

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



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	2
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
FINANCIAL SECTION	
Independent Auditor's Report	10
Required Supplementary Information - Part I Management's Discussion and Analysis	16
Basic Financial Statements	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	25
A-2 Statement of Activities	26
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	28
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	30
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Proprietary Funds:	
B-4 Combining Statement of Net Position	32
B-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	33
B-6 Combining Statement of Cash Flows	34
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	35
B-8 Statement of Changes in Fiduciary Net Position	36
Notes to the Financial Statements	37
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	71
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	85
C-3 Budgetary Comparison Schedule - Note to RSI	87

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Table of Contents (Cont'd)

	Page
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions	
L-1 Schedule of the School District's Proportionate Share of the Net Pension Liability – PERS	90
L-2 Schedule of the School District's Contributions – PERS	91
L-3 Schedule of the School District's Proportionate Share of the Net Pension Liability – TPAF	92
L-4 Schedule of the School District's Contributions – TPAF	93
L-5 Notes to the Required Supplementary Information - Part III GASB 68 Pension Changes	94
Required Supplementary Information - Part IV	
L-6 Schedule of Funding Progress for Health Benefits Plan	N/A
L-7 Notes to the Required Supplementary Information - Part IV	N/A
Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	97
E-2 Statement of Preschool Education Aid - Budgetary Basis	98
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances	N/A
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance and Project Status	N/A
F-2b Statement of Project Revenues, Expenditures, Project Balance and Project Status	N/A

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Table of Contents (Cont'd)

	Page
Other Supplementary Information (Cont'd)	
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Statement of Net Position	100
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	101
G-3 Combining Statement of Cash Flows	102
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	104
H-2 Combining Statement of Changes in Fiduciary Net Position	105
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	106
H-4 Community Education Agency Fund Schedule of Receipts and Disbursements	107
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements	108
I. Long-Term Debt:	
I-1 Statement of Serial Bonds	110
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	111

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1 Net Position by Component	114
J-2 Changes in Net Position	115
J-3 Fund Balances - Governmental Funds	117
J-4 Changes in Fund Balances - Governmental Funds	118
J-5 General Fund Other Local Revenue by Source	119

Revenue Capacity

J-6 Assessed Value and Actual Value of Taxable Property	121
J-7 Direct and Overlapping Property Tax Rates	122
J-8 Principal Property Taxpayers	123
J-9 Property Tax Levies and Collections	124

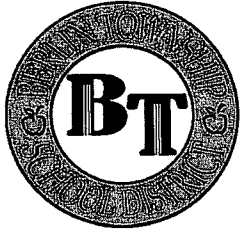
Debt Capacity

J-10 Ratios of Outstanding Debt by Type	126
J-11 Ratios of General Bonded Debt Outstanding	127
J-12 Direct and Overlapping Governmental Activities Debt	128
J-13 Legal Debt Margin Information	129

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Table of Contents (Cont'd)

	Page
STATISTICAL SECTION (Unaudited) (Cont'd)	
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	131
J-15 Principal Employers	132
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	134
J-17 Operating Statistics	135
J-18 School Building Information	136
J-19 Schedule of Required Maintenance Expenditures by School Facility	137
J-20 Insurance Schedule	138
SINGLE AUDIT SECTION	
K-1 Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	13
K-2 Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required By State of New Jersey Circular 15-08-OMB	142
K-3 Schedule of Expenditures of Federal Awards, Schedule A	144
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	146
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	148
K-6 Schedule of Findings and Questioned Costs	150
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	155

INTRODUCTORY SECTION



Dr. Edythe B. Austermuhl
Superintendent

BERLIN TOWNSHIP SCHOOL DISTRICT

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

Megan Stoddart
Business Administrator

Kristin Braidwood
Supervisor of Special Services

Amy Berth
Technology Coordinator

Charles Pfluger, C.E.F.M.
Supervisor Buildings and Grounds

November 28, 2016

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Berlin Township School District for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Berlin Township Board of Education. To the best of my knowledge and belief, the data presented in this report is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various fund account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section contains selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the State Treasury Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Berlin Township School District is an independent reporting entity within the criteria adopted by the GASB Statement No. 14. All funds and account groups of the District are included in this report. The Berlin Township Board of Education constitutes the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as, special education for handicapped children. The district completed the 2015/2016 fiscal year with an average daily enrollment of 626 students which is a decrease of 9 students from the previous year. The following details the changes in the average daily student enrollment of the district over the last seven years.

Fiscal Year	AVERAGE DAILY ENROLLMENT:	
	Student Enrollment	Percent Change
2015-2016	626	(1.01%)
2014-2015	635	.99%
2013-2014	633	(.98%)
2012-2013	640	(.99%)
2011-2012	644	1.07%
2010-2011	598	(.97%)
2009-2010	611	1.02%

"Educating Today For Tomorrow's Success"

2. **ECONOMIC CONDITION AND OUTLOOK:**

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

The Township of Berlin contains very little land for residential construction and no significant growth pattern is expected.

3. **MAJOR INITIATIVES**

During the 2015-2016 school year, the teaching staff of Berlin Township School District continued to receive professional development in the areas of differentiating instruction, PARCC readiness, Curriculum Development, Use of Technology in the Classroom and rubric design.

Technology upgrades continue to be made across all areas of the district, mostly in preparation for the PARCC examination that began in 2015. The use of OnCourse, a student management software program, was used by teachers to communicate with parents and sharing student achievement progress. Several construction projects, including the renovation of several student bathrooms and a roof replacement at Dwight D. Eisenhower Middle School, have taken place by way of using excess surplus funds.

The most effective way to address student achievement is through giving the professional staff members the skills necessary to teach a diverse population of learners. The concentrated and focused professional development plan will continue training in the concept of curriculum development and implementation. Continual policy revision, cross-training, and review of regulations continue at the board office level.

4. **INTERNAL ACCOUNTING CONTROLS:**

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts are reported as reservations of fund balance at June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

9. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Inverso and Stewart, P.A. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and State Treasury circular Letter 15-08. The auditor's report on the general-purpose financial statement and combining and individual fund statements and schedule is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

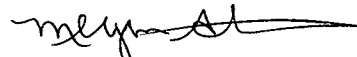
10. **ACKNOWLEDGEMENTS:**

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

Respectfully submitted,

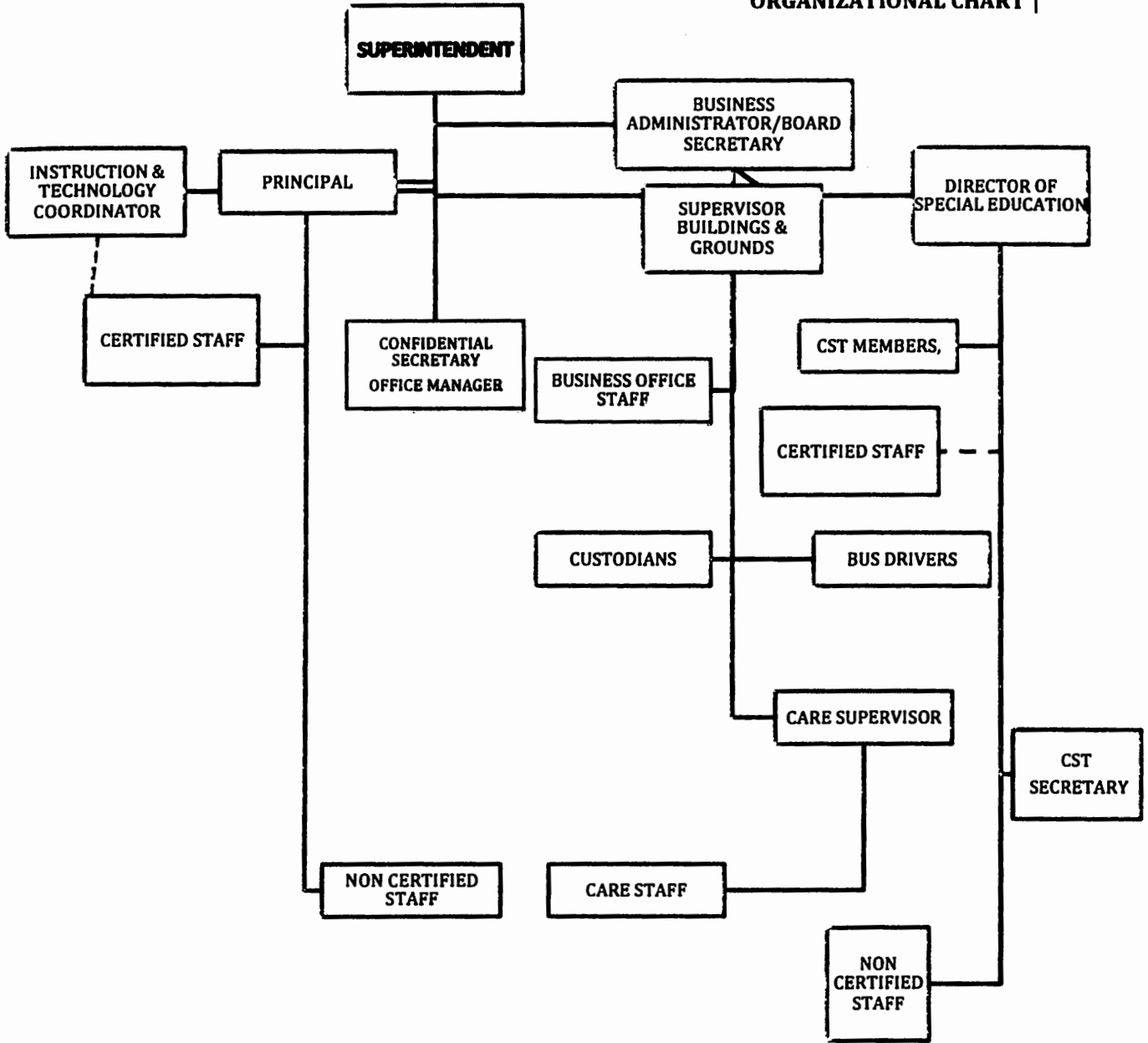


Dr. Edythe Austermuhl
Superintendent of Schools



Megan Stoddart
School Business Administrator

Berlin Township School District | 1
ORGANIZATIONAL CHART



ROSTER OF OFFICIALS
June 30, 2016

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Mary Williams, President	2017
Cynthia Mozee, Vice President	2016
Brian Davis	2018
Jeff Souza	2016
Keith Jones	2017
Sol Cohen	2017
Joanne Young	2018
Kimberly Reed	2018
Vacant	

OTHER OFFICIALS

Dr. Edythe Austermuhl, Superintendent

Megan Stoddart, Business Administrator / Board Secretary

Kathleen Forsythe, Treasurer

Charles Rizzi, Esq. Solicitor

TOWNSHIP OF BERLIN SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

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

Official Depositories

Citizens Bank
79 New Jersey 73
Voorhees, New Jersey 08043

Republic Bank
200 NJ-73
Berlin Township, New Jersey 08091

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Berlin School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Berlin School District, in the County of Camden, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Prior Period Restatement

Because of the completion of a property inventory and valuation report, net position as of June 30, 2015 on the statement of activities has been restated, as discussed in note 22 to the financial statements. 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, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Berlin School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 28, 2016 on our consideration of the Township of Berlin School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Berlin School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael D. Cesaro
Certified Public Accountant
Public School Accountant No. CS 01191

Voorhees, New Jersey
November 28, 2016

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Berlin School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2016, 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 28, 2016. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the completion of a property inventory and valuation report.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Berlin School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.: 2016-001.

The Township of Berlin School District's Response to the Finding

The Township of Berlin 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 entity'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



Michael D. Cesaro
Certified Public Accountant
Public School Accountant No. CS 01191

Voorhees, New Jersey
November 28, 2016

REQUIRED SUPPLEMENTARY INFORMATION
PART I

**BERLIN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

The discussion and analysis of Berlin Township School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Financial Highlights for fiscal year 2016:

During the fiscal year ended June 30, 2016, the School District contracted a professional appraisal firm to prepare an inventory and valuation report which required a prior period adjustment (note 22).

The total assets and deferred outflows of resources of the School District were greater than its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$6,238,647.37 (net position).

The School District's total net position increased by \$352,330.06, from the prior year.

As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$2,939,648.74, an increase of \$112,938.32 in comparison with the prior year.

Overview of the Financial Statements

The financial section of this annual report consists two parts: Part I, management's discussion and analysis (this section), the basic financial statements with the accompanying note disclosures; and Part II, budgetary comparison schedules, notes to the required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

The first two statements, Exhibit A-1 and A-2, are government-wide financial statements that provide both long-term and short-term information about the School District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about those types of activities that operate like a business.

Fiduciary fund statements provide information about the financial relationships in which the School District acts as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The statements are followed by another section, Part II, that contains required supplementary information that further explains and supports the information in the financial statements including; budget schedules, reconciliations and individual fund statements.

**BERLIN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities include all assets and liabilities of the School District using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental and business - type activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and special schools.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township of Berlin School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

Enterprise funds, which are a proprietary fund type used to report an activity for which a fee is charged to an external user for goods or services, are used to report the same functions presented as business-type activities in the government-wide financial statements. The School District uses enterprise funds to account for its food service program and after school program.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School Districts' own programs. The accounting used for the fiduciary funds is much like that used for the proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The School District as a Whole

The Statement of Net Position provides a snapshot of the School District as a whole.

The table on the following page provides a summary of the School District's net position for the year ended June 30, 2016.

**BERLIN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Table 1

Net Position

	June 30, 2016	June 30, 2015
Assets		
Cash and Cash Equivalents	\$ 1,983,628.91	\$ 2,372,354.97
Receivables, net	672,169.55	568,362.55
Inventory	3,443.06	1,782.63
Restricted Assets:		
Restricted Cash and Cash Equivalents	571,965.31	571,473.57
Capital Assets, net (Note 7)	9,247,774.80	9,593,691.81
 Total Assets	 12,478,981.63	 13,107,665.53
 Deferred Outflows of Resources:		
Related to Pensions (Note 10)	405,380.00	148,272.00
 Liabilities		
Accounts Payable	278,504.15	660,486.24
Accrued Interest Payable	35,940.00	38,418.13
Unearned Revenue	46,554.63	22,812.55
Noncurrent Liabilities (Note 8):		
Due within One Year	284,345.05	315,000.00
Due beyond One Year	5,964,665.43	5,916,073.49
 Total Liabilities	 6,610,009.26	 6,952,790.41
 Deferred Inflows of Resources:		
Related to Pensions (Note 10)	35,705.00	109,457.00
 Net Position		
Net Investment in Capital Assets	5,593,774.80	5,624,691.81
Restricted for:		
Debt Service	566,095.04	566,094.54
Capital Projects	334,059.22	334,059.22
Other Purposes	651,666.00	651,666.00
Unrestricted (Deficit)	(906,947.69)	(982,821.45)
 Restatement to Record the School District's Capital Asset Inventory and Valuation Report as of June 30, 2016 (note 22)		(307,372.81)
 Total Net Position	 \$ 6,238,647.37	 \$ 5,886,317.31

The largest portion of the Township of Berlin School Districts' net position (90%) reflects its investment in capital assets (i.e. land, buildings, equipment), less any related debt used to acquire those assets that is still outstanding. The Township of Berlin School District uses these assets to provide educational services to students; consequently, these assets are not available for future spending.

The net position of the business-type activities decreased by \$26,303.20.

**BERLIN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Table 2

Changes in Net Position

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 240,170.37	\$ 267,419.74
Operating Grants and Contributions	2,165,454.17	2,189,007.06
Capital Grants and Contributions		
General Revenues:		
Property Taxes	8,569,724.00	8,419,533.00
Federal and State Aid	7,017,184.51	6,509,051.75
Tuition	443,410.15	376,739.24
Unrestricted Miscellaneous Revenues	49,254.38	36,779.22
Total Revenues	<u>18,485,197.58</u>	<u>17,798,530.01</u>
Program Expenses:		
Governmental Activities:		
Instruction	5,505,826.15	5,040,390.13
Support Services	11,565,331.77	11,571,159.25
Other	604,733.37	156,204.50
Total Expenses, Governmental Activities	<u>17,675,891.29</u>	<u>16,767,753.88</u>
Business-Type Activities:		
Food Service	287,613.18	274,579.80
After School Program	169,363.05	167,092.11
Total Expenses, Business-Type Activities	<u>456,976.23</u>	<u>441,671.91</u>
Total Expenses	<u>18,132,867.52</u>	<u>17,209,425.79</u>
Change in Net Position	<u>\$ 352,330.06</u>	<u>\$ 589,104.22</u>

**BERLIN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Governmental Activities

State Aid and the Local Tax Levy comprise 96.04% of the total revenues for government activities for the fiscal year 2016.

In 2015-16, the District's Governmental Activities expenditures increased by \$908,137.41 or 5.42%.

Instruction costs comprises 31.15% of the District's governmental expenses, while support service and other expenses, including tuition costs, comprise approximately 68.85% of the Government Expense.

The Statement of Activities shows the costs of the Governmental Activities' program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2016. That is, it identifies the cost of these services supported by general revenues

Table 3

	Total Cost of services	Net Cost of services
Instruction	\$ 5,505,826.15	\$ 5,111,055.05
Support services:		
Tuition	3,049,105.63	3,049,105.63
Student and Instruction Related Service	1,324,203.05	1,319,397.15
School Administrative Services	314,530.53	314,530.53
General Administrative Services	315,600.73	315,600.73
Central Services	173,312.50	173,312.50
Plant Operation and Maintenance	879,361.93	879,361.93
Pupil Transportation	656,150.35	656,150.35
Unallocated Benefits	2,044,216.65	2,005,665.29
Reimbursed TPAF and Social Security	2,808,850.40	1,301,775.40
Interest on Long Term Debt	151,194.37	121,446.22
Unallocated Depreciation and Amortization	453,539.00	453,539.00
	\$ 17,675,891.29	\$ 15,700,939.78
Total Government Activities		

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

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

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

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

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

**BERLIN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Governmental Activities (Cont'd)

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

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

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

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

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

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$16,547,449.55 (Exhibit B-2), expenditures of \$16,434,511.23 and other financing sources and uses of net -\$0-. The net change in fund balance was significant in the General Fund which had an increase of \$114,477.42. The increase in fund balance in the general fund is primarily a result of general operations and a conservative approach to spending by the School District.

General Fund Budgeting Highlights

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

During the course of the 2016 fiscal year, the School District modified its General Fund budget as allowed by New Jersey School law. The majority of budget modifications resulted from transfers made throughout the 2015-16 school year.

For the General Fund, the final budget basis revenue estimate was \$13,977,243.00, with actual revenues in the amount of \$15,634,023.59, resulting in a positive variance of \$1,656,780.59. The positive variance occurred mainly because of the TPAF On-behalf and Social Security payments by the State of New Jersey.

The General Fund final budget basis expenditure appropriation estimate was \$14,880,740.00 compared with the original estimate of \$14,880,740.00. Actual General Fund basis expenditures were \$15,526,170.77.

**BERLIN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Capital Assets (Restated)

At the end of the fiscal year, the School District had \$9,247,774.80 invested in land, land improvements, buildings and improvements and equipment combined for governmental activities and business-type activities.

Table 4 shows a summary of the district's fiscal 2016 balances:

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

Land	\$	114,012.00
Land Improvements		150,694.00
Buildings and Improvements		8,376,035.86
Vehicles		206,935.20
Equipment		400,097.74
Totals	\$	9,247,774.80

Restated capital assets increased \$562,686.80 from fiscal year 2015 to fiscal year 2016. This increase was a result of the addition of renovations to various buildings, purchase of a school bus and various equipment (note 7 & 22).

Debt Administration

At the end of the current fiscal year, the Township of Berlin School District had total bonded debt outstanding of \$3,654,000.00. All of the School Districts' bonded debt is governmental as opposed to business-type. The 2016-17 adopted budget has an appropriation of \$260,000.00 representing the payment of annual principal. The bonds have various interest rates and various maturity dates.

Economic Factors and Next Year's Budget

For the 2016-17 school year, the School District was able to stay within the State of New Jersey's cap on the increase in taxes levied of 2%. The School District continues to look for opportunities for cost containment including shared services. One of the most important factors affecting the budget is enrollment.

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF BERLIN SCHOOL DISTRICT

Statement of Net Position

June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,917,878.71	\$ 65,750.20	\$ 1,983,628.91
Receivables, net	638,288.12	33,881.43	672,169.55
Inventory		3,443.06	3,443.06
Restricted Assets:			
Restricted Cash and Cash Equivalents	571,965.31		571,965.31
Capital Assets, net (Note 7)	9,133,560.80	114,214.00	9,247,774.80
Total Assets	12,261,692.94	217,288.69	12,478,981.63
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 10)	405,380.00		405,380.00
LIABILITIES:			
Accounts Payable			
Related to Pensions	98,204.00		98,204.00
Other	163,523.00	16,777.15	180,300.15
Internal Balances	15,708.27	(15,708.27)	
Accrued Interest Payable	35,940.00		35,940.00
Unearned Revenue	9,252.13	37,302.50	46,554.63
Noncurrent Liabilities (Note 8):			
Due within One Year	284,345.05		284,345.05
Due beyond One Year	5,964,665.43		5,964,665.43
Total Liabilities	6,571,637.88	38,371.38	6,610,009.26
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 10)	35,705.00		35,705.00
NET POSITION:			
Net Investment in Capital Assets	5,479,560.80	114,214.00	5,593,774.80
Restricted for:			
Debt Service	566,095.04		566,095.04
Capital Projects	334,059.22		334,059.22
Other Purposes	651,666.00		651,666.00
Unrestricted	(971,651.00)	64,703.31	(906,947.69)
Total Net Position	\$ 6,059,730.06	\$ 178,917.31	\$ 6,238,647.37

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

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

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	
Governmental Activities:							
Instruction:							
Regular	\$ 3,591,595.72		\$ 394,771.10		\$ (3,196,824.62)		\$ (3,196,824.62)
Special Education	1,455,542.85				(1,455,542.85)		(1,455,542.85)
Other Special Instruction	458,687.58				(458,687.58)		(458,687.58)
Support Services:							
Tuition	3,049,105.63				(3,049,105.63)		(3,049,105.63)
Student and Instruction Related Services	1,324,203.05		4,805.90		(1,319,397.15)		(1,319,397.15)
School Administrative Services	314,530.53				(314,530.53)		(314,530.53)
General Administrative Services	315,600.73				(315,600.73)		(315,600.73)
Central Services	173,312.50				(173,312.50)		(173,312.50)
Plant Operations and Maintenance	879,361.93				(879,361.93)		(879,361.93)
Pupil Transportation	656,150.35				(656,150.35)		(656,150.35)
Unallocated Benefits	2,044,216.65		38,551.36		(2,005,665.29)		(2,005,665.29)
Reimbursed TPAF and Social Security	2,808,850.40		1,507,075.00		(1,301,775.40)		(1,301,775.40)
Interest on Long-Term Debt	151,194.37		29,748.15		(121,446.22)		(121,446.22)
Unallocated Depreciation	453,539.00				(453,539.00)		(453,539.00)
Total Governmental Activities	17,675,891.29	-	1,974,951.51	-	(15,700,939.78)	-	(15,700,939.78)
Business-Type Activities:							
Food Service	287,613.18	\$ 77,506.29	190,502.66			\$ (19,604.23)	(19,604.23)
After School Program	169,363.05	162,664.08				(6,698.97)	(6,698.97)
Total Business-Type Activities	456,976.23	240,170.37	190,502.66	-	-	(26,303.20)	(26,303.20)
Total Primary Government	\$ 18,132,867.52	\$ 240,170.37	\$ 2,165,454.17	-	(15,700,939.78)	(26,303.20)	(15,727,242.98)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					8,185,629.00		8,185,629.00
Property Taxes, Levied for Debt Service, net					384,095.00		384,095.00
Federal and State Aid Restricted					7,017,184.51		7,017,184.51
Tuition Received					443,410.15		443,410.15
Miscellaneous Income					49,254.38		49,254.38
Total General Revenues					16,079,573.04		16,079,573.04
Change in Net Position					378,633.26	(26,303.20)	352,330.06
Net Position -- July 1 (Restated)					5,681,096.80	205,220.51	5,886,317.31
Net Position -- June 30					\$ 6,059,730.06	\$ 178,917.31	\$ 6,238,647.37

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 1,917,878.71		\$ 571,963.31	\$ 2.00	\$ 2,489,844.02
Receivables, net:					
Interfunds Receivable:					
Special Revenue Fund	105,914.71				105,914.71
Capital Projects Fund	1,650.27			566,093.04	567,743.31
Fiduciary Fund	8,057.11				8,057.11
Receivables from Other Governments:					
State of New Jersey	52,910.12		334,059.22		386,969.34
Federal Government		\$ 170,569.96			170,569.96
Other -- Tuition	72,691.71				72,691.71
Total Assets	\$ 2,159,102.63	\$ 170,569.96	\$ 906,022.53	\$ 566,095.04	\$ 3,801,790.16
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 97,741.48	\$ 65,781.52			\$ 163,523.00
Interfunds Payable:					
General Fund		105,914.71	\$ 1,650.27		107,564.98
Enterprise Fund	15,708.27				15,708.27
Debt Service Fund			566,093.04		566,093.04
Unearned Revenue		5,032.13	4,220.00		9,252.13
Total Liabilities	113,449.75	176,728.36	571,963.31	-	862,141.42

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Restricted:					
Capital Reserve	\$ 401,666.00				\$ 401,666.00
Maintenance Reserve	250,000.00				250,000.00
Capital Projects Fund			\$ 334,059.22		334,059.22
Excess Surplus	72,266.97				72,266.97
Excess Surplus -- Designated for Subsequent Year's Expenditures	637,765.60				637,765.60
Debt Service Fund				\$ 566,095.04	566,095.04
Assigned:					
Designated for Subsequent Year's Expenditures	374,648.40				374,648.40
Unassigned:					
Special Revenue Fund		\$ (6,158.40)			(6,158.40)
General Fund	309,305.91				309,305.91
Total Fund Balances	<u>2,045,652.88</u>	<u>(6,158.40)</u>	<u>334,059.22</u>	<u>566,095.04</u>	<u>2,939,648.74</u>
Total Liabilities and Fund Balances	<u>\$ 2,159,102.63</u>	<u>\$ 170,569.96</u>	<u>\$ 906,022.53</u>	<u>\$ 566,095.04</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,770,578.80, and the accumulated depreciation is \$7,637,018.00.

9,133,560.80

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

(35,940.00)

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

(4,028,263.48)

Net Pension Liability

(2,220,747.00)

Accounts Payable related to the April 1, 2017 Required PERS pension contribution that is not to be liquidated with current financial resources.

(98,204.00)

Deferred Outflows of Resources - Related to Pensions

405,380.00

Deferred Inflows of Resources - Related to Pensions

(35,705.00)

Net position of governmental activities

\$ 6,059,730.06

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

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources	\$ 8,185,629.00			\$ 384,095.00	\$ 8,569,724.00
Tuition Charges	443,410.15				443,410.15
Miscellaneous	49,254.38				49,254.38
State Sources	6,925,090.00	\$ 60,044.40		84,578.00	7,069,712.40
Federal Sources	37,264.66	378,083.96			415,348.62
Total Revenues	<u>15,640,648.19</u>	<u>438,128.36</u>	<u>-</u>	<u>468,673.00</u>	<u>16,547,449.55</u>
EXPENDITURES:					
Current:					
Regular Instruction	3,125,560.02	396,310.70			3,521,870.72
Special Education Instruction	1,455,542.85				1,455,542.85
Other Instruction	458,687.58				458,687.58
Undistributed Expenditures:					
Tuition	3,049,105.63				3,049,105.63
Student and Instruction Related Services	1,319,397.15	4,805.90			1,324,203.05
School Administrative Services	307,730.53				307,730.53
General Administrative Services	313,778.73				313,778.73
Central Services	173,312.50				173,312.50
Plant Operations and Maintenance	873,980.93				873,980.93
Pupil Transportation	593,247.35				593,247.35
Unallocated Benefits	1,991,365.30	38,551.36			2,029,916.66
Reimbursed TPAF Pension and Social Security	1,301,775.40				1,301,775.40
Debt Service:					
Interest				153,672.50	153,672.50
Redemption of Principal				315,000.00	315,000.00
Capital Outlay	562,686.80				562,686.80
Total Expenditures	<u>15,526,170.77</u>	<u>439,667.96</u>	<u>-</u>	<u>468,672.50</u>	<u>16,434,511.23</u>
Excess (Deficiency) of Revenues over Expenditures	<u>114,477.42</u>	<u>(1,539.60)</u>	<u>-</u>	<u>0.50</u>	<u>112,938.32</u>
Net Change in Fund Balances	<u>114,477.42</u>	<u>(1,539.60)</u>	<u>-</u>	<u>0.50</u>	<u>112,938.32</u>
Fund Balance -- July 1	<u>1,931,175.46</u>	<u>(4,618.80)</u>	<u>\$ 334,059.22</u>	<u>566,094.54</u>	<u>2,826,710.42</u>
Fund Balance -- June 30	<u>\$ 2,045,652.88</u>	<u>\$ (6,158.40)</u>	<u>\$ 334,059.22</u>	<u>\$ 566,095.04</u>	<u>\$ 2,939,648.74</u>

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

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2016

Total Net Change in Fund Balances - Governmental Funds	\$	112,938.32
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$	(601,595.00)
Capital Outlays		<u>562,686.80</u>
		(38,908.20)
<p>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.</p>		
		315,000.00
<p>Repayment of unfunded pension liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		49,581.00
<p>Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount is the net effect of the difference in the treatment of interest on long-term debt.</p>		
		2,478.13
<p>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 (+).</p>		
		1,534.01
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.</p>		
		<u>(63,990.00)</u>
Change in Net Position of Governmental Activities	\$	<u>378,633.26</u>

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

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Net Position
 June 30, 2016

	Business-Type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>After School Program</u>	<u>Totals</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 35,056.20	\$ 30,694.00	\$ 65,750.20
Accounts Receivable:			
State	517.47		517.47
Federal	30,163.32		30,163.32
Other		3,200.64	3,200.64
Inventory	3,443.06		3,443.06
Interfund Accounts Receivable - General Fund	<u>3,066.30</u>	<u>12,641.97</u>	<u>15,708.27</u>
Total Current Assets	<u>72,246.35</u>	<u>46,536.61</u>	<u>118,782.96</u>
Noncurrent Assets:			
Capital Assets:			
Equipment	223,573.00		223,573.00
Less Accumulated Depreciation	<u>(109,359.00)</u>		<u>(109,359.00)</u>
Total Noncurrent Assets	<u>114,214.00</u>	<u>-</u>	<u>114,214.00</u>
Total Assets	<u>186,460.35</u>	<u>46,536.61</u>	<u>232,996.96</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	16,777.15		16,777.15
Unearned Revenue		37,302.50	37,302.50
Total Current Liabilities	<u>16,777.15</u>	<u>37,302.50</u>	<u>54,079.65</u>
NET POSITION:			
Net Investment in Capital Assets	114,214.00		114,214.00
Unrestricted	<u>55,469.20</u>	<u>9,234.11</u>	<u>64,703.31</u>
Total Net Position	<u>\$ 169,683.20</u>	<u>\$ 9,234.11</u>	<u>\$ 178,917.31</u>

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

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds		
	Food Service	After School Program	Totals
OPERATING REVENUES:			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Breakfast Program	\$ 1,213.22		\$ 1,213.22
School Lunch Program	46,935.15		46,935.15
Daily Sales Non-Reimbursable Programs	23,217.40		23,217.40
Special Functions	4,703.30		4,703.30
Miscellaneous	1,437.22		1,437.22
Program Fees		\$ 162,664.08	162,664.08
Total Operating Revenue	77,506.29	162,664.08	240,170.37
OPERATING EXPENSES:			
Salaries	92,272.19	126,771.83	219,044.02
Employee Benefits	18,268.73	16,455.64	34,724.37
Purchased Professional Services	15,374.94		15,374.94
Other Purchased Services (400 and 500 Series)	5,721.28		5,721.28
Cost of Sales - Reimbursable Programs	113,551.09		113,551.09
Cost of Sales - Non-reimbursable Programs	14,512.00		14,512.00
Supplies and Materials	13,236.70	18,331.77	31,568.47
Miscellaneous	697.25		697.25
Depreciation	13,979.00		13,979.00
Other Objects		7,803.81	7,803.81
Total Operating Expenses	287,613.18	169,363.05	456,976.23
Operating Income (Loss)	(210,106.89)	(6,698.97)	(216,805.86)
NONOPERATING REVENUES (EXPENSES):			
State Sources:			
State School Lunch Program	2,985.84		2,985.84
Federal Sources:			
National School Lunch Program	130,760.20		130,760.20
School Breakfast Program	38,381.47		38,381.47
Food Distribution Program	18,375.15		18,375.15
Total Nonoperating Revenues (Expenses)	190,502.66	-	190,502.66
Change in Net Position	(19,604.23)	(6,698.97)	(26,303.20)
Net Position - July 1 (Restated)	189,287.43	15,933.08	205,220.51
Net Position - June 30	\$ 169,683.20	\$ 9,234.11	\$ 178,917.31

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

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds		
	Food Service	After School Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 77,506.29	\$ 186,641.70	\$ 264,147.99
Payments to Employees	(92,272.19)	(126,771.83)	(219,044.02)
Payments for Employee Benefits	(18,268.73)	(16,455.64)	(34,724.37)
Payments to Suppliers	(147,067.44)	(26,135.58)	(173,203.02)
Net Cash Provided by (used for) Operating Activities	<u>(180,102.07)</u>	<u>17,278.65</u>	<u>(162,823.42)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	2,728.42		2,728.42
Federal Sources	153,688.94		153,688.94
Operating Subsidies and Transfers	20,585.06	(31,532.05)	(10,946.99)
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>177,002.42</u>	<u>(31,532.05)</u>	<u>145,470.37</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,099.65)	(14,253.40)	(17,353.05)
Cash and Cash Equivalents, July 1	<u>38,155.85</u>	<u>44,947.40</u>	<u>83,103.25</u>
Cash and Equivalents, June 30	<u>\$ 35,056.20</u>	<u>\$ 30,694.00</u>	<u>\$ 65,750.20</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Operating Income (Loss)	\$ (210,106.89)	\$ (6,698.97)	\$ (216,805.86)
to Cash Provided (Used) by Operating Activities:			
Depreciation and Net Amortization	13,979.00		13,979.00
Food Distribution Program	18,375.15		18,375.15
Change in Assets and Liabilities:			
(Increase) / Decrease in Accounts Receivable	(1,009.82)	235.54	(774.28)
(Increase) / Decrease in Inventory	(2,378.76)		(2,378.76)
Increase / (Decrease) in Unearned Revenue		23,742.08	23,742.08
Increase / (Decrease) in Accounts Payable	1,039.25		1,039.25
Total Adjustments	<u>30,004.82</u>	<u>23,977.62</u>	<u>53,982.44</u>
Net Cash Provided (Used) in Operating Activities	<u>\$ (180,102.07)</u>	<u>\$ 17,278.65</u>	<u>\$ (162,823.42)</u>

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

TOWNSHIP OF BERLIN SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2016

	Private Purpose - Trust Funds		Agency Funds		
	Flexible Benefit Trust Insurance	Unemployment Compensation Trust	Student Activity	Community Education	Payroll
ASSETS:					
Cash and Cash Equivalents	\$ 1,899.07	\$ 13,560.97	\$ 28,293.97	\$ 4,281.68	\$ 69,557.81
Total Assets	<u>1,899.07</u>	<u>13,560.97</u>	<u>\$ 28,293.97</u>	<u>\$ 4,281.68</u>	<u>\$ 69,557.81</u>
LIABILITIES:					
Payroll Deductions and Withholdings Payable to Community Groups				\$ 4,281.68	\$ 61,500.70
Interfund Accounts Payable: General Fund Payable to Student Groups			\$ 28,293.97		8,057.11
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 28,293.97</u>	<u>\$ 4,281.68</u>	<u>\$ 69,557.81</u>
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purposes	<u>1,899.07</u>	<u>13,560.97</u>			
Total Net Position	<u>\$ 1,899.07</u>	<u>\$ 13,560.97</u>			

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

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2016

	<u>Private Purpose - Trust Funds</u>	
	<u>Flexible Benefits Trust Fund</u>	<u>Unemployment Compensation Insurance Trust Fund</u>
ADDITIONS:		
Investment earnings:		
Interest		\$ 11.82
Employee Contributions	\$ 3,050.00	11,947.16
Total Additions	<u>3,050.00</u>	<u>11,958.98</u>
DEDUCTIONS:		
Flexible Benefits Claims	2,758.20	
Unemployment Claims		<u>6,695.83</u>
Change in Net Position	291.80	5,263.15
Net Position -- July 1	<u>1,607.27</u>	<u>8,297.82</u>
Net Position -- June 30	<u>\$ 1,899.07</u>	<u>\$ 13,560.97</u>

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

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Berlin School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to educate students in grades K through 8 at its two schools. Students in grades 9 through 12 attend, on a tuition basis, the Pine Hill School District. The School District has an approximate enrollment at June 30, 2016 of 779.

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.

Component Units

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

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

Based upon the application of these criteria, the School District has no component units, and is not a component unit of another governmental agency.

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. 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 (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Camden County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following 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.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, as they pertain to governmental entities, state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

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

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures 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 expenditures 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, 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, or from the general fund by way of transfers from capital outlay or the capital reserve account.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

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

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. Proprietary funds distinguish operating revenues and expenses from nonoperating items. 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 reports the following major proprietary funds:

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

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

Additionally, the School District reports the following fund types:

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

The School District maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: a community education fund, a student activity fund and payroll fund.

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 of education. 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 assign 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.

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

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

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

There were no prepaid expenses recorded as of June 30, 2016.

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 as accounts receivable.

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 acquisition 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 Activites Estimated Lives</u>	<u>Business-Type Acitivites Estimated Lives</u>
Land and Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Equipment	5-20 Years	12 Years
Vehicles	5-10 Years	4-6 Years

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2016 and 2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

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

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.

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. Expenditures are 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.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), and additions to/deductions from TPAF's and PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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 and standard operating procedures, approved by the Board of Education.

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 expenditures are 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 expenditures are 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.

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

For the fiscal year ended June 30, 2016, the School District adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this Statement had no impact on the basic financial statements of the School District.

In addition, the School District adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The adoption of this Statement had no impact on the basic financial statements of the School District.

Lastly, the School District adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement had no impact on the basic financial statements of the School District.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements during the fiscal year ended June 30, 2016 which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

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

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the School District in fiscal year 2018. Management has not yet determined the impact of this Statement on the basic financial statements of the School District.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement will become effective for the School District in fiscal year 2018. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have a material impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. All of the School District's bank balances of \$2,897,231.16 were insured or collateralized as of June 30, 2016.

Note 3: CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The balance in the reserve as of June 30, 2016 was \$401,666.00

The October 24, 2014 LRFP balance of local support costs of uncompleted projects is \$7,650,969.00. There were no changes to the LRFP during the fiscal year 2016 and the balance in the reserve does not exceed the LRFP balance of local support costs of uncompleted projects.

Note 4: MAINTENANCE RESERVE ACCOUNT

A capital reserve account was established by the School District for the accumulation of funds for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:7G-9). The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

A school district may increase the balance in the maintenance 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.

The balance in the reserve as of June 30, 2016 was \$250,000.00.

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the School District's individual major funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>			<u>Total Governmental Activities</u>	<u>Proprietary Funds</u>		<u>Total Business-Type Activities</u>	<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>		<u>Food Service Fund</u>	<u>After School Program</u>		
Federal Awards		\$ 170,569.96		\$ 170,569.96	\$ 30,163.32		\$ 30,163.32	\$ 200,733.28
State Awards	\$ 52,910.12		\$ 334,059.22	386,969.34	517.47		517.47	387,486.81
Tuition Charges	72,691.71			72,691.71				72,691.71
Provided Services						\$ 3,200.64	3,200.64	3,200.64
	<u>\$ 125,601.83</u>	<u>\$ 170,569.96</u>	<u>\$ 334,059.22</u>	<u>\$ 630,231.01</u>	<u>\$ 30,680.79</u>	<u>\$ 3,200.64</u>	<u>\$ 33,881.43</u>	<u>\$ 664,112.44</u>

Note 6: INVENTORY

Inventory recorded at June 30, 2016 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	\$ 2,607.70
Supplies	<u>835.36</u>
	<u>\$ 3,443.06</u>

Note 7: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	(Restated) Balance July 1, 2015	Additions	Retirements and Transfers	Balance June 30, 2016
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 114,012.00			\$ 114,012.00
Total Capital Assets, not being Depreciated	114,012.00	-	-	114,012.00
Capital Assets, being Depreciated:				
Land Improvements	272,984.00	\$ 19,931.00		292,915.00
Building and Improvements	13,869,854.00	439,842.86		14,309,696.86
Vehicles	590,839.00	93,309.20		684,148.20
Equipment	1,360,203.00	9,603.74		1,369,806.74
Total Capital Assets, being Depreciated	16,093,880.00	562,686.80	-	16,656,566.80
Total Capital Assets, Cost	16,207,892.00	562,686.80	-	16,770,578.80
Less Accumulated Depreciation for:				
Land Improvements	(131,929.00)	(10,292.00)		(142,221.00)
Building and Improvements	(5,490,414.00)	(443,247.00)		(5,933,661.00)
Vehicles	(414,310.00)	(62,903.00)		(477,213.00)
Equipment	(998,770.00)	(85,153.00)		(1,083,923.00)
Total Accumulated Depreciation	(7,035,423.00)	(601,595.00)	-	(7,637,018.00)
Total Capital Assets, being Depreciated, Net	9,058,457.00	(38,908.20)	-	9,019,548.80
Governmental Activities Capital Assets, Net	\$ 9,172,469.00	\$ (38,908.20)	-	\$ 9,133,560.80
Business-Type Activities:				
Capital Assets, being Depreciated:				
Equipment	\$ 209,230.00	\$ 14,343.00		\$ 223,573.00
Total Capital Assets, being Depreciated	209,230.00	14,343.00	-	223,573.00
Total Capital Assets, Cost	209,230.00	14,343.00	-	223,573.00
Less Accumulated Depreciation for:				
Equipment	(95,380.00)	(13,979.00)		(109,359.00)
Total Accumulated Depreciation	(95,380.00)	(13,979.00)	-	(109,359.00)
Total Capital Assets, being Depreciated, Net	113,850.00	364.00	-	114,214.00
Business-Type Activities Capital Assets, Net	\$ 113,850.00	\$ 364.00	-	\$ 114,214.00

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

Governmental Activities:	
Regular Instruction	\$ 70,975.00
General Administration	8,797.00
Plant Operation and Maintenance	5,381.00
Transportation	62,903.00
Unallocated	453,539.00
Total Depreciation Expense - Governmental Activities	\$ 601,595.00
Business-Type Activities:	
Food Service	\$ 13,979.00

As of June 30, 2016, the School District contracted a professional appraisal firm to complete an inventory and valuation report which required a prior period adjustment be made. Refer to note 22 for a description of the prior period adjustment.

Note 8: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 3,969,000.00		\$ (315,000.00)	\$ 3,654,000.00	\$ 260,000.00
Other Liabilities:					
Compensated Absences	244,984.49	\$ 6,800.00	(8,334.01)	243,450.48	24,345.05
Net Pension Liability	1,836,695.00	565,675.00	(181,623.00)	2,220,747.00	
Unfunded Pension Liability	180,394.00		(49,581.00)	130,813.00	
Total Other Liabilities	484,761.38	572,475.00	(239,538.01)	2,595,010.48	24,345.05
Governmental Activity Long-Term Liabilities	<u>\$ 4,453,761.38</u>	<u>\$ 572,475.00</u>	<u>\$ (554,538.01)</u>	<u>\$ 6,249,010.48</u>	<u>\$ 284,345.05</u>

The bonds payable are generally liquidated by the debt service fund, while compensated absences, net pension liability, and unfunded pension liability 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.

Bond issues by the School District are as follows:

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

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

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 260,000.00	\$ 143,760.00	\$ 403,760.00
2018	270,000.00	135,460.00	405,460.00
2019	240,000.00	126,585.00	366,585.00
2020	230,000.00	117,935.00	347,935.00
2021	230,000.00	108,735.00	338,735.00
2022-2026	1,254,000.00	401,035.00	1,655,035.00
2027-2030	1,170,000.00	126,087.50	1,296,087.50
	<u>\$ 3,654,000.00</u>	<u>\$ 1,159,597.50</u>	<u>\$ 4,813,597.50</u>

Bonds Authorized but not Issued - As of June 30, 2016, the School District had no authorizations to issue additional bonded debt.

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 15 for a description of the School District's policy.

Note 8: LONG-TERM LIABILITIES (CONT'D)

Unfunded Pension Liability – In accordance with the Lower Camden County Regional High School dissolution agreement, effective July 1, 2001, the Berlin Township School District assumed liability for its proportionate share of the “Regional High School Early Retirement Incentive Program” permitted by State legislation during 1995 for certain members of the Teachers Pension and Annuity Fund and the Public Employees Retirement Fund. The members had to meet certain age and service requirements and had to apply for retirement between certain dates in fiscal year 1996 to be eligible. The School District is liable for its proportionate share of additional costs under this program. As of June 2016, the School District had an accrued liability of \$130,813.00 payable in annual installments with the last installment due April 1, 2021.

Net Pension Liability - For details on the net pension liability, refer to note 10. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis.

Note 9: OPERATING LEASES

At June 30, 2016, the School District had operating lease agreements in effect for copy machines and a postage meter. The present value of the future minimum rental payments under the operating lease agreements are as follows:

Fiscal Year Ending June 30,	Amount
2017	\$ 40,320.00
2018	40,320.00
2019	<u>33,600.00</u>
	<u>\$ 114,240.00</u>

Rental payments under operating leases for the fiscal year ended June 30, 2016 were \$40,320.00.

Note 10: 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 (“TPAF”) and the Public Employees' Retirement System (“PERS”), which are administered by the New Jersey Division of Pensions and Benefits (the “Division”). 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 Division. 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
<http://www.nj.gov/treasury/pensions>

Note 10: PENSION PLANS (CONT'D)**General Information about the Pension Plans****Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund 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.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in SPRS or PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

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

Note 10: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

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

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Note 10: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions**

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 4.78% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2016 was \$265,858.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$406,397.33.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 13.78% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2016 was \$85,052.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$52,905.93.

Note 10: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. 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 contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2016, employee contributions totaled \$11,380.95, and the School District recognized pension expense of \$6,828.57. There were no forfeitures during the fiscal year.

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

Teachers' Pension and Annuity Fund - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>31,266,343.00</u>
	<u>\$ 31,266,343.00</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. For the June 30, 2015 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2015 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.0494687188%, which was an decrease of 0.0019519101% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized \$1,909,092.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2015 measurement date.

Note 10: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$2,220,747.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the School District's proportion was 0.0098928526%, which was an increase of 0.0000828799% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized pension expense of \$149,042.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2015 measurement date.

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 52,979.00	\$ -
Changes of Assumptions	238,491.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	35,705.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	15,706.00	-
School District Contributions Subsequent to the Measurement Date	98,204.00	-
	<u>\$ 405,380.00</u>	<u>\$ 35,705.00</u>

Note 10: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - \$98,204.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2017	\$ 49,892.00
2018	49,892.00
2019	49,891.00
2020	77,256.00
2021	44,540.00
	<u> </u>
	<u>\$ 271,471.00</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72

Note 10: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.04%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2009 - June 30, 2012	July 1, 2008 - June 30, 2011

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

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

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2015 are summarized in the following tables:

Note 10: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>TPAF</u>		<u>Asset Class</u>	<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%	Cash	5.00%	1.04%
US Government Bonds	1.75%	1.39%	U.S. Treasuries	1.75%	1.64%
US Credit Bonds	13.50%	2.72%	Investment Grade Credit	10.00%	1.79%
US Mortgages	2.10%	2.54%	Mortgages	2.10%	1.62%
US Inflation-Indexed Bonds	1.50%	1.47%	High Yield Bonds	2.00%	4.03%
US High Yield Bonds	2.00%	4.57%	Inflation-Indexed Bonds	1.50%	3.25%
US Equity Market	27.25%	5.63%	Broad U.S. Equities	27.25%	8.52%
Foreign-Developed Equity	12.00%	6.22%	Developed Foreign Equities	12.00%	6.88%
Emerging Markets Equity	6.40%	8.46%	Emerging Market Equities	6.40%	10.00%
Private Real Estate Property	4.25%	3.97%	Private Equity	9.25%	12.41%
Timber	1.00%	4.09%	Hedge Funds/Absolute Return	12.00%	4.72%
Farmland	1.00%	4.61%	Real Estate (Property)	2.00%	6.83%
Private Equity	9.25%	9.15%	Commodities	1.00%	5.32%
Commodities	1.00%	3.58%	Global Debt ex U.S.	3.50%	-0.40%
Hedge Funds - MultiStrategy	4.00%	4.59%	REIT	4.25%	5.12%
Hedge Funds - Equity Hedge	4.00%	5.68%			
Hedge Funds - Distressed	4.00%	4.30%			
				<u>100.00%</u>	
	<u>100.00%</u>				

Discount Rate - The discount rates used to measure the total pension liability were 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 10: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2015, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.13%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	37,158,880.00	31,266,343.00	26,189,570.00
	<u>\$ 37,158,880.00</u>	<u>\$ 31,266,343.00</u>	<u>\$ 26,189,570.00</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
School District's Proportionate Share of the Net Pension Liability	\$ 2,760,117.00	\$ 2,220,747.00	\$ 1,768,543.00

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/annrpts.shtml.

Note 11: 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, 2015, there were 107,314 retirees receiving postemployment medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

Note 12: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, 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, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs, and non-contributory insurance were \$382,941.00, \$478,689.00 and \$19,076.00, respectively.

Note 13: 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.

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

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year Ended June 30,</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Income</u>	<u>Claims Incurred</u>	<u>Ending Balance</u>
2016		\$ 11,947.16	\$ 11.82	\$ 6,695.83	\$ 13,560.97
2015	\$ 3,000.00	11,198.59	-	9,532.50	8,297.82
2014	5,565.00	11,030.64	-	25,161.83	3,631.73

Note 13: RISK MANAGEMENT (CONT'D)

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

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

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

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

Note 14: DEFERRED COMPENSATION

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

Metropolitan Life
Equitable
MFS
Lincoln
Travelers

Note 15: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2016, the liability for compensated absences reported on the government-wide statement of net position was \$243,450.48.

Note 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 115,622.09	\$ 15,708.27
Special Revenue		105,914.71
Capital Projects		567,743.31
Debt Service	566,093.04	
Proprietary	15,708.27	
Fiduciary		8,057.11
	<u>\$ 697,423.40</u>	<u>\$ 697,423.40</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2017, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 17: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

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.

Note 18: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 19: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$6,158.40 in the special revenue fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Note 19: DEFICIT FUND BALANCES (CONT'D)

Pursuant to N.J.S.A. 18A:22-44.2 any negative special revenue 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 \$6,158.40 is equal to the June state aid payment due to the School District for amounts due to the Special Revenue Fund for Preschool Education Aid.

Note 20: DEFICIT NET POSITION BALANCE

The School District has a deficit in unrestricted net position balance of \$971,651.00 due to the recording of the School District's proportionate share of net pension liability (Note 10).

Note 21: 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 restrict 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, 2016 is \$72,266.97. Additionally, \$637,765.60 of excess fund balance generated during 2014-2015 has been restricted and designated for utilization in the 2016-2017 budget.

For Capital Reserve Account - As of June 30, 2016, the balance in the capital reserve account is \$401,666.00. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2016, the balance in the maintenance reserve account is \$250,000.00. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Capital Projects Fund - As of June 30, 2016, the restricted fund balance amount was \$334,059.22. This amount is restricted for use in future capital projects.

Debt Service Fund - As of June 30, 2016 the restricted debt service fund balance is \$566,095.04. This balance was created by the completion of various capital projects under original cost. This amount will be utilized in future years to offset debt service payments.

Note 21: FUND BALANCES (CONT'D)**ASSIGNED**

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

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017 \$374,648.40 of general fund balance at June 30, 2016.

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, 2016, \$309,305.91 of general fund balance was unassigned.

Special Revenue Fund - As of June 30, 2016, the fund balance of the special revenue fund was a deficit of \$6,158.40, 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 19, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$6,158.40 is equal to the last state aid payment due to the special revenue fund.

Note 22: PRIOR PERIOD ADJUSTMENT

For the fiscal year ended June 30, 2016, the School District contracted with a professional appraisal firm to complete an inventory and valuation report. This appraisal resulted in adjustments to the balances as of June 30, 2015. This adjustment has no effect on the fund balances of the Governmental Funds. The effect on Net Position of the Governmental Activities and Business-Type Activities is as follows:

	Governmental Activities
Beginning Net Position as Previously Reported at June 30, 2015	\$ 6,098,573.67
Prior Period Adjustment(s):	
<i>Capital Asset Adjustments</i>	\$ 877,404.61
<i>Accumulated Depreciation Adjustments</i>	<u>(1,294,881.48)</u>
Total Prior Period Adjustment(s)	<u>(417,476.87)</u>
Net Position as Restated, July 1, 2015	<u>\$ 5,681,096.80</u>

Note 22: PRIOR PERIOD ADJUSTMENT (CONT'D)

		Business-Type <u>Activities</u>
Beginning Net Position as Previously Reported at June 30, 2015		\$ 95,116.45
Prior Period Adjustment(s):		
<i>Capital Asset Adjustments</i>	\$ 138,834.00	
<i>Accumulated Depreciation Adjustments</i>	<u>(28,729.94)</u>	
Total Prior Period Adjustment(s)		<u>110,104.06</u>
Net Position as Restated, July 1, 2015		<u><u>\$ 205,220.51</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 8,185,629.00		\$ 8,185,629.00	\$ 8,185,629.00	
Tuition from Individuals	31,500.00		31,500.00	55,544.43	\$ 24,044.43
Tuition From Other LEAs Within the State	119,577.00		119,577.00	387,865.72	268,288.72
Unrestricted Miscellaneous Revenues	30,000.00		30,000.00	49,254.38	19,254.38
Total - Local Sources	8,366,706.00	-	8,366,706.00	8,678,293.53	311,587.53
State Sources:					
School Choice Aid	334,240.00		334,240.00	334,240.00	
Categorical Special Education Aid	438,670.00		438,670.00	438,670.00	
Equalization Aid	4,489,028.00		4,489,028.00	4,489,028.00	
Categorical Security Aid	130,164.00		130,164.00	130,164.00	
Categorical Transportation Aid	48,199.00		48,199.00	48,199.00	
Additional Adjustment Aid	136,391.00		136,391.00	136,391.00	
PARCC Readiness Aid	7,590.00		7,590.00	7,590.00	
Per Pupil Growth Aid	7,590.00		7,590.00	7,590.00	
Extraordinary Aid				18,248.00	18,248.00
Other State Aid - Nonpublic Transportation Aid				6,570.00	6,570.00
On-Behalf TPAF Pension Contributions - Post-Retirement Medical (non-budgeted)				478,689.00	478,689.00
On-Behalf TPAF Pension Contributions (non-budgeted)				382,941.00	382,941.00
On-Behalf TPAF Pension Contributions - Non-Contributory Insurance				19,076.00	19,076.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				421,069.40	421,069.40
Total - State Sources	5,591,872.00	-	5,591,872.00	6,918,465.40	1,326,593.40
Federal Sources:					
Medicaid Reimbursement	18,665.00		18,665.00	37,264.66	18,599.66
Total - Federal Sources	18,665.00	-	18,665.00	37,264.66	18,599.66
Total Revenues	13,977,243.00	-	13,977,243.00	15,634,023.59	1,656,780.59

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 69,445.00		\$ 69,445.00	\$ 69,281.97	\$ 163.03
Kindergarten	274,658.00		274,658.00	274,658.00	
Grades 1 - 5	1,556,309.00	\$ (70,000.00)	1,486,309.00	1,429,537.17	56,771.83
Grades 6 - 8	1,016,539.00		1,016,539.00	1,016,539.00	
Regular Programs - Home Instruction:					
Salaries of Teachers	2,500.00	(1,950.00)	550.00		550.00
Purchased Professional - Educational Services		1,950.00	1,950.00	1,950.00	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	34,273.00		34,273.00	33,126.95	1,146.05
Purchased Professional - Educational Services	163,000.00		163,000.00	131,273.62	31,726.38
Other Purchased Services	63,200.00	227.00	63,427.00	63,426.96	0.04
General Supplies	127,119.00	(806.00)	126,313.00	98,872.06	27,440.94
Textbooks	14,329.00		14,329.00	5,090.04	9,238.96
Other Objects	4,345.00	(1,021.00)	3,324.00	1,804.25	1,519.75
Total Regular Programs	3,325,717.00	(71,600.00)	3,254,117.00	3,125,560.02	128,556.98
Special Education Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	88,690.00		88,690.00	86,755.83	1,934.17
Other Salaries for Instruction	13,222.00		13,222.00	11,633.16	1,588.84
General Supplies	100.00		100.00	100.00	100.00
Total - Learning and/or Language Disabilities	102,012.00	-	102,012.00	98,388.99	3,623.01

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Special Education Instruction (CONT'D):					
Auditory Impairments					
Salaries of Teachers	\$ 122,390.00		\$ 122,390.00	\$ 119,213.89	\$ 3,176.11
Other Salaries for Instruction	29,403.00		29,403.00	29,185.56	217.44
General Supplies	7,100.00		7,100.00	1,000.00	6,100.00
Total - Auditory Impairments	<u>158,893.00</u>	<u>-</u>	<u>158,893.00</u>	<u>149,399.45</u>	<u>9,493.55</u>
Multiple Disabilities					
Salaries of Teachers	174,585.00		174,585.00	174,585.00	
Other Salaries for Instruction	48,528.00		48,528.00	48,528.00	
General Supplies	3,091.00		3,091.00	2,950.81	140.19
Textbooks	600.00	\$ 2,000.00	2,600.00	1,458.42	1,141.58
Other Objects	200.00		200.00		
Total - Multiple Disabilities	<u>227,004.00</u>	<u>2,000.00</u>	<u>229,004.00</u>	<u>227,522.23</u>	<u>1,281.77</u>

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Special Education (CONT'D):					
Resource Room/Center:					
Salaries of Teachers	\$ 715,949.00		\$ 715,949.00	\$ 715,949.00	
Other Salaries for Instruction	144,748.00		144,748.00	144,748.00	
General Supplies	18,200.00	\$ (1,058.00)	17,142.00	10,022.01	\$ 7,119.99
Textbooks	1,100.00	58.00	1,158.00	357.17	800.83
Total - Resource Room/Center	<u>879,997.00</u>	<u>(1,000.00)</u>	<u>878,997.00</u>	<u>871,076.18</u>	<u>7,920.82</u>
Preschool Disabilities - Full-Time					
Salaries Of Teachers	63,645.00		63,645.00	63,645.00	
Other Salaries for Instruction	45,511.00		45,511.00	45,511.00	
General Supplies	450.00		450.00		450.00
Total Preschool Disabilities - Full-Time	<u>109,606.00</u>	<u>-</u>	<u>109,606.00</u>	<u>109,156.00</u>	<u>450.00</u>
Total - Special Education Instruction	<u>1,477,512.00</u>	<u>1,000.00</u>	<u>1,478,512.00</u>	<u>1,455,542.85</u>	<u>22,769.15</u>

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Basic Skills/Remedial:					
Salaries of Teachers	\$ 335,282.00		\$ 335,282.00	\$ 335,282.00	
Purchased Professional - Educational Services	2,000.00		2,000.00		\$ 2,000.00
General Supplies	6,555.00		6,555.00	6,283.35	271.65
Total - Basic Skills/Remedial	343,837.00	-	343,837.00	341,565.35	2,271.65
Bilingual Education - Instruction					
Salaries of Teachers	84,280.00		84,280.00	75,992.00	8,288.00
General Supplies	825.00		825.00	755.91	69.09
Textbooks	505.00		505.00		505.00
Total - Bilingual Education	85,610.00	-	85,610.00	76,747.91	8,862.09
School-Sponsored Cocurricular Act - Instruction					
Salaries	15,250.00		15,250.00	13,150.00	2,100.00
Other Objects	3,038.00		3,038.00	2,120.00	918.00
Total - School-Sponsored Cocurricular Act	18,288.00	-	18,288.00	15,270.00	3,018.00
School-Sponsored Athletics - Instruction					
Salaries	22,300.00		22,300.00	19,771.27	2,528.73
Purchased Services	2,050.00	\$ 900.00	2,950.00	2,860.00	90.00
Supplies and Materials	3,000.00	(500.00)	2,500.00	2,473.05	26.95
Other Objects	200.00	(150.00)	50.00		50.00
Total - School-Sponsored Athletics	27,550.00	250.00	27,800.00	25,104.32	2,695.68
Total - Instruction	5,278,514.00	(70,350.00)	5,208,164.00	5,039,790.45	168,173.55

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs within the State - Regular	\$ 2,485,450.00	\$ 64,000.00	\$ 2,549,450.00	\$ 2,525,373.89	\$ 24,076.11
Tuition to Other LEAs within the State - Special	27,000.00		27,000.00	12,198.58	14,801.42
Tuition to County Voc. School District - Regular	156,876.00		156,876.00	156,876.00	
Tuition to CSSD & Regional Day Schools	85,380.00	47,209.00	132,589.00	132,589.00	
Tuition to Private Schools for the Disabled - State	300,618.00	(69,000.00)	231,618.00	222,068.16	9,549.84
Total - Instruction	3,055,324.00	42,209.00	3,097,533.00	3,049,105.63	48,427.37
Attendance and Social Work Services:					
Salaries	28,685.00		28,685.00	28,420.97	264.03
Purchased Professional and Technical Services	15,628.00		15,628.00	15,627.70	0.30
Total - Attendance and Social Work Services	44,313.00	-	44,313.00	44,048.67	264.33
Health Services:					
Salaries	120,152.00		120,152.00	120,152.00	
Purchased Professional and Technical Services	12,643.00		12,643.00	10,582.97	2,060.03
Supplies and Materials	2,774.00		2,774.00	1,437.31	1,336.69
Other Objects	300.00		300.00	136.50	163.50
Total - Health Services	135,869.00	-	135,869.00	132,308.78	3,560.22
Other Support Services-Speech, OT, PT & Related Services:					
Salaries	149,395.00	(2,444.00)	146,951.00	135,203.92	11,747.08
Purchased Professional - Educational Services	3,000.00	2,444.00	5,444.00	5,444.00	
Supplies and Materials	1,675.00		1,675.00	1,675.00	
Total - Other Support Services-Students-Related Services	154,070.00	-	154,070.00	142,322.92	11,747.08
Other Support Services - Students - Extra Services:					
Salaries	102,574.00		102,574.00	79,300.77	23,273.23
Total Other Support Services - Students - Extra Services	102,574.00	-	102,574.00	79,300.77	23,273.23

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Guidance:					
Salaries of Other Professional Staff	\$ 116,490.00		\$ 116,490.00	\$ 116,177.50	\$ 312.50
Purchased Professional - Educational Services	1,200.00	\$ 45.00	1,245.00	442.63	802.37
Other Purchased Prof. and Tech. Services	2,000.00		2,000.00		2,000.00
Supplies and Materials	692.00	(45.00)	647.00	409.23	237.77
Total Other Support Services - Students - Regular	120,382.00	-	120,382.00	117,029.36	3,352.64
Child Study Team:					
Salaries of Other Professional Staff	275,607.00		275,607.00	275,607.00	
Salaries of Secretarial and Clerical Assistants	45,152.00		45,152.00	45,133.65	18.35
Other Purchased Prof. and Tech. Services	123,725.00	80,000.00	203,725.00	193,480.60	10,244.40
Other Purchased Services (400-500 series)	2,000.00		2,000.00	263.22	1,736.78
Supplies and Materials	8,000.00		8,000.00	6,135.40	1,864.60
Other Objects	2,900.00		2,900.00	1,254.43	1,645.57
Total Other Support Services - Students - Special Services	457,384.00	80,000.00	537,384.00	521,874.30	15,509.70
Improvement Instructional Services					
Salaries of Supervisors of Instruction	71,138.00		71,138.00	71,137.92	0.08
Purchased Professional Educational Services	13,222.00	860.75	14,082.75	14,082.75	
Other Objects	1,300.00	(860.75)	439.25	216.00	223.25
Total Improvement Instructional Services	85,660.00	-	85,660.00	85,436.67	223.33

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Educational Media Services/School Library:					
Salaries	\$ 122,490.00		\$ 122,490.00	\$ 122,408.57	\$ 81.43
Purchased Professional and Technical Services	600.00	\$ (600.00)			
Other Purchased Services	36,610.00	1,785.00	38,395.00	36,783.30	1,611.70
Supplies and Materials	15,100.00	(585.00)	14,515.00	14,342.52	172.48
Other Objects	300.00		300.00		300.00
Total Educational Media Services/School Library	<u>175,100.00</u>	<u>600.00</u>	<u>175,700.00</u>	<u>173,534.39</u>	<u>2,165.61</u>
Instructional Staff Training Services:					
Purchased Professional - Educational Services	12,200.00		12,200.00	9,828.49	2,371.51
Other Purchased Services	25,400.00		25,400.00	13,698.81	11,701.19
Supplies and Materials	400.00		400.00	13.99	386.01
Total Instructional Staff Training Services	<u>38,000.00</u>	<u>-</u>	<u>38,000.00</u>	<u>23,541.29</u>	<u>14,458.71</u>
Support Services General Administration:					
Salaries	166,595.00		166,595.00	166,594.96	0.04
Legal Services	44,000.00	(6,612.00)	37,388.00	24,403.51	12,984.49
Audit Fees	25,900.00		25,900.00	25,900.00	
Other Purchased Professional Services	6,000.00	3,247.00	9,247.00	9,246.85	0.15

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Support Services General Administration:					
Purchased Technical Services	\$ 3,000.00	\$ 3,365.00	\$ 6,365.00	\$ 6,364.24	\$ 0.76
Communications/Telephone	37,500.00	(1,330.00)	36,170.00	28,920.47	7,249.53
Travel	3,947.00	550.00	4,497.00	2,081.00	2,416.00
Miscellaneous Purchased Services	36,300.00	1,330.00	37,630.00	36,629.37	1,000.63
General Supplies	3,000.00		3,000.00	366.23	2,633.77
BOE In-house Training and Meeting Supplies	1,000.00	(600.00)	400.00		400.00
Miscellaneous Expenditures	3,000.00	50.00	3,050.00	3,023.00	27.00
BOE Membership Dues and Fees	10,500.00		10,500.00	10,249.10	250.90
Total Support Services General Administration	<u>340,742.00</u>	<u>-</u>	<u>340,742.00</u>	<u>313,778.73</u>	<u>26,963.27</u>
Support Services School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	211,126.00		211,126.00	211,126.00	
Salaries of Secretarial and Clerical Assistants	84,443.00		84,443.00	84,443.00	
Other Purchased Services	2,700.00		2,700.00	1,700.00	1,000.00
Supplies and Materials	7,650.00		7,650.00	6,371.68	1,278.32
Other Objects	5,295.00		5,295.00	4,089.85	1,205.15
Total Support Services School Administration	<u>311,214.00</u>	<u>-</u>	<u>311,214.00</u>	<u>307,730.53</u>	<u>3,483.47</u>

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Central Services:					
Salaries	\$ 134,184.00		\$ 134,184.00	\$ 134,184.00	
Purchased Professional Services	36,500.00	\$ 629.00	37,129.00	37,128.45	\$ 0.55
Miscellaneous Purchased Services	1,100.00	(117.00)	983.00	983.00	
Supplies and Materials	750.00		750.00	668.05	81.95
Interest on Bond Anticipation Notes (BANs)					
Miscellaneous Expenditures	500.00	(151.00)	349.00	349.00	
Total Central Services	<u>173,034.00</u>	<u>361.00</u>	<u>173,395.00</u>	<u>173,312.50</u>	<u>82.50</u>
Administration - Information Technology					
Salaries	68,979.00		68,979.00	68,979.00	
Purchased Technical Services	16,428.00		16,428.00	14,795.60	1,632.40
Supplies and Materials	58,574.00	(551.00)	58,023.00	47,503.00	10,520.00
Other Objects	12,973.00	150.00	13,123.00	12,993.75	129.25
Total - Administration - Information Technology	<u>156,954.00</u>	<u>(401.00)</u>	<u>156,553.00</u>	<u>144,271.35</u>	<u>12,281.65</u>
Required Maintenance for School Facilities:					
Salaries	88,716.00		88,716.00	88,466.08	249.92
Cleaning, Repair & Maintenance Services	87,850.00		87,850.00	61,382.24	26,467.76
General Supplies	8,000.00		8,000.00	7,684.62	315.38
Other Objects	300.00		300.00	300.00	
Total - Required Maintenance for School Facilities	<u>184,866.00</u>	<u>-</u>	<u>184,866.00</u>	<u>157,532.94</u>	<u>27,333.06</u>

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Custodial Services:					
Salaries	\$ 231,218.00		\$ 231,218.00	\$ 228,869.06	\$ 2,348.94
Purchased Professional & Technical Services	7,400.00	\$ 1,600.00	9,000.00	8,922.00	78.00
Cleaning, Repair & Maintenance Services	47,874.00	(16,549.30)	31,324.70	10,998.08	20,326.62
Other Purchased Property Services	32,000.00	(565.00)	31,435.00	25,700.93	5,734.07
Insurance	59,500.00	2057.77	61,557.77	60,761.80	795.97
General Supplies	42,000.00	13,456.53	55,456.53	51,206.00	4,250.53
Energy (Natural Gas)	80,000.00	(47,209.00)	32,791.00	15,809.21	16,981.79
Energy (Electricity)	170,000.00		170,000.00	168,452.56	1,547.44
Other Objects	1,300.00		1,300.00	750.00	550.00
Total Other Operations and Maintenance of Plant	<u>671,292.00</u>	<u>(47,209.00)</u>	<u>624,083.00</u>	<u>571,469.64</u>	<u>52,613.36</u>
Care and Upkeep of Grounds:					
General Supplies	1,000.00		1,000.00	707.00	293.00
Total Care and Upkeep of Grounds	<u>1,000.00</u>	<u>-</u>	<u>1,000.00</u>	<u>707.00</u>	<u>293.00</u>
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home & School) - Regular	208,204.00		208,204.00	206,470.78	1,733.22
Management Fee - ES & CTSA Trasn. Program	8,450.00	6,231.00	14,681.00	13,065.66	1,615.34
Other Purchased Professional and Technical Services	500.00		500.00	200.00	300.00

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Student Transportation Services (Cont'd):					
Cleaning, Repair, & Maintenance Services	\$ 33,000.00	\$ 20,000.00	\$ 53,000.00	\$ 43,262.99	\$ 9,737.01
Lease Purchase Payments - School Buses					
Contracted Services (Bet. Home & Sch) - Joint Agreements	15,000.00		15,000.00	7,258.12	7,741.88
Contracted Services (Special Ed. Students) - ESC's & CTSA's	256,000.00	70,000.00	326,000.00	291,900.43	34,099.57
Contracted Services - Aid in Lieu of Payments - NonPublic School	24,720.00	(5,000.00)	19,720.00	14,851.20	4,868.80
Contracted Services - Aid in Lieu of Payments - Choice School	9,724.00	(4,731.00)	4,993.00	3,094.00	1,899.00
Contracted Services - Other					
Miscellaneous Purchased Services - Transportation	3,500.00	(100.00)	3,400.00	2,935.50	464.50
General Supplies	40,000.00	(16,500.00)	23,500.00	9,646.17	13,853.83
Other Objects	500.00	100.00	600.00	562.50	37.50
	<u>599,598.00</u>	<u>70,000.00</u>	<u>669,598.00</u>	<u>593,247.35</u>	<u>76,350.65</u>
Total Student Transportation Services					
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	110,000.00		110,000.00	100,213.09	9,786.91
T.P.A.F. Contributions - ERIP	500.00		500.00		500.00
Other Retirement Contributions -- PERS	114,000.00		114,000.00	98,455.99	15,544.01
Other Retirement Contributions -- ERIP	51,000.00		51,000.00	49,581.00	1,419.00
Unemployment Compensation	20,000.00	(4,000.00)	16,000.00		16,000.00
Workmen's Compensation	99,864.00		99,864.00	90,126.46	9,737.54
Health Benefits	1,807,486.00	(75,000.00)	1,732,486.00	1,637,313.76	95,172.24
Tuition Reimbursement	12,000.00	4,000.00	16,000.00	15,675.00	325.00
	<u>2,214,850.00</u>	<u>(75,000.00)</u>	<u>2,139,850.00</u>	<u>1,991,365.30</u>	<u>148,484.70</u>
Total Unallocated Benefits - Employee Benefits					

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
On-behalf TPAF Pension Contributions-					
Post-Retirement Medical (non-budgeted)				\$ 478,689.00	\$ (478,689.00)
On-behalf TPAF Pension Contributions (non-budgeted)				382,941.00	(382,941.00)
On-behalf TPAF Pension Contributions -					
Non-Contributory Insurance(non-budgeted)				19,076.00	(19,076.00)
Reimbursed TPAF Social Security Contr butions				421,069.40	(421,069.40)
	-----	-----	-----	-----	-----
Total TPAF Contributions	-	-	-	1,301,775.40	(1,301,775.40)
	-----	-----	-----	-----	-----
Total Undistributed Expenses	\$ 9,022,226.00	\$ 70,560.00	\$ 9,092,786.00	9,923,693.52	(830,907.52)
	-----	-----	-----	-----	-----
Total Expenditures - Current Expense	14,300,740.00	210.00	14,300,950.00	14,963,483.97	(662,733.97)
	-----	-----	-----	-----	-----
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures - Business Office - Equipment		9,700.00	9,700.00	9,603.74	96.26
Support Services - Instructional Staff					
School Buses - Regular	95,000.00		95,000.00	93,309.20	1,690.80
	-----	-----	-----	-----	-----
Total - Equipment	95,000.00	9,700.00	104,700.00	102,912.94	-
	-----	-----	-----	-----	-----
Facilities Acquisition and Construction Services:					
Undistr buted Expenditures:					
Architectural / Engineering Services	35,000.00	13,428.05	48,428.05	47,244.91	1,183.14
Construction Services	450,000.00	(23,338.05)	426,661.95	412,528.95	14,133.00
	-----	-----	-----	-----	-----
Total Facilities Acquisition and Construction Services	485,000.00	(9,910.00)	475,090.00	459,773.86	15,316.14
	-----	-----	-----	-----	-----
Total Capital Outlay	580,000.00	(210.00)	579,790.00	562,686.80	15,316.14
	-----	-----	-----	-----	-----

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Total Expenditures	\$ 14,880,740.00	-	\$ 14,880,740.00	\$ 15,526,170.77	\$ (647,417.83)
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	(903,497.00)	-	(903,497.00)	107,852.82	1,009,362.76
Fund Balances, July 1	2,480,192.66	-	2,480,192.66	2,480,192.66	-
Fund Balances, June 30	\$ 1,576,695.66	-	\$ 1,576,695.66	\$ 2,588,045.48	\$ 1,009,362.76
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 401,666.00	
Maintenance Reserve				250,000.00	
For Excess Surplus				614,659.57	
Excess Surplus - Designated for Subsequent Year's Expenditures				637,765.60	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				374,648.40	
Unassigned Fund Balance				309,305.91	
				2,588,045.48	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(542,392.60)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,045,652.88	

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
State Sources:					
Preschool Education Aid	\$ 61,584.00		\$ 61,584.00	\$ 61,584.00	
Total - State Sources	61,584.00	-	61,584.00	61,584.00	-
Federal Sources:					
Title I	196,308.00	\$ 11,270.00	207,578.00	174,745.86	\$ (32,832.14)
Title IIA	47,713.00	1,679.00	49,392.00	38,277.57	(11,114.43)
Title III		5,435.00	5,435.00	5,435.00	
I.D.E.I.A., Basic Part B	155,931.00	38.00	155,969.00	153,925.82	(2,043.18)
I.D.E.I.A., Part B, Preschool Incentive	6,275.00		6,275.00	5,699.71	(575.29)
Total - Federal Sources	406,227.00	18,422.00	424,649.00	378,083.96	(46,565.04)
Total Revenues	467,811.00	18,422.00	486,233.00	439,667.96	(46,565.04)

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
Instruction:					
Salaries	\$ 232,694.00	\$ 5,435.00	\$ 238,129.00	\$ 211,747.00	\$ 26,382.00
Purchased Educational and Technical Services		3,000.00	3,000.00	995.30	2,004.70
Other Purchased Services	130,000.00		130,000.00	130,000.00	
General Supplies	55,354.00	9,987.00	65,341.00	53,568.40	11,772.60
Total Instruction	<u>418,048.00</u>	<u>18,422.00</u>	<u>436,470.00</u>	<u>396,310.70</u>	<u>40,159.30</u>
Support Services:					
Personal Services-Employee Benefits	44,488.00		44,488.00	38,551.36	5,936.64
Purchased Professional and Technical Services	5,275.00		5,275.00	4,805.90	469.10
Total Support Services	<u>49,763.00</u>	<u>-</u>	<u>49,763.00</u>	<u>43,357.26</u>	<u>6,405.74</u>
Total Expenditures	<u>467,811.00</u>	<u>18,422.00</u>	<u>486,233.00</u>	<u>439,667.96</u>	<u>46,565.04</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2016

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 15,634,023.59	\$ 439,667.96
Differences - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	549,017.20	4,618.80
State aid payment recognized as revenue for budgetary purposes, not recognized for GAAP statements until the subsequent year	<u>(542,392.60)</u>	<u>(6,158.40)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 15,640,648.19</u>	<u>\$ 438,128.36</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 15,526,170.77</u>	<u>\$ 439,667.96</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 15,526,170.77</u>	<u>\$ 439,667.96</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

ACCOUNTING AND REPORTING FOR PENSIONS

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Three Fiscal Years

	Measurement Date Ending June 30,		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0098928526%	0.0098099727%	0.0097907100%
School District's Proportionate Share of the Net Pension Liability	\$ 2,220,747.00	\$ 1,836,695.00	\$ 1,871,199.00
School District's Covered-Employee Payroll	\$ 726,024.00	\$ 721,144.00	\$ 728,248.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	305.88%	254.69%	256.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Three Fiscal Years

	Fiscal Year Ended June 30,		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 98,204.00	\$ 85,052.00	\$ 80,872.00
Contributions in Relation to the Contractually Required Contribution	<u>(98,204.00)</u>	<u>(85,052.00)</u>	<u>(80,872.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered-Employee Payroll	\$ 712,689.00	\$ 701,170.00	\$ 651,128.00
Contributions as a Percentage of School District's Covered-Employee Payroll	13.78%	12.13%	12.42%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.
 However, until a full 10-year trend is compiled, this presentation will only include information
 for those years for which information is available.

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Three Fiscal Years

	Measurement Date Ending June 30,		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>31,266,343.00</u>	<u>27,482,653.00</u>	<u>24,903,844.00</u>
	<u>\$ 31,266,343.00</u>	<u>\$ 27,482,653.00</u>	<u>\$ 24,903,844.00</u>
School District's Covered-Employee Payroll	\$ 5,978,372.00	\$ 5,787,100.00	\$ 5,837,732.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	522.99%	474.90%	426.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.
 However, until a full 10-year trend is compiled, this presentation will only include information
 for those years for which information is available.

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Required Supplementary Information
Schedule of School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last 10 Fiscal Years

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2016

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 4.68% as of June 30, 2014, to 4.13% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	N.C.L.B.			I. D. E. I. A. -- Part B			
	Total	Title I	Title IIA	Title III	Basic	Preschool Incentive	Preschool Education Aid
REVENUES:							
Federal Sources	\$ 378,083.96	\$ 174,745.86	\$ 38,277.57	\$ 5,435.00	\$ 153,925.82	\$ 5,699.71	
State Sources	61,584.00						\$ 61,584.00
Total Revenues	439,667.96	174,745.86	38,277.57	5,435.00	153,925.82	5,699.71	61,584.00
EXPENDITURES:							
Instruction:							
Salaries	211,747.00	120,115.00	30,048.00				61,584.00
Purchased Educational and Technical Services	995.30				995.30		
Other Purchased Services	130,000.00				130,000.00		
General Supplies	53,568.40	23,573.47	735.60	5,435.00	22,930.52	893.81	
Total Instruction	396,310.70	143,688.47	30,783.60	5,435.00	153,925.82	893.81	61,584.00
Support Services:							
Personal Services-Employee Benefits	38,551.36	31,057.39	7,493.97				
Purchased Professional and Technical Services	4,805.90					4,805.90	
Total Support Services	43,357.26	31,057.39	7,493.97	-		4,805.90	-
Total Expenditures	439,667.96	174,745.86	38,277.57	5,435.00	153,925.82	5,699.71	61,584.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-

TOWNSHIP OF BERLIN SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Statement of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	<u>\$ 61,584.00</u>	<u>\$ 61,584.00</u>	<u>-</u>
<u>Calculation of Budget and Carryover</u>			
Total revised 2015-16 Preschool Education Aid Allocation			\$ 61,584.00
Add: Actual ECPA/PEA Carryover (June 30, 2016)			
Add: Budgeted Transfer from the General Fund 2015-16			<u> </u>
Total Preschool Education Funds Available for 2015-16 Budget			61,584.00
Less: 2015-16 Budgeted Preschool Education Aid (Including Prior Year Budget Carryover)			<u>61,584.00</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2016			-
Add: June 30, 2016 Unexpended Preschool Education Aid			-
Less: 2015-16 Commissioner-approved Transfer to the General Fund			<u> </u>
2015-16 Carryover - Preschool Education Aid/Preschool			<u> </u>
2015-16 Preschool Education Aid Carryover Budgeted for Preschool Programs 2015-16			<u> </u>

PROPRIETARY FUNDS

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Net Position
 June 30, 2016

	<u>Food Service</u>	<u>After School Program</u>	<u>Totals</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 35,056.20	\$ 30,694.00	\$ 65,750.20
Accounts Receivable:			
State	517.47		517.47
Federal	30,163.32		30,163.32
Other		3,200.64	3,200.64
Inventory	3,443.06		3,443.06
Interfund Accounts Receivable - General Fund	<u>3,066.30</u>	<u>12,641.97</u>	<u>15,708.27</u>
Total Current Assets	<u>72,246.35</u>	<u>46,536.61</u>	<u>118,782.96</u>
Noncurrent Assets:			
Capital Assets:			
Equipment	223,573.00		223,573.00
Less Accumulated Depreciation	<u>(109,359.00)</u>		<u>(109,359.00)</u>
Total Noncurrent Assets	<u>114,214.00</u>	<u>-</u>	<u>114,214.00</u>
Total Assets	<u>186,460.35</u>	<u>46,536.61</u>	<u>232,996.96</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	16,777.15		16,777.15
Unearned Revenue		<u>37,302.50</u>	<u>37,302.50</u>
Total Current Liabilities	<u>16,777.15</u>	<u>37,302.50</u>	<u>54,079.65</u>
NET POSITION:			
Net Investment in Capital Assets	114,214.00		114,214.00
Unrestricted	<u>55,469.20</u>	<u>9,234.11</u>	<u>64,703.31</u>
Total Net Position	<u>\$ 169,683.20</u>	<u>\$ 9,234.11</u>	<u>\$ 178,917.31</u>

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>	<u>After School Program</u>	<u>Totals</u>
OPERATING REVENUES:			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Breakfast Program	\$ 1,213.22		\$ 1,213.22
School Lunch Program	46,935.15		46,935.15
Daily Sales Non-Reimbursable Programs	23,217.40		23,217.40
Special Functions	4,703.30		4,703.30
Miscellaneous	1,437.22		1,437.22
Program Fees		<u>\$ 162,664.08</u>	<u>162,664.08</u>
Total Operating Revenue	<u>77,506.29</u>	<u>162,664.08</u>	<u>240,170.37</u>
OPERATING EXPENSES:			
Salaries	92,272.19	126,771.83	219,044.02
Employee Benefits	18,268.73	16,455.64	34,724.37
Purchased Professional and Technical Services	15,374.94		15,374.94
Other Purchased Services	5,721.28		5,721.28
Cost of Sales - Reimbursable Programs	113,551.09		113,551.09
Cost of Sales - Non-reimbursable Programs	14,512.00		14,512.00
Supplies and Materials	13,236.70	18,331.77	31,568.47
Depreciation	13,979.00		13,979.00
Miscellaneous	697.25		697.25
Other Objects		<u>7,803.81</u>	<u>7,803.81</u>
Total Operating Expenses	<u>287,613.18</u>	<u>169,363.05</u>	<u>456,976.23</u>
Operating Income (Loss)	<u>(210,106.89)</u>	<u>(6,698.97)</u>	<u>(216,805.86)</u>
NONOPERATING REVENUES (EXPENSES):			
State Sources:			
State School Lunch Program	2,985.84		2,985.84
Federal Sources:			
National School Lunch Program	130,760.20		130,760.20
School Breakfast Program	38,381.47		38,381.47
Food Distribution Program	18,375.15		18,375.15
Total Nonoperating Revenues (Expenses)	<u>190,502.66</u>	<u>-</u>	<u>190,502.66</u>
Change in Net Position	(19,604.23)	(6,698.97)	(26,303.20)
Net Position - July 1 (Restated)	<u>189,287.43</u>	<u>15,933.08</u>	<u>205,220.51</u>
Net Position - June 30	<u>\$ 169,683.20</u>	<u>\$ 9,234.11</u>	<u>\$ 178,917.31</u>

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>	<u>After School Program</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 77,506.29	\$ 186,641.70	\$ 264,147.99
Payments to Employees	(92,272.19)	(126,771.83)	(219,044.02)
Payments for Employee Benefits	(18,268.73)	(16,455.64)	(34,724.37)
Payments to Suppliers	<u>(147,067.44)</u>	<u>(26,135.58)</u>	<u>(173,203.02)</u>
Net Cash Provided by (used for) Operating Activities	<u>(180,102.07)</u>	<u>17,278.65</u>	<u>(162,823.42)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	2,728.42		2,728.42
Federal Sources	153,688.94		153,688.94
Operating Subsidies and Transfers	<u>20,585.06</u>	<u>(31,532.05)</u>	<u>(10,946.99)</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>177,002.42</u>	<u>(31,532.05)</u>	<u>145,470.37</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,099.65)	(14,253.40)	(17,353.05)
Cash and Cash Equivalents, July 1	<u>38,155.85</u>	<u>44,947.40</u>	<u>83,103.25</u>
Cash and Cash Equivalents, June 30	<u>\$ 35,056.20</u>	<u>\$ 30,694.00</u>	<u>\$ 65,750.20</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Operating Income (Loss)	\$ (210,106.89)	\$ (6,698.97)	\$ (216,805.86)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:			
Depreciation and Net Amortization	13,979.00		13,979.00
Food Distribution Program	18,375.15		18,375.15
Change in Assets and Liabilities:			
(Increase) / Decrease in Accounts Receivable	(1,009.82)	235.54	(774.28)
(Increase) / Decrease in Inventory	(2,378.76)		(2,378.76)
Increase / (Decrease) in Unearned Revenue		23,742.08	23,742.08
Increase / (Decrease) in Accounts Payable	<u>1,039.25</u>		<u>1,039.25</u>
Total Adjustments	<u>30,004.82</u>	<u>23,977.62</u>	<u>53,982.44</u>
Net Cash Provided (Used) in Operating Activities	<u>\$ (180,102.07)</u>	<u>\$ 17,278.65</u>	<u>\$ (162,823.42)</u>

FIDUCIARY FUNDS

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2016

	Private Purpose Trust Funds		Agency Funds			Totals
	Flexible Benefits Trust	Unemployment Compensation	Student Activity	Community Education	Payroll	
ASSETS:						
Cash and Cash Equivalents	\$ 1,899.07	\$ 13,560.97	\$ 28,293.97	\$ 4,281.68	\$ 69,557.81	\$ 117,593.50
Total Assets	<u>1,899.07</u>	<u>13,560.97</u>	<u>\$ 28,293.97</u>	<u>\$ 4,281.68</u>	<u>\$ 69,557.81</u>	<u>117,593.50</u>
LIABILITIES:						
Payroll Deductions and Withholdings					\$ 61,500.70	61,500.70
Reserve for Community Education Program				\$ 4,281.68		4,281.68
Interfund Accounts Payable:						
General Fund					8,057.11	8,057.11
Payable to Student Groups			\$ 28,293.97			28,293.97
Total Liabilities	-	-	<u>\$ 28,293.97</u>	<u>\$ 4,281.68</u>	<u>\$ 69,557.81</u>	<u>102,133.46</u>
NET POSITION:						
Held in Trust for Unemployment Claims and Other Purposes	<u>1,899.07</u>	<u>13,560.97</u>				<u>15,460.04</u>
Total Net Position	<u>\$ 1,899.07</u>	<u>\$ 13,560.97</u>				<u>\$ 15,460.04</u>

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2016

	<u>Private Purpose - Trust Funds</u>		<u>Total</u>
	<u>Flexible Benefits Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>	
ADDITIONS:			
Investment Earnings:			
Interest		\$ 11.82	\$ 11.82
Employee Contributions	\$ 3,050.00	11,947.16	14,997.16
Total Additions	<u>3,050.00</u>	<u>11,958.98</u>	<u>15,008.98</u>
DEDUCTIONS:			
Flexible Spending Claims Paid	2,758.20		2,758.20
Unemployment Compensation Insurance Claims		6,695.83	6,695.83
Total Deductions	<u>2,758.20</u>	<u>6,695.83</u>	<u>9,454.03</u>
Change in Net Position	291.80	5,263.15	5,554.95
Net Position -- July 1	<u>1,607.27</u>	<u>8,297.82</u>	<u>9,905.09</u>
Net Position -- June 30	<u>\$ 1,899.07</u>	<u>\$ 13,560.97</u>	<u>\$ 15,460.04</u>

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
ELEMENTARY SCHOOLS:				
Dwight D. Eisenhower	\$ 19,691.64	\$ 27,246.80	\$ 28,698.14	\$ 18,240.30
John F. Kennedy	<u>8,154.95</u>	<u>11,160.49</u>	<u>9,261.77</u>	<u>10,053.67</u>
 Total Student Activity	 <u>\$ 27,846.59</u>	 <u>\$ 38,407.29</u>	 <u>\$ 37,959.91</u>	 <u>\$ 28,293.97</u>

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Fiduciary Funds
 Community Education Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and cash equivalents	<u>\$ 4,276.24</u>	<u>\$ 495.44</u>	<u>\$ 490.00</u>	<u>\$ 4,281.68</u>
Total Assets	<u><u>\$ 4,276.24</u></u>	<u><u>\$ 495.44</u></u>	<u><u>\$ 490.00</u></u>	<u><u>\$ 4,281.68</u></u>
LIABILITIES:				
Due to community groups	<u>\$ 4,276.24</u>	<u>\$ 495.44</u>	<u>\$ 490.00</u>	<u>\$ 4,281.68</u>
Total Liabilities	<u><u>\$ 4,276.24</u></u>	<u><u>\$ 495.44</u></u>	<u><u>\$ 490.00</u></u>	<u><u>\$ 4,281.68</u></u>

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 9,145.12	\$ 8,044,212.49	\$ 7,983,799.80	\$ 69,557.81
Total Assets	<u>\$ 9,145.12</u>	<u>\$ 8,044,212.49</u>	<u>\$ 7,983,799.80</u>	<u>\$ 69,557.81</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 1,369.44	\$ 3,536,357.64	\$ 3,476,226.38	\$ 61,500.70
Interfund Accounts Payable:				
General Fund	7,775.68	100,312.41	100,030.98	8,057.11
Net Payroll	<u> </u>	<u>4,407,542.44</u>	<u>4,407,542.44</u>	<u> </u>
Total Liabilities	<u>\$ 9,145.12</u>	<u>\$ 8,044,212.49</u>	<u>\$ 7,983,799.80</u>	<u>\$ 69,557.81</u>

LONG-TERM DEBT

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2016

	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2015	Retired	Balance June 30, 2016
			Date	Amount				
Renovations and Improvements to various school buildings	4/1/2010	\$ 1,995,000.00	04/01/17	\$ 210,000.00	3.000%	\$ 1,055,000.00	\$ 215,000 00	\$ 840,000.00
			04/01/18	220,000.00	3.125%			
			04/01/19	190,000.00	3.500%			
Renovations and Improvements to various school buildings	4/1/2010	3,334,000.00	4/1/17-19	50,000.00	4.000%	2,914,000.00	100,000 00	2,814,000.00
			4/1/20-21	230,000.00	4.000%			
			04/01/22	234,000.00	4.000%			
			04/01/23	240,000.00	4.000%			
			04/01/24	250,000.00	4.000%			
			04/01/25	260,000.00	4.000%			
			04/01/26	270,000.00	4.000%			
			04/01/27	280,000.00	4.125%			
			04/01/28	285,000.00	4.250%			
			04/01/29	295,000.00	4.250%			
			04/01/30	310,000.00	4.250%			
					<u>\$ 3,969,000.00</u>	<u>\$ 315,000 00</u>	<u>\$ 3,654,000.00</u>	

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 384,095.00		\$ 384,095.00	\$ 384,095.00	
State Sources:					
Debt Service Aid Type II	84,578.00		84,578.00	84,578.00	
Total Revenues	<u>468,673.00</u>	<u>-</u>	<u>468,673.00</u>	<u>468,673.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	153,673.00		153,673.00	153,672.50	\$ 0.50
Redemption of Principal	315,000.00		315,000.00	315,000.00	
Total Regular Debt Service	<u>468,673.00</u>	<u>-</u>	<u>468,673.00</u>	<u>468,672.50</u>	<u>0.50</u>
Total Expenditures	<u>468,673.00</u>	<u>-</u>	<u>468,673.00</u>	<u>468,672.50</u>	<u>0.50</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	0.50	0.50
Fund Balance, July 1	<u>566,094.54</u>	<u>-</u>	<u>566,094.54</u>	<u>566,094.54</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 566,094.54</u>	<u>-</u>	<u>\$ 566,094.54</u>	<u>\$ 566,095.04</u>	<u>\$ 0.50</u>

STATISTICAL SECTION

Financial Trends Information

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

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

	Fiscal Year Ending June 30									
	2016	2015 (a)	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net Investment in Capital Assets	\$ 5,479,560.80	\$ 5,620,945.87	\$ 4,973,985.15	\$ 4,623,578.45	\$ 4,609,576	\$ 4,311,894	\$ (550,224)	\$ 2,044,871	\$ 1,904,400	\$ 1,258,947
Restricted	1,551,820.26	1,551,819.76	900,152.26	890,590.48	2,445,960	1,730,357	4,621,105	1,774,694	1,535,693	1,531,401
Unrestricted	<u>(971,651.00)</u>	<u>(1,074,191.96)</u>	<u>1,514,174.73</u>	<u>1,079,300.30</u>	<u>(821,749)</u>	<u>(874,852)</u>	<u>(1,124,312)</u>	<u>(972,589)</u>	<u>(585,725)</u>	<u>(646,766)</u>
Total Governmental Activities Net Assets	\$ 6,059,730.06	\$ 6,098,573.67	\$ 7,388,312.14	\$ 6,593,469.23	\$ 6,233,787	\$ 5,167,399	\$ 2,946,569	\$ 2,846,976	\$ 2,854,368	\$ 2,143,582
Business-type Activities										
Net Investment in Capital Assets	\$ 114,214.00	\$ 3,745.94	\$ 6,655.46	\$ 19,391.07	\$ 27,392		\$ 1,040	\$ 2,126	\$ 5,253	\$ 10,533
Unrestricted	<u>64,703.31</u>	<u>91,370.51</u>	<u>80,817.30</u>	<u>110,593.33</u>	<u>86,630</u>	<u>\$ 129,333</u>	<u>122,650</u>	<u>98,847</u>	<u>100,885</u>	<u>93,557</u>
Total Business-type Activities Net Assets	\$ 178,917.31	\$ 95,116.45	\$ 87,472.76	\$ 129,984.40	\$ 114,022	\$ 129,333	\$ 123,690	\$ 100,973	\$ 106,138	\$ 104,090
District-wide										
Net Investment in Capital Assets	\$ 5,593,774.80	\$ 5,624,691.81	\$ 4,980,640.61	\$ 4,642,969.52	\$ 4,636,968	\$ 4,311,894	\$ (549,184)	\$ 2,046,997	\$ 1,909,653	\$ 1,269,480
Restricted	1,551,820.26	1,551,819.76	900,152.26	890,590.48	2,445,960	1,730,357	4,621,105	1,774,694	1,535,693	1,531,401
Unrestricted	<u>(906,947.69)</u>	<u>(982,821.45)</u>	<u>1,594,992.03</u>	<u>1,189,893.63</u>	<u>(735,119)</u>	<u>(745,519)</u>	<u>(1,001,662)</u>	<u>(873,742)</u>	<u>(484,840)</u>	<u>(553,209)</u>
Total District-wide Net Position	\$ 6,238,647.37	\$ 6,193,690.12	\$ 7,475,784.90	\$ 6,723,453.63	\$ 6,347,809	\$ 5,296,732	\$ 3,070,259	\$ 2,947,949	\$ 2,960,506	\$ 2,247,672

(a) - Beginning for the fiscal year ended June 30, 2015, the School District implemented GASB 68.

Source: District Records

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

	Fiscal Year Ending June 30									
	2016	2015 (a)	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 3,591,595.72	\$ 3,426,525.53	\$ 3,099,435.89	\$ 3,154,895.44	\$ 2,544,341	\$ 3,020,569	\$ 3,687,352	\$ 3,575,486	\$ 3,309,413	\$ 3,232,286
Special Education	1,455,542.85	1,280,543.66	1,430,545.13	1,487,885.42	1,948,495	1,491,794	1,222,647	1,066,568	972,257	903,156
Other Instruction	458,687.58	333,320.94	271,303.47	381,393.19	290,953	370,608	283,340	260,760	250,295	179,093
Support Services:										
Tuition	3,049,105.63	3,548,989.26	3,645,670.06	3,314,424.77	3,127,489	3,330,557	3,222,981	3,631,756	3,509,898	3,492,450
Student & Instruction Related Services	1,324,203.05	1,227,707.55	1,342,252.71	1,257,159.16	1,170,602	1,162,357	1,202,035	1,295,229	1,264,645	1,074,107
School Administrative Services	314,530.53	311,153.68	212,262.67	201,817.26	234,875	212,479	232,891	228,033	259,214	282,892
General and Business Administrative Services	488,913.23	440,076.28	425,310.24	485,612.66	528,562	499,867	600,002	538,340	577,703	600,128
Plant Operations and Maintenance	879,361.93	1,230,973.09	1,208,106.04	1,311,429.13	607,624	722,140	716,766	770,609	949,109	786,521
Pupil Transportation	656,150.35	546,631.06	539,118.05	479,783.44	604,197	609,996	657,728	635,852	618,203	525,477
Business and Other Support Services										
Unallocated Benefits	4,853,067.05	4,265,628.33	2,676,024.65	2,789,157.63	2,597,600	2,555,680	2,411,664	2,295,065	2,465,833	2,312,810
Interest on Long-term Debt	151,194.37	156,204.50	169,610.00	186,147.32	192,933	199,229	177,563	160,131	160,131	177,681
Unallocated Depreciation	453,539			282,224.08	163,708	163,707	180,420	260,039	34,225	37,783
Total Governmental Activities Expenses	<u>17,675,891.29</u>	<u>16,767,753.88</u>	<u>15,019,638.91</u>	<u>15,331,929.50</u>	<u>14,011,379</u>	<u>14,338,983</u>	<u>14,595,391</u>	<u>14,717,868</u>	<u>14,370,926</u>	<u>13,604,384</u>
Business-type Activities:										
Food Service	287,613.18	274,579.80	287,528.57	256,868.55	266,305	230,101	231,651	226,703	221,226	230,630
After School Program	169,363.05	167,092.11	147,716.72	93,617.25	117,815	118,561	106,341	105,061	92,552	92,482
Total Business-type Activities Expense	<u>456,976.23</u>	<u>441,671.91</u>	<u>435,245.29</u>	<u>350,485.80</u>	<u>384,120</u>	<u>348,662</u>	<u>337,992</u>	<u>331,764</u>	<u>313,778</u>	<u>323,112</u>
Total District Expenses	<u>\$ 18,132,867.52</u>	<u>\$ 17,209,425.79</u>	<u>\$ 15,454,884.20</u>	<u>\$ 15,682,415.30</u>	<u>\$ 14,395,499</u>	<u>\$ 14,687,645</u>	<u>\$ 14,933,383</u>	<u>\$ 15,049,632</u>	<u>\$ 14,684,704</u>	<u>\$ 13,927,496</u>
Program Revenues										
Governmental Activities:										
Charges for Services					\$ 204,126	\$ 99,914	\$ 87,663	\$ 33,380		
Operating Grants and Contributions	\$ 1,974,951.51	\$ 2,007,111.20	\$ 467,283.87	\$ 577,986.55	1,414,959	1,370,702	1,571,278	1,328,261	\$ 2,144,209	\$ 2,083,548
Capital Grants and Contributions			3,567.79	37,261.26						
Total Governmental Activities Program Revenues	<u>1,974,951.51</u>	<u>2,007,111.20</u>	<u>470,851.66</u>	<u>615,247.81</u>	<u>1,619,085</u>	<u>1,470,616</u>	<u>1,658,941</u>	<u>1,361,641</u>	<u>2,144,209</u>	<u>2,083,548</u>
Business-type activities:										
Charges for services										
Food Service	77,506.29	84,394.55	88,308.54	93,424.81	94,726	93,309	112,978	124,016	127,527	119,048
After School Program	162,664.08	183,025.19	107,465.07	106,726.65	108,001	107,516	93,051	91,179	90,621	97,944
Operating Grants and Contributions	190,502.66	181,895.86	183,929.18	166,296.41	166,033	153,328	154,533	111,079	95,498	101,904
Total Business-type Activities Program Revenues	<u>430,673.03</u>	<u>449,315.60</u>	<u>379,702.79</u>	<u>366,447.87</u>	<u>368,760</u>	<u>354,153</u>	<u>360,562</u>	<u>326,274</u>	<u>313,646</u>	<u>318,896</u>
Total District Program Revenues	<u>\$ 2,405,624.54</u>	<u>\$ 2,456,426.80</u>	<u>\$ 850,554.45</u>	<u>\$ 981,695.68</u>	<u>\$ 1,987,845</u>	<u>\$ 1,824,769</u>	<u>\$ 2,019,503</u>	<u>\$ 1,687,915</u>	<u>\$ 2,457,855</u>	<u>\$ 2,402,444</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (15,700,939.78)	\$ (14,760,642.68)	\$ (14,548,787.25)	\$ (14,716,681.69)	\$ (12,392,294)	\$ (12,868,367)	\$ (12,936,450)	\$ (13,356,227)	\$ (12,226,717)	\$ (11,520,836)
Business-type Activities	(26,303.20)	7,643.69	(55,542.50)	15,962.07	(15,360)	5,491	22,570	(5,490)	(132)	(4,216)
Total District-wide Net Expense	<u>\$ (15,727,242.98)</u>	<u>\$ (14,752,998.99)</u>	<u>\$ (14,604,329.75)</u>	<u>\$ (14,700,719.62)</u>	<u>\$ (12,407,654)</u>	<u>\$ (12,862,876)</u>	<u>\$ (12,913,880)</u>	<u>\$ (13,361,717)</u>	<u>\$ (12,226,849)</u>	<u>\$ (11,525,052)</u>

(Continued)

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

	Fiscal Year Ending June 30									
	2016	2015 (a)	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 8,185,629.00	\$ 8,025,126.00	\$ 7,867,771.00	\$ 7,713,502.50	\$ 7,564,479	\$ 7,416,156	\$ 7,511,850	\$ 7,511,850	\$ 7,603,528	\$ 7,379,482
Taxes Levied for Debt Service	384,095.00	394,407.00	407,185.00	422,054.50	444,324	427,946	318,505	318,505	318,505	329,455
Unrestricted Grants and Contributions	7,017,184.51	6,509,051.75	6,724,180.17	6,774,840.76	5,289,478	4,719,782	4,899,050	5,049,772	4,322,703	4,107,380
Tuition Received	443,410.15	376,739.24	321,416.07	170,807.49	114,158	2,343,802	203,379			
Miscellaneous Income	49,254.38	36,779.22	36,108.78	37,117.67	46,243	181,511	103,260	468,708	692,767	637,999
Transfers			(13,030.86)							
Total Governmental Activities	16,079,573.04	15,342,103.21	15,343,630.16	15,118,322.92	13,458,682	15,089,197	13,036,044	13,348,835	12,937,503	12,454,316
Business-type Activities:										
Investment Earnings					49	152	147	325	2,180	3,241
Contributions										26,400
Transfers			13,030.86							
Total Business-type Activities	-	-	13,030.86	-	49	152	147	325	2,180	29,641
Total District-wide	\$ 16,079,573.04	\$ 15,342,103.21	\$ 15,356,661.02	\$ 15,118,322.92	\$ 13,458,731	\$ 15,089,349	\$ 13,036,191	\$ 13,349,160	\$ 12,939,683	\$ 12,483,957
Change in Net Position										
Governmental Activities	\$ 378,633.26	\$ 581,460.53	\$ 794,842.91	\$ 401,641.23	\$ 1,066,388	\$ 2,220,830	\$ 99,594	\$ (7,392)	\$ 710,786	\$ 933,480
Business-type Activities	(26,303.20)	7,643.69	(42,511.64)	15,962.07	(15,311)	5,643	22,717	(5,165)	2,048	25,425
Total District	\$ 352,330.06	\$ 589,104.22	\$ 752,331.27	\$ 417,603.30	\$ 1,051,077	\$ 2,226,473	\$ 122,311	\$ (12,557)	\$ 712,834	\$ 958,905

(a) - Beginning for the fiscal year ended June 30, 2015, the School District implemented GASB 68.

Source: District Records

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

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011(a)	2010	2009	2008	2007
General Fund										
Restricted	\$ 1,361,698.57	\$ 1,421,051.36	\$ 1,306,022.73	\$ 1,094,341.77	\$ 875,048	\$ 646,631	\$ 981,666	\$ 1,605,834	\$ 724,022	\$ 761,666
Assigned	374,648.40	222,860.04	454,393.23	205,198.00	665,678	186,053	352,773	168,860	811,671	730,105
Unassigned	309,305.91	287,264.06	269,352.73	275,915.44	(256,055)	(202,712)				
Unreserved							(309,107)	(231,890)	56,621	46,773
Total General Fund	<u>\$ 2,045,652.88</u>	<u>\$ 1,931,175.46</u>	<u>\$ 2,029,768.69</u>	<u>\$ 1,575,455.21</u>	<u>\$ 1,284,671</u>	<u>\$ 629,972</u>	<u>\$ 1,025,332</u>	<u>\$ 1,542,804</u>	<u>\$ 1,592,314</u>	<u>\$ 1,538,544</u>
All Other Governmental Funds										
Restricted:										
Capital Projects	\$ 334,059.22	\$ 334,059.22	\$ 900,152.26	\$ 900,152.26						
Debt Service	566,095.04	566,094.54		938.22						
Unassigned, Reported in:										
Special Revenue Fund	(6,158.40)	(4,618.80)	(3,849.00)	(10,500.00)		\$ (9,200)	\$ (8,190)	\$ (8,190)	\$ (31,019)	\$ 13,186
Capital Projects Fund					\$ 900,284.00	901,728	3,286,666			
Debt Service Fund					4,950	5,145	1,134			
Total All Other Governmental Funds	<u>\$ 893,995.86</u>	<u>\$ 895,534.96</u>	<u>\$ 896,303.26</u>	<u>\$ 890,590.48</u>	<u>\$ 905,234</u>	<u>\$ 897,673</u>	<u>\$ 3,279,610</u>	<u>\$ (8,190)</u>	<u>\$ (31,019)</u>	<u>\$ 13,186</u>

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

Source: District Records

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Tax Levy	\$ 8,569,724.00	\$ 8,419,533.00	\$ 8,274,956.00	\$ 8,135,557.00	\$ 8,008,803	\$ 7,844,102	\$ 7,814,321	\$ 7,830,355	\$ 7,922,033	\$ 7,708,937
Tuition Charges	443,410.15	376,739.24	321,416.07	170,807.49	204,126	99,914	87,663	33,380	53,658	36,842
Miscellaneous	49,254.38	36,779.22	36,108.78	33,794.55	46,243	181,511	103,260	468,708	639,109	601,157
State Sources	7,069,712.40	6,833,844.39	6,764,798.54	6,939,197.21	6,290,922	8,090,855	5,227,895	6,028,730	6,083,874	5,760,793
Federal Sources	415,348.62	470,939.56	430,233.29	450,891.36	527,673	343,431	1,436,746	349,303	383,038	430,135
Total Revenue	16,547,449.55	16,137,835.41	15,827,512.68	15,730,247.61	15,077,767.00	16,559,813.00	14,669,885.00	14,710,476.00	15,081,712.00	14,537,864.00
Expenditures										
Instruction										
Regular Instruction	3,521,870.72	3,375,215.34	3,060,466.87	3,123,129.33	2,511,690	3,027,281	3,669,803	3,362,414	3,224,624	3,101,206
Special Education Instruction	1,455,542.85	1,280,543.66	1,430,545.13	1,487,885.42	1,948,495	1,491,794	1,222,647	1,066,568	972,257	903,156
Other Instruction	458,687.58	333,320.94	271,303.47	381,393.19	290,953	370,608	283,340	260,760	250,295	179,093
Support Services:										
Tuition	3,049,105.63	3,548,989.26	3,645,670.06	3,314,424.77	3,127,489	3,330,557	3,222,981	3,631,756	3,509,898	3,492,450
Student & Instruction Related Services	1,324,203.05	1,227,707.55	1,284,801.00	1,256,904.16	1,170,602	1,162,357	1,202,035	1,295,229	1,264,645	1,074,107
School Administrative Services	307,730.53	310,853.68	205,712.67	206,805.66	234,875	212,479	232,891	228,033	259,214	282,892
General Business and Administrative Svcs	487,091.23	440,076.28	425,310.24	485,612.66	526,887	498,192	598,327	536,105	568,764	590,172
Plant Operations and Maintenance	873,980.93	909,247.69	897,169.76	878,736.66	707,610	769,869	762,501	861,039	1,014,072	707,274
Pupil Transportation	593,247.35	513,054.64	509,959.99	478,881.34	542,142	547,941	595,673	631,163	595,855	500,587
Other Support Services	3,331,692.06	3,089,167.67	2,722,938.21	2,841,476.87	2,650,754	2,608,118	2,474,497	2,347,434	2,495,532	2,446,526
Capital Outlay	562,686.80	726,347.73	398,655.66	431,857.47	115,602	4,735,215	477,306	253,797	400,335	95,393
Debt Service:										
Principal	315,000.00	320,000.00	330,000.00	383,000.00	390,000	385,000	360,000	350,000	350,000	350,000
Interest	153,672.50	162,672.50	171,922.50	185,058.50	198,408	197,699	131,556	166,656	166,656	184,206
Total Expenditures	16,434,511.23	16,237,196.94	15,354,455.56	15,455,166.03	14,415,507	19,337,110	15,233,557	14,990,954	15,072,147	13,907,062
Excess (Deficiency) of Revenues Over (Under) Expenditures	112,938.32	(99,361.53)	473,057.12	275,081.58	662,260	(2,777,297)	(563,672)	(280,478)	9,565	630,802
Other Financing Sources (Uses)										
Proceeds from borrowing							3,334,000	253,797		
Cancellation of Prior Year Accounts Receivable				1,058.49						
Operating Transfers In		816,093.04	150,000.28	938.22	938	3,810	1,134			
Operating Transfers Out		(816,093.04)	(163,031.14)		(938)	(3,810)	(1,134)			
Total Other Financing Sources (Uses)	-	-	(13,030.86)	1,996.71	-	-	3,334,000	253,797	-	-
Net Change in Fund Balances	\$ 112,938.32	\$ (99,361.53)	\$ 460,026.26	\$ 277,078.29	\$ 662,260	\$ (2,777,297)	\$ 2,770,328	\$ (26,681)	\$ 9,565	\$ 630,802
Debt Service as a Percentage of Noncapital Expenditures	2.95%	3.11%	3.36%	3.78%	4.11%	3.99%	3.33%	3.51%	3.52%	3.87%

Source: District Records

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Interest on Investments	\$ 2,595.45				\$ 619	\$ 2,274	\$ 12,799	\$ 24,789	\$ 58,507	\$ 49,444
Tuition	443,410.15	\$ 376,739.24	\$ 321,416.07	\$ 170,807.49	204,126	99,914	87,663	33,380	53,658	36,842
Refund of Prior Year Expenditures	8,216.09	8,299.87	10,461.23	6,834.34	10,902	88,856	11,911	107,533	4,680	32,526
Shared Services							66,255		57,857	
E-Rate	26,883.25	26,115.99	18,619.05	25,245.02	21,701	18,850	5,904			
Dissolution Asset Settlement								333,505	499,146	497,856
Use of Facilities	7,400.00									
Miscellaneous	4,159.59	2,363.36	7,028.50	1,715.19	13,021	71,531	6,391	2,881	18,919	21,331
	<u>\$ 492,664.53</u>	<u>\$ 413,518.46</u>	<u>\$ 357,524.85</u>	<u>\$ 204,602.04</u>	<u>\$ 250,369</u>	<u>\$ 659,594</u>	<u>\$ 190,923</u>	<u>\$ 502,088</u>	<u>\$ 692,767</u>	<u>\$ 637,999</u>

Source: District Records.

Revenue Capacity Information

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

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg./Qual.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2016 ⁽³⁾	\$ 14,792,100.00	\$ 306,646,000.00	\$ 251,200.00	\$ 29,200.00	\$ 184,949,200.00	\$ 49,480,300.00	\$ 6,848,200.00	\$ 562,996,200.00	\$ 1,665,368.00	\$ 564,661,568.00	\$ 40,567,800.00	\$ 556,143,293.00	\$ 1.510
2015	9,925,900.00	191,336,200.00	166,400.00	27,100.00	117,481,900.00	30,887,000.00	3,955,600.00	353,780,100.00	1,048,343.00	354,828,443.00	25,841,000.00	570,043,618.00	2.394
2014	10,550,000.00	186,916,500.00	166,400.00	27,100.00	115,271,200.00	30,953,700.00	3,955,600.00	347,840,500.00	1,213,487.00	349,053,987.00	25,622,900.00	548,199,770.00	2.392
2013	10,650,400.00	184,985,400.00	166,400.00	27,100.00	117,425,300.00	31,107,700.00	3,955,600.00	348,317,900.00	983,728.00	349,301,628.00	25,386,500.00	553,249,775.00	2.349
2012	10,698,100.00	183,746,600.00	166,400.00	27,100.00	119,559,500.00	31,381,700.00	3,955,600.00	349,535,000.00	733,328.00	350,268,328.00	25,386,500.00	571,823,079.00	2.303
2011	10,441,700.00	182,735,100.00	166,400.00	43,300.00	118,332,800.00	31,476,600.00	3,955,600.00	347,151,500.00	729,225.00	347,880,725.00	21,754,900.00	594,857,694.00	2.278
2010	10,293,300.00	179,117,800.00	166,400.00	43,300.00	117,366,300.00	32,875,000.00	3,955,600.00	343,817,700.00	1,007,138.00	344,824,838.00	19,945,600.00	589,362,309.00	2.270
2009	11,155,600.00	176,191,600.00	166,400.00	43,300.00	117,193,600.00	33,195,000.00	3,955,600.00	341,901,100.00	705,599.00	342,606,699.00	18,996,500.00	601,482,610.00	2.282
2008	11,164,300.00	172,878,100.00	166,400.00	43,300.00	119,255,400.00	33,578,200.00	3,955,600.00	341,041,300.00	575,061.00	341,616,361.00	18,882,000.00	587,559,045.00	2.304
2007	10,810,400.00	173,496,100.00	166,400.00	42,100.00	118,941,200.00	31,533,000.00	3,955,600.00	338,944,800.00	596,219.00	339,541,019.00	19,303,000.00	538,788,222.00	2.302

(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

(3) Reassessment

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate (1)	General Obligation Debt Service (2)	Total Direct School Tax Rate	Township of Berlin	Fire District	County of Camden	
2016 ⁽³⁾	\$ 1.332	\$ 0.062	\$ 1.510	\$ 1.195	\$ 0.089	\$ 0.873	\$ 3.667
2015	2.282	0.112	2.394	1.842	0.140	1.411	5.787
2014	2.274	0.118	2.392	1.823	0.139	1.341	5.695
2013	2.227	0.122	2.349	1.781	0.136	1.319	5.585
2012	2.175	0.128	2.303	1.782	0.130	1.259	5.474
2011	2.166	0.112	2.278	1.688	0.131	1.216	5.313
2010	2.164	0.106	2.270	1.410	0.132	1.114	4.926
2009	2.193	0.089	2.282	1.293	0.126	1.089	4.790
2008	2.211	0.093	2.304	1.193	0.121	1.096	4.714
2007	2.209	0.093	2.302	1.081	0.117	1.116	4.616

(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.

(3) Reassessment

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any growth adjustments.

Source: Municipal Tax Collector

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

<u>Taxpayer</u>	<u>2016</u>			<u>2007</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
ACP Jersey Associates	\$ 28,578,600.00	1	5.06%	\$ 20,471,000.00	1	6.03%
Wal-Mart Stores, Inc.	13,983,100.00	2	2.48%	6,265,000.00	3	1.85%
Store Master Funding VII LLC	6,237,300.00	3	1.10%	N/A	N/A	N/A
Greenway Apartments LLC	5,175,100.00	4	0.92%	3,075,000.00	5	0.91%
215-225 Rt. 73 North LLC	3,499,800.00	5	0.62%	2,900,000.00	6	0.85%
Resintech Realty Associates	2,866,400.00	6	0.51%	N/A	N/A	N/A
Berlin PF, LLP Future Fitness	2,501,200.00	7	0.44%	N/A	N/A	N/A
Bloom Organization of So Jersey LLC	2,449,300.00	8	0.43%	7,215,000.00	2	2.12%
Bloom Organization of So Jersey LLC	2,338,400.00	9	0.41%	N/A	N/A	N/A
Bloom Organization of So Jersey LLC	2,233,700.00	10	0.40%	N/A	N/A	N/A
Pineridge Associaties	N/A	N/A	N/A	4,380,700.00	4	1.29%
Ronald H. Biglin, Jr.	N/A	N/A	N/A	2,752,800.00	7	0.81%
Frankel, S. & Rubinson, R.	N/A	N/A	N/A	2,667,700.00	8	0.79%
Piccoli Enterprise, LLC	N/A	N/A	N/A	2,015,000.00	9	0.59%
Hovbros Berlin, LLC	N/A	N/A	N/A	1,954,900.00	10	0.58%
Total	\$ 69,862,900.00		12.37%	\$ 53,697,100.00		15.82%

Source: Municipal Tax Assessor

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

Fiscal Year <u>Ended June 30,</u>	School Taxes Levied for the <u>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>	
2016	\$ 8,569,724.00	\$ 8,569,724.00	100.00%	
2015	8,419,533.00	8,419,533.00	100.00%	
2014	8,274,956.00	8,274,956.00	100.00%	
2013	8,135,557.00	8,135,557.00	100.00%	
2012	8,008,803.00	8,008,803.00	100.00%	
2011	7,844,102.00	7,844,102.00	100.00%	
2010	7,814,321.00	7,814,321.00	100.00%	
2009	7,830,355.00	7,830,355.00	100.00%	
2008	7,922,033.00	7,922,033.00	100.00%	
2007	7,708,937.00	7,708,937.00	100.00%	

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

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

Debt Capacity Information

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities (1)</u>			<u>Business-Type Activities</u>		<u>Total District</u>	Percentage of Personal Income (2)	<u>Per Capita (3)</u>
	General Obligation Bonds	Unfunded Pension Liability	Capital Leases	Capital Leases				
2016	\$ 3,654,000.00	\$ 130,813.00		-	\$ 3,784,813.00	(4)	(4)	
2015	3,969,000.00	180,394.00		-	4,149,394.00	(4)	(4)	
2014	4,289,000.00	229,975.00		-	4,518,975.00	1.79%	\$ 839.02	
2013	4,619,000.00	281,847.00		-	4,900,847.00	2.03%	914.68	
2012	5,002,000.00	333,771.00	\$ 52,837.00	-	5,388,608.00	2.24%	1,000.48	
2011	5,392,000.00	389,093.00	103,508.00	-	5,884,601.00	2.47%	1,091.76	
2010	5,777,000.00	439,363.00	152,099.00	-	6,368,462.00	2.82%	1,185.27	
2009	2,764,000.00	489,517.00	253,797.00	-	3,507,314.00	1.54%	642.72	
2008	3,114,000.00	541,886.00		-	3,655,886.00	1.63%	675.02	
2007	3,464,000.00	571,585.00		-	4,035,585.00	1.87%	749.13	

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

Sources:

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

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

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita (2)</u>
2016	\$ 3,654,000.00		\$ 3,654,000.00	0.65%	(3)
2015	3,969,600.00		3,969,600.00	1.12%	(3)
2014	4,289,000.00		4,289,000.00	1.23%	796.32
2013	4,619,000.00		4,619,000.00	1.32%	862.08
2012	5,002,000.00		5,002,000.00	1.43%	928.70
2011	5,392,000.00		5,392,000.00	1.55%	1,000.37
2010	5,777,000.00		5,777,000.00	1.68%	1,075.19
2009	2,764,000.00		2,764,000.00	0.81%	506.51
2008	3,114,000.00		3,114,000.00	0.91%	574.96
2007	3,464,000.00		3,464,000.00	1.02%	643.03

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

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

Source: District Records.

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2015
Unaudited

Township of Berlin:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Berlin Township</u>
Municipal Debt: (1)				
Berlin Township School District	\$ 3,969,000.00	\$ 3,969,000.00		
Berlin Township Sewer Utility	6,070,000.00	6,070,000.00		
Berlin Township	<u>12,170,462.09</u>	<u>127,462.09</u> (3)	\$ 12,043,000.00	\$ 12,043,000.00
	<u>22,209,462.09</u>	<u>10,166,462.09</u>	<u>12,043,000.00</u>	<u>12,043,000.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Camden: (2)				
General:				
Bonds	35,695,000.00	12,761,633.00 (3)	22,933,367.00	344,010.26 (5)
Loan Agreement	269,003,014.00		269,003,014.00	4,035,159.66 (5)
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>471,754,632.00</u>	<u>471,754,632.00</u> (4)		
	<u>776,452,646.00</u>	<u>484,516,265.00</u>	<u>291,936,381.00</u>	<u>4,379,169.92</u>
	<u>\$ 798,662,108.09</u>	<u>\$ 494,682,727.09</u>	<u>\$ 303,979,381.00</u>	<u>\$ 16,422,169.92</u>

Sources:

- (1) 2015 Annual Debt Statement
 - (2) Source: County of Camden
 - (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
 - (4) Deductible in accordance with N.J.S. 40:37A-80.
 - (5) Such debt is allocated as a proportion of the Township's share of the total 2016 Equalized Value, which is 1.50%.
- The source for this computation was the 2016 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis	
	2015	\$ 541,610,686.00
	2014	559,049,341.00
	2013	<u>547,325,424.00</u>
	[A]	<u>\$ 1,647,985,451.00</u>
Average equalized valuation of taxable property	[A/3]	\$ 549,328,483.67
Debt limit (3% of average equalization value)	[B]	\$ 16,479,854.51
Total Net Debt Applicable to Limit	[C]	<u>3,654,000.00</u>
Legal Debt Margin	[B-C]	<u>\$ 12,825,854.51</u>

	Fiscal Year									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt limit	\$ 16,479,854.51	\$ 16,604,542.96	\$ 16,678,130.15	\$ 17,084,111.55	\$ 17,388,779.00	\$ 17,712,080.00	\$ 17,661,646.00	\$ 17,098,394.00	\$ 15,590,829.00	\$ 13,713,855.00
Total net debt applicable to limit	<u>3,654,000.00</u>	<u>3,969,000.00</u>	<u>4,289,000.00</u>	<u>4,619,000.00</u>	<u>5,002,000.00</u>	<u>5,392,000.00</u>	<u>5,777,000.00</u>	<u>2,764,000.00</u>	<u>3,114,000.00</u>	<u>3,464,000.00</u>
Legal debt margin	<u>\$ 12,825,854.51</u>	<u>\$ 12,635,542.96</u>	<u>\$ 12,389,130.15</u>	<u>\$ 12,465,111.55</u>	<u>\$ 12,386,779.00</u>	<u>\$ 18,939,642.68</u>	<u>\$ 16,603,862.83</u>	<u>\$ 14,415,393.34</u>	<u>\$ 12,747,382.99</u>	<u>\$ 11,987,893.46</u>
Total net debt applicable to the limit as a percentage of debt limit	22.17%	23.90%	25.72%	27.04%	28.77%	30.44%	32.71%	16.17%	19.97%	25.26%

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

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2016	(5)	(5)	(5)	(5)
2015	5,434	(5)	(5)	7.0%
2014	5,386	\$ 252,527,996.00	\$ 46,886.00	8.4%
2013	5,358	241,522,566.00	45,077.00	10.4%
2012	5,386	240,980,412.00	44,742.00	6.3%
2011	5,390	237,779,850.00	44,115.00	6.2%
2010	5,373	225,628,389.00	41,993.00	6.3%
2009	5,457	227,234,937.00	41,641.00	6.0%
2008	5,416	224,076,168.00	41,373.00	3.8%
2007	5,387	215,512,322.00	40,006.00	2.8%

Source:

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

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

<u>Employer (1)</u>	<u>2016</u>			<u>2007 (2)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Atmostemp Service Experts	55	1	2.13%	N/A	N/A	N/A
Accurate Lift Truck	50	T-2	1.93%	N/A	N/A	N/A
Federal Rent A Fence	50	T-2	1.93%	N/A	N/A	N/A
Colonial Dental Laboratory Inc	40	T-4	1.55%	N/A	N/A	N/A
Continental Cast Stone East	40	T-4	1.55%	N/A	N/A	N/A
Filomena Cucina Rustica	40	T-4	1.55%	N/A	N/A	N/A
Trinity Machine LLC	40	T-4	1.55%	N/A	N/A	N/A
Fred R Morgan & Sons Inc	31	8	1.20%	N/A	N/A	N/A
B & B Custom Dry Wall Co	30	T-9	1.16%	N/A	N/A	N/A
Bath Fitter	30	T-9	1.16%	N/A	N/A	N/A
Granite Transformations	30	T-9	1.16%			
J-Dogs	30	T-9	1.16%	N/A	N/A	N/A
	<u>466</u>		<u>18.01%</u>	<u>---</u>		<u>---</u>

(1) Source: ReferenceUSA.com

(2) The data for 2007 was not available.

Operating Information

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

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

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction										
Regular	47	46	52	50	55	54	57	50	67	55
Special education	36	33	20	25	21	21	20	25	15	23
Support Services:										
Student & instruction related services	20	20	10	10	10	10	11	13	10	9
School administrative services	5	5	5	5	5	5	5	6	6	6
General and business administrative services	5	5	5	5	5	5	7	3	3	4
Plant operations and maintenance	7	7	7	7	7	10	10	8	8	8
Pupil transportation	6	5	5	7	7	8	7	8	8	7
After School Program	1	1	1	1	2	-	-	-	-	-
Total	<u>127.0</u>	<u>122.0</u>	<u>105.0</u>	<u>110.0</u>	<u>112.0</u>	<u>113.0</u>	<u>117.0</u>	<u>113.0</u>	<u>116.5</u>	<u>112.0</u>

Source: District Personnel Records

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

Fiscal Year	Resident Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (3)	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) (4)	Average Daily Attendance (ADA) (4)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2016	779	\$ 15,403,151.93	\$19,772.98	6.71%	83.0	1:09	1:08	628.3	594.2	-0.27%	94.57%
2015	811	15,028,176.71	18,530.43	-2.05%	79.0	1:12	1:09	630.0	607.0	-0.47%	96.35%
2014	764	14,453,877.40	18,918.69	2.08%	72.0	1:12	1:09	633.0	574.0	-2.31%	90.68%
2013	780	14,455,250.06	18,532.37	7.45%	75.0	1:12	1:09	648.0	608.0	0.56%	93.83%
2012	795	13,711,497.00	17,247.17	-3.18%	75.0	1:12	1:09	644.4	609.1	5.59%	94.52%
2011	787	14,019,196.00	17,813.46	0.027%	75.0	1:12	1:09	610.3	573.8	-0.11%	94.02%
2010	801	14,264,695.00	17,808.61	-1.07%	77.0	1:12	1:09	611.0	568.8	4.44%	94.80%
2009	790	14,220,501.00	18,000.63	6.44%	74.0	1:12	1:09	585.0	553.0	-0.85%	94.53%
2008	837	14,155,156.00	16,911.78	7.12%	76.0	1:12	1:09	590.0	559.2	1.72%	94.78%
2007	841	13,277,463.00	15,787.71	11.77%	75.0	1:13	1:10	580.0	541.7	-15.57%	93.40%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>District Building</u>										
<u>Elementary</u>										
John F. Kennedy Elementary (1965)										
Square Feet	51,060	51,060	51,060	51,060	51,060	50,046	50,046	50,046	50,046	50,046
Capacity (students)	351	351	351	351	351	351	351	351	351	351
Enrollment	315	313	335	335	298	279	290	366	308	358
<u>Middle</u>										
Dwight D. Eisenhower Middle School (1968)										
Square Feet	62,870	62,870	62,870	62,870	62,870	62,315	62,315	62,315	62,315	62,315
Capacity (students)	409	409	409	409	409	409	409	409	409	409
Enrollment	295	266	310	310	342	319	320	232	236	243
<u>Other</u>										
Central Administration (1968)										
Square Feet	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750
Warehouse (2006)										
Square Feet	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Number of Schools at June 30, 2016										
Elementary = 1										
Middle School = 1										
Senior High School = 0										
Other = 2										

Source: District Facilities Office

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

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

* School Facilities	Project # (s)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
John F. Kennedy Elementary School	N/A	\$ 59,863.26	\$ 61,949.38	\$ 60,536.34	\$ 57,944.00	\$ 65,834	\$ 78,375	\$ 80,058	\$ 99,300	\$ 205,255	\$ 83,444
Dwight D. Eisenhower Middle School	N/A	80,733.91	86,738.04	76,275.37	84,274.18	88,693	69,831	103,323	135,063	160,171	80,444
Total School Facilities		<u>140,597.17</u>	<u>148,687.42</u>	<u>136,811.71</u>	<u>142,218.18</u>	<u>154,527</u>	<u>148,206</u>	<u>183,381</u>	<u>234,363</u>	<u>365,426</u>	<u>163,888</u>
Other Facilities	N/A	16,935.77	20,860.23	20,893.59	22,169.34	13,095	49,291	11,617		9,659	
Grand Total		<u>\$ 157,532.94</u>	<u>\$ 169,547.65</u>	<u>\$ 157,705.30</u>	<u>\$ 164,387.52</u>	<u>\$ 167,622</u>	<u>\$ 130,330</u>	<u>\$ 194,998</u>	<u>\$ 234,363</u>	<u>\$ 375,085</u>	<u>\$ 163,888</u>

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

Source: District Records

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
<u>Article I - Property</u>		
Blanket Real and Personal Property - per occurrence	\$ 350,000,000.00	\$ 5,000.00
Blanket Extra Expense	50,000,000.00	5,000.00
Blanket Valuable Papers and Records	10,000,000.00	5,000.00
Demolition and Increased Cost of Construction-per occurrence	10,000,000.00	
Fire Department Service Charge	10,000.00	
Arson Reward	10,000.00	
Pollutant Cleanup and Removal	250,000.00	
Sublimits: Flood Zone (SFHA)		
Per occurrence	15,000,000.00	per building 500,000.00
NJSBAIG annual aggregate	15,000,000.00	bldg. contents 500,000.00
Accounts Receivable	250,000.00	
All Other Flood Zones		
Per occurrence/ NJSBAIG annual aggregate	75,000,000.00	per member 10,000.00
Earthquake		
Per occurrence	50,000,000.00	
NJSBAIG annual aggregate	50,000,000.00	
Terrorism		
Per occurrence	1,000,000.00	
NJSBAIG annual aggregate	1,000,000.00	
<u>Article II - Electronic Data Processing</u>		
Blanket Hardware/ Software - per occurrence	110,000.00	1,000.00
Blanket Extra Expense	included	
Coverage Extensions:		
Transit	25,000.00	
Loss of Income	10,000.00	
Terrorism	included in property	
Flood	1,000,000.00	
Flood Deductibles		
Zones A&V		500,000.00
All Other Zones		10,000.00
<u>Article III - Equipment Breakdown</u>		
Combined Single Limit per Accident for Property		
Damage and Business Income	100,000,000.00	5,000.00
Sublimits:		
Property Damage	Included	
Off Premises Property Damage	100,000.00	
Business Income	Included	
Extra Expense	10,000,000.00	12 hours
Service Interruption	10,000,000.00	
Perishable Goods	500,000.00	
Data Restoration	100,000.00	

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
Unaudited

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

(Continued)

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
Unaudited

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

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Township of Berlin School District's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in 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, 2016. 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 state statutes, regulations, and the terms and conditions of its state awards 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; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and State of New Jersey Circular 15-08-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 Township of Berlin School District's, in the County of Camden, State of New Jersey, 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 Township of Berlin School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Township of Berlin School District, in the County of Camden, State of New Jersey, 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 State of New Jersey Circular 15-08-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 State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael D. Cesaro
Certified Public Accountant
Public School Accountant No. CS 01191

Voorhees, New Jersey
November 28, 2016

TOWNSHIP OF BERLIN SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2016

Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Federal FA N Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period From To		Balance June 30, 2015	Carryover/ Walkover Amount
U.S. Department of Agriculture								
Passed-through State Department of Education:								
Child Nutrition Cluster:								
Non-Cash Assistance (Food Distribution):								
National School Lunch Program	10.555	16161NJ304N1099	N/A	\$ 18,375.15	7/1/15	6/30/16	-	-
Non-Cash Assistance Subtotal							-	-
Cash Assistance:								
School Breakfast Program	10.553	16161NJ304N1099	N/A	36,961.36	7/1/14	6/30/15	\$ (3,451.75)	
School Breakfast Program	10.553	16161NJ304N1099	N/A	38,381.47	7/1/15	6/30/16		
National School Lunch Program	10.555	16161NJ304N1099	N/A	127,170.10	7/1/14	6/30/15	(11,258.84)	
National School Lunch Program	10.555	16161NJ304N1099	N/A	130,760.20	7/1/15	6/30/16		
Cash Assistance Subtotal							(14,710.59)	-
Total Enterprise Fund							(14,710.59)	-
U.S. Department of Education								
General Fund:								
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	N/A	38,467.07	7/1/15	6/30/16	-	-
U.S. Department of Education								
Passed-through State Department of Education:								
No Child Left Behind Programs:								
Title I, Part A	84.010A	S010A150030	NCLB034015	188,991.00	7/1/14	6/30/15	(73,777.00)	\$ (11,270.00)
Title I, Part A	84.010A	S010A150030	NCLB034016	207,578.00	7/1/15	6/30/16		11,270.00
Total Title I, Part A Cluster							(73,777.00)	-
Title II, Part A	84.367A	S367A150029	NCLB034015	49,000.00	7/1/14	6/30/15	(21,706.78)	(1,679.00)
Title II, Part A	84.367A	S367A150029	NCLB034016	49,392.00	7/1/15	6/30/16		1,679.00
Total Title II, Part A							(21,706.78)	-
Title III, Part A	84.365	S365A150030	NCLB034016	5,435.00	7/1/15	6/30/16	-	-
Total Title III, Part A							-	-
Total No Child Left Behind (NCLB)							(95,483.78)	-
I.D.E.I.A., Part B Cluster:								
Basic - Regular	84.027	H027A150100	FT034015	148,172.00	7/1/14	6/30/15	(12,241.95)	
Basic - Regular	84.027	H027A150100	FT034016	155,969.00	7/1/15	6/30/16		(38.00)
Preschool Incentive	84.173	H173A150114	PS034015	6,081.00	7/1/14	6/30/15	(6,476.00)	
Preschool Incentive	84.173	H173A150114	PS034016	6,275.00	7/1/15	6/30/16		
Total I.D.E.I.A. Part B Cluster							(18,717.95)	(38.00)
Total U.S. Department of Education							(114,201.73)	(38.00)
Total Special Revenue Fund							(114,201.73)	(38.00)
Total Federal Financial Assistance							\$ (128,912.32)	\$ (38.00)

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

(a) See note 5 to Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

These funds were not audited in accordance with the *Uniform Guidance* since the total of all grant award expenditures were less than \$750,000.

Cash Received	Budgetary Expenditures			Passed- Through to Subrecipients	Adjustments ^(a)	Repayment of Prior Years' Balances	Balance at June 30, 2016		
	Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				Accounts Receivable	Unearned Revenue	Due to Grantor
\$ 18,375.15	\$ (18,375.15)		\$ (18,375.15)						
18,375.15	(18,375.15)	-	(18,375.15)		-	-	-	-	-
3,451.75									
31,479.77	(38,381.47)		(38,381.47)				\$ (6,901.70)		
11,258.84									
107,498.58	(130,760.20)		(130,760.20)				(23,261.62)		
153,688.94	(169,141.67)	-	(169,141.67)		-	-	(30,163.32)	-	-
172,064.09	(187,516.82)	-	(187,516.82)		-	-	(30,163.32)	-	-
38,467.07	(38,467.07)		(38,467.07)		-	-	-	-	-
73,777.00					\$ 11,270.00				
40,155.00	(174,745.86)		(174,745.86)		(11,270.00)		(134,590.86)		
113,932.00	(174,745.86)	-	(174,745.86)		-	-	(134,590.86)	-	-
21,707.00					1,678.78				
11,178.00	(38,277.57)		(38,277.57)		(1,679.00)		(27,099.57)		
32,885.00	(38,277.57)	-	(38,277.57)		(0.22)	-	(27,099.57)	-	-
5,435.00	(5,435.00)		(5,435.00)		-	-	-	-	-
5,435.00	(5,435.00)	-	(5,435.00)		-	-	-	-	-
152,252.00	(218,458.43)	-	(218,458.43)		(0.22)	-	(161,690.43)	-	-
12,280.00					(38.05)				
146,783.00	(153,925.82)		(153,925.82)		38.00		(7,142.82)		
6,476.00									
3,963.00	(5,699.71)		(5,699.71)				(1,736.71)		
169,502.00	(159,625.53)	-	(159,625.53)		(0.05)	-	(8,879.53)	-	-
321,754.00	(378,083.96)	-	(378,083.96)		(0.27)	-	(170,569.96)	-	-
321,754.00	(378,083.96)	-	(378,083.96)		(0.27)	-	(170,569.96)	-	-
\$ 532,285.16	\$ (604,067.85)	-	\$ (604,067.85)	-	\$ (0.27)	-	\$ (200,733.28)	-	-

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2016

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Local Share	Grant Period		Unearned Revenue / Accounts Receivable	Due to Grantor	Carryover/ Walkover Amount
				From	To			
Balance at June 30 2015								
General Fund								
New Jersey Department of Education:								
Current Expense:								
State Aid - Public Cluster								
Equalization Aid	495-034-5120-078	\$ 4,489,028.00		7/1/2014	6/30/2015	\$ (440,738 55)		
Equalization Aid	495-034-5120-078	4,489,028.00		7/1/2015	6/30/2016			
Special Education Categorical Aid	495-034-5120-089	438,670.00		7/1/2014	6/30/2015	(43,069.19)		
Special Education Categorical Aid	495-034-5120-089	438,670.00		7/1/2015	6/30/2016			
Security Aid	495-034-5120-084	130,164.00		7/1/2014	6/30/2015	(12,779 67)		
Security Aid	495-034-5120-084	130,164.00		7/1/2015	6/30/2016			
School Choice Aid	495-034-5120-068	359,308.00		7/1/2014	6/30/2015	(35,277 32)		
School Choice Aid	495-034-5120-068	334,240.00		7/1/2015	6/30/2016			
Additional Adjustment Aid	495-034-5120-085	111,323.00		7/1/2014	6/30/2015	(10,929 84)		
Additional Adjustment Aid	495-034-5120-085	136,391.00		7/1/2015	6/30/2016			
PARCC Readiness Aid	495-034-5120-098	7,590.00		7/1/2014	6/30/2015	(745 20)		
PARCC Readiness Aid	495-034-5120-098	7,590.00		7/1/2015	6/30/2016			
Per Pupil Growth Aid	495-034-5120-097	7,590.00		7/1/2014	6/30/2015	(745 20)		
Per Pupil Growth Aid	495-034-5120-097	7,590.00		7/1/2015	6/30/2016			
Total State Aid - Public Cluster						(544,284 97)	-	-
Transportation Aid:								
Categorical Transportation Aid	495-034-5120-014	48,199.00		7/1/2014	6/30/2015	(4,732 24)		
Categorical Transportation Aid	495-034-5120-014	48,199.00		7/1/2015	6/30/2016			
Other State Aid - Extraordinary Aid	495-034-5120-044	18,248.00		7/1/2015	6/30/2016			
Other State Aid - Nonpublic School Transportation Aid	495-034-5120-014	3,457.00		7/1/2014	6/30/2015			
Other State Aid - Nonpublic School Transportation Aid	495-034-5120-014	3,113.00		7/1/2015	6/30/2016			
Total Transportation Aid						(4,732 24)	-	-
Reimbursed T.P.A.F. Social Security Contributions								
Reimbursed T.P.A.F. Social Security Contributions	495-034-5095-002	395,246.39		7/1/2014	6/30/2015	(19,020.40)		
Reimbursed T.P.A.F. Social Security Contributions	495-034-5095-002	421,069.40		7/1/2015	6/30/2016			
Total Reimbursed T.P.A.F. Social Security Contributions						(19,020.40)	-	-
Total General Fund						(568 037 61)	-	-
Special Revenue Fund								
New Jersey Department of Education:								
School to Watch								
	Unknown	3,000.00		7/1/2009	6/30/2012	5,032.13		
Preschool Education Aid	495-034-5120-086	46,188.00		7/1/2014	6/30/2015	(4,618 80)		
Preschool Education Aid	495-034-5120-086	61,584.00		7/1/2015	6/30/2016			
Total Special Revenue Fund						413 33	-	-
Enterprise Fund								
New Jersey Department of Agriculture								
State School Lunch Program								
	100-010-3350-023	3,148.93		7/1/2014	6/30/2015	(260 05)		
	100-010-3350-023	2,985.84		7/1/2015	6/30/2016			
Total Enterprise Fund						(260 05)	-	-
Debt Service Fund								
Debt Service Aid, Type II	495-034-5120-125	84,578.00		7/1/2015	6/30/2016	-	-	-
Capital Projects Fund								
New Jersey Economic Development Authority:								
SDA Educational Facilities Construction and Financing Act - Section 15:								
Eisenhower Middle School	0340-030-09-1001	1,735,794.00	\$ 1,708,333.00	7/1/2009	6/30/2012	(196,591 52)		
Kennedy Elementary School	0340-050-09-1002	1,510,412.00	1,486,516.00	7/1/2009	6/30/2012	(137,467.70)		
Total Capital Projects Fund						(334,059 22)	-	-
Total State Financial Assistance subject to Major Program Determination for State Single Audit						(901,943 55)	-	-
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit								
General Fund (Non-Cash Assistance):								
New Jersey Department of the Treasury:								
T.P.A.F. Post-Retirement Medical								
	495-034-5094-001	478,689.00		7/1/2015	6/30/2016			
Teacher's Pension and Annuity Fund								
	495-034-5094-002	382,941.00		7/1/2015	6/30/2016			
T.P.A.F. Non-contributory Insurance								
	495-034-5094-004	19,076.00		7/1/2015	6/30/2016			
Total General Fund (Non-Cash Assistance)						-	-	-
Total State Financial Assistance						\$ (901,943 55)	-	-

(a) - see note 5 to the schedules of expenditures of federal awards and state financial assistance

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

Cash Received	Total Budgetary Expenditures	Passed-Through to Subrecipients	Adjustments ^(a)	Repayment of Prior Years' Balances	Balance at June 30 2016			Memo	
					Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30 2016	Cumulative Total Expenditures
\$ 440,738.55								\$ 4,489,028.00	
4,053,607.52	\$ (4,489,028.00)				\$ (435,420.48)			\$ (435,420.48)	4,489,028.00
43,069.19									438,670.00
396,120.50	(438,670.00)				(42,549.50)			(42,549.50)	438,670.00
12,779.67									130,164.00
117,538.53	(130,164.00)				(12,625.47)			(12,625.47)	130,164.00
35,277.32									359,308.00
301,819.85	(334,240.00)				(32,420.15)			(32,420.15)	334,240.00
10,929.84									111,323.00
123,161.54	(136,391.00)				(13,229.46)			(13,229.46)	136,391.00
745.20									7,590.00
6,853.80	(7,590.00)				(736.20)			(736.20)	7,590.00
745.20									7,590.00
6,853.80	(7,590.00)				(736.20)			(736.20)	7,590.00
5,550,240.51	(5,543,673.00)	-	-	-	(537,717.46)	-	-	(537,717.46)	11,087,346.00
4,732.24									48,199.00
43,523.86	(48,199.00)				(4,675.14)			(4,675.14)	48,199.00
	(18,248.00)				(18,248.00)				18,248.00
3,457.00	(3,457.00)				(3,113.00)				3,457.00
	(3,113.00)								3,113.00
51,713.10	(73,017.00)	-	-	-	(26,036.14)	-	-	(4,675.14)	121,216.00
19,020.40									395,246.39
400,156.28	(421,069.40)				(20,913.12)				421,069.40
419,176.68	(421,069.40)	-	-	-	(20,913.12)	-	-	-	816,315.79
6,021,130.29	(6,037,759.40)	-	-	-	(584,666.72)	-	-	(542,392.60)	12,024,877.79
4,618.80						\$ 5,032.13			46,188.00
55,425.60	(61,584.00)				(6,158.40)			(6,158.40)	61,584.00
60,044.40	(61,584.00)	-	-	-	(6,158.40)	5,032.13	-	(6,158.40)	107,772.00
260.05									3,148.93
2,468.37	(2,985.84)				(517.47)				2,985.84
2,728.42	(2,985.84)	-	-	-	(517.47)	-	-	-	6,134.77
84,578.00	(84,578.00)	-	-	-	-	-	-	-	84,578.00
					(196,591.52)				2,645,135.63
					(137,467.70)				2,363,751.42
					(334,059.22)				5,008,887.05
6,168,481.11	(6,186,907.24)	-	-	-	(925,401.81)	5,032.13	-	(548,551.00)	17,232,249.61
478,689.00	(478,689.00)								478,689.00
382,941.00	(382,941.00)								382,941.00
19,076.00	(19,076.00)								19,076.00
880,706.00	(880,706.00)	-	-	-	-	-	-	-	880,706.00
\$ 7,049,187.11	\$ (7,067,613.24)	-	-	-	\$ (925,401.81)	\$ 5,032.13	-	\$ (548,551.00)	\$ 18,112,955.61

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Township of Berlin School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the capital projects fund are presented on the modified accrual basis of accounting and programs recorded in the enterprise fund 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. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, or State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$6,624.60 for the general fund and (\$1,539.60) for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 37,264.66	\$ 6,925,090.00	\$ 6,962,354.66
Special Revenue	378,083.96	60,044.40	438,128.36
Debt Service		84,578.00	84,578.00
Food Service	187,516.82	2,985.84	190,502.66
Total Awards and Financial Assistance	<u>\$ 602,865.44</u>	<u>\$ 7,072,698.24</u>	<u>\$ 7,675,563.68</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 carryover amounts and rounding differences.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2016, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. 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. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, and post-retirement medical costs related to TPAF members.

Note 7: MAJOR PROGRAMS

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

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? ___ yes ___ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs \$

Auditee qualified as low-risk auditee? ___ yes ___ no

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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

State Financial Assistance

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 Unmodified

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? yes no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>State Aid Public Cluster:</u>	
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-068</u>	<u>School Choice Aid</u>
<u>495-034-5120-085</u>	<u>Additional Adjustment Aid</u>
<u>495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>

Dollar threshold used to determine Type A programs \$ 750,000.00

Auditee qualified as low-risk auditee? yes no

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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. 2016-001

Criteria or Specific Requirement

The reimbursement to the State for the amount of the expenditure charged to the current year's final report(s) for all federal awards for the School District to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the School District for those employees whose salaries are identified as being paid from federal funds was made subsequent to the end of the 90 day grant liquidation period required by the Office of Grants Management and N.J.S.A. 18A:66-90.

Condition

The School District did not remit payment to the State of New Jersey Treasurer within the required time period.

Context

Not applicable.

Effect

The expenditure was not in accordance with State law (90 days) (NJSA 18A:66-90).

Cause

Unknown.

Recommendation

The School District should adopt internal control procedures designed to ensure that reimbursement(s) of TPAF/FICA paid by the State on-behalf of TPAF employees charged to federal grants are remitted within the statutory 90 day liquidation period.

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.

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Not applicable.

TOWNSHIP OF BERLIN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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 State of New Jersey Circular 15-08-OMB.

None.

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

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*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

