u>3,111.81</u>	<u>3,111.81</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(26,583.00)	(26,583.00)	(21,721.18)	4,861.82
Fund Balance, July 1	<u>31,222.33</u>	<u>31,222.33</u>	<u>31,222.33</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 4,639.33</u>	<u>\$ 4,639.33</u>	<u>\$ 9,501.15</u>	<u>\$ 4,861.82</u>
<b>Recapitulation:</b>				
Unassigned Fund Balance			<u>\$ 9,501.15</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.

**BOROUGH OF STRATFORD 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>										
Net Investment in Capital Assets	\$ 6,024,715.02	\$ 6,235,005.00	\$ 6,516,573.00	\$ 7,773,053.00	\$ 4,202,022.00	\$ 3,893,376.00	\$ 3,651,039.00	\$ 3,255,127.00	\$ 2,954,525.00	\$ 2,229,809.00
Restricted for:										
Capital projects	51,356.79	167,101.00	171,000.00	280,773.00	135,893.00	133,992.00	128,755.00	124,442.00	119,145.00	87,065.00
Debt Service	(72,268.64)	31,222.00	50,283.00	22,200.00	-	1.00	-	-	-	21,140.00
Other purposes	664,618.53	602,572.00	422,455.00	210,394.00	643,598.00	272,920.00	241,451.00	425,393.00	282,645.00	251,000.00
Unrestricted	<u>(379,397.58)</u>	<u>(196,908.00)</u>	<u>(198,425.00)</u>	<u>(273,462.00)</u>	<u>(239,041.00)</u>	<u>(37,389.00)</u>	<u>(69,515.00)</u>	<u>(122,725.00)</u>	<u>(63,773.00)</u>	<u>87,614.00</u>
<b>Total Governmental Activities Net Assets</b>	<b>\$ 6,289,024.12</b>	<b>\$ 6,838,992.00</b>	<b>\$ 6,961,886.00</b>	<b>\$ 8,012,958.00</b>	<b>\$ 4,742,472.00</b>	<b>\$ 4,262,900.00</b>	<b>\$ 3,951,730.00</b>	<b>\$ 3,682,237.00</b>	<b>\$ 3,292,542.00</b>	<b>\$ 2,676,628.00</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 114,904.07	\$ 93,369.00	\$ 83,292.00	\$ 50,072.00	\$ 37,806.00	\$ 34,505.00	\$ 1,117.00	\$ 1,397.00	\$ 2,570.00	\$ 3,743.00
Unrestricted	<u>177,357.48</u>	<u>173,406.00</u>	<u>161,193.00</u>	<u>118,040.00</u>	<u>119,183.00</u>	<u>82,177.00</u>	<u>83,737.00</u>	<u>68,874.00</u>	<u>51,325.00</u>	<u>23,798.00</u>
<b>Total Business-type Activities Net Assets</b>	<b>\$ 292,261.55</b>	<b>\$ 266,775.00</b>	<b>\$ 244,485.00</b>	<b>\$ 168,112.00</b>	<b>\$ 156,989.00</b>	<b>\$ 116,682.00</b>	<b>\$ 84,854.00</b>	<b>\$ 70,271.00</b>	<b>\$ 53,895.00</b>	<b>\$ 27,541.00</b>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 6,139,619.09	\$ 6,328,374.00	\$ 6,599,865.00	\$ 7,823,125.00	\$ 4,239,828.00	\$ 3,927,881.00	\$ 3,652,156.00	\$ 3,256,524.00	\$ 2,957,095.00	\$ 2,233,552.00
Restricted for:										
Capital projects	51,356.79	167,101.00	171,000.00	280,773.00	135,893.00	133,992.00	128,755.00	124,442.00	119,145.00	87,065.00
Debt Service	(72,268.64)	31,222.00	50,283.00	22,200.00	-	1.00	-	-	-	21,140.00
Other purposes	664,618.53	602,572.00	422,455.00	210,394.00	643,598.00	272,920.00	241,451.00	425,393.00	282,645.00	251,000.00
Unrestricted	<u>(202,040.10)</u>	<u>(23,502.00)</u>	<u>(37,232.00)</u>	<u>(155,422.00)</u>	<u>(119,858.00)</u>	<u>44,788.00</u>	<u>14,222.00</u>	<u>(53,851.00)</u>	<u>(12,448.00)</u>	<u>111,412.00</u>
<b>Total District-wide Net Assets</b>	<b>\$ 6,581,285.67</b>	<b>\$ 7,105,767.00</b>	<b>\$ 7,206,371.00</b>	<b>\$ 8,181,070.00</b>	<b>\$ 4,899,461.00</b>	<b>\$ 4,379,582.00</b>	<b>\$ 4,036,584.00</b>	<b>\$ 3,752,508.00</b>	<b>\$ 3,346,437.00</b>	<b>\$ 2,704,169.00</b>

Source: District Records

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Changes in Net Position  
 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>Expenses</b>										
Governmental Activities										
Instruction										
Regular	\$ 3,925,412	\$ 3,058,873	\$ 3,532,686	\$ 3,759,499	\$ 3,838,849	\$ 3,333,409	\$ 3,486,323	\$ 3,558,887	\$ 4,163,842	\$ 4,034,839
Special Education	1,167,350	1,726,308	1,149,012	1,272,469	1,178,458	1,080,344	1,080,893	1,016,866	1,285,531	1,242,798
Other Instruction	478,066	430,590	289,404	411,503	403,592	359,946	289,838	306,675	380,706	354,054
Support Services:										
Instruction/Tuition	501,841	534,273	526,988	447,459	520,271	506,603	574,886	543,148	391,488	354,561
Student & instruction related services	1,193,006	1,284,715	1,204,662	1,457,205	1,301,274	1,274,296	1,236,678	1,075,451	1,394,968	1,461,079
School administrative services	462,651	452,463	445,653	422,923	399,140	402,169	409,201	385,561	493,697	470,906
General and business administrative services	761,144	601,799	618,616	604,454	650,010	592,609	543,213	527,722	624,716	348,621
Plant operations and maintenance	901,780	983,646	896,258	873,079	951,889	1,018,280	904,723	848,100	959,704	793,156
Pupil transportation	368,121	375,469	380,183	424,854	358,987	373,547	351,683	298,824	177,712	245,503
Business and other support services										
Unallocated employee benefits	3,139,599	2,675,982	2,486,885	2,724,764	2,342,639	2,867,979	2,662,204	2,288,129		229,174
Interest on Long-term Debt	229,844	262,263	216,858	126,370	52,205	77,434	102,437	127,095	214,839	185,001
Capital Outlay	28,107									
Amortization of Debt Issuance Costs	74,749									
Unallocated Depreciation	434,132	434,045	351,097	92,487	166,993	180,922	161,986	173,590	173,591	175,976
<b>Total Governmental Activities Expenses</b>	<b>13,665,802</b>	<b>12,820,426</b>	<b>12,098,302</b>	<b>12,617,066</b>	<b>12,164,307</b>	<b>12,067,538</b>	<b>11,804,065</b>	<b>11,150,048</b>	<b>10,260,794</b>	<b>9,895,668</b>
Business-type Activities:										
Food Service	309,553	285,035	265,045	258,357	242,459	234,940	210,390	203,849	199,217	201,062
Summer Drama Camp	9,893	10,102	8,966	10,713	9,336					
<b>Total Business-type Activities Expenses</b>	<b>319,446</b>	<b>295,137</b>	<b>274,011</b>	<b>269,070</b>	<b>251,795</b>	<b>234,940</b>	<b>210,390</b>	<b>203,849</b>	<b>199,217</b>	<b>201,062</b>
<b>Total District Expenses</b>	<b>\$ 13,985,248</b>	<b>\$ 13,115,563</b>	<b>\$ 12,372,313</b>	<b>\$ 12,886,136</b>	<b>\$ 12,416,102</b>	<b>\$ 12,302,478</b>	<b>\$ 12,014,455</b>	<b>\$ 11,353,897</b>	<b>\$ 10,460,011</b>	<b>\$ 10,096,730</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 635,463	\$ 587,319	\$ 564,718	\$ 546,798	\$ 651,923	\$ 623,460	\$ 604,854	\$ 488,667	\$ 492,571	\$ 551,285
Operating Grants and Contributions	1,834,693	1,592,463	1,595,715	1,900,965	1,832,470	2,006,258	2,079,086	1,725,081	1,551,600	1,586,554
<b>Total Governmental Activities Program Revenues</b>	<b>2,470,156</b>	<b>2,179,802</b>	<b>2,160,433</b>	<b>2,447,763</b>	<b>2,484,393</b>	<b>2,629,718</b>	<b>2,683,940</b>	<b>2,213,748</b>	<b>2,044,171</b>	<b>2,137,839</b>
Business-type activities:										
Charges for services										
Food Service	212,191	205,454	202,613	176,167	189,469	167,958	167,701	179,167	165,038	136,721
Summer Drama Camp	1,616	10,709	12,297	9,450	20,631					
Operating Grants and Contributions	131,125	101,264	95,362	94,576	75,416	62,137	56,919	51,058	50,533	59,421
<b>Total Business-type Activities Program Revenues</b>	<b>344,933</b>	<b>317,427</b>	<b>310,272</b>	<b>280,193</b>	<b>285,516</b>	<b>230,095</b>	<b>224,620</b>	<b>230,225</b>	<b>215,571</b>	<b>196,142</b>
<b>Total District Program Revenues</b>	<b>\$ 2,815,089</b>	<b>\$ 2,497,229</b>	<b>\$ 2,470,705</b>	<b>\$ 2,727,956</b>	<b>\$ 2,769,909</b>	<b>\$ 2,859,813</b>	<b>\$ 2,908,560</b>	<b>\$ 2,443,973</b>	<b>\$ 2,259,742</b>	<b>\$ 2,333,981</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (11,195,647)	\$ (10,640,624)	\$ (9,937,869)	\$ (10,169,303)	\$ (9,679,914)	\$ (9,437,820)	\$ (9,120,125)	\$ (8,936,300)	\$ (8,216,623)	\$ (7,757,829)
Business-type Activities	25,487	22,290	36,261	11,123	33,721	(4,845)	14,230	26,376	16,354	(4,920)
<b>Total District-wide Net (Expense) Revenue</b>	<b>\$ (11,170,160)</b>	<b>\$ (10,618,334)</b>	<b>\$ (9,901,608)</b>	<b>\$ (10,158,180)</b>	<b>\$ (9,646,193)</b>	<b>\$ (9,442,665)</b>	<b>\$ (9,105,895)</b>	<b>\$ (8,909,924)</b>	<b>\$ (8,200,269)</b>	<b>\$ (7,762,749)</b>

(Continued)

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Changes in Net Position  
 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>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Property taxes levied for general purposes, net	\$ 5,706,500	\$ 5,706,500	\$ 5,706,500	\$ 5,483,342	\$ 5,483,342	\$ 5,540,756	\$ 5,327,650	\$ 5,029,043	\$ 4,540,807	\$ 4,388,536
Taxes levied for debt service	316,407	324,603	317,415	320,952	332,294	347,106	353,949	362,968	337,230	336,452
Unrestricted grants and contributions	4,309,164	4,295,007	3,840,254	4,026,137	4,119,218	3,852,281	3,644,251	3,662,857	3,644,538	3,545,136
State aid restricted for capital projects		8,565	80,839	3,478,718					235,569	50,978
Investment earnings		20,616	28,788	23,189	1,901	5,237	4,525	6,087	2,913	6,540
Miscellaneous income	330,424	197,592	64,900	107,451	222,731	63,300	59,243	265,040	71,480	350,127
Loss on disposal of fixed assets		(35,153)				(59,690)				
Adjustment to capital assets, net of accum. deprec.	(17,018)		(1,151,899)							
Prior Year Receivable Balance Canceled	202									
<b>Total Governmental Activities</b>	<b>10,645,678</b>	<b>10,517,730</b>	<b>8,886,797</b>	<b>13,439,789</b>	<b>10,159,486</b>	<b>9,748,990</b>	<b>9,389,618</b>	<b>9,325,995</b>	<b>8,832,537</b>	<b>8,677,769</b>
Business-type Activities										
Capital assets contributed					6,586	36,673				
Adjustment to capital assets, net of accum. deprec.			40,112							
Transfers							353			40,000
<b>Total Business-type Activities</b>	<b>-</b>	<b>-</b>	<b>40,112</b>	<b>-</b>	<b>6,586</b>	<b>36,673</b>	<b>353</b>	<b>-</b>	<b>-</b>	<b>40,000</b>
<b>Total District-wide</b>	<b>\$ 10,645,678</b>	<b>\$ 10,517,730</b>	<b>\$ 8,926,909</b>	<b>\$ 13,439,789</b>	<b>\$ 10,166,072</b>	<b>\$ 9,785,663</b>	<b>\$ 9,389,971</b>	<b>\$ 9,325,995</b>	<b>\$ 8,832,537</b>	<b>\$ 8,717,769</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (549,969)	\$ (122,894)	\$ (1,051,072)	\$ 3,270,486	\$ 479,572	\$ 311,170	\$ 269,493	\$ 389,695	\$ 615,914	\$ 919,940
Business-type Activities	25,487	22,290	76,373	11,123	40,307	31,828	14,583	26,376	16,354	35,080
<b>Total District</b>	<b>\$ (524,482)</b>	<b>\$ (100,604)</b>	<b>\$ (974,699)</b>	<b>\$ 3,281,609</b>	<b>\$ 519,879</b>	<b>\$ 342,998</b>	<b>\$ 284,076</b>	<b>\$ 416,071</b>	<b>\$ 632,268</b>	<b>\$ 955,020</b>

Source: District Records

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

	Fiscal Year Ending June 30,									
	<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>
General Fund										
Restricted for:										
Capital Reserve	\$ 174,234.00	\$ 138,366.00	\$ 137,588.00	\$ 136,882.00	\$ 135,893.00	\$ 133,992.00	\$ 128,755.00	\$ 117,512.00	\$ 111,503.00	\$ 82,707.00
Excess Surplus	342,761.53	146,579.00	57,456.00	59,944.00	302,721.00	59,808.00		241,451.00	183,942.00	
Assigned to:										
Year-end Encumbrances	12,248.28	34,188.00	70,567.00			126,079.00				
Designated for Subsequent Year's Budget	147,623.00	283,439.00	156,844.00	13,568.00	340,877.00	81,085.00	241,451.00	183,942.00	98,703.00	251,000.00
Unreserved	<u>(148,293.00)</u>	<u>(58,073.00)</u>	<u>(110,429.00)</u>	<u>(128,474.00)</u>	<u>(87,767.00)</u>	<u>67,205.00</u>	<u>89,163.00</u>	<u>14,878.00</u>	<u>8,247.00</u>	<u>92,398.00</u>
Total General Fund	<u>\$ 528,573.81</u>	<u>\$ 544,499.00</u>	<u>\$ 312,026.00</u>	<u>\$ 81,920.00</u>	<u>\$ 691,724.00</u>	<u>\$ 468,169.00</u>	<u>\$ 459,369.00</u>	<u>\$ 557,783.00</u>	<u>\$ 402,395.00</u>	<u>\$ 426,105.00</u>
All Other Governmental Funds										
Unreserved, Reported in:										
Special Revenue Fund						\$ 5,948.00	\$ (1,750.00)	\$ (1,750.00)	\$ (1,750.00)	\$ (1,750.00)
Capital Projects Fund	\$ 87,881.79	\$ 167,101.00	\$ 171,000.00	\$ 280,773.00				6,930.00	7,642.00	4,358.00
Debt Service Fund	<u>9,501.15</u>	<u>31,222.00</u>	<u>50,283.00</u>	<u>22,200.00</u>		<u>1.00</u>	<u>1.00</u>			<u>21,140.00</u>
Total All Other Governmental Funds	<u>\$ 97,382.94</u>	<u>\$ 198,323.00</u>	<u>\$ 221,283.00</u>	<u>\$ 302,973.00</u>	<u>\$ -</u>	<u>\$ 5,949.00</u>	<u>\$ (1,749.00)</u>	<u>\$ 5,180.00</u>	<u>\$ 5,892.00</u>	<u>\$ 23,748.00</u>

Source: District Records

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

	For the Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>										
Tax Levy	\$ 6,022,907	\$ 6,031,103	\$ 6,023,915	\$ 5,804,294	\$ 5,815,636	\$ 5,887,862	\$ 5,681,599	\$ 5,392,011	\$ 4,878,037	\$ 4,724,988
Tuition Charges	635,463	587,319	564,718	546,798	651,923	623,460	604,854	488,667	492,571	551,285
Interest Earnings	10,436	19,662	28,788	23,189	1,901	5,237	4,525	6,087	2,913	6,540
Miscellaneous	319,988	198,546	71,718	115,458	222,731	63,300	59,455	265,040	71,631	351,625
State Sources	5,767,183	5,368,970	4,991,941	8,273,809	5,610,405	5,558,905	5,391,405	5,071,553	5,137,183	4,861,749
Federal Sources	376,674	527,085	518,049	1,123,274	341,283	299,634	331,932	316,385	294,373	319,421
<b>Total Revenue</b>	<b>13,132,651</b>	<b>12,732,685</b>	<b>12,199,129</b>	<b>15,886,822</b>	<b>12,643,879</b>	<b>12,438,398</b>	<b>12,073,770</b>	<b>11,539,743</b>	<b>10,876,708</b>	<b>10,815,608</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	3,925,412	3,012,443	3,533,865	3,751,768	3,767,486	3,364,854	3,504,782	3,481,812	3,230,301	3,184,664
Special Education Instruction	1,167,350	1,726,308	1,149,012	1,272,469	1,178,458	1,080,344	1,080,893	1,016,866	954,370	939,445
Other Instruction	478,066	430,590	289,404	411,503	403,592	359,946	289,838	306,675	282,776	269,859
Support Services:										
Instruction/Tuition	501,841	534,273	526,988	447,459	520,271	506,603	574,886	543,148	391,488	354,561
Student & instruction related services	1,193,006	1,284,715	1,204,662	1,457,205	1,301,274	1,274,296	1,236,678	1,075,451	1,060,440	1,146,795
School administrative services	462,651	452,463	445,653	422,923	399,140	402,169	409,201	385,561	366,800	357,417
General and business admin. services	761,144	601,799	614,841	601,134	646,690	591,180	541,939	526,353	507,405	465,547
Plant operations and maintenance	901,780	983,646	891,321	898,049	962,714	1,017,453	914,685	850,042	839,548	681,734
Pupil transportation	368,121	375,469	370,859	415,530	349,663	379,679	363,277	293,601	160,650	230,194
Other support services	2,990,140	2,675,982	2,486,885	2,724,764	2,342,639	2,867,979	2,662,204	2,288,129	2,059,717	1,894,364
Capital Outlay	158,968	81,982	219,809	8,468,565	2,179		72,889	10,759	464,832	227,782
Debt Service:										
Principal	110,000	100,000	80,000	492,000	490,000	490,000	480,000	470,000	440,000	410,000
Interest and Other Charges	231,240	263,502	237,414	37,014	62,167	87,397	112,224	136,670	159,947	185,001
<b>Total Expenditures</b>	<b>13,249,718</b>	<b>12,523,172</b>	<b>12,050,713</b>	<b>21,400,383</b>	<b>12,426,273</b>	<b>12,421,900</b>	<b>12,243,496</b>	<b>11,385,067</b>	<b>10,918,274</b>	<b>10,347,363</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(117,067)	209,513	148,416	(5,513,561)	217,606	16,498	(169,726)	154,676	(41,566)	468,245
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing				5,206,730						
Capital lease							64,595			
State Aid receivable canceled							(212)			
Prior Year Receivable Balance Canceled	202									
Transfers in	3,112	18,884	28,082	22,200			6,718	78	236,197	53,570
Transfers out	(3,112)	(18,884)	(28,082)	(22,200)			(6,718)	(78)	(236,197)	(93,570)
<b>Total Other Financing Sources (Uses)</b>	<b>202</b>	<b>-</b>	<b>-</b>	<b>5,206,730</b>	<b>-</b>	<b>-</b>	<b>64,383</b>	<b>-</b>	<b>-</b>	<b>(40,000)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (116,866)</b>	<b>\$ 209,513</b>	<b>\$ 148,416</b>	<b>\$ (306,831)</b>	<b>\$ 217,606</b>	<b>\$ 16,498</b>	<b>\$ (105,343)</b>	<b>\$ 154,676</b>	<b>\$ (41,566)</b>	<b>\$ 428,245</b>
Debt Service as a Percentage of Noncapital Expenditures	2.61%	2.92%	2.68%	4.09%	4.44%	4.65%	4.87%	5.33%	5.74%	5.88%

Source: District Records

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

	For the Fiscal Year Ended June 30,									
	<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	\$ 6,455.82	\$ 10,371.00	\$ 39,209.00	\$ 27,054.00	\$ 20,320.00	\$ 32,826.00	\$ 37,115.00	\$ 28,681.00	\$ 12,404.00	\$ 10,486.00
Tuition	635,463.17	587,319.00	564,718.00	546,798.00	651,923.00	623,460.00	604,854.00	488,667.00	492,571.00	551,285.00
Prior Year Tuition	106,806.73									
Shared Service Fees	43,672.19	49,711.00	22,969.00	87,500.00	82,650.00					
Prior Year Shared Service	137,709.46									
Prior Year Refunds	1,146.63	151,853.00	10,698.00	15,369.00	102,779.00	35,626.00	22,905.00	42,225.00	55,169.00	96,089.00
Sale of Used Equipment										250,000.00
E-Rate	11,747.47		11,078.00							
Rent								185,000.00		
Voided Checks	2,533.00									
Miscellaneous	6,705.29	6,273.00	9,734.00	8,724.00	18,883.00	85.00	3,960.00	15,241.00	6,574.00	1,590.00
	<u>\$ 952,239.76</u>	<u>\$ 805,527.00</u>	<u>\$ 658,406.00</u>	<u>\$ 685,445.00</u>	<u>\$ 876,555.00</u>	<u>\$ 691,997.00</u>	<u>\$ 668,834.00</u>	<u>\$ 759,814.00</u>	<u>\$ 566,718.00</u>	<u>\$ 909,450.00</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.

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

Fiscal Year Ended June 30,	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	Less: Tax-Exempt Property	Public Utilities (1)	Net Valuation Taxable	Estimated Actual (County Equalized ) Value	Total Direct School Tax Rate (2)
2013	\$ 1,264,800.00	\$ 224,522,200.00	\$ 44,441,000.00	\$ 11,293,700.00	\$ 281,521,700.00	\$ 114,456,600.00	\$ 474,998.00	\$ 281,996,698.00	\$ 452,277,495.00	2.154
2012	1,239,600.00	224,833,900.00	45,319,200.00	11,368,700.00	282,761,400.00	114,362,700.00	468,312.00	283,229,712.00	492,100,514.00	2.128
2011	1,299,600.00	224,379,500.00	48,385,800.00	11,719,200.00	285,784,100.00	114,302,700.00	452,738.00	286,236,838.00	511,388,419.00	2.106
2010	1,239,600.00	223,754,900.00	49,017,800.00	11,719,200.00	285,731,500.00	114,504,500.00	534,531.00	286,266,031.00	519,218,591.00	2.066
2009	1,270,400.00	223,821,900.00	49,569,200.00	11,719,200.00	286,380,700.00	113,997,700.00	553,109.00	286,933,809.00	511,054,933.00	2.025
2008	1,102,000.00	223,214,100.00	50,293,300.00	11,719,200.00	286,328,600.00	114,170,300.00	533,921.00	286,862,521.00	499,930,936.00	2.040
2007	1,279,000.00	222,380,900.00	50,205,800.00	11,719,200.00	285,584,900.00	114,281,300.00	566,657.00	286,151,557.00	450,575,963.00	2.040
2006	1,217,600.00	222,038,200.00	51,677,500.00	11,719,200.00	286,652,500.00	114,281,300.00	627,546.00	287,280,046.00	405,841,538.00	1.927
2005	991,500.00	221,322,200.00	51,888,300.00	11,719,200.00	285,921,200.00	114,410,400.00	793,350.00	286,714,550.00	353,190,249.00	1.791
2004	897,100.00	221,087,300.00	51,635,800.00	11,719,200.00	285,339,400.00	107,378,800.00	907,799.00	286,247,199.00	329,892,851.00	1.678

(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: Camden County Board of Taxation

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal 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	Borough of Stratford	Regional High School	Camden County	
2013	\$ 2.041	\$ 0.113	\$ 2.154	\$ 1.344	\$ 1.084	\$ 1.250	\$ 5.832
2012	2.023	0.105	2.128	1.303	1.056	1.248	5.735
2011	2.001	0.105	2.106	1.182	1.053	1.195	5.536
2010	1.961	0.105	2.066	1.183	1.114	1.107	5.470
2009	1.925	0.100	2.025	1.149	1.113	1.030	5.317
2008	1.925	0.115	2.040	1.162	1.158	1.026	5.386
2007	1.925	0.115	2.040	1.006	1.190	1.037	5.273
2006	1.812	0.115	1.927	0.849	1.160	1.055	4.991
2005	1.674	0.117	1.791	0.762	1.087	0.954	4.594
2004	1.561	0.117	1.678	0.705	1.014	0.950	4.347

(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.

Source: Municipal Tax Collector

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Principal Property Tax Payers In Stratford Borough  
Current Year and Nine Years Ago  
Unaudited

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Woodmere Investment Association	\$ 4,200,000.00	1	1.49%	\$ 4,200,000.00	2	1.47%
18 West Laurel Real Estate	2,913,000.00	2	1.03%	2,913,000.00	4	1.02%
AEJ Stratford LLC	2,600,000.00	3	0.92%	4,750,000.00	1	1.66%
Echelon Ford Real Estate Holdings	2,000,000.00	4	0.71%	2,791,100.00	5	0.98%
Stratford Properties LLC	1,764,600.00	5	0.63%	1,764,600.00	7	0.62%
Stratford Investors	1,634,900.00	6	0.58%	1,634,900.00	8	0.57%
La Martinique Bowling Academy	1,561,700.00	7	0.55%	2,949,500.00	3	1.03%
Stanton Meltzer	1,489,200.00	8	0.53%	1,489,200.00	9	0.52%
Stratford Court Apartments	1,385,000.00	9	0.49%	1,425,000.00	10	0.50%
Laurel Mills, LLC	1,100,000.00	10	0.39%	1,890,000.00	6	0.66%
Total	<u>\$ 20,648,400.00</u>		<u>7.32%</u>	<u>\$ 25,807,300.00</u>		<u>9.02%</u>

Source: Municipal Tax Assessor and Abstract of Ratables

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited

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<u>Fiscal Year Ended June 30.</u>	<u>General Purpose Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2013	\$ 6,022,907.00	\$ 6,022,907.00	100%	-
2012	6,031,103.00	6,031,103.00	100%	-
2011	6,023,915.00	6,023,915.00	100%	-
2010	5,804,294.00	5,804,294.00	100%	-
2009	5,815,636.00	5,815,636.00	100%	-
2008	5,887,862.00	5,887,862.00	100%	-
2007	5,681,599.00	5,681,599.00	100%	-
2006	5,392,011.00	5,392,011.00	100%	-
2005	4,878,037.00	4,878,037.00	100%	-
2004	4,724,988.00	4,724,988.00	100%	-

(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.

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended <u>June 30,</u>	Governmental Activities			Business-Type Activities		<u>Total District</u>	Percentage of Personal <u>Income (2)</u>	<u>Per Capita (3)</u>
	<u>General Obligation Bonds (1)</u>	<u>Unfunded Pension Liability</u>	<u>Capital Leases</u>	<u>Capital Leases</u>				
2013	\$ 5,326,000.00	-		-	\$ 5,326,000.00	N/A	N/A	
2012	5,436,000.00	-		-	5,436,000.00	N/A	N/A	
2011	5,536,000.00	-		-	5,536,000.00	1.826%	43,099	
2010	5,616,000.00	-		-	5,616,000.00	1.868%	42,720	
2009	902,000.00	-	\$ 26,471.00	-	928,471.00	0.318%	41,406	
2008	1,392,000.00	-	38,809.00	-	1,430,809.00	0.483%	41,992	
2007	1,882,000.00	-	50,392.00	-	1,932,392.00	0.677%	40,260	
2006	2,362,000.00	-	2,253.00	-	2,364,253.00	0.859%	38,671	
2005	2,832,000.00	-	5,029.00	-	2,837,029.00	1.092%	36,299	
2004	3,272,000.00	-	10,420.00	-	3,282,420.00	1.310%	34,955	

(1) District Records

(2) Personal income has been estimated based upon the municipal population and per capita

(3) Per Capita personal income by municipality-estimated based upon the 2000 Census published

N/A At the time of CAFR completion, this data was not yet available

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

General Bonded Debt Outstanding

<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 (1)</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property (2)</u>	<u>Per Capita (3)</u>
2013	\$ 5,326,000.00	\$ -	\$ 5,326,000.00	1.89%	N/A
2012	5,436,000.00	-	5,436,000.00	1.92%	778
2011	5,536,000.00	-	5,536,000.00	1.93%	787
2010	5,616,000.00	-	5,616,000.00	1.96%	798
2009	902,000.00	-	902,000.00	0.31%	128
2008	1,392,000.00	-	1,392,000.00	0.49%	197
2007	1,882,000.00	-	1,882,000.00	0.66%	265
2006	2,362,000.00	-	2,362,000.00	0.82%	332
2005	2,832,000.00	-	2,832,000.00	0.99%	396
2004	3,272,000.00	-	3,272,000.00	1.14%	456

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Stratford Borough</u>
Municipal Debt: (1)				
Borough of Stratford School District	\$ 5,401,000.00	\$ 5,401,000.00		
Regional High School District	1,453,253.93	1,453,253.93		
Borough of Stratford	<u>3,639,268.00</u>		<u>\$ 3,639,268.00</u>	<u>\$ 3,639,268.00</u>
	<u>10,493,521.93</u>	<u>6,854,253.93</u>	<u>3,639,268.00</u>	<u>3,639,268.00</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	396,976.88
Loan Agreement	147,285,000.00		147,285,000.00	1,750,697.67
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>681,777,740.00</u>	<u>681,777,740.00 (4)</u>	<u>-</u>	<u>-</u>
	<u>873,144,385.00</u>	<u>692,461,991.00</u>	<u>180,682,394.00</u>	<u>2,147,674.55</u>
	<u>\$ 883,637,906.93</u>	<u>\$ 699,316,244.93</u>	<u>\$ 184,321,662.00</u>	<u>\$ 5,786,942.55</u>

## Sources:

- (1) Borough of Stratford Annual Debt Statement - December 31, 2012
- (2) Camden County Report of Audit - December 31, 2012.
- (3) Includes Reserve for Payment of Bonds, Other Accoutns 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 Borough's share of the total 2012 Equalized Value, which is 1.19%  
The source for this computation was the 2012 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 Unaudited

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

	Equalized Valuation Basis (1)
	2012 \$ 451,984,335.00
	2011 494,949,948.00
	2010 <u>508,871,772.00</u>
	<b>[A]</b> \$ <u>1,455,806,055.00</u>
Average equalized valuation of taxable property	<b>[A/3]</b> \$ 485,268,685.00
Debt limit ( 3% of average equalization value) (2)	<b>[B]</b> 19,410,747.40
Total Net Debt Applicable to Limit	<b>[C]</b> <u>5,326,000.00</u>
Legal Debt Margin	<b>[B-C]</b> \$ <u>14,084,747.40</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	\$ 19,410,747.40	\$ 15,216,892.00	\$ 15,352,255.00	\$ 15,226,778.00	\$ 14,548,143.00	\$ 13,489,206.00	\$ 10,796,120.00	\$ 10,796,120.00	\$ 9,791,113.00	\$ 9,192,903.00
Total net debt applicable to limit (3)	<u>5,326,000.00</u>	<u>5,436,000.00</u>	<u>5,536,000.00</u>	<u>5,616,000.00</u>	<u>902,000.00</u>	<u>1,392,000.00</u>	<u>1,882,000.00</u>	<u>2,362,000.00</u>	<u>2,832,000.00</u>	<u>3,272,000.00</u>
Legal debt margin	<u>\$ 14,084,747.40</u>	<u>\$ 9,780,892.00</u>	<u>\$ 9,816,255.00</u>	<u>\$ 9,610,778.00</u>	<u>\$ 13,646,143.00</u>	<u>\$ 12,097,206.00</u>	<u>\$ 8,914,120.00</u>	<u>\$ 8,434,120.00</u>	<u>\$ 6,959,113.00</u>	<u>\$ 5,920,903.00</u>
Total net debt applicable to the limit as a percentage of debt limit	27.44%	35.72%	36.06%	36.88%	6.20%	10.32%	17.43%	21.88%	28.92%	35.59%

Sources:

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

## 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.

**BOROUGH OF STRATFORD 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	N/A	N/A	N/A	N/A
2012	6,987	N/A	N/A	8.20%
2011	7,035	303,201,465.00	43,099	8.10%
2010	7,039	300,706,080.00	42,720	8.30%
2009	7,044	291,663,864.00	41,406	7.90%
2008	7,060	296,463,520.00	41,992	5.00%
2007	7,095	285,644,700.00	40,260	5.10%
2006	7,120	275,337,520.00	38,671	5.60%
2005	7,155	259,719,345.00	36,299	5.20%
2004	7,168	250,557,440.00	34,955	3.50%

## Sources:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (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 2010/2000 Census published by the US Bureau of Economic Analysis.
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Principal Employers in Camden County  
Current Year and Nine Years Ago  
Unaudited

<u>Employer</u>	<u>2013</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
Cooper University Health System	6,000	1	N/A	3,400	1	N/A
Virtua Health System	4,000	2	N/A			
United State Parcel Service	2,500	3	N/A	1,748	3	N/A
Out Lady of Lourdes Health System	2,300	4	N/A			
Campbell Soup Company	2,000	5	N/A	1,380	7	N/A
Bancroft NeuroHealth	1,950	6	N/A			
Kennedy Health System	1,500	7	N/A	2,415	2	N/A
Aluminum Shapes	1,300	8	N/A	1,200	8	N/A
L-3 Communication Systems - East	1,200	9	N/A			
Pepsi-Cola National Brand Beverages				1,600	4	N/A
Genesis Health Ventures Inc.				1,585	5	N/A
Arch America				1,400	6	N/A
Acme Market				1,185	9	N/A
Alliance Data Systems				1,000	10	N/A
	22,750			16,913		

Source: The Camden County Improvement Authority and Choose NJ (2012)  
Employee information for the Borough is 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.

**BOROUGH OF STRATFORD 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	47.3	45.8	45.0	47.7	46.7	45.7	45.7	45.7	45.7	45.7
Special education	15.0	15.0	14.0	15.7	15.0	15.0	15.0	15.0	14.0	13.0
Support Services:										
Student & instruction related services	25.3	22.6	20.8	49.6	50.8	48.4	48.9	48.3	48.3	47.3
School administrative services	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
General and business administrative services	1.7	1.9	1.9	1.9	1.9	1.9	1.9	1.9	2.0	3.0
Central services	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	
Administrative information technology	1.2	1.2	1.2	1.2	1.0	1.0	1.0	1.0	1.0	
Plant operations and maintenance	9.8	9.8	9.8	10.0	10.0	10.0	8.5	9.0	9.0	9.0
Pupil transportation	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Business and other support services										4.2
Total	<u>113.5</u>	<u>109.5</u>	<u>105.9</u>	<u>139.3</u>	<u>138.6</u>	<u>135.2</u>	<u>134.2</u>	<u>134.1</u>	<u>133.2</u>	<u>132.2</u>

Source: District Personnel Records

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Operating Statistics  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year	Resident Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Parkview Elementary	Yellin Elementary				
2013	806	12,749,510	15,818	5.17%	76	1:19	1:21	805.1	752.8	2.91%	93.50%
2012	803	12,077,688	15,041	9.73%	72	1:20	1:20	782.3	751.8	-5.84%	96.10%
2011	840	11,513,490	13,707	-4.85%	71	1:21	1:21	830.8	798.7	0.45%	96.14%
2010	861	12,402,804	14,405	4.84%	77	1:21	1:20	827.1	792.4	-1.34%	95.80%
2009	864	11,871,927	13,741	0.35%	76	1:20	1:20	838.3	800.9	0.46%	95.54%
2008	865	11,844,503	13,693	0.88%	76	1:20	1:20	834.5	795.2	-0.93%	95.29%
2007	853	11,578,383	13,574	5.89%	76	1:20	1:20	842.3	821.9	0.41%	97.58%
2006	840	10,767,638	12,819	11.62%	76	1:19	1:20	838.9	800.7	-0.58%	95.45%
2005	858	9,853,495	11,484	8.88%	75	1:20	1:21	843.8	807.0	-3.61%	95.64%
2004	903	9,524,580	10,548	-5.82%	75	1:20	1:21	875.4	850.8	-0.40%	97.19%

N/A At the time of CAFR completion, this data was not yet available

Sources: District records

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

**BOROUGH OF STRATFORD 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>										
Parkview Elementary (1964)										
Square Feet	48,198	48,198	48,198	48,198	48,198	48,198	48,198	48,198	48,198	48,198
Capacity (students)	240	240	240	240	240	240	240	240	240	240
Enrollment	347	342	343	364	336	351	337	311	347	361
Yellin Elementary (1957)										
Square Feet	76,682	76,682	76,682	68,904	68,904	68,904	68,904	68,904	68,904	68,904
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	460	446	487	485	506	514	516	512	511	528
Number of Schools at June 30, 2013										
Elementary = 2										
Middle School = 0										
Senior High School = 0										
Other = 0										

Source: District records -- June Monthly Enrollment Report

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Schedule of Required Maintenance  
 Last Ten Fiscal Years  
 Unaudited

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

* School Facilities	For the Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Samuel Yellin School	\$ 104,503	\$ 111,826	\$ 61,294	\$ 82,514	\$ 89,156	\$ 149,863	\$ 88,304	\$ 105,062	\$ 147,811	\$ 45,023
Parkview School	54,656	60,294	48,049	46,404	35,396	113,506	53,859	50,504	64,294	33,448
<b>Total School Facilities</b>	<b>\$ 159,159</b>	<b>\$ 172,120</b>	<b>\$ 109,343</b>	<b>\$ 128,918</b>	<b>\$ 124,552</b>	<b>\$ 263,369</b>	<b>\$ 142,163</b>	<b>\$ 155,566</b>	<b>\$ 212,105</b>	<b>\$ 78,471</b>

\* 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

## BOROUGH OF STRATFORD SCHOOL DISTRICT

Insurance Schedule

June 30, 2013

*Unaudited*


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	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Building and Contents (All Locations)		
Limits of liability per occurrence	\$ 28,422,000	\$ 5,000
Boiler and Machinery	100,000,000	
General Liability	6,000,000	
Automobile Liability	6,000,000	1,000
Workers' Compensation	Statutory	
EDP Equipment	600,000	
Errors and Omissions	1,000,000	
 Surety Bonds (1)		
Board Secretary	200,000	

(1) New Jersey School Boards Association Insurance Group

**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  
Borough of Stratford School District  
County of Camden  
Stratford, New Jersey 08084

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

We have audited the Borough of Stratford 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 state programs for the fiscal year ended June 30, 2013. The School District's major 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 state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Stratford 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 state program. However, our audit does not provide a legal determination of the School District's compliance.

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

In our opinion, the Borough of Stratford 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 state programs for the fiscal year ended June 30, 2013.

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

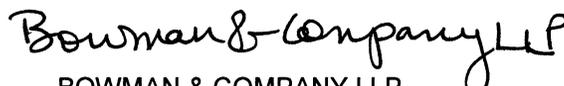
Management of the Borough of Stratford School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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 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 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 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



Carol A. McAllister  
Certified Public Accountant  
Public School Accountant No. CS 238400

Voorhees, New Jersey  
November 18, 2013

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards  
 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, June 30, 2012 Unearned Revenue/ (Accounts Receivable)	Due to Grantor
<b>U.S. Department of Education</b>						
<b>Passed-through State Department of Education:</b>						
General Fund:						
Education Jobs Fund	84.410A	N/A	\$ 146,816.00	7/1/10-6/30/12	\$ (82,336.00)	
Special Revenue Fund:						
Title I - Part A	84.010	NCLB508013	105,103.00	9/1/12 - 8/31/13		
Title I - Part A	84.010	NCLB508012	111,359.00	9/1/11 - 8/31/12	(68,402.00)	
Title I - Part A - ARRA	84.389	NCLB508010	21,756.00	9/1/09 - 8/31/10	(2,080.00)	
Title II A	84.367	NCLB508013	23,332.00	9/1/12 - 8/31/13		
Title II A	84.367	NCLB508012	32,165.00	9/1/11 - 8/31/12	(23,233.00)	
Title II D	84.318	NCLB508011	901.00	9/1/10 - 8/31/11	(40.00)	
I.D.E.A. Part B - Basic	84.027	FT508013	252,899.00	9/1/12 - 8/31/13		
I.D.E.A. Part B - Basic	84.027	FT508012	258,747.00	9/1/11 - 8/31/12	(128,212.00)	
I.D.E.A. Part B - Preschool	84.173	PS508013	15,334.00	9/1/12 - 8/31/13		
I.D.E.A. Part B - Preschool	84.173	PS508012	15,256.00	9/1/11 - 8/31/12	(7,738.00)	
Total U.S. Department of Education					<u>(312,041.00)</u>	
<b>U.S. Department of Agriculture</b>						
<b>Passed-through State Department of Education:</b>						
Enterprise Fund:						
Food Distribution Program	10.550	N/A	25,486.62	7/1/12 - 6/30/13		
School Breakfast Program	10.553	N/A	11,299.57	7/1/12 - 6/30/13		
School Breakfast Program	10.553	N/A	3,766.00	7/1/11 - 6/30/12	(165.00)	
National School Lunch Program	10.555	N/A	91,762.96	7/1/12 - 6/30/13		
National School Lunch Program	10.555	N/A	71,119.00	7/1/11 - 6/30/12	(3,388.00)	
Total U.S. Department of Agriculture					<u>(3,553.00)</u>	-
Total Federal Awards					<u>\$ (315,594.00)</u>	<u>\$ -</u>

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

These funds were not audited in accordance with U.S. OMB Circular A-133 since the total of all grant award expenditures was less than \$500,000.00.

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2013		
				(Accounts Receivable)	Unearned Revenue	Due to Grantor
	\$ 82,336.00					
	66,475.00	\$ 96,062.85		\$ (29,587.85)		
	68,402.00					
	2,080.00					
	22,112.00	22,112.00				
	23,233.00					
	40.00					
	143,190.00	237,788.56		(94,598.56)		
	117,022.00		\$ 11,190.00			
	6,327.00	11,238.03		(4,911.03)		
	8,184.00		(446.00)			
	<u>539,401.00</u>	<u>367,201.44</u>	<u>10,744.00</u>	<u>(129,097.44)</u>		
	25,486.62	25,486.62				
	10,501.93	11,299.57		(797.64)		
	165.00					
	85,321.96	91,762.96		(6,441.00)		
	3,388.00					
-	<u>124,863.51</u>	<u>128,549.15</u>	-	<u>(7,238.64)</u>	-	-
<u>\$ -</u>	<u>\$ 664,264.51</u>	<u>\$ 495,750.59</u>	<u>\$ 10,744.00</u>	<u>\$ (136,336.08)</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance  
 For the Fiscal Year Ended June 30, 2013

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2012	
				Unearned Revenue/ (Accounts Receivable)	Due to Grantor
<b>State Department of Education:</b>					
General Fund:					
Equalization Aid	13-495-034-5120-078	\$ 3,727,587.00	7/1/12 - 6/30/13		
Special Education Aid	13-495-034-5120-089	421,896.00	7/1/12 - 6/30/13		
School Choice Aid	13-495-034-5120-068	183,114.00	7/1/12 - 6/30/13		
Transportation Aid	13-495-034-5120-014	41,194.00	7/1/12 - 6/30/13		
Security Aid	13-495-034-5120-084	17,157.00	7/1/12 - 6/30/13		
Equalization Aid	12-495-034-5120-078	3,573,280.00	7/1/11 - 6/30/12	\$ (309,117.00)	
Extraordinary Special Education Cost Aid	13-100-034-5120-473	33,278.00	7/1/12 - 6/30/13		
Extraordinary Special Education Cost Aid	12-100-034-5120-473	4,827.00	7/1/11 - 6/30/12	(4,827.00)	
Nonpublic Transportation Aid	13-495-034-5120-014	1,392.00	7/1/12 - 6/30/13		
Nonpublic Transportation Aid	12-495-034-5120-014	1,044.00	7/1/11 - 6/30/12	(1,044.00)	
Anti-Bullying Aid	Not Available	2,201.00	7/1/11 - 6/30/12	(2,201.00)	
Reimbursed TPAF Social Security	13-495-034-5095-002	415,454.70	7/1/12 - 6/30/13		
Reimbursed TPAF Social Security	12-495-034-5095-002	391,092.00	7/1/11 - 6/30/12	(19,475.00)	
Total General Fund				(336,664.00)	-
Special Revenue Fund:					
NJ Nonpublic Aid:					
Textbook Aid	13-100-034-5120-064	18,969.00	7/1/12 - 6/30/13		
Textbook Aid	12-100-034-5120-064	17,987.00	7/1/11 - 6/30/12		\$ 54.00
Nursing Aid	13-100-034-5120-070	26,329.00	7/1/12 - 6/30/13		
Nursing Aid	12-100-034-5120-070	25,695.00	7/1/11 - 6/30/12		258.00
Technology Aid	13-100-034-5120-373	7,001.00	7/1/12 - 6/30/13		
Auxiliary Services:					
Compensatory Education	13-100-034-5120-067	200,659.00	7/1/12 - 6/30/13		
Transportation	13-100-034-5120-067	14,784.00	7/1/12 - 6/30/13		
English as a Second Language	13-100-034-5120-067	2,558.00	7/1/12 - 6/30/13		
Home Instruction	13-100-034-5120-067	693.00	7/1/12 - 6/30/13		
Auxiliary Services:					
Compensatory Education	12-100-034-5120-067	243,455.00	7/1/11 - 6/30/12		84,200.00
Transportation	12-100-034-5120-067	13,589.00	7/1/11 - 6/30/12		9,778.00
English as a Second Language	12-100-034-5120-067	5,172.00	7/1/11 - 6/30/12		4,482.00
Home Instruction	12-100-034-5120-067	446.00	7/1/11 - 6/30/12	(446.00)	
Handicapped Services:					
Supplemental Instruction	13-100-034-5120-066	37,468.00	7/1/12 - 6/30/13		
Examination & Classification	13-100-034-5120-066	52,389.00	7/1/12 - 6/30/13		
Corrective Speech	13-100-034-5120-066	62,496.00	7/1/12 - 6/30/13		
Handicapped Services:					
Supplemental Instruction	12-100-034-5120-066	40,688.00	7/1/11 - 6/30/12		12,558.00
Examination & Classification	12-100-034-5120-066	48,622.00	7/1/11 - 6/30/12		9,023.00
Corrective Speech	12-100-034-5120-066	57,027.00	7/1/11 - 6/30/12		3,077.00
Total Special Revenue Fund				(446.00)	123,430.00
Total State Department of Education				(337,110.00)	123,430.00
<b>State Department of Treasury:</b>					
Passed-through Borough of Stratford Municipal Alliance:					
Calendar Year 2012	2012-475-9955120-60	4,510.00	1/1/12- 12/31/12		
<b>NJ Economic Development Authority:</b>					
Capital Projects Fund:					
EDA Educational Facilities Construction and Financing Act - Section 15:					
Parkview Elementary Renovations	5080-045-04-OOTN	1,627,711.00	7/1/09 - 6/30/13	(157,513.00)	
Samuel Yellin Elementary Renovations	5080-060-04-OOTO	2,003,059.00	7/1/09 - 6/30/13	(474,851.00)	
Total NJ Economic Development Authority				(632,364.00)	-
<b>State Department of Agriculture:</b>					
Enterprise Fund:					
National School Lunch Program (State Share):					
Fiscal Year 2013	13-100-010-3350-023	2,576.34	7/1/12 - 6/30/13		
Fiscal Year 2012	12-100-010-3350-023	2,605.00	7/1/11 - 6/30/12	(119.00)	
Total Enterprise Fund				(119.00)	-
<b>Total State Financial Assistance</b>				<b>\$ (969,593.00)</b>	<b>\$ 123,430.00</b>

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

Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2013			Memo	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2013	Cumulative Total Expenditures
	\$ 3,366,309.00	\$ 3,727,587.00		\$ (361,278.00)			\$ 361,278.00	\$ 3,727,587.00
	381,005.81	421,896.00		(40,890.19)			40,890.19	421,896.00
	165,366.58	183,114.00		(17,747.42)			17,747.42	183,114.00
	37,201.47	41,194.00		(3,992.53)			3,992.53	41,194.00
	15,494.14	17,157.00		(1,662.86)			1,662.86	17,157.00
	309,117.00							3,573,280.00
		33,278.00		(33,278.00)			33,278.00	33,278.00
	4,827.00							4,827.00
		1,392.00		(1,392.00)			1,392.00	1,392.00
	1,044.00							1,044.00
\$ 2,201.00								2,201.00
	395,112.75	415,454.70		(20,341.95)			20,341.95	415,454.70
	19,475.00							391,092.00
<u>2,201.00</u>	<u>4,694,952.75</u>	<u>4,841,072.70</u>	<u>-</u>	<u>(480,582.95)</u>	<u>-</u>	<u>-</u>	<u>480,582.95</u>	<u>8,813,516.70</u>
(0.23)	18,969.00	18,944.77				\$ 24.00		18,969.00
(0.30)	26,329.00	26,065.70	\$ 54.00			263.00		17,987.00
(1.00)			257.00					26,329.00
(0.26)	7,001.00	6,937.74				63.00		25,695.00
0.47	200,659.00	169,477.47				31,182.00		7,001.00
0.22	14,784.00	4,078.22				10,706.00		200,659.00
(0.18)	2,558.00	596.82				1,961.00		14,784.00
(0.44)		692.56		(693.00)			693.00	2,558.00
			84,200.00					693.00
			9,778.00					84,200.00
			4,482.00					9,778.00
	446.00							4,482.00
0.32	37,468.00	32,192.32				5,276.00		446.00
0.30	52,389.00	38,702.30				13,687.00		37,468.00
(0.48)	62,496.00	52,418.52				10,077.00		52,389.00
			12,558.00					62,496.00
			9,023.00					12,558.00
			3,077.00					9,023.00
(1.58)	423,099.00	350,106.42	123,429.00	(693.00)	-	73,239.00	693.00	3,077.00
<u>2,199.42</u>	<u>5,118,051.75</u>	<u>5,191,179.12</u>	<u>123,429.00</u>	<u>(481,275.95)</u>	<u>-</u>	<u>73,239.00</u>	<u>481,275.95</u>	<u>876,027.00</u>
	<u>4,510.00</u>	<u>3,175.28</u>				<u>\$ 1,334.72</u>		<u>4,510.00</u>
(123,696.38)	281,209.38							1,627,711.00
123,495.86	351,355.14							2,003,059.00
(200.52)	632,564.52	-	-	-	-	-	-	632,564.52
	2,392.55	2,576.34		(183.79)			183.79	2,392.55
	119.00							2,576.34
	2,511.55	2,576.34	-	(183.79)	-	-	183.79	119.00
\$ 1,998.90	\$ 5,757,637.82	\$ 5,196,930.74	\$ 123,429.00	\$ (481,459.74)	\$ 1,334.72	\$ 73,239.00	\$ 481,459.74	\$ 13,325,495.04

**BOROUGH OF STRAFORD 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 Borough of Stratford 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 \$(116,454.00) for the general 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		\$ 4,863,012.42	\$ 4,863,012.42
Special Revenue	\$ 376,673.52	353,281.70	729,955.22
Food Service	128,549.15	2,576.34	131,125.49
Total Awards and Financial Assistance	<u>\$ 505,222.67</u>	<u>\$ 5,218,870.46</u>	<u>\$ 5,724,093.13</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.

**BOROUGH OF STRATFORD 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**

**Not Applicable**

Internal control over major programs:

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

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

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

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

Identification of major programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**


Dollar threshold used to determine Type A programs \$ \_\_\_\_\_

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



**BOROUGH OF STRATFORD 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.

**Finding No. 2013-1**

**Criteria or Specific Requirement**

A School Food Authority is required to maintain a nonprofit School Food Service. The nonprofit status of the School Food Service is determined by evaluating net cash resources, which may not exceed three months average expenditures.

**Condition**

The School District's net cash resources exceeded three months average expenditures.

**Context**

While performing the calculation to determine if the Food Service program is running at a nonprofit status, it was determined that the net cash resources totaled \$164,138.38 at June 30,2013 which exceeded the three months average expenditures of \$90,270.65 calculated using the sample Net Cash Resource Schedule in the format provided by the U.S.D.A..

**Effect**

As a result of an excess of net cash resources, the state agency could require that School Food Service take appropriate action designed to improve the nonprofit school food service.

**Cause**

Unknown.

**Recommendation**

The School District should consider purchasing food service equipment; improve food quality or take other actions designed to eliminate the excess cash resources.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**BOROUGH OF STRATFORD 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.

**Not Applicable**

**BOROUGH OF STRATFORD 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**

**BOROUGH OF STRATFORD 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

