

**Comprehensive Annual
Financial Report**

of the

Township of Middle Board of Education

Cape May County, New Jersey

For the Fiscal Year Ended June 30, 2013

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Introductory Section



Middle Township Public Schools

ADMINISTRATION BUILDING

216 South Main Street

Cape May Court House, New Jersey 08210-2499

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Michael J. Kopakowski, *Superintendent of Schools*

November 11, 2013

Honorable President and
Members of the Board of Education
Middle Township Public Schools
216 South Main Street
Cape May Court House, NJ 08210

Dear Board Members:

The Comprehensive Annual Financial Report of the Middle Township School District for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities to the best of my knowledge 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 basic financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes 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 of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and the State Treasury OMB Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the Single Audit Section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Middle Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by the National Council on Governmental Accounting (NCGA) Statement No. 3. All funds of the District are included in this report. The Middle Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, special education, gifted and talented, and basic skills programs. The District completed the 2012-13 fiscal year with an enrollment of 2658 students.

The following details the changes in the student enrollment over the last six years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012-2013	2,658	-0.97%
2011-2012	2,684	-3.42%
2010-2011	2,776	-2.49%
2009-2010	2,847	-0.001%
2008-2009	2,851	-1.59%
2007-2008	2,897	2.04%

2. ECONOMIC CONDITION AND OUTLOOK:

Middle Township (along with the State) is experiencing minimal economic growth due to national economic conditions, which is not expected to change significantly in the future. The ratable base for the past ten years is as follows:

<u>Net Valuation Taxable</u>			
<u>Fiscal Year</u>	<u>Amount</u>	<u>Change</u>	<u>Percent Change</u>
2013	\$ 2,688,271,256	\$ (329,929,792)	-10.93%
2012	3,018,201,048	(141,582,010)	-4.48%
2011	3,159,783,058	(92,788,230)	-2.85%
2010	3,252,571,288	(11,507,817)	-0.35%
2009	3,264,079,105	19,150,674	0.59%
2008	3,244,928,431	35,946,732	1.12%
2007	3,208,981,699	2,072,659,654	182.40%
2006	1,136,322,045	61,116,296	5.68%
2005	1,075,205,749	51,016,171	4.98%
2004	1,024,189,578	33,693,961	3.40%

Several new ratables are either under construction or in the planning phase. Growth in the home construction market has slowed. The Township recently underwent a revaluation of all real property which accounts for the large change between 2006 and 2007 and between 2012 and 2013.

3. MAJOR INITIATIVES:

During the 2012-2013 school year, each school in the Middle Township School District focused on the attainment of specific pupil performance objectives. They are described as follows:

Middle Township Elementary #1

Language Arts:

Objective 1A –

By June 2013, 80% of the students enrolled in Kindergarten and 1st grade for the 2011-12 school year will reach the end of year writing goal as indicated on the Elementary #1 Developmental Writing Continuum.

Objective 1B-

By June 2013, 75% of 2nd grade students will reach the end of the year benchmark in Oral Reading Fluency on the DIBELS assessment.

Middle Township Elementary #2

Language Arts:

By June 2013, Grade 3, 4, and 5 students at Middle Township Elementary #2 School, including students in any and all eligible subgroups represented in the school, will achieve the State Annual Progress Targets of sixty-three percent (63%) or “safe harbor” on the Language Arts/Literacy portion of the 2013 NJ ASK 3/4/5.

Math:

By June 2013, Grade 3, 4, and 5 students at Middle Township Elementary #2 School, including students in any and all eligible subgroups represented in the school, will achieve the State Annual Progress Targets of eighty percent (80%) or “safe harbor” on the Mathematics portion of the 2013 NJ ASK 3/4/5.

Middle Township Middle School (Elementary #4)

Language Arts:

By June 2013, eighth grade students, including students in any and all eligible subgroups represented in the school, will achieve the State Annual Progress Targets of 76% or “safe harbor” on the Language Arts/Literacy portion of the 2013 NJASK8.

Math:

By June 2013, eighth grade students, including students in any and all eligible subgroups represented in the school, will achieve the State Annual Progress Targets of 80% or “safe harbor” on the Mathematics portion of the 2013 NJASK8 through the use of improved instructional techniques in a modified block schedule.

Middle Township High School

Language Arts:

By June of 2013, as a result of the implementation of revised instructional strategies and curriculum, the number of eleventh grade students in any and all subgroups represented in the school, with specific emphasis on the economically disadvantaged, black and special education sub-groups, will achieve the State Annual Progress Targets of 87% or “safe harbor” on the language arts portion of the 2013 HSPA.

Math:

By June of 2013, as a result of the implementation of revised instructional strategies and curriculum, eleventh grade students at Middle Township High School, including students in any and all subgroups represented in the school, with specific emphasis on the economically disadvantaged, black, and special education subgroups, will achieve the State Annual Progress Targets of 83% or “safe harbor” on the mathematics portion of the 2013 HSPA.

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 that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial 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 to be re-appropriated are reported as reservations of fund balance at June 30, 2013.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. FINANCIAL INFORMATION AT FISCAL YEAR END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues (not including other financing sources) for the fiscal year ended June 30, 2013 and the amount and percentage of increases in relation to prior year revenues.

Revenue	2012-13 Amount	Percentage of Total	2011-12 Amount	Percentage of Total
Local Sources	\$ 27,519,238.98	59.41%	\$ 27,863,358.60	60.98%
State Sources	17,441,366.39	37.65%	15,839,337.45	34.67%
Federal Sources	1,358,350.13	2.93%	1,988,775.05	4.35%
Total	\$ <u>46,318,955.50</u>	<u>100.00%</u>	\$ <u>45,691,471.10</u>	<u>100.00%</u>

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures (not including other financing uses) for the fiscal year ended June 30, 2013.

Expenditures	2012-13 Amount	Percentage of Total	2011-12 Amount	Percentage of Total
Current Expense:				
Instruction	\$ 15,208,959.40	32.12%	\$ 15,160,829.10	33.58%
Undistributed Expenditures	27,846,999.52	58.81%	25,517,723.75	56.51%
Special Schools	-	-	-	-
Capital Outlay	561,922.69	1.19%	524,677.54	1.16%
Transfer to Charter Schools	46,185.00	0.10%	36,296.00	0.08%
Debt Service	1,585,250.00	3.35%	1,586,100.00	3.51%
Special Revenue	<u>2,103,006.51</u>	<u>4.44%</u>	<u>2,326,935.45</u>	<u>5.15%</u>
Total	\$ <u>47,352,323.12</u>	<u>100.00%</u>	\$ <u>45,152,561.84</u>	<u>100.00%</u>

8. DEBT ADMINISTRATION:

At June 30, 2013, the District's outstanding debt issues included \$6,655,000 of general obligation bonds.

9. CASH MANAGEMENT:

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

10. RISK MANAGEMENT:

Middle Township Board of Education carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

11. OTHER INFORMATION:

A. Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C., CPAs was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and New Jersey OMB Treasury Circular Letter 04-04. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGMENTS:

This report was completed through the combined efforts of the Assistant Supervisor of Accounts and other accounting staff whose efforts are very much appreciated.

Respectfully submitted,

Michael J. Kopakowski
Superintendent

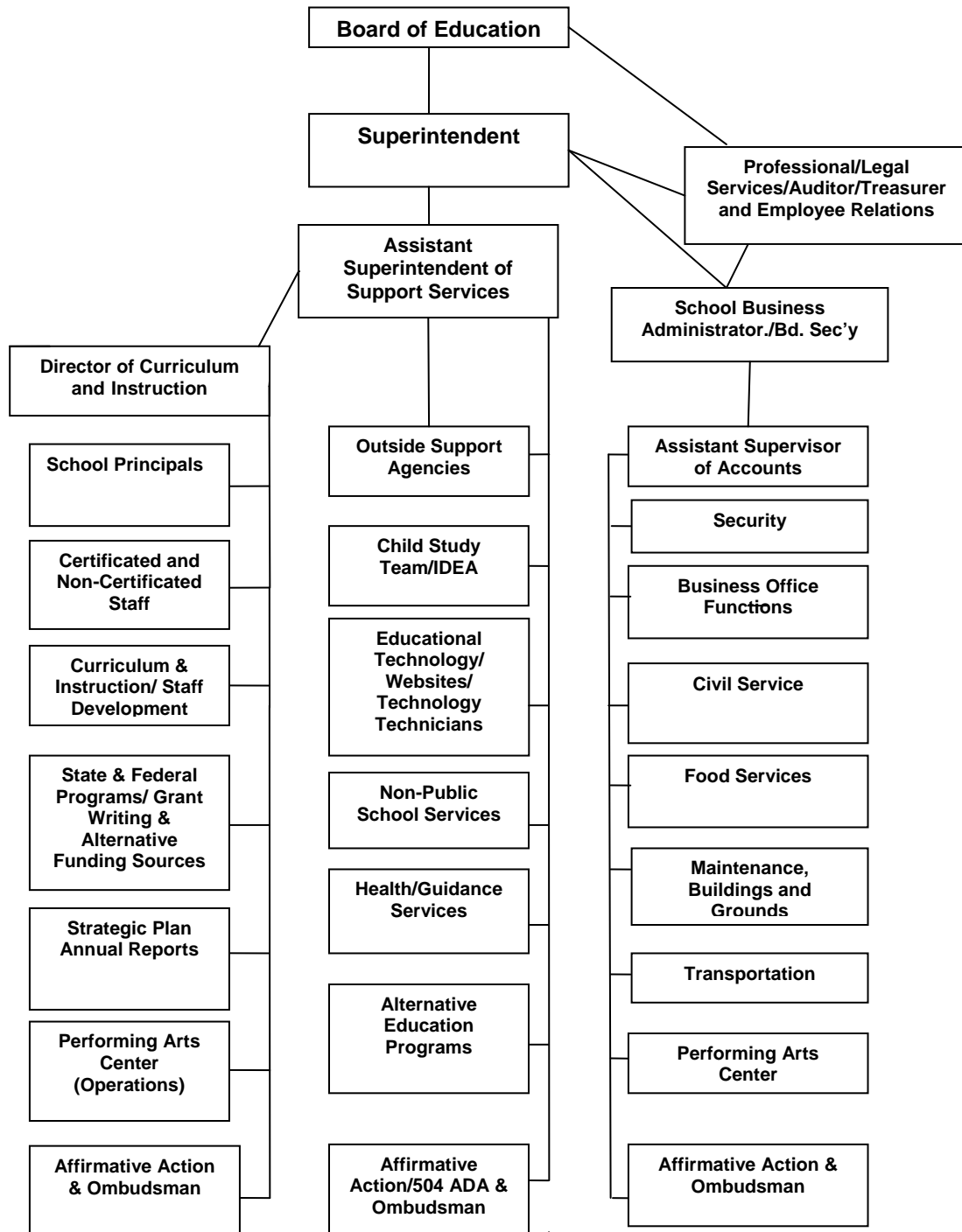
Diane Fox
Board Secretary/School Business Administrator

“An Equal Opportunity Employer”

POLICY

MIDDLE TOWNSHIP BOARD OF EDUCATION

Administration
1110 Organizational Chart
Page 1 of 1



Adopted May 20, 1999
Amended July 21, 2005
Amended January 17, 2008
Amended June 18, 2009

In the absence of the Superintendent, the Assistant Superintendent is responsible for district operations.
In the absence of the Superintendent and the Assistant Superintendent, the School Business Administrator is responsible for district operations.
In the absence of the Superintendent, Assistant Superintendent and School Business Administrator, the Director of Curriculum and Instruction is responsible for district operations.

**TOWNSHIP OF MIDDLE
BOARD OF EDUCATION**

COUNTY OF CAPE MAY, NEW JERSEY

**ROSTER OF OFFICIALS
JUNE 30, 2013**

Members of the Board of Education	Term Expires
Calvin L. Back, President	2013
Dennis M. Roberts, Vice-President	2014
Robert Bakely, II	2014
Linda Koch	2014
Daniel L. Money	Until Dec 2012
Andrew W. Melchiorre	2015
Patricia Taylor--Term began January 2013	2015
Stephanie Thomas	2015
George DeLollis	2013
Burgess Hamer	2013
Patricia Ziolkowski, Dennis Township Board Member Representative	2013

SUPERINTENDENT

Michael J. Kopakowski

BUSINESS ADMINISTRATOR / BOARD SECRETARY

Diane S. Fox

TREASURER OF SCHOOL MONEYS

Tracey Taverner-until January 31, 2013

**TOWNSHIP OF MIDDLE
BOARD OF EDUCATION**

COUNTY OF CAPE MAY, NEW JERSEY

**CONSULTANTS AND ADVISORS
JUNE 30, 2013**

INDEPENDENT AUDITOR

Ford, Scott & Associates, L.L.C.
Certified Public Accountants
1535 Haven Avenue
P.O. Box 538
Ocean City, New Jersey 08226-0538

ATTORNEY

Cooper Levenson
1125 Atlantic Avenue
Atlantic City, New Jersey 08401

BOND COUNSEL

McManimon & Scotland, L.L.C.
17 West State Street
Newark, New Jersey 07101

OFFICIAL DEPOSITORIES

Sturdy Savings Bank
17 South Main Street
Cape May Court House, New Jersey 08210

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Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Township of Middle School District
County of Cape May
Cape May Court House, New Jersey

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 Middle School District, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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 Middle School District, in the County of Cape May, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis and budgetary comparison information* identified 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 Middle School District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of state financial assistance as required by NJ OMB 04-04 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2013 on our consideration of the Township of Middle 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 Township of Middle School District's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Licensed Public School Accountant
No. 853

November 11, 2013

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REQUIRED SUPPLEMENTARY INFORMATION – PART I

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

The discussion and analysis of Township of Middle School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. 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 basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- In total, net position increased \$443,913, which represents a 2 percent increase from 2012. The increase is due mostly to increased governmental fund balances which resulted from reductions in spending compared to budgeted amounts.
- General revenues accounted for \$34,661,068 in revenue or 73 percent of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions accounted for \$12,785,443 or 27 percent of total revenues of \$47,446,511.
- Total assets and deferred outflows of resources of governmental activities decreased by \$1,315,092 as cash, cash equivalents and investments decreased by \$841,362, receivables increased by \$178,231, other assets decreased by \$100,374, deferred outflows of resources increased by \$296,155 and capital assets decreased by \$696,788.
- The School District had \$47,893,924 in expenses; only \$12,785,443 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$34,661,068 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$42,816,112 in revenues and other financing sources and \$43,671,612 in expenditures and other uses. The General Fund's fund balance decreased \$855,500 over 2012. This decrease was a direct result of the use of prior year surplus to offset spending FY 2013.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Township of Middle School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School district's most significant funds with all other non-major funds presented in total in one column. In the case of Township of Middle District, the General Fund is by far the most significant fund.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2013?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. 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 those assets. 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 have 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 property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Performing Arts Center enterprise funds are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transaction. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

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 years. These funds are reported using an accounting method called modified accrual 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 the reader 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.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Reporting the School District's Most Significant Funds - Continued

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 34 to 56 of this report.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's Net Position for 2013 and 2012.

**Table 1
Net Position**

	<u>2013</u>	<u>2012</u>
Assets		
Current and Other Assets	\$ 4,660,517.23	\$ 5,439,166.56
Capital Assets	<u>26,167,095.25</u>	<u>26,828,759.53</u>
Total Assets	<u>30,827,612.48</u>	<u>32,267,926.09</u>
Deferred Outflows of Resources		
Loss on Refunding Bonds	<u>296,154.72</u>	<u>350,891.05</u>
Liabilities		
Long-Term Liabilities	9,005,388.72	10,227,035.51
Other Liabilities	<u>884,021.75</u>	<u>713,511.99</u>
Total Liabilities	<u>9,889,410.47</u>	<u>10,940,547.50</u>
Net Position		
Net Investment in Capital Assets	18,655,274.07	18,006,717.34
Restricted	4,010,638.65	5,015,545.89
Unrestricted	<u>(1,431,555.99)</u>	<u>(1,343,993.59)</u>
Total Net Position	<u>\$ 21,234,356.73</u>	<u>\$ 21,678,269.64</u>

The District's combined net position was \$21,234,357 on June 30, 2013. This was an decrease of 2 percent from the prior year.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

The School District as a Whole - Continued

Table 2 shows changes in Net Position for fiscal year 2013.

**Table 2
Changes in Net Position**

	2013	2012
Revenues		
Program Revenues:		
Charges for Services	\$ 3,642,362.79	\$ 3,982,882.50
Operating and Capital Grants and Contributions	9,143,080.19	9,072,122.83
General Revenues:		
Property Taxes	24,232,437.00	24,207,102.00
Grants and Entitlements	10,213,605.16	10,322,650.56
Other	218,526.23	126,204.96
Total Revenues	47,450,011.37	47,710,962.85
Program Expenses		
Instruction	24,750,284.19	23,528,162.53
Support Services:		
Tuition	4,094,973.67	3,661,341.97
Student and Instruction Related Services	5,900,073.47	5,559,717.82
General Administration, School Administration, Business Operations and Maintenance of Facilities	8,631,717.78	7,590,488.11
Pupil Transportation	2,973,295.74	2,579,139.39
Interest on Debt	289,362.70	376,162.50
Food Service	1,057,424.76	1,072,172.62
Performing Arts Center	150,606.97	127,718.12
Other	46,185.00	1,392,518.49
Total Expenses	47,893,924.28	45,887,421.55
Increase (Decrease) in Net Position	\$ (443,912.91)	\$ 1,823,541.30

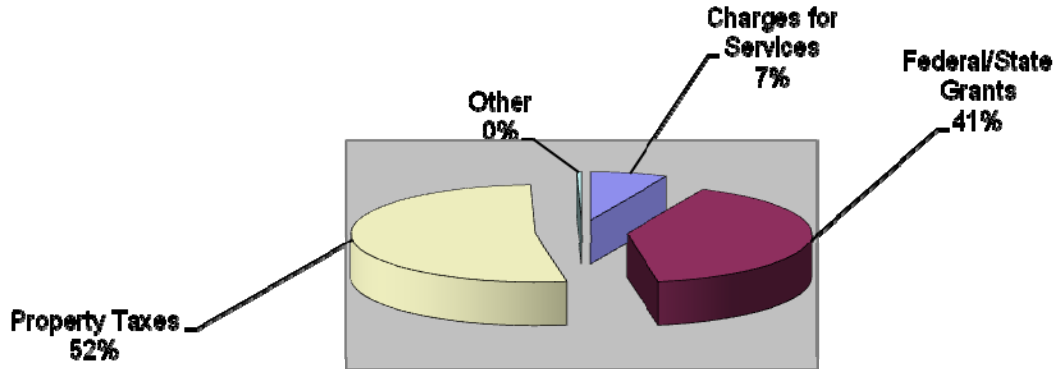
Governmental Activities

Property taxes made up 52 percent of revenues for governmental activities for the Township of Middle School District for fiscal year 2013 and 52 percent in 2012. The District's total revenues were \$46,318,955 for the year ended June 30, 2013. Federal, state, and local grants accounted for another 41 percent of revenue for 2013 and 41 percent in 2012.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

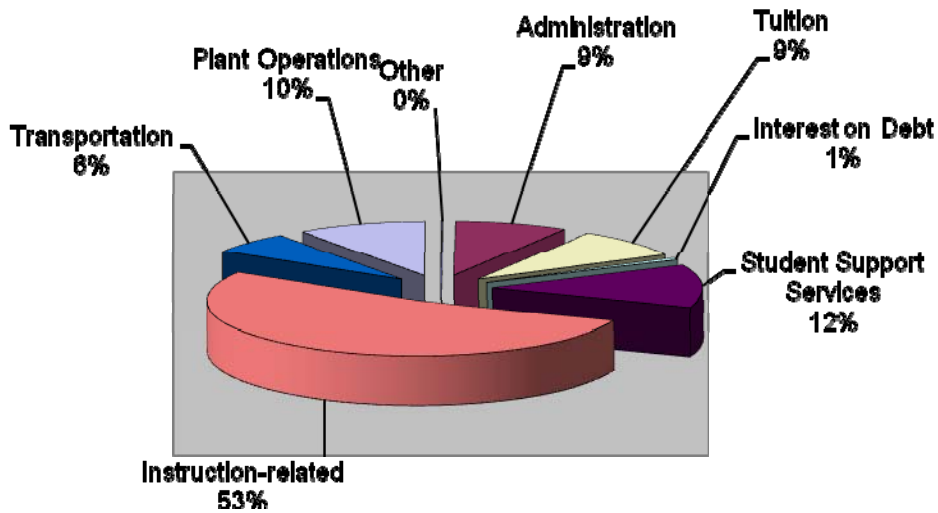
Governmental Activities - Continued

Sources of Revenue for Fiscal Year 2013



The total cost of all program and services was \$46,685,893. Instruction comprises 53 percent of District expenses.

Cost of Programs and Services for Fiscal Year 2013



**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Enterprise fund expenses exceeded revenues by \$76,975.
- Charges for services represent \$543,786 of revenue. This represents amounts paid by patrons for daily food service, special functions and rentals.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$556,969.

Governmental Activities

The Statement of Activities shows the cost of 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. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3
Costs of Services**

	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>
Instruction	\$ 24,750,284.19	\$ 16,177,658.24	\$ 23,528,162.53	\$ 17,913,059.32
Support Services:				
Tuition	4,094,973.67	4,094,973.67	3,661,341.97	3,661,341.97
Pupils and Instructional Staff	5,900,073.47	4,658,230.41	5,559,717.82	4,408,707.02
General Administration, School Administration and Business Operations	4,013,951.03	3,677,543.34	3,521,871.81	3,249,133.01
Operation and Maintenance of Facilities	4,617,766.75	4,612,610.00	4,068,616.30	3,695,845.30
Pupil Transportation	2,973,295.74	1,443,640.72	2,579,139.39	988,640.06
Interest and Fiscal Charges	289,362.70	289,362.70	376,162.50	376,162.50
Other	46,185.00	46,185.00	1,392,518.49	1,392,518.49
Total Expenses	<u>\$ 46,685,892.55</u>	<u>\$ 35,000,204.08</u>	<u>\$ 44,687,530.81</u>	<u>\$ 35,685,407.67</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Governmental Activities - Continued

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

"Other" includes charter schools and unallocated depreciation.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$46,494,269 and expenditures were \$46,494,269.20. The net negative change in fund balance for the year was most significant in the General Fund, a decrease of \$855,499.91.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2013, and the amount and percentage of total revenues compared to prior year revenues.

Revenue	2012-2013 Amount	Percentage of Total	2011-2012 Amount	Percentage of Total
Local Sources	\$ 27,519,238.98	59.19%	\$ 27,863,358.60	59.16%
State Sources	17,441,366.09	37.51%	16,839,337.45	35.76%
Federal Sources	1,358,350.13	2.92%	1,988,775.05	4.22%
Other Financing Sources	<u>175,314.00</u>	<u>0.38%</u>	<u>404,325.00</u>	<u>0.86%</u>
Total	<u>\$ 46,494,269.20</u>	<u>100.00%</u>	<u>\$ 47,095,796.10</u>	<u>100.00%</u>

The decrease in Local Sources consists mostly of an increase in the local tax levy in the amount of \$25,335; a decrease in tuition revenue of \$279,625; and an decrease in other miscellaneous revenues of \$89,829. The increase in State Sources can be attributed to the increase in on on-behalf pension contributions made by the State of New Jersey. The increase in state sources was \$602,029. The decrease in federal sources can be attributed to decreased funding from federal grants.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

The School District's Funds - Continued

The following schedule represents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2013, and the percentage of total expenditures compared to prior year amounts.

Expenditures	2012-2013 Amount	Percentage of Total	2011-2012 Amount	Percentage of Total
Current Expense:				
Instruction	\$ 15,208,959.40	32.12%	\$ 15,160,829.10	33.36%
Undistributed Expenditures	27,846,999.52	58.81%	25,817,723.75	56.80%
Capital Outlay	561,922.69	1.19%	524,677.54	1.15%
Transfer to Charter Schools	46,185.00	0.10%	36,296.00	0.08%
Debt Service	1,585,250.00	3.35%	1,586,100.00	3.49%
Special Revenue	2,103,006.51	4.44%	2,326,935.45	5.12%
Total	\$ 47,352,323.12	100.00%	\$ 45,452,561.84	100.00%

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements. The State did make the normal contribution to TPAF in fiscal year 2013.
- Tuition for special education students attending county special services school was less than anticipated levels by \$500,239. Transfers were made during the year to other accounts in the budget nearing over-expenditure.
- Transfers were made from Unemployment Compensation during the year amounting to \$136,484. The District is self-insured for unemployment and had significant claims due to employee layoffs in prior years. Unemployment claims were reduced significantly in FY12 and 13.
- Transfers were made to Required Maintenance of School Facilities during the year amounting to \$556,637 for mold remediation in the schools and boiler projects.
- The District under-budgeted for Other Purchased Services for General Administration. Transfers were made to Other Purchased Services during the year amounting to \$103,867.
- The district under-budgeted for Transportation Services. Transfers of \$480,820 were made to Transportation line items during the year.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Capital Assets

At the end of the fiscal year 2013, the School District had \$26,167,095.25 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2013 balances compared to 2012.

**Table 4
Capital Assets (Net of Depreciation) at June 30**

	2013	2012
Land	\$ 255,001.00	\$ 255,001.00
Land Improvements	479,089.20	564,635.19
Buildings and Improvements	23,936,928.76	24,570,424.31
Machinery and Equipment	1,496,076.29	1,438,699.03
Total	\$ 26,167,095.25	\$ 26,828,759.53

Overall capital assets decreased \$671,727 from fiscal year 2012 to fiscal year 2013. The decrease in capital assets is due primarily to current year depreciation expense. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2013, the School District had \$9,005,389 of outstanding debt. Of this amount, \$1,197,413 is for compensated absences; \$611,250 for various capital leases; and \$7,196,726 of serial bonds for school construction, net of related premium, discounts related to the refunding bonds.

**Table 5
Outstanding Bonded Debt at June 30**

	2013	2012
2010 School Refunding Bonds	\$ 6,655,000.00	\$ 7,885,000.00
Total	\$ 6,655,000.00	\$ 7,885,000.00

At June 30, 2013, the School District's overall available legal debt margin was \$109,383,017. For more detailed information, please refer to the Notes to the Financial Statements.

For the Future

The Township of Middle School District is in good financial condition presently. The School District is proud of its community support of the public schools. A major concern of the district is the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and State funding is decreased.

In conclusion, the Township of Middle School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Contacting the School District's Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Diane Fox, School Business Administration/Board Secretary at Middle Township Board of Education, Administration Building, 216 S. Main Street, Cape May Court House, NJ 08210.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

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

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,464,747.56	\$ 175,047.06	\$ 3,639,794.62
Receivables, Net	784,201.51	98,566.42	882,767.93
Internal Balances	277,858.74	(277,858.74)	-
Due from Fiduciary Funds	2,400.00		2,400.00
Inventory		20,202.59	20,202.59
Restricted Assets:			
Cash and Cash Equivalents			-
Capital Reserve Account	115,352.09		115,352.09
Capital Assets			
Land	255,001.00		255,001.00
Capital Assets being Depreciated, net	25,681,788.26	230,305.99	25,912,094.25
Total Assets	<u>30,581,349.16</u>	<u>246,263.32</u>	<u>30,827,612.48</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding Bonds	296,154.72	-	296,154.72
LIABILITIES			
Accounts Payable	297,574.76	67,229.40	364,804.16
Deposits Payable		19,836.76	19,836.76
Payable to Federal Government	1,937.83		1,937.83
Payable to State Government	11,566.76		11,566.76
Unearned Revenue	479,191.31	6,684.93	485,876.24
Noncurrent Liabilities			
Due Within One Year	1,765,178.58		1,765,178.58
Due Beyond One Year	7,240,210.14		7,240,210.14
Total Liabilities	<u>9,795,659.38</u>	<u>93,751.09</u>	<u>9,889,410.47</u>
NET POSITION			
Net Investment in Capital Assets	18,424,968.08	230,305.99	18,655,274.07
Restricted for:			
Debt Service	(127,520.83)		(127,520.83)
Capital Projects	115,352.09		115,352.09
Other Purposes	4,022,807.39		4,022,807.39
Unrestricted	(1,353,762.23)	(77,793.76)	(1,431,555.99)
Total Net Position	<u>\$ 21,081,844.50</u>	<u>\$ 152,512.23</u>	<u>\$ 21,234,356.73</u>

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2013

Function/Programs	Expenses	Indirect Cost Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 12,644,310.91	\$ 5,759,592.67	\$ 2,609,590.69	\$ 3,460,477.45	\$ 4,500.00	\$ (12,329,335.44)	\$ -	\$ (12,329,335.44)
Special Education	3,205,862.07	1,740,603.97	305,044.38	2,003,090.76		(2,638,330.90)		(2,638,330.90)
Other Instruction	958,679.13	441,235.44	40,714.00	149,208.67		(1,209,991.90)		(1,209,991.90)
Support Services:								
Tuition	4,094,973.67					(4,094,973.67)		(4,094,973.67)
Student & Instruction Related Services	4,165,837.17	1,734,236.30	72,085.13	1,169,757.93		(4,658,230.41)		(4,658,230.41)
School Administrative Services	1,243,488.84	624,038.09		214,123.01		(1,653,403.92)		(1,653,403.92)
Other Administrative Services	1,741,487.68	404,936.42		122,284.68		(2,024,139.42)		(2,024,139.42)
Plant Operation and Maintenance	3,709,508.68	904,758.07	5,156.75			(4,609,110.00)		(4,609,110.00)
Pupil Transportation	2,844,609.51	128,686.23	66,986.16	1,462,668.86		(1,443,640.72)		(1,443,640.72)
Unallocated Benefits	10,353,539.58	(10,353,539.58)						
Charter Schools	46,185.00					(46,185.00)		(46,185.00)
Interest on Long-Term Debt	289,362.70					(289,362.70)		(289,362.70)
Unallocated Depreciation and Amortization	1,384,547.61	(1,384,547.61)						
Total Governmental Activities	46,682,392.55	-	3,099,577.11	8,581,611.36	4,500.00	(34,996,704.08)	-	(34,996,704.08)
Business-Type Activities:								
Food Service	1,057,424.76		419,529.68	556,968.83		(80,926.25)		(80,926.25)
Performing Arts Center	150,606.97		123,256.00			(27,350.97)		(27,350.97)
Total Business-Type Activities	1,208,031.73		542,785.68	556,968.83		(108,277.22)		(108,277.22)
Total Primary Government	\$ 47,890,424.28	\$ -	\$ 3,642,362.79	\$ 9,138,580.19	\$ 4,500.00	\$ (34,996,704.08)	\$ (108,277.22)	\$ (35,104,981.30)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes, Net						\$ 22,662,277.00	\$ -	\$ 22,662,277.00
Taxes Levied for Debt Service						1,570,160.00		1,570,160.00
Federal and State Aid not Restricted						10,213,605.16		10,213,605.16
Investment Earnings						2,813.84	22.01	2,835.85
Miscellaneous Income						184,410.54		184,410.54
Special Items:								
Loss on Disposal of Capital Assets						(3,500.00)		(3,500.00)
Chartwells - Guaranteed Return						31,279.84		31,279.84
Total General Revenues, Special Items, Extraordinary Items and Transfers						34,629,766.54	31,301.85	34,661,068.39
Change in Net Position						(366,937.54)	(76,975.37)	(443,912.91)
Net Position - Beginning (As Restated)						21,448,782.04	229,487.60	21,678,269.64
Net Position - Ending						\$ 21,081,844.50	\$ 152,512.23	\$ 21,234,356.73

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

FUND FINANCIAL STATEMENTS

The individual fund financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

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

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 3,464,747.56	\$ -	\$ 3,464,747.56
Due from Other Funds	427,343.01	-	427,343.01
Receivables from Other Governments	228,692.90	555,508.61	784,201.51
Restricted Cash & Cash Equivalents	115,352.09	-	115,352.09
Total Assets	\$ 4,236,135.56	\$ 555,508.61	\$ 4,791,644.17
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 144,080.01	\$ 8,417.84	\$ 152,497.85
Due to Other Funds	545.07	146,539.20	147,084.27
Payable to State Government	-	11,566.76	11,566.76
Payable to Federal Government	-	1,937.83	1,937.83
Unearned Revenue	4,517.83	474,673.48	479,191.31
Total Liabilities	149,142.91	643,135.11	792,278.02
Fund Balances:			
Restricted for:			
Excess Surplus - Current Year	804,375.23		804,375.23
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	743,943.00		743,943.00
Committed to:			
Capital Reserve	115,352.09		115,352.09
Maintenance Reserve	2,474,489.16		2,474,489.16
Unassigned			
General Fund	(51,166.83)		(51,166.83)
Special Revenue Fund		(87,626.50)	(87,626.50)
Total Fund Balances	4,086,992.65	(87,626.50)	3,999,366.15
Total Liabilities and Fund Balances	\$ 4,236,135.56	\$ 555,508.61	

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

Capital assets used in governmental activities are not resources and therefore are not reported in the funds.

The cost of the assets is \$55,603,198.40 and the accumulated depreciation is \$27,808,687.96

25,936,789.26

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

(145,076.91)

Deferred Outflows of Resources - Loss on Refunding Bond Issue is not a resource in the funds and therefore not reported as a debit in the funds.

296,154.72

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

(9,005,388.72)

\$ 21,081,844.50

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 22,662,277.00	-	\$ 1,570,160.00	\$ 24,232,437.00
Tuition Charges	2,914,635.07			2,914,635.07
Miscellaneous	372,166.42		0.49	372,166.91
Total Local Sources	<u>25,949,078.49</u>	<u>-</u>	<u>1,570,160.49</u>	<u>27,519,238.98</u>
State Sources	16,604,862.57	836,503.52		17,441,366.09
Federal Sources	86,856.64	1,271,493.49		1,358,350.13
Total Revenues	<u>42,640,797.70</u>	<u>2,107,997.01</u>	<u>1,570,160.49</u>	<u>46,318,955.20</u>
EXPENDITURES				
Current:				
Regular Instruction	11,044,419.20	1,508,474.81	-	12,552,894.01
Special Education Instruction	3,205,862.07			3,205,862.07
Other Instruction	958,678.13			958,678.13
Support Services:				
Tuition	4,094,973.67			4,094,973.67
Student & Instruction Related Serv.	3,575,805.47	590,031.70		4,165,837.17
School Administrative Services	1,172,608.68			1,172,608.68
Other Administrative Services	1,746,418.35			1,746,418.35
Plant Operation and Maintenance	4,049,701.23			4,049,701.23
Pupil Transportation	2,853,952.54			2,853,952.54
Employee Benefits	10,353,539.58			10,353,539.58
Transfer to Charter School	46,185.00			46,185.00
Debt Service:				
Principal			1,230,000.00	1,230,000.00
Interest and Other Charges			355,250.00	355,250.00
Capital Outlay	561,922.69	4,500.00		566,422.69
Total Expenditures	<u>43,664,066.61</u>	<u>2,103,006.51</u>	<u>1,585,250.00</u>	<u>47,352,323.12</u>

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,023,268.91)	\$ 4,990.50	\$ (15,089.51)	\$ (1,033,367.92)
OTHER FINANCING SOURCES (USES)				
Capital Leases - Non-Budget Transfers to (from) Other Funds	175,314.00 (7,545.00)		7,545.00	175,314.00 -
Total Other Financing Sources and Uses	<u>167,769.00</u>	<u>-</u>	<u>7,545.00</u>	<u>175,314.00</u>
Net Changes in Fund Balance	(855,499.91)	4,990.50	(7,544.51)	(858,053.92)
Fund Balance (Deficit) - July 1	4,942,492.56	(92,617.00)	7,544.51	4,857,420.07
Fund Balance (Deficit) - June 30	<u>\$ 4,086,992.65</u>	<u>\$ (87,626.50)</u>	<u>\$ (0.00)</u>	<u>\$ 3,999,366.15</u>

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Total Net Change in Fund Balance - Governmental Funds (from B-2)	\$ (858,053.92)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount depreciation exceeded capital outlays for the period.	
Depreciation expense	\$ (1,570,533.82)
Capital Outlays	<u>877,246.21</u>
	(693,287.61)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities	
Bonds payable	1,230,000.00
Capital leases payable	<u>210,147.71</u>
	1,440,147.71
Proceeds from debt issues are a financing source in the governmental funds, but increases long-term liabilities in the statement of net assets and is not reported in the statement of activities.	
Capital lease proceeds	<u>(175,314.00)</u>
	(175,314.00)
Governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.	
Amortization of Bond Premium	100,123.63
Amortization of Deferred Amount on Refunding (Loss)	<u>(54,736.33)</u>
	45,387.30
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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).	
	(143,310.55)
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The increase in accrued interest is a deduction in the reconciliation.	
	20,993.53
In the statement of activities, loss on disposal of capital assets is recognized. In the governmental funds, there is no provision for this loss.	
	(3,500.00)
Change in Net Position of Governmental Activities	<u><u>\$ (366,937.54)</u></u>

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

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

	Business-Type Activities - Enterprise Fund		
	Major Funds		
	Food Service	Performing Arts Center	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 31,954.30	\$ 143,092.76	\$ 175,047.06
Due from Other Funds	545.07	-	545.07
Intergovernmental Receivables	31,325.13	-	31,325.13
Other Receivables	67,241.29	-	67,241.29
Inventory	20,202.59	-	20,202.59
Total Current Assets	151,268.38	143,092.76	294,361.14
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	-	-
Furniture, Machinery & Equipment	411,984.88	348,360.02	760,344.90
Less: Accumulated Depreciation	(391,791.38)	(138,247.53)	(530,038.91)
Total Noncurrent Assets	20,193.50	210,112.49	230,305.99
Total Assets	\$ 171,461.88	\$ 353,205.25	\$ 524,667.13
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 63,421.79	\$ 3,807.61	\$ 67,229.40
Due to Other Funds	95,768.27	182,635.54	278,403.81
Deposits Payable	-	19,836.76	19,836.76
Unearned Revenue	6,684.93	-	6,684.93
Total Current Liabilities	165,874.99	206,279.91	372,154.90
Noncurrent Liabilities:			
None	-	-	-
Total Noncurrent Liabilities	-	-	-
Total Liabilities	165,874.99	206,279.91	372,154.90
NET POSITION			
Net Investment in Capital Assets			
Related Debt	20,193.50	210,112.49	230,305.99
Unrestricted	(14,606.61)	(63,187.15)	(77,793.76)
Total Net Position	\$ 5,586.89	\$ 146,925.34	\$ 152,512.23

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Fund		
	Major Funds		
	Food Service	Performing Arts Center	Totals Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 226,126.24	\$ -	\$ 226,126.24
Daily Sales - Non-reimbursable Programs	187,835.32	-	187,835.32
Special Functions	4,228.39	-	4,228.39
Miscellaneous	1,339.73	-	1,339.73
Rental of Performing Arts Center	-	123,256.00	123,256.00
Total Operating Revenue	<u>419,529.68</u>	<u>123,256.00</u>	<u>542,785.68</u>
Operating Expenses:			
Cost of Sales	430,872.17	-	430,872.17
Salaries	446,308.83	74,156.36	520,465.19
Employee Benefits	102,226.51	8,086.20	110,312.71
Purchased Technical Services	-	22,180.38	22,180.38
Other Purchased Property Services	-	1,100.00	1,100.00
Cleaning, Repair and Maintenance Services	-	8,581.96	8,581.96
General Supplies	26,735.60	12,496.76	39,232.36
Miscellaneous	48,905.57	10,695.72	59,601.29
Depreciation	2,376.08	13,309.59	15,685.67
Total Operating Expenses	<u>1,057,424.76</u>	<u>150,606.97</u>	<u>1,208,031.73</u>
Operating Income (Loss)	(637,895.08)	(27,350.97)	(665,246.05)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	33,060.15	-	33,060.15
Federal Sources:			
National School Lunch Program	359,613.32	-	359,613.32
Federal School Breakfast Program	96,513.64	-	96,513.64
Food Distribution Program	67,781.72	-	67,781.72
Interest and Investment Income	22.01	-	22.01
Total Nonoperating Revenues (Expenses)	<u>556,990.84</u>	<u>-</u>	<u>556,990.84</u>
Income (Loss) before Contributions & Transfers	(80,904.24)	(27,350.97)	(108,255.21)
Chartwells - Guaranteed Return	31,279.84		31,279.84
Transfers In (Out)	-	-	-
Changes in Net Position	(49,624.40)	(27,350.97)	(76,975.37)
Total Net Position - Beginning (As Restated)	<u>55,211.29</u>	<u>174,276.31</u>	<u>229,487.60</u>
Total Net Position - Ending	<u>\$ 5,586.89</u>	<u>\$ 146,925.34</u>	<u>\$ 152,512.23</u>

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

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

	Business-Type Activities - Enterprise Fund		
	Major Funds		
	Food Service	Performing Arts Center	Totals Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 374,630.47	\$ 123,256.00	\$ 497,886.47
Payments to Employees	(410,012.83)	(82,242.56)	(492,255.39)
Payments to Suppliers	(553,713.49)	(53,921.89)	(607,635.38)
Other Receipts (Payments) - Ticket Account		(22,578.24)	(22,578.24)
Net Cash Provided by (Used for) Operating Activities	<u>(589,095.85)</u>	<u>(35,486.69)</u>	<u>(624,582.54)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	32,462.04		32,462.04
Federal Sources	448,627.23		448,627.23
Transfer from/(to) Other Funds	95,768.27	182,635.54	278,403.81
Charwells Guaranteed Return	31,279.84		31,279.84
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>608,137.38</u>	<u>182,635.54</u>	<u>790,772.92</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	-	(50,809.00)	(50,809.00)
Gain/Loss on Sale of Fixed Assets (Proceeds)			-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>(50,809.00)</u>	<u>(50,809.00)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest and Dividends	22.01		22.01
Net Cash Provided by (Used for) Investing Activities	<u>22.01</u>	<u>-</u>	<u>22.01</u>
Net Increase (Decrease) in Cash and Cash Equivalents	19,063.54	96,339.85	115,403.39
Balance - Beginning of Year	12,890.76	46,752.91	59,643.67
Balance - End of Year	<u>\$ 31,954.30</u>	<u>\$ 143,092.76</u>	<u>\$ 175,047.06</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (637,895.08)	\$ (27,350.97)	\$ (665,246.05)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Net Amortization	2,376.08	13,309.59	15,685.67
Federal Commodities	67,781.72	-	67,781.72
(Increase) Decrease in Accounts Receivable	(44,243.01)	-	(44,243.01)
(Increase) Decrease in Inventory	4,857.96	-	4,857.96
Increase (Decrease) in Ticket Deposits	-	(22,578.24)	(22,578.24)
Increase (Decrease) in Deferred Revenue	(656.20)	-	(656.20)
Increase (Decrease) in Accounts Payable	18,682.68	1,132.93	19,815.61
Increase (Decrease) in Interfunds Payable		-	-
Total Adjustments	<u>48,799.23</u>	<u>(8,135.72)</u>	<u>40,663.51</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (589,095.85)</u>	<u>\$ (35,486.69)</u>	<u>\$ (624,582.54)</u>

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

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

	Unemployment Compensation	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 58,655.92	\$ 72,636.31	\$ 1,428,852.57
Accounts Receivable	8,740.14		
Total Assets	67,396.06	72,636.31	1,428,852.57
LIABILITIES			
Accounts Payable	5,668.01		8,740.14
Payable to Teachers - Summer Pay			1,008,775.83
Payable to Student Groups			200,056.48
Payroll Deductions and Withholdings			210,647.35
Payable to Teachers Association			632.77
Total Liabilities	5,668.01	-	\$ 1,428,852.57
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	\$ 61,728.05		
Reserved for Scholarships		\$ 72,636.31	

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

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

	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 40,948.73	\$ -
Board Contribution	40,874.38	
Total Contributions	<u>81,823.11</u>	<u>-</u>
Investment Earnings:		
Interest	27.72	228.08
Net Investment Earnings	<u>27.72</u>	<u>228.08</u>
Total Additions	<u>81,850.83</u>	<u>228.08</u>
DEDUCTIONS		
Unemployment Claims	39,449.34	
Scholarships Awarded	-	6,667.81
Total Deductions	<u>39,449.34</u>	<u>6,667.81</u>
Changes in Net Position	42,401.49	(6,439.73)
Net Position - Beginning of the Year	19,326.56	79,076.04
Net Position - End of the Year	<u>\$ 61,728.05</u>	<u>\$ 72,636.31</u>

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

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Middle School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Township of Middle School District (District) have been prepared in conformity with generally accepted accounting principles (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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

The Township of Middle School District is a Type II district located in the County of Cape May, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. Effective with the 2012 fiscal year, the election of Board Members was moved to the general election in November resulting in the members whose term would have expired in April of 2012 being carried over to December 31, 2012. The purpose of the district is to educate students in grades K-12. The Township of Middle School District had an enrollment at June 30, 2013 of 2,658 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service program and performing arts center are classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS - Continued

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General Fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special Revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS - Continued

1. Governmental Funds - Continued:

- c. Capital Projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election
- d. Debt Service** funds are used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS - Continued

2. Proprietary Funds - Continued:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program for the students of the district. The Performing Arts Center accounts for all revenues and expenses pertaining to operations of the Performing Arts Center.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.), and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

All fund internal activity is eliminated when carried to the Government-wide statements.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

Cash and cash equivalents 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. 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. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2013, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	16,414.63
Supplies		<u>3,787.96</u>
	\$	<u>20,202.59</u>

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2013 is \$9,394.46.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. FINANCIAL STATEMENT AMOUNTS - Continued

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Infrastructure Assets	50-65 years

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

7. Compensated Absences:

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

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. FINANCIAL STATEMENT AMOUNTS - Continued

7. Compensated Absences - Continued:

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and a fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

8. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. FINANCIAL STATEMENT AMOUNTS - Continued

9. Budgets/Budgetary Control:

Significant transfers approved by the Board of Education during the fiscal year were as follows:

<u>Budget Category</u>	<u>From</u>	<u>To</u>
Undistributed Expenditures - Instruction		
Tuition to CSSD & Regional Day Schools	\$ 340,790.97	
Tuition to Private Schools for Disabled	138,906.91	
Undistributed Expenditures - General Admin		
Other Purchased Services		103,867.25
Undistributed Expenditures - Required Maint.		
Cleaning, Repairs and Maint. Services		498,546.98
Undistributed Expenditures - Custodial Services		
Salaries		235,293.95
Energy (Natural Gas)	173,284.30	
Undistributed Expenditures - Student Trans. Svcs		
Sal - Pup. Trans. (Bet Home & School) - Reg		432,166.65
Sal - Pup. Trans. (Oth Home & School)	155,844.52	
Cont.Svce - (Sp Ed) ESC's & CTSA	107,782.04	
Transportation Supplies		176,782.30
Undistributed Expenditures - Unallocated Benefits		
Other Retirement Cont. - PERS	101,757.00	
Unemployment Compensation	136,484.48	
Workers Compensation		125,190.20
Health Benefits		276,075.18
Other Employee Benefits	140,544.00	

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 last state aid payments for budgetary purposes only and the special revenue fund as noted below. 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 grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting 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.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. FINANCIAL STATEMENT AMOUNTS - Continued

10. Tuition Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The final cost is based on an agreement with the Dennis Township, Avalon and Stone Harbor Boards of Education with a negotiated amount up to the final cost as determined by State of New Jersey.

11. Tuition Payable:

Tuition charges for the fiscal years 2012/13 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

13. Allocation of Costs:

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the budgetary expenditures by program.

F. ACCOUNTING CHANGES

Change in Accounting Principles – As the result of implementing Governmental Accounting Standards Board (GASB) Statement Nos. 63 and 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2012 by \$100,373.69. The decrease results from no longer deferring and amortizing bond issuance costs. Further, the District has restated its long-term liabilities to no longer reflect that a component of those liabilities as of June 30, 2012 – deferred charges on refunding – is now reported as a deferred outflow of resources on the government-wide Statement of Net Position. The effect of this change, as of June 30, 2013, is an increase of \$350,891.05 in long-term liabilities and a corresponding increase (debit) in deferred outflows of resources.

G. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In April 2012, GASB issued Statement No. 66 “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”. This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District’s financial reporting.

In June 2012, GASB issued Statement No. 67 “Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25”. This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the District’s financial reporting.

In June 2012, GASB issued Statement No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the District’s financial reporting.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE - Continued

In January 2013, GASB issued Statement No. 69 “Government Combinations and Disposals of Government Operations”. This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the District’s financial reporting.

In April 2013, GASB issued Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees”. This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the District’s financial statements

NOTE 2 – CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The district’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2013, \$1,486,524 of the government’s bank balance of \$5,781,067 was exposed to custodial credit risk.

NOTE 3 – INVESTMENTS

As of June 30, 2013, the District had the following investments:

	Maturities		Fair Value
Certificate of Deposit	6 months	\$	63,656.76
Total		\$	63,656.76

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investment to 397 days.

Credit Risk. New Jersey Statutes 18A:20-37 limits district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the district or the local units in which the district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The district places no limit on the amount the district may invest in any one issuer.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 4 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 255,001.00	\$ -	\$ -	\$ 255,001.00
Total capital assets not being depreciated	<u>255,001.00</u>	<u>-</u>	<u>-</u>	<u>255,001.00</u>
Capital assets being depreciated:				
Land Improvements	3,291,641.70	26,695.00		3,318,336.70
Buildings and building improvements	45,207,498.13	497,842.50		45,705,340.63
Machinery and Equipment	7,008,248.62	352,708.71	20,800.00	7,340,157.33
Total capital assets being depreciated at historical cost	<u>55,507,388.45</u>	<u>877,246.21</u>	<u>20,800.00</u>	<u>56,363,834.66</u>
Less accumulated depreciation for:				
Land Improvements	(2,727,006.51)	(112,240.99)		(2,839,247.50)
Buildings and improvements	(20,637,073.82)	(1,119,749.69)		(21,756,823.51)
Equipment	(5,764,732.25)	(338,543.14)	(17,300.00)	(6,085,975.39)
Total capital assets being depreciated, net of accumulated depreciation	<u>26,378,575.87</u>	<u>(693,287.61)</u>	<u>3,500.00</u>	<u>25,681,788.26</u>
Governmental activity capital assets, net	<u>\$ 26,633,576.87</u>	<u>\$ (693,287.61)</u>	<u>\$ 3,500.00</u>	<u>\$ 25,936,789.26</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 709,535.90	\$ 50,809.00	\$ -	\$ 760,344.90
Less accumulated depreciation	(516,729.32)	(13,309.59)		(530,038.91)
Enterprise Fund capital assets, net	<u>\$ 192,806.58</u>	<u>\$ 37,499.41</u>	<u>\$ -</u>	<u>\$ 230,305.99</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 591,335.25
Special Instruction	144,554.01
Other Instruction	43,227.30
Student and Instruction Related	187,839.80
School Administration	110,487.68
General and Business Administration	78,746.93
Plant Operations and Maintenance	190,816.62
Pupil Transportation	223,526.23
	<u>\$ 1,570,533.82</u>

No interest on debt was capitalized during the year and the amount of interest expense paid on long term debt was \$355,250.00

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 5 – CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Township of Middle Board of Education by the inclusion of \$1.00 in the 2000/01 school year 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 district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a 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 year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its LRFP.

During the fiscal year ended June 30, 2013, the District had actual interest earnings of \$58.20 and withdrawals of \$7,545.00 during the year. The balance in the capital reserve account at June 30, 2013 was \$115,352.09.

NOTE 6 – TRANSFERS TO CAPITAL OUTLAY

During the year ending June 30, 2013, the district transferred \$87,965.26 to the capital outlay accounts. The transfers were made from other budget line items for Building Improvements still in progress.

NOTE 7 – RECEIVABLES

Receivables at June 30, 2013, consisted of accounts (tuition and other services), interfund, and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	District Wide Financial Statements
State Aid	\$ 155,449.64	\$ 156,047.75
Federal Aid	555,244.81	585,971.83
Interfunds	428,551.01	2,400.00
Other	73,507.06	140,748.35
Gross Receivables	1,212,752.52	885,167.93
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 1,212,752.52	\$ 885,167.93

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 8 – INTERFUND TRANSFERS AND BALANCES

Transfers between funds are used to (1) move investment income earned in the Capital Projects Fund that is required to be expended in the Debt Service Fund and; (2) account for expenses paid by another fund

The following interfund balances remained on the fund financial statements at June 30, 2013:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 427,343.01	\$ 545.07
Special Revenue Fund	-	146,539.20
Food Service Fund	545.07	95,768.27
Performing Arts Center Fund		182,635.54
Agency Fund		2,400.00
Total	<u>\$ 427,888.08</u>	<u>\$ 427,888.08</u>

The general fund receivable is comprised of five interfunds. The first is due from the special revenue fund in the amount of \$146,539.20 which is a result of the general funds loan to cover the special revenue funds cash deficit. The second interfund of \$545.07 owed to the Food Service Fund from the General Fund for federal and state subsidies collected in the general fund but not turned over to food service by June 30th and \$95,768.27 was loaned to the food service fund for cash flow purposes. The fourth interfund was a loan of \$182,635.54 to the Performing Arts Center for operating purposes. Lastly, the Agency Fund owes the General Fund \$2,400.00 from the Flexible Spending Account.

NOTE 9 – DEPOSITS PAYABLE AND RESERVE

Deposits Payable in the Performing Arts Center Fund of \$19,836.76 is made up of deposits for future shows and ticket sales at the Center where final settlement has not been made.

NOTE 10 – UNEARNED REVENUE

The District has unearned revenue reflected on the Statement of Net Assets in the District-Wide Financial Statements of \$485,876.24. This consists of unearned revenue of \$474,673.48 in the special revenue fund which is made up of grant proceeds on hand where the grant period overlaps the district's fiscal year and encumbrances payable at year end. In addition, a balance of \$4,517.83 is reflected in the General Fund for prior categorical grants to be utilized as unrestricted revenue in a future year and \$6,684.93 in the Food Service Fund for payment of meals for future periods.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 11 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2013 are as follows:

	Balance July 1, 2012 (As Restated)	Issues or Additions	Payments or Expenditures	Balance June 30, 2013	Amounts Due Within One Year
Compensated Absences	\$ 1,054,102.27	\$ 187,544.48	\$ 44,233.93	\$ 1,197,412.82	\$ 142,899.72
Capital Leases	646,083.80	175,314.00	210,147.71	611,250.09	216,457.14
Bonds Payable	7,885,000.00		1,230,000.00	6,655,000.00	1,300,000.00
Unamortized Costs:					
Bond Premiums	641,849.44		100,123.63	541,725.81	105,821.72
	<u>\$ 10,227,035.51</u>	<u>\$ 362,858.48</u>	<u>\$ 1,584,505.27</u>	<u>\$ 9,005,388.72</u>	<u>\$ 1,765,178.58</u>

Compensated absences and capital leases have been liquidated in the General Fund.

Bonds Payable

Bonds 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 District are general obligation bonds.

At June 30, 2013, bonds payable consisted of the following issues:

\$9,175,000 Refunding School Bonds dated May 27, 2010 due in annual installments through February 1, 2018 bearing interest at variable rates ranging from 3.0% to 5.0% per annum. The balance remaining as of June 30, 2013 was \$6,655,000.00.

On May 27, 2010, the District issued \$9,175,000 in Refunding School Bonds with a net interest cost of 2.9494264% to advance refund \$9,414,000 of outstanding 2002 school bonds with an average interest rate of 4.30%. The net proceeds of \$9,797,517.58, including a premium on the bonds of \$746,857.15 and net of payments of \$55,050.00 in underwriting fees and \$69,289.57 of issuance costs were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for part of future debt service payments until the call date (February 1, 2011) at which time the escrow will have sufficient funds to pay the principal of the 2002 bonds, when due.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old bonds of \$408,297.45. The difference, reported in the accompanying financial statements as a deduction from the bonds payable, is being charged to operations through the fiscal year 2018 using the Bonds Outstanding Method. The District completed the advance refunding to reduce its total debt service payments over the next 8 years by \$336,431.53 and obtain an economic gain (difference between the present values of the old and new debt service payments) of 303,905.49.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 11 – LONG-TERM OBLIGATIONS - Continued

Bonds Payable - Continued

Debt service requirements on serial bonds payable at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,300,000.00	\$ 306,050.00	\$ 1,606,050.00
2015	1,370,000.00	254,050.00	1,624,050.00
2016	1,440,000.00	199,250.00	1,639,250.00
2017	1,450,000.00	127,250.00	1,577,250.00
2018	1,095,000.00	54,750.00	1,149,750.00
	<u>\$ 6,655,000.00</u>	<u>\$ 941,350.00</u>	<u>\$ 7,596,350.00</u>

Capital Leases

The District is leasing school buses, other vehicles, textbooks, HVAC improvements, technology equipment and software and copier equipment amounting to \$1,102,408 under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2013:

Fiscal Year Ending June 30,	Amount
2014	243,738.20
2015	215,648.84
2016	167,581.98
2017	38,228.00
Total minimum lease payments	<u>665,197.02</u>
Less amount representing interest	<u>53,946.93</u>
Present value of lease payments	<u>\$ 611,250.09</u>

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 12 – OPERATING LEASES

The District has commitments to lease certain office equipment under operating leases that expire in 2015. Total operating lease payments made during the year ended June 30, 2013 were \$52,596.00. Future minimum lease payments are as follows:

Year Ending June 30,	Principal
2014	\$ 52,596.00
2015	8,766.00
Total future minimum lease payments	\$ 61,362.00

NOTE 13 – PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts/achive.htm>.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 13 – PENSION PLANS - Continued

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of 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 cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District has no employees enrolled in the Defined Contribution Retirement Program (DCRP) during the fiscal year ended June 30, 2013.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2013, 2012 and 2011 were \$1,103,405, \$577,569 and \$0 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2013, 2012 and 2011 were \$460,060, \$504,837 and \$464,894 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2013, 2012 and 2011, the State of New Jersey contributed \$1,247,673, \$1,161,066 and \$1,194,606, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$1,259,617, \$1,268,260, and \$1,289,765, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 13 – PENSION PLANS - Continued

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 13 – PENSION PLANS - Continued

Significant Legislation - Continued

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 14 – POST-RETIREMENT BENEFITS

The School District contributes to the New Jersey State Health Benefits Program ("the SHBP"), a cost sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The Division of Pension and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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. 2008, C. 103 amended the law to eliminate the funding and payment of post-retirement medical benefits for retired state employees through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 14 – POST-RETIREMENT BENEFITS - Continued

The State is also responsible for the cost attributable to P.L. 1992 c. 126 which provides free health benefits for members PERS and the Alternative Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2013. The State also makes on-behalf payments for Teacher Pension and Annuity Program retirees for health benefits. The on-behalf amount paid by the State of New Jersey in fiscal year 2012 was \$457,446.

NOTE 15 – COMPENSATED ABSENCES

The liability for vested compensated absences for the governmental fund types is recorded in current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2013, there is no liability for compensated absences in the Enterprise Funds.

NOTE 16 – DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). 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:

- The Vanguard Group
- Metropolitan Life
- Siracusa
- Equitable
- Lincoln Investment Planning
- T. Rowe Price
- Janus Funds

NOTE 17 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 17 – RISK MANAGEMENT - Continued

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the 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 District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior year:

<u>Fiscal Year</u>	<u>Contributions</u>	<u>Interest on Investments</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$ 81,823.11	\$ 27.72	\$ 39,449.34	\$ 61,728.05
2011-2012	143,147.30	30.67	155,433.81	19,326.56
2010-2011	450,949.07	25.44	419,742.16	31,582.40

NOTE 18 – CONTINGENT LIABILITIES

Federal and State Grants

The District participates in a number of federal and state grant programs. The grant programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs.

NOTE 19 – MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Middle Township Board of Education for the accumulation of funds for use as required maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning balance, July 1, 2012	\$ 1,552,121.33
Budgeted Increase – FY 2013	1,296,754.00
Excess Surplus Transfer by Board Resolution	73,533.83
Withdrawals: Per Approved Budget: Board resolutions	(447,920.00)
Total Withdrawals	
Ending balance, June 30, 2013	<u>\$2,474,489.16</u>

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 20 – COMMITMENTS

The District does not have encumbrance policy at fiscal year end to determine significant encumbrances. All encumbrances are classified as Assigned Fund Balance in the General Fund or unearned revenue in the Special Revenue Fund. Significant encumbrances at June 30th are as follows:

Fund	Amount
General Fund Encumbered Orders	\$ 180,730.73
Special Revenue Fund - Encumbered Orders	91,742.84
	\$ 272,473.57

NOTE 21 – LITIGATION

The Board of Education is a defendant in legal proceedings that are in various stages of litigation. It is believed that the outcome or exposure to the Board, from such litigation could be material to the financial statements.

NOTE 22 – ECONOMIC DEPENDENCY

The District receives support from federal government and from the state governments. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

NOTE 23 – FUND BALANCE APPROPRIATED

General Fund – Of the \$4,086,993 General Fund fund balance, at June 30, 2013, \$180,731 is reserved for encumbrances, but not reflected as committed on the balance sheet since the unassigned balance is negative; \$1,548,318 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$743,943 of the reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2014), \$115,352 has been reserved in the Capital Reserve Account; \$2,474,489 has been reserved in the Maintenance Reserve Account; \$8,418 has been appropriated and included as anticipated revenue for the year ending June 30, 2014 but not reflected as committed on the balance sheet since unassigned fund balance is negative; and a deficit of \$51,167 is classified and Unassigned, after adjusting for the encumbrance and fund balance appropriated amounts of \$189,149.

NOTE 24 – CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount of budgeted fund balance in their subsequent years' budget. The excess fund balance for the year ended June 30, 2013 is \$804,044.94.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 25 – DEFICIT FUND BALANCE

The District has a deficit fund balance of \$51,166.83 in the General Fund and \$87,626.50 in the Special Revenue Fund as of June 30, 2013 as reported in the fund statements (modified accrual basis). P.L. 2003, c. 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last payment as revenue, for budget purposes only, in the current school 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 last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties. The District deficit in the General fund and Special revenue fund in the GAAP fund statements is less than or equal to the last state aid payment for that respective fund.

NOTE 26 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2013 through November 11, 2013, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 22,662,277.00	\$ -	\$ 22,662,277.00	\$ 22,662,277.00	\$ -
Tuition	2,878,789.00	-	2,878,789.00	2,914,635.07	35,846.07
Transportation Fees from Other LEA's	55,000.00	-	55,000.00	66,986.16	11,986.16
Interest Earned on Capital Reserve	50.00	-	50.00	58.20	8.20
Interest Earned on Investments	7,500.00	-	7,500.00	2,755.64	(4,744.36)
Miscellaneous - Unrestricted	126,000.00	-	126,000.00	302,366.42	176,366.42
Total Local Sources	25,729,616.00	-	25,729,616.00	25,949,078.49	219,462.49
State Sources:					
Categorical Special Education Aid	1,263,998.00	-	1,263,998.00	1,263,998.00	-
Equalization Aid	5,890,653.00	-	5,890,653.00	5,890,653.00	-
Categorical Security Aid	438,018.00	-	438,018.00	438,018.00	-
Adjustment Aid	3,867,965.00	-	3,867,965.00	3,867,965.00	-
Categorical Transportation Aid	1,445,354.00	-	1,445,354.00	1,445,354.00	-
Extraordinary Aid	75,250.00	-	75,250.00	58,246.00	(17,004.00)
Nonpublic Transportation Aid	-	-	-	16,332.89	16,332.89
TPAF Pension (On-Behalf - Non-Budget)	-	-	-	1,103,405.00	1,103,405.00
TPAF Pension - Post Retirement Medical (On Behalf - Non-Budgeted)	-	-	-	1,247,673.00	1,247,673.00
TPAF Social Security (Reimbursed-Non-Budget)	-	-	-	1,259,617.18	1,259,617.18
Total State Sources	12,981,238.00	-	12,981,238.00	16,591,262.07	3,610,024.07
Federal Sources:					
Medicaid Reimbursement	81,550.00	-	81,550.00	85,648.64	4,098.64
Education Jobs	-	1,208.00	1,208.00	1,208.00	-
Total Federal Sources	81,550.00	1,208.00	82,758.00	86,856.64	4,098.64
Total Revenues	38,792,404.00	1,208.00	38,793,612.00	42,627,197.20	3,833,585.20

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES:					
CURRENT EXPENSE					
REGULAR PROGRAMS - INSTRUCTION					
Kindergarten	\$ 503,686.00	\$ (2,099.00)	\$ 501,587.00	\$ 501,587.00	-
Grades 1 - 5 Salaries of Teachers	3,540,835.00	23,486.71	3,564,321.71	3,564,321.71	-
Grades 6 - 8 Salaries of Teachers	2,210,925.00	(49,108.50)	2,161,816.50	2,161,816.50	-
Grades 9 - 12 Salaries of Teachers	3,658,470.00	38,054.94	3,696,524.94	3,694,998.94	1,526.00
Regular Programs - Home Instruction					
Salaries of Teachers	138,000.00	4,188.50	142,188.50	142,188.50	-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	300,000.00	30,186.93	330,186.93	330,186.93	-
Purchased Technical Services	10,447.46	17,157.70	27,605.16	26,546.83	1,058.33
Other Purchased Services (400-500 series)	113,517.00	(32,000.26)	81,516.74	79,200.25	2,316.49
General Supplies	448,007.61	(7,454.75)	440,552.86	409,652.06	30,900.80
Textbooks	135,844.02	(3,379.21)	132,464.81	132,456.59	8.22
Other Objects	4,160.00	(2,696.11)	1,463.89	1,463.89	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	11,063,892.09	16,336.95	11,080,229.04	11,044,419.20	35,809.84
SPECIAL EDUCATION - INSTRUCTION					
Visual Impairments	10,000.00	(5,100.00)	4,900.00	(1,724.48)	6,624.48
Purchased Professional - Educational Services	10,000.00	(5,100.00)	4,900.00	(1,724.48)	6,624.48
Behavioral Disabilities					
Salaries of Teachers	218,758.00	7,646.16	226,404.16	226,404.16	-
Other Salaries for Instruction	26,887.00	(26,887.00)	-	-	-
General Supplies	3,655.00	-	3,655.00	3,215.69	439.31
Total Behavioral Disabilities	249,300.00	(19,240.84)	230,059.16	229,619.85	439.31

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Multiple Disabilities					
Salaries of Teachers	\$ 253,700.00	\$ (72,162.50)	\$ 181,537.50	\$ 181,537.50	\$ -
Other Salaries for Instruction	95,155.00	(30,679.04)	64,475.96	64,475.96	-
General Supplies	2,370.00	-	2,370.00	1,532.66	837.34
Textbooks	760.00	-	760.00	760.00	-
Total Multiple Disabilities	351,985.00	(102,841.54)	249,143.46	248,306.12	837.34
Preschool Disabilities - Part Time					
General Supplies	400.00	-	400.00	303.20	96.80
Total Preschool Disabilities - Part Time	400.00	-	400.00	303.20	96.80
Resource Room/Resource Center					
Salaries of Teachers	2,691,072.00	(46,019.89)	2,645,052.11	2,645,052.11	-
Other Salaries for Instruction	68,424.00	8,648.54	77,072.54	77,072.54	-
General Supplies	5,216.00	-	5,216.00	4,718.23	497.77
Textbooks	4,279.00	-	4,279.00	2,514.50	1,764.50
Total Resource Room/Resource Center	2,768,991.00	(37,371.35)	2,731,619.65	2,729,357.38	2,262.27
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,380,676.00	(164,553.73)	3,216,122.27	3,205,862.07	10,260.20
Bilingual Education - Instruction					
Salaries of Teachers	101,053.00	504.00	101,557.00	101,557.00	-
Total Bilingual Education - Instruction	101,053.00	504.00	101,557.00	101,557.00	-
School-Spon. Co curricular Activities - Instruction					
Salaries	204,726.00	(51,755.89)	152,970.11	148,401.19	4,568.92
Purchased Services (300-500 series)	17,200.00	(7,200.00)	10,000.00	9,916.93	83.07
Supplies & Materials	6,780.00	(480.00)	6,300.00	6,264.25	35.75
Other Objects	5,200.00	7,200.00	12,400.00	12,400.00	-
Total School-Spon. Co curricular Activities - Inst.	233,906.00	(52,235.89)	181,670.11	176,982.37	4,687.74

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School-Spon. Co curricular Athletics - Instruction					
Salaries	\$ 443,556.00	\$ 3,121.86	\$ 446,677.86	\$ 446,062.40	\$ 615.46
Purchased Services (300-500 series)	51,823.00	13,423.00	65,246.00	63,907.03	1,338.97
Supplies & Materials	64,273.00	(6,600.00)	57,673.00	57,611.03	61.97
Other Objects	12,625.00	(400.00)	12,225.00	11,329.72	895.28
Total School-Spon. Co curricular Athletics - Inst.	572,277.00	9,544.86	581,821.86	578,910.18	2,911.68
Other Instructional Programs - Instruction					
Salaries	23,000.00	(5,765.00)	17,235.00	17,235.00	-
Purchased Services (300-500 series)	2,960.00	-	2,960.00	505.83	2,454.17
Supplies & Materials	3,080.00	(2,923.00)	157.00	118.00	39.00
Other Objects	-	-	-	-	-
Total Other Instructional Programs - Instruction	29,040.00	(8,688.00)	20,352.00	17,858.83	2,493.17
Other Alternative Education Program - Instruction					
Salaries of Teachers	90,000.00	-	90,000.00	83,369.75	6,630.25
Total Other Instructional Programs - Instruction	90,000.00	-	90,000.00	83,369.75	6,630.25
TOTAL INSTRUCTION	15,470,844.09	(199,091.81)	15,271,752.28	15,208,959.40	62,792.88
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to County Voc. School Dist. - Regular	1,167,614.00	-	1,167,614.00	1,167,614.00	-
Tuition to County Voc. School Dist. - Special	328,550.00	-	328,550.00	328,550.00	-
Tuition to CSSD & Regional Day Schools	2,503,000.00	(340,790.97)	2,162,209.03	2,002,761.17	159,447.86
Tuition to Private Schools for the Disabled - Within State	429,253.00	(138,906.91)	290,346.09	239,916.50	50,429.59
Tuition - State Facilities	382,997.00	-	382,997.00	356,132.00	26,865.00
Total Undistributed Expenditures - Instruction	4,811,414.00	(479,697.88)	4,331,716.12	4,094,973.67	236,742.45

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expend. - Health Services					
Salaries	\$ 276,395.00	\$ -	\$ 276,395.00	\$ 274,082.96	\$ 2,312.04
Purchased Professional and Technical Services	21,100.00	-	21,100.00	20,696.75	403.25
Purchased Services (400-500 series)	700.00	(250.00)	450.00	-	450.00
Supplies & Materials	7,823.00	638.00	8,461.00	7,575.21	885.79
Total Undistributed Expend. - Health Services	306,018.00	388.00	306,406.00	302,354.92	4,051.08
Undist. Expend. - Speech/OT/PT & Related Services					
Purchased Professional and Technical Services	-	5,100.00	5,100.00	5,100.00	-
Total Undist Expend - Speech/OT/PT & Related Svce	-	5,100.00	5,100.00	5,100.00	-
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	540,915.00	61,340.93	602,255.93	602,255.93	-
Total Undist. Expend. - Other Support Services	540,915.00	61,340.93	602,255.93	602,255.93	-
Students - Extraordinary Services					
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	535,083.00	10,665.12	545,748.12	545,748.12	-
Salaries of Secretarial and Clerical Assistants	63,317.00	(2,164.52)	61,152.48	61,152.48	-
Purchased Professional - Educational Services	1,440.00	-	1,440.00	-	1,440.00
Other Purchased Services (400-500 series)	500.00	-	500.00	344.25	155.75
Supplies & Materials	6,080.00	-	6,080.00	5,856.15	223.85
Total Undist. Expend. - Other Support Services	606,420.00	8,500.60	614,920.60	613,101.00	1,819.60
Guidance					

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	\$ 913,676.00	\$ (36,674.29)	\$ 877,001.71	\$ 876,999.79	\$ 1.92
Salaries of Secretarial and Clerical Assistants	65,948.00	(1,232.25)	64,715.75	64,196.80	518.95
Other Salaries	20,000.00	5,500.00	25,500.00	25,500.00	-
Purchased Professional - Educational Services	23,440.00	(3,041.95)	20,398.05	20,398.05	-
Other Purchased Professional and Tech. Services	305,886.00	33,197.31	339,083.31	229,243.81	109,839.50
Misc. Pur Serv (400-500 series Other Resid Costs)	10,800.00	(4,800.00)	6,000.00	4,978.31	1,021.69
Supplies & Materials	29,300.00	(951.16)	28,348.84	26,928.21	1,420.63
Other Objects	5,064.00	(700.00)	4,364.00	3,000.33	1,363.67
Total Undist. Expend. - Other Support Services					
Child Study Teams	<u>1,374,114.00</u>	<u>(8,702.34)</u>	<u>1,365,411.66</u>	<u>1,251,245.30</u>	<u>114,166.36</u>
Undist. Expend. - Improvement of Inst. Services					
Salaries of Supervisors of Instruction	108,247.00	1,856.92	110,103.92	110,103.92	-
Salaries of Other Professional Staff	186,522.00	(4,225.12)	182,296.88	182,296.88	-
Salaries of Secretarial and Clerical Assistants	76,809.00	(3,942.11)	72,866.89	72,866.89	-
Purchased Professional - Educational Services	45,596.00	-	45,596.00	42,968.83	2,627.17
Other Purchased Services (400-500 series)	26,281.00	-	26,281.00	26,140.76	140.24
Supplies & Materials	1,080.00	-	1,080.00	1,080.00	-
Other Objects	1,994.00	-	1,994.00	1,994.00	-
Total Undist. Expend. - Improvement of Inst. Serv.	<u>446,529.00</u>	<u>(6,310.31)</u>	<u>440,218.69</u>	<u>437,451.28</u>	<u>2,767.41</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	232,178.00	39,677.59	271,855.59	271,855.59	-
Purchased Professional and Technical Services	18,609.00	(2,642.00)	15,967.00	5,858.83	10,108.17
Other Purchased Services (400-500 series)	1,350.00	-	1,350.00	750.40	599.60
Supplies & Materials	42,470.00	(620.00)	41,850.00	40,204.25	1,645.75
Total Undistributed Expenditures - Educational Media Services - School Library	<u>294,607.00</u>	<u>36,415.59</u>	<u>331,022.59</u>	<u>318,669.07</u>	<u>12,353.52</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Salaries - Supervisors of Instruction	-	8,100.00	8,100.00	8,100.00	-
Purchased Professional - Educational Services	10,061.00	-	10,061.00	8,673.94	1,387.06
Other Purchased Professional and Tech. Services	35,000.00	(9,180.00)	25,820.00	25,760.00	60.00
Other Purchased Services (400-500 series)	6,600.00	(4,919.56)	1,680.44	1,680.44	-
Supplies & Materials	3,678.20	(2,264.61)	1,413.59	1,413.59	-
Total Undistributed Expenditures - Instructional Staff Training Services	55,339.20	(8,264.17)	47,075.03	45,627.97	1,447.06
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	213,323.00	(24.13)	213,298.87	213,298.87	-
Legal Services	100,000.00	(7,148.75)	92,851.25	79,035.74	13,815.51
Audit Fees	40,000.00	-	40,000.00	33,550.00	6,450.00
Architectural/Engineering Services	25,000.00	8,648.75	33,648.75	33,209.27	439.48
Other Purchased Professional Services	40,000.00	5,560.00	45,560.00	39,559.58	6,000.42
Purchased Technical Services	75,400.00	(27,500.00)	47,900.00	41,662.22	6,237.78
Communications/Telephone	134,919.00	(7,046.77)	127,872.23	115,111.45	12,760.78
BOE - Other Purchased Services	8,000.00	(1,100.00)	6,900.00	6,167.10	732.90
Other Purchased Services (400-500 series)	339,917.00	103,867.25	443,784.25	438,818.88	4,965.37
Supplies & Materials	8,626.00	-	8,626.00	8,373.69	252.31
BOE - In House Training/Meeting Supplies	4,700.00	-	4,700.00	50.00	4,650.00
Miscellaneous Expenditures	26,500.00	(17,669.00)	8,831.00	8,056.01	774.99
BOE Membership Dues and Fees	24,675.00	-	24,675.00	24,030.85	644.15
Total Undistributed Expenditures - Support Services - General Administration	1,041,060.00	57,587.35	1,098,647.35	1,040,923.66	57,723.69

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Assistant Principals	\$ 542,133.00	\$ 46,778.08	\$ 588,911.08	\$ 588,911.08	\$ -
Salaries of Other Professional Staff	20,851.00	(1,175.89)	19,675.11	19,675.11	-
Salaries of Secretarial and Clerical Assistants	528,758.00	5,858.92	534,616.92	534,616.92	-
Purchased Professional and Technical Services	10,225.00	(4,200.00)	6,025.00	2,001.60	4,023.40
Other Purchased Services (400-500 series)	20,738.00	(11,090.00)	9,648.00	8,421.76	1,226.24
Supplies & Materials	17,084.00	(5,041.44)	12,042.56	10,209.20	1,833.36
Other Objects	17,800.00	(7,825.68)	9,974.32	8,773.01	1,201.31
Total Undistributed Expenditures - Support Services - School Administration	1,157,589.00	23,303.99	1,180,892.99	1,172,608.68	8,284.31
Undist. Expend. - Central Services					
Salaries	273,645.00	(17,407.06)	256,237.94	255,770.98	466.96
Purchased Technical Services	45,000.00	(6,150.70)	38,849.30	38,763.87	85.43
Sale/Leaseback Payments	162,308.00	(50,966.98)	111,341.02	78,114.92	33,226.10
Supplies and Materials	10,000.00	(300.00)	9,700.00	1,817.11	7,882.89
Interest on Current Loans	30,365.00	320.14	30,685.14	30,685.14	-
Other Objects	3,500.00	-	3,500.00	2,249.86	1,250.14
Total Undistributed Expenditures - Central Services	524,818.00	(74,504.60)	450,313.40	407,401.88	42,911.52
Undist. Expend. - Admin Info Tech					
Salaries	179,955.00	3,853.28	183,808.28	183,808.28	-
Purchased Technical Services	112,228.00	(11,413.28)	100,814.72	99,366.50	1,448.22
Other Purchased Services	1,200.00	-	1,200.00	806.35	393.65
Supplies and Materials	28,195.00	(3,125.00)	25,070.00	14,111.68	10,958.32
Other Objects	5,500.00	-	5,500.00	-	5,500.00
Total Undistributed Expenditures - Admin Info Tech	327,078.00	(10,685.00)	316,393.00	298,092.81	18,300.19

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Required Maint. School Fac.					
Salaries	\$ 77,206.00	\$ (76,439.11)	\$ 766.89	\$ -	\$ 766.89
Cleaning, Repair and Maintenance Service	132,571.00	497,546.98	630,117.98	599,464.05	30,653.93
General Supplies	28,000.00	47,103.84	75,103.84	73,891.04	1,212.80
Other Objects		88,425.00	88,425.00	60,420.00	28,005.00
Total Undistributed Expenditures - Required Maintenance for School Facilities	237,777.00	556,636.71	794,413.71	733,775.09	60,638.62
Undist. Expend. - Custodial Services					
Salaries	1,101,995.00	235,293.95	1,337,288.95	1,336,080.95	1,208.00
Purchased Professional and Technical Services	331,450.00	(94,100.00)	237,350.00	230,460.68	6,889.32
Cleaning, Repair and Maintenance Service	225,754.00	(26,800.00)	198,954.00	196,136.27	2,817.73
Other Purchased Property Services	205,270.00	(38,193.00)	167,077.00	152,424.25	14,652.75
Insurance	250,415.00	28,766.75	279,181.75	279,067.00	114.75
Miscellaneous Purchased Services	28,000.00	(1,300.00)	26,700.00	25,427.43	1,272.57
General Supplies	152,705.48	(4,521.85)	148,183.63	148,155.23	28.40
Energy (Electricity)	477,000.00	93,240.61	570,240.61	558,590.48	11,650.13
Energy (Natural Gas)	442,500.00	(173,284.30)	269,215.70	269,211.80	3.90
Miscellaneous	4,000.00	(4,000.00)	-	-	-
Total Undistributed Expenditures - Other Operations and Maintenance of Plant	3,219,089.48	15,102.16	3,234,191.64	3,195,554.09	38,637.55
Undist. Expend.- Security					
Salaries	120,526.00	(11,192.07)	109,333.93	109,333.93	-
General Supplies	1,000.00	10,381.00	11,381.00	11,038.12	342.88
Total Security	121,526.00	(811.07)	120,714.93	120,372.05	342.88
Total Undistributed Expenditures Operations and Maintenance of Plant	3,578,392.48	570,927.80	4,149,320.28	4,049,701.23	99,619.05

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Student Transportation Serv.					
Sal.- Pup. Trans. (Bet. Home & School) - Reg.	\$ 1,169,254.00	\$ 432,166.65	\$ 1,601,420.65	\$ 1,601,420.65	\$ -
Sal.- Pup. Trans. (Bet. Home & School) - Spc.	142,719.00	87,356.85	230,075.85	230,075.85	-
Sal.- Pup. Trans. (Other than Home & School)	157,595.00	(155,844.52)	1,750.48	1,750.48	0.00
Sal.- Pup. Trans. (Bet. Home/School) - Nonpublic	144,802.00	(38,543.82)	106,258.18	106,258.18	-
Other Purchased Professional and Tech. Services	10,285.12	21,395.95	31,681.07	31,201.75	479.32
Cleaning, Repair and Maintenance Service	35,000.00	22,800.00	57,800.00	56,857.39	942.61
Rental Payments - School Buses	8,000.00	(1,258.51)	6,741.49	6,105.49	636.00
Lease Purchase Payments - School Buses	134,825.00	(4,986.86)	129,838.14	129,838.14	-
Contr. Serv. - (Spc Ed. Students) - Joint Agrmt	25,000.00	(18,780.94)	6,219.06	5,746.00	473.06
Contr. Serv. - (Spc Ed Students) - ESCs & CTSA	170,000.00	(107,782.04)	62,217.96	62,174.14	43.82
Contr. Serv. - Aid in Lieu Payments - Nonpublic	25,000.00	(3,784.00)	21,216.00	-	21,216.00
Contr. Serv. - Aid in Lieu Payments - Charters	1,500.00	(86.49)	1,413.51	1,326.00	87.51
Misc. Purchased Service - Transportation	135,000.00	67,685.00	202,685.00	202,685.00	-
Supplies & Materials	2,500.00		2,500.00	2,500.00	-
Transportation Supplies	300,543.00	176,782.30	477,325.30	408,013.47	69,311.83
Other Objects	5,000.00	3,700.00	8,700.00	8,000.00	700.00
Total Undistributed Expenditures - Student Transportation Services	2,467,023.12	480,819.57	2,947,842.69	2,853,952.54	93,890.15
Student Transportation Services-Employee Benefits					
Social Security Contributions	150,000.00	(1,482.20)	148,517.80	148,517.80	-
Workers Compensation	71,697.00	7,868.20	79,565.20	79,472.80	92.40
Health Benefits	311,133.00	(93,397.57)	217,735.43	217,735.43	-
Total Student Transportation Services	532,830.00	(87,011.57)	445,818.43	445,726.03	92.40
Unallocated Benefits					
Social Security Contribution	445,000.00	(40,427.31)	404,572.69	401,680.91	2,891.78
Other Retirement Contributions - PERS	561,817.00	(101,757.00)	460,060.00	460,060.00	-
Unemployment Compensation	200,000.00	(136,484.48)	63,515.52	40,874.38	22,641.14

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Unallocated Benefits (Cont'd)					
Workmen's Compensation	\$ 363,000.00	\$ 125,190.20	\$ 488,190.20	\$ 488,190.20	\$ -
Health Benefits	4,427,501.00	276,075.18	4,703,576.18	4,696,886.87	6,689.31
Tuition Reimbursement	100,000.00	500.00	100,500.00	89,722.34	10,777.66
Other Employee Benefits	271,674.00	(140,544.00)	131,130.00	119,703.67	11,426.33
Total Unallocated Benefits	6,368,992.00	(17,447.41)	6,351,544.59	6,297,118.37	54,426.22
On-Behalf Contributions					
On-Behalf TPAF Non-Cont. Life Insurance (non-bud)	-	-	-	1,103,405.00	(1,103,405.00)
On-Behalf TPAF Pension - Post Retirement					
Medical Contribution (non-bud)				1,247,673.00	(1,247,673.00)
Reimbursed TPAF Social Security Cont. (non-bud)				1,259,617.18	(1,259,617.18)
Total On-Behalf Contributions	-	-	-	3,610,695.18	(3,610,695.18)
Total Personal Services - Employee Benefits	6,901,822.00	(104,458.98)	6,797,363.02	10,353,539.58	(3,556,176.56)
TOTAL UNDISTRIBUTED EXPENDITURES	24,433,138.80	551,760.55	24,984,899.35	27,846,999.52	(2,862,100.17)
TOTAL GENERAL CURRENT EXPENSE	39,903,982.89	352,668.74	40,256,651.63	43,055,958.92	(2,799,307.29)
CAPITAL OUTLAY					
Equipment:					
Grades 1-5	118,521.96		118,521.96	117,686.07	835.89
Grades 6-8	16,445.00		16,445.00	16,445.00	-
Grades 9-12	75,445.25		75,445.25	74,309.36	1,135.89
Undistributed Expenditures:					
Regular Instruction		31,340.26	31,340.26	31,340.26	-
General Administration		3,125.00	3,125.00	3,125.00	-
Operation and Maintenance of Plant		53,500.00	53,500.00	53,500.00	-
Total Equipment	210,412.21	87,965.26	298,377.47	296,405.69	1,971.78
Facilities Acquisition/Construction Services					
Assessment for Debt Service on SDA Funding	90,203.00	-	90,203.00	90,203.00	-
Total Facilities Acquisition/Construction Services	90,203.00	-	90,203.00	90,203.00	-

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
CAPITAL OUTLAY (CONTD)					
Assets Acquired Under Capital Lease (non-budget)	\$ -	\$ -	\$ -	\$ 79,351.00	\$ (79,351.00)
Undistributed Expenditures:	-	-	-	95,963.00	(95,963.00)
Equipment:	-	-	-	175,314.00	(175,314.00)
Gen. Admin. - Communications/Telephone					
School Buses - Regular					
Total Assets Acquired Under Capital Lease (non-bud)	300,615.21	87,965.26	388,580.47	561,922.69	(173,342.22)
TOTAL CAPITAL OUTLAY	49,476.00	-	49,476.00	46,185.00	3,291.00
Transfer of Funds to Charter Schools	40,254,074.10	440,634.00	40,694,708.10	43,664,066.61	(2,969,358.51)
TOTAL EXPENDITURES	(1,461,670.10)	(439,426.00)	(1,901,096.10)	(1,036,869.41)	864,226.69
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
Other Financing Sources (Uses):					
Capital Leases (non-budget)	-	-	-	175,314.00	175,314.00
Capital Reserve - Transfer to Debt Service Fund	-	(7,545.00)	(7,545.00)	(7,545.00)	-
Total Other Financing Sources:	-	(7,545.00)	(7,545.00)	167,769.00	175,314.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,461,670.10)	(446,971.00)	(1,908,641.10)	(869,100.41)	1,039,540.69
Fund Balance July 1	6,010,453.56		6,010,453.56	6,010,453.56	
Fund Balance June 30	\$ 4,548,783.46	\$ (446,971.00)	\$ 4,101,812.46	\$ 5,141,353.15	\$ 1,039,540.69

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Recapitulation:					
Nonspendable Fund Balance					
None				\$ -	
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				743,943.00	
Excess Surplus - Current Year				804,375.23	
Committed Fund Balance:					
Capital Reserve				115,352.09	
Maintenance Reserve				2,474,489.16	
Assigned Fund Balance:					
Year-End Encumbrances				180,730.73	
Designated for Subsequent Year's Expenditures				8,418.00	
Unassigned Fund Balance				<u>814,044.94</u>	
General Fund				5,141,353.15	
Reconciliation to Governmental Funds Statements (GAAP):				<u>(1,054,360.50)</u>	
Last Two State Aid Payments not recognized on GAAP Basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,086,992.65</u>	

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Required Supplementary Information
American Recovery and Reinvestment Act - Education Jobs
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Federal Sources	\$ -	\$ 1,208.00	\$ 1,208.00	\$ 1,208.00	\$ -
Total Revenues	<u>-</u>	<u>1,208.00</u>	<u>1,208.00</u>	<u>1,208.00</u>	<u>-</u>
EXPENDITURES:					
Undistributed Expenditures:					
Custodial Services:					
Salaries	-	1,208.00	1,208.00	1,208.00	-
Total Regular Programs - Instruction	<u>-</u>	<u>1,208.00</u>	<u>1,208.00</u>	<u>1,208.00</u>	<u>-</u>
Other Financing Sources (Uses)					
None			-		-
Total Outflows	<u>-</u>	<u>1,208.00</u>	<u>1,208.00</u>	<u>1,208.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources	\$ -	-	\$ -	-	\$ -
State Sources	888,940.00	15,344.00	904,284.00	833,891.70	(70,392.30)
Federal Sources	60,000.00	1,465,618.04	1,525,618.04	1,279,157.54	(246,460.50)
Total Revenues	948,940.00	1,480,962.04	2,429,902.04	2,113,049.24	(316,852.80)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	456,680.00	540,728.03	997,408.03	851,204.26	146,203.77
Other Salaries for Instruction	94,298.00	22,815.27	117,113.27	106,056.68	11,056.59
Tuition	-	462,911.00	462,911.00	462,911.00	-
General Supplies	-	118,906.91	118,906.91	91,684.01	27,222.90
Textbooks	4,597.00	-	4,597.00	4,594.24	2.76
Other Objects	-	2,000.00	2,000.00	-	2,000.00
Total Instruction	555,575.00	1,147,361.21	1,702,936.21	1,516,450.19	186,486.02
Support Services:					
Salaries of Supervisors of Instruction	46,837.00	-	46,837.00	44,510.88	2,326.12
Salaries of Program Directors	22,746.00	-	22,746.00	19,193.23	3,552.77
Salaries of Other Professional Staff	179,581.00	(4,117.33)	175,463.67	124,348.34	51,115.33
Salaries of Sec. And Clerical Assistants	23,783.00	-	23,783.00	20,840.90	2,942.10
Other Salaries	21,408.00	10,068.40	31,476.40	19,213.26	12,263.14
Personal Services - Employee Benefits	97,313.00	180,934.79	278,247.79	264,532.33	13,715.46
Purchased Technical Services	-	88,607.19	88,607.19	82,099.40	6,507.79
Other Purchased Services (400-500 series)	-	10,093.00	10,093.00	8,252.20	1,840.80
Supplies & Materials	1,697.00	13,225.00	14,922.00	9,108.51	5,813.49
Total Support Services	393,365.00	298,811.05	692,176.05	592,099.05	100,077.00

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES(cont'd):					
Facilities Acquisitions and Construction Services:					
Instructional Equipment	\$ 29,789.78	\$ 29,789.78	\$ 29,789.78	-	\$ 29,789.78
Noninstructional Equipment	5,000.00	5,000.00	5,000.00	4,500.00	500.00
Total Facilities Acquisitions and Const. Services:	<u>-</u>	<u>34,789.78</u>	<u>34,789.78</u>	<u>4,500.00</u>	<u>30,289.78</u>
Other Financing Sources (Uses)					
Transfer in from General Fund	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Outflows	<u>948,940.00</u>	<u>1,480,962.04</u>	<u>2,429,902.04</u>	<u>2,113,049.24</u>	<u>316,852.80</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Required Supplementary Information
Budgetary to GAAP Reconciliation
Note to RSI
For the Year Ended June 30, 2013

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

		General Fund			Special Revenue Fund
Sources/inflows of resources					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$42,627,197.20	[C-2]	\$	2,113,049.24
Difference - budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized					
Prior Year					81,700.11
Current Year					(91,742.84)
Final State Aid payment was delayed until July 2012 is recorded as budgetary revenue but is not recognized under GAAP.					
		1,067,961.00			92,617.00
Final State Aid payment was delayed until July 2013 is recorded as budgetary revenue but is not recognized under GAAP.					
		(1,054,360.50)			(87,626.50)
	[B-2]	\$42,640,797.70	[B-2]	\$	2,107,997.01
Uses/outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$43,664,066.61	[C-2]	\$	2,113,049.24
Difference - budget to GAAP:					
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.					
Prior Year					81,700.11
Current Year					(91,742.84)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.					
Net transfers (outflows) from general fund					
	[B-2]	\$43,664,066.61	[B-2]	\$	2,103,006.51

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OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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

	Total Brought Forward (Ex. E-1a)	I.D.E.A. Preschool	Preschool Education Aid	Perkins Secondary Federal Funds	Totals 2013
REVENUES:					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	17,924.04	-	815,967.66	-	833,891.70
Federal Sources	1,234,165.73	26,995.00	-	17,996.81	1,279,157.54
Total Revenues	1,252,089.77	26,995.00	815,967.66	17,996.81	2,113,049.24
EXPENDITURES:					
Instruction:					
Salaries of Teachers	446,391.73	-	404,812.53	-	851,204.26
Other Salaries for Instruction	16,486.47	-	89,570.21	-	106,056.68
Tuition	435,916.00	26,995.00	-	-	462,911.00
General Supplies	76,931.70	-	-	14,752.31	91,684.01
Textbooks	4,594.24	-	-	-	4,594.24
Total Instruction	980,320.14	26,995.00	494,382.74	14,752.31	1,516,450.19
Support Services:					
Salaries of Supervisors of Instruction	-	-	44,510.88	-	44,510.88
Salaries of Program Directors	-	-	19,193.23	-	19,193.23
Salaries of Other Professional Staff	5,317.60	-	119,030.74	-	124,348.34
Salaries of Secr. And Clerical Assistants	-	-	20,840.90	-	20,840.90
Other Salaries	-	-	16,199.76	3,013.50	19,213.26
Personal Services - Employee Benefits	166,953.73	-	97,347.60	231.00	264,532.33
Purchased Professional - Technical Services	82,099.40	-	-	-	82,099.40
Other Purchased Services (400-500 series)	8,252.20	-	-	-	8,252.20
Supplies & Materials	4,646.70	-	4,461.81	-	9,108.51
Total Support Services	267,269.63	-	321,584.92	3,244.50	592,099.05
Facilities Acquisition and Constr. Services:					
Noninstructional Equipment	4,500.00	-	-	-	4,500.00
Total Facilities Acquisition and Constr. Services	4,500.00	-	-	-	4,500.00
Other Financing Sources (Uses)					
Transfer in from General Fund	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Total Outflows	1,252,089.77	26,995.00	815,967.66	17,996.81	2,113,049.24
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Total Brought Forward (Ex. E-1b)	Title I/A	I.D.E.A. Preschools Carryover	I.D.E.A. Part B Carryover	I.D.E.A. Part B	Total Carried Forward
REVENUES:						
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	17,924.04	-	-	-	-	17,924.04
Federal Sources	562,051.53	88,046.13	884.46	3,671.00	579,512.61	1,234,165.73
Total Revenues	579,975.57	88,046.13	884.46	3,671.00	579,512.61	1,252,089.77
EXPENDITURES:						
Instruction:						
Salaries of Teachers	314,287.60	61,510.93	-	-	70,593.20	446,391.73
Other Salaries for Instruction	16,486.47	-	-	-	-	16,486.47
Tuition	-	-	-	3,671.00	432,245.00	435,916.00
General Supplies	75,642.59	-	884.46	-	404.65	76,931.70
Textbooks	4,594.24	-	-	-	-	4,594.24
Total Instruction	411,010.90	61,510.93	884.46	3,671.00	503,242.85	980,320.14
Support Services:						
Salaries of Supervisors of Instruction	-	-	-	-	-	-
Salaries of Program Directors	-	-	-	-	-	-
Salaries of Other Professional Staff	5,317.60	-	-	-	-	5,317.60
Salaries of Sec. And Clerical Assistants	-	-	-	-	-	-
Other Salaries	-	-	-	-	-	-
Personal Services - Employee Benefits	121,748.17	13,464.75	-	-	31,740.81	166,953.73
Purchased Professional - Technical Services	29,000.00	13,070.45	-	-	40,028.95	82,099.40
Other Purchased Services (400-500 series)	8,292.20	-	-	-	-	8,292.20
Supplies & Materials	4,646.70	-	-	-	-	4,646.70
Total Support Services	168,964.67	26,535.20	-	-	71,769.76	267,269.63
Facilities Acquisition and Constr. Services:						
Noninstructional Equipment	-	-	-	-	4,500.00	4,500.00
Total Facilities Acquisition and Constr. Services	-	-	-	-	4,500.00	4,500.00
Other Financing Sources (Uses)						
Transfer in from General Fund	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Total Outflows	579,975.57	88,046.13	884.46	3,671.00	579,512.61	1,252,089.77
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Total Brought Forward (Ex. E-1c)	Nonpublic Nurse	Nonpublic Supplemental Instruction	Nonpublic Textbooks	Nonpublic Technology	Total Carried Forward
REVENUES:						
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	5,317.60	6,328.80	4,594.24	1,683.40	17,924.04
Federal Sources	562,051.53	-	-	-	-	562,051.53
Total Revenues	562,051.53	5,317.60	6,328.80	4,594.24	1,683.40	579,975.57
EXPENDITURES:						
Instruction:						
Salaries of Teachers	307,958.80	-	-	-	-	-
Other Salaries for Instruction	16,486.47	-	6,328.80	-	-	314,287.60
Tuition	-	-	-	-	-	16,486.47
General Supplies	73,959.19	-	-	-	1,683.40	75,642.59
Textbooks	-	-	-	4,594.24	-	4,594.24
Total Instruction	398,404.46	-	6,328.80	4,594.24	1,683.40	411,010.90
Support Services:						
Salaries of Supervisors of Instruction	-	-	-	-	-	-
Salaries of Program Directors	-	-	-	-	-	-
Salaries of Other Professional Staff	-	5,317.60	-	-	-	5,317.60
Salaries of Sec. And Clerical Assistants	-	-	-	-	-	-
Other Salaries	-	-	-	-	-	-
Personal Services - Employee Benefits	121,748.17	-	-	-	-	121,748.17
Purchased Professional - Technical Services	29,000.00	-	-	-	-	29,000.00
Other Purchased Services (400-500 series)	8,292.20	-	-	-	-	8,292.20
Supplies & Materials	4,646.70	-	-	-	-	4,646.70
Total Support Services	163,647.07	5,317.60	-	-	-	168,964.67
Facilities Acquisition and Constr. Services:						
Noninstructional Equipment	-	-	-	-	-	-
Total Facilities Acquisition and Constr. Services	-	-	-	-	-	-
Other Financing Sources (Uses)						
Transfer in from General Fund	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Total Outflows	562,051.53	5,317.60	6,328.80	4,594.24	1,683.40	579,975.57
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Title I	Title I July/August	Race to the Top	Title III	Total Carried Forward
REVENUES:					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-
Federal Sources	385,412.21	125,583.57	32,176.45	18,879.30	562,051.53
Total Revenues	385,412.21	125,583.57	32,176.45	18,879.30	562,051.53
EXPENDITURES:					
Instruction:					
Salaries of Teachers	227,581.30	75,377.50	-	5,000.00	307,958.80
Other Salaries for Instruction	16,486.47	-	-	-	16,486.47
Tuition	-	-	-	-	-
General Supplies	16,660.37	44,439.69	-	12,859.13	73,959.19
Textbooks	-	-	-	-	-
Total Instruction	260,728.14	119,817.19	-	17,859.13	398,404.46
Support Services:					
Salaries of Supervisors of Instruction	-	-	-	-	-
Salaries of Program Directors	-	-	-	-	-
Salaries of Other Professional Staff	-	-	-	-	-
Salaries of Sec. And Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Personal Services - Employee Benefits	115,599.29	5,766.38	-	382.50	121,748.17
Purchased Professional - Technical Services	-	-	29,000.00	-	29,000.00
Other Purchased Services (400-500 series)	7,614.53	-	-	637.67	8,252.20
Supplies & Materials	1,470.25	-	3,176.45	-	4,646.70
Total Support Services	124,684.07	5,766.38	32,176.45	1,020.17	163,647.07
Facilities Acquisition and Constr. Services:					
Noninstructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Constr. Services	-	-	-	-	-
Other Financing Sources (Uses)					
Transfer in from General Fund	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Total Outflows	385,412.21	125,583.57	32,176.45	18,879.30	562,051.53
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
For the Year Ended June 30, 2013

<u>District-Wide Total</u>	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 404,812.53	\$ 404,812.53	\$ -
Other Salaries for Instruction	94,298.00	89,570.21	4,727.79
Total Instruction	<u>499,110.53</u>	<u>494,382.74</u>	<u>4,727.79</u>
Support Services:			
Salaries of Supervisors of Instruction	46,837.00	44,510.88	2,326.12
Salaries of Program Directors	22,746.00	19,193.23	3,552.77
Salaries of Other Professional Staff	160,067.47	119,030.74	41,036.73
Salaries of Sec. And Clerical Assistants	23,783.00	20,840.90	2,942.10
Other Salaries	21,373.40	16,199.76	5,173.64
Personal Services - Employee Benefits	97,347.60	97,347.60	-
Supplies and Materials	5,000.00	4,461.81	538.19
Total Support Services	<u>377,154.47</u>	<u>321,584.92</u>	<u>55,569.55</u>
Facilities Acquisition and Construction Services			
Instructional Equipment	-	-	-
Total Facilities Acq & Construction Services	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 876,265.00</u>	<u>\$ 815,967.66</u>	<u>\$ 60,297.34</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2012-13 Preschool Education Aid Allocation	\$ 875,265.00
Adjustments	-
Actual Preschool Education Program Aid Carryover June 30, 2012	84,116.37
Add: Budget transfer from General Fund 2012	-
Total Preschool Education Aid Funds Available for 2012-13 Budget	<u>959,381.37</u>
Less: 2012-13 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(876,265.00)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2013	<u>83,116.37</u>
Add: June 30, 2013 Unexpended Preschool Education Aid	60,297.34
2012-13 Actual Carryover -Preschool Education Aid/Preschool	<u>\$ 143,413.71</u>
2012-13 Preschool Education Aid Carryover Budgeted in 2013-14	<u>\$ 84,116.00</u>

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FIDUCIARY FUNDS DETAIL STATEMENTS

Trust funds are used to account for gifts and bequests to the school district for a specific purpose.

Unemployment Fund - This trust fund is an expendable trust fund and limits expenses set aside for this purpose in current and prior budgets and contributions from employee withholding in prior years.

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

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

	Unemployment Compensation Trust	Private Purpose Trust	Agency Funds	Totals
ASSETS				
Cash and Cash Equivalents	\$ 58,655.92	\$ 72,636.31	\$ 1,428,852.57	\$ 1,560,144.80
Accounts Receivable	8,740.14	-		8,740.14
Total Assets	67,396.06	72,636.31	1,428,852.57	1,568,884.94
LIABILITIES				
Accounts Payable	5,668.01	-	8,740.14	14,408.15
Payable to Teachers - Summer Pay	-	-	1,008,775.83	1,008,775.83
Payable to Student Groups	-	-	200,056.48	200,056.48
Payroll Deductions & Withholdings	-	-	210,647.35	210,647.35
Payable to Teachers Association			632.77	632.77
Total Liabilities	5,668.01	-	1,428,852.57	1,434,520.58
NET POSITION				
Held in Trust for Unemployment Claims and Other Purposes	\$ 61,728.05	\$ 72,636.31		61,728.05
Reserve for Scholarships				72,636.31
Total Net Position				134,364.36
Total Liabilities and Net Position				\$ 1,568,884.94

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

	Unemployment Compensation Trust	Private Purpose Trust	Totals
ADDITIONS			
Contributions:			
Plan Member	\$ 40,948.73	\$ -	\$ 40,948.73
Board Contribution	40,874.38	-	40,874.38
Total Contributions	81,823.11	-	81,823.11
Investments Earnings:			
Interest	27.72	228.08	255.80
Net Investment Earnings	27.72	228.08	255.80
Total Additions	81,850.83	228.08	82,078.91
Deductions			
Unemployment Claims	39,449.34	-	39,449.34
Scholarships and Awards	-	6,667.81	6,667.81
Total Deductions	39,449.34	6,667.81	46,117.15
Change in Net Position	42,401.49	(6,439.73)	35,961.76
Net Position - Beginning of the Year	\$ 19,326.56	\$ 79,076.04	\$ 98,402.60
Net Position - End of the Year	\$ 61,728.05	\$ 72,636.31	\$ 134,364.36

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Elementary #1 School	\$ 11,633.51	\$ 7,722.77	\$ 4,724.78	\$ 14,631.50
Elementary #2 School	666.31	16,991.45	15,730.33	1,927.43
Elementary #4 School	41,493.22	100,785.63	94,602.65	47,676.20
High School	136,551.39	468,253.37	468,983.41	135,821.35
Total Assets	<u>\$ 190,344.43</u>	<u>\$ 593,753.22</u>	<u>\$ 584,041.17</u>	<u>\$ 200,056.48</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
ASSETS:				
Cash and Cash Equivalents	\$ 1,123,811.88	\$ 12,149,182.57	\$ 12,044,198.36	\$ 1,228,796.09
Total Assets	\$ 1,123,811.88	\$ 12,149,182.57	\$ 12,044,198.36	\$ 1,228,796.09
LIABILITIES:				
Payroll Deductions & Withholding	\$ 109,005.33	\$ 11,138,269.82	\$ 11,027,887.66	\$ 219,387.49
Accounts Payable	-	-	-	-
Payable to Teachers - Summer	1,014,405.86	1,010,680.67	1,016,310.70	1,008,775.83
Due to Teachers Association	400.69	232.08		632.77
Total Liabilities	\$ 1,123,811.88	\$ 12,149,182.57	\$ 12,044,198.36	\$ 1,228,796.09

LONG-TERM DEBT SCHEDULES

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of General Serial Bonds and Loans
As of June 30, 2013

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding June 30, 2013				Balance June 30, 2012	Increased	Decreased	Balance June 30, 2013
			Date	Amount	Interest Rate	Balance June 30, 2012				
Middle Twp. Board of Education, Refunding School Bonds	2/1/2010	\$ 9,175,000	2/1/2014	\$ 1,300,000.00	Various	\$ 7,885,000.00	\$	\$ 1,230,000.00	\$ 6,655,000.00	
			2/1/2015	1,370,000.00						
			2/1/2016	1,440,000.00						
			2/1/2017	1,450,000.00						
			2/1/2018	1,095,000.00						
						<u>\$ 7,885,000.00</u>	<u>\$</u>	<u>\$ 1,230,000.00</u>	<u>\$ 6,655,000.00</u>	

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of Obligations Under Capital Lease
As of June 30, 2013

Description	Amount of Original Issue	Balance July 1, 2012	Issued Current Year	Retired Current Year	Balance June 30, 2013
One (1) 54-passenger 2010 School Bus, Two (2) 2009 Ford Vans	\$ 125,000.00	\$ 51,362.04	-	\$ 24,910.05	\$ 26,451.99
District Clocks	79,351.00	-	79,351.00	16,326.93	63,024.07
School Buses	95,963.00		95,963.00	20,113.00	75,850.00
Two (2) School Buses,	85,400.00	51,231.43	-	16,419.06	34,812.37
One (1) Handicapped Bus	164,600.00	98,741.54	-	31,647.14	67,094.40
One (1) IC/CE 72 Passenger Bus	249,990.00	197,691.48	-	47,684.45	150,007.03
New Telephone System	154,335.00	120,789.53	-	27,551.95	93,237.58
Textbook Series	147,768.80	126,267.78		25,495.13	100,772.65
	\$	<u>646,083.80</u>	\$	<u>175,314.00</u>	\$
		<u>646,083.80</u>	\$	<u>210,147.71</u>	<u>611,250.09</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,577,705.00	\$ -	\$ 1,577,705.00	\$ 1,570,160.00	\$ (7,545.00)
Miscellaneous	-	-	-	0.49	0.49
Total Local Sources	1,577,705.00	-	1,577,705.00	1,570,160.49	(7,544.51)
Total Revenues	1,577,705.00	-	1,577,705.00	1,570,160.49	(7,544.51)
EXPENDITURES:					
Regular Debt Service:					
Interest	347,705.00	7,545.00	355,250.00	355,250.00	-
Redemption of Principal	1,230,000.00	-	1,230,000.00	1,230,000.00	-
Total Regular Debt Service	1,577,705.00	7,545.00	1,585,250.00	1,585,250.00	-
Total Expenditures	1,577,705.00	7,545.00	1,585,250.00	1,585,250.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(7,545.00)	(7,545.00)	(15,089.51)	(7,544.51)
Other Financing Sources(Uses):					
Transfer from Capital Reserve	-	7,545.00	7,545.00	7,545.00	-
Total Other Financing Sources(Uses):	-	7,545.00	7,545.00	7,545.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	(7,544.51)	(7,544.51)
Fund Balance, July 1	7,544.51	-	7,544.51	7,544.51	-
Fund Balance, June 30	<u>\$ 7,544.51</u>	<u>\$ -</u>	<u>\$ 7,544.51</u>	<u>\$ (0.00)</u>	<u>\$ (7,544.51)</u>

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Statistical Section

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

Exhibit J-1

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 16,269,786.08	\$ 16,240,975.34	\$ 16,594,509.52	\$ 16,994,487.23	\$ 17,553,874.26	\$ 17,768,168.89	\$ 18,083,475.69	\$ 18,153,250.93	\$ 18,062,862.28	\$ 18,424,968.08
Restricted	1,103,687.39	2,518,255.26	2,176,145.21	2,350,435.99	2,007,017.61	2,172,919.34	2,272,607.67	3,315,052.51	5,015,545.89	4,010,638.65
Unrestricted	187,411.37	(514,783.67)	(863,378.81)	(809,604.47)	(410,356.95)	(1,231,873.49)	(1,511,138.38)	(1,324,365.32)	(1,378,298.53)	(1,353,762.23)
Total governmental activities net position	\$ 17,560,784.84	\$ 18,244,446.93	\$ 17,907,275.92	\$ 18,535,318.75	\$ 19,150,534.92	\$ 18,709,214.74	\$ 18,844,944.98	\$ 20,143,938.12	\$ 21,700,109.64	\$ 21,081,844.50
Business-type activities										
Invested in capital assets, net of related debt	\$ 48,938.68	\$ 44,344.07	\$ 42,562.84	\$ 35,398.59	\$ 33,370.70	\$ 29,243.80	\$ 25,116.90	\$ 40,127.70	\$ 54,291.00	\$ 230,305.99
Restricted	(47,828.81)	(161,517.37)	(300,297.85)	(229,281.14)	(216,640.31)	(169,149.02)	(210,018.19)	(218,901.54)	34,304.94	(77,793.76)
Unrestricted	1,109.87	(117,173.30)	(257,735.01)	(193,882.55)	(183,269.61)	(139,905.22)	(184,901.29)	(178,773.84)	88,595.94	152,512.23
Total business-type activities net position	\$ 1,109.87	\$ (117,173.30)	\$ (257,735.01)	\$ (193,882.55)	\$ (183,269.61)	\$ (139,905.22)	\$ (184,901.29)	\$ (178,773.84)	\$ 88,595.94	\$ 152,512.23
District-wide										
Invested in capital assets, net of related debt	\$ 16,318,724.76	\$ 16,285,319.41	\$ 16,637,072.36	\$ 17,029,885.82	\$ 17,587,244.96	\$ 17,797,412.69	\$ 18,108,592.59	\$ 18,193,378.63	\$ 18,117,153.28	\$ 18,655,274.07
Restricted	1,103,687.39	2,518,255.26	2,176,145.21	2,350,435.99	2,007,017.61	2,172,919.34	2,272,607.67	3,315,052.51	5,015,545.89	4,010,638.65
Unrestricted	139,862.56	(675,301.04)	(1,163,676.66)	(1,038,885.61)	(626,997.26)	(1,401,022.51)	(1,721,156.57)	(1,543,266.86)	(1,343,993.59)	(1,431,555.99)
Total district net position	\$ 17,561,694.71	\$ 18,127,273.63	\$ 17,649,540.91	\$ 18,341,436.20	\$ 18,967,265.31	\$ 18,669,309.52	\$ 18,860,043.69	\$ 19,965,164.28	\$ 21,768,705.56	\$ 21,224,586.73

Source: CAFR Schedule A-1

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
Instruction:										
Regular	\$ 14,535,548.99	\$ 15,371,989.50	\$ 15,891,037.52	\$ 16,874,866.16	\$ 17,621,776.79	\$ 17,709,249.18	\$ 18,032,460.48	\$ 17,146,562.35	\$ 17,470,915.28	\$ 18,403,003.58
Special education	3,235,086.89	3,533,858.74	3,935,801.95	4,107,608.57	4,424,046.76	4,866,646.04	4,564,977.62	4,948,026.72	4,785,721.81	4,946,666.04
Other instruction	865,762.17	840,748.45	1,040,230.67	1,045,642.35	1,364,437.44	1,355,194.57	1,369,982.99	1,083,014.62	1,271,525.44	1,389,914.57
Support Services:										
Tuition	2,923,123.36	3,707,144.34	3,627,068.05	3,394,886.55	3,395,985.67	3,979,604.09	4,229,484.04	3,730,155.77	3,661,341.97	4,084,973.67
Student & instruction related services	4,433,590.18	4,500,821.36	4,815,357.97	5,194,047.26	5,137,181.50	5,212,354.66	5,351,348.43	5,283,812.13	5,559,717.82	5,900,073.47
General and business administrative services	1,467,953.77	1,584,932.35	1,872,627.63	1,686,895.25	2,415,494.09	2,198,515.68	2,297,042.18	1,764,948.80	1,776,724.01	2,146,424.10
School administrative services	1,407,571.42	1,523,925.16	1,681,767.69	1,921,777.75	1,935,966.18	1,528,626.56	1,574,929.74	1,631,168.33	1,745,147.80	1,867,526.93
Plant operations and maintenance	2,961,557.58	3,246,237.86	3,352,274.62	4,045,216.63	4,046,216.63	3,931,874.62	3,789,277.09	3,985,713.38	4,068,616.30	4,614,266.75
Pupil transportation	2,066,780.26	2,260,048.30	2,379,195.91	2,808,143.27	2,850,149.63	2,495,979.16	2,257,381.32	2,506,628.28	2,579,139.39	2,973,295.74
Special Schools							188,454.98			
Charter Schools	35,165.00	22,029.02	5,305.94	27,445.00	33,077.00	36,304.00	24,111.00	8,787.00	36,296.00	46,185.00
Interest on long-term debt	912,071.88	824,712.98	738,330.70	640,480.96	548,568.85	521,564.44	369,152.39	398,879.35	376,162.50	289,362.70
Unallocated depreciation and amortization	1,945,032.31	1,624,806.17	1,695,660.28	1,545,202.60	1,571,198.60	1,520,025.81	1,492,090.81	1,404,111.74	1,356,222.49	-
Total governmental activities expenses	36,730,233.91	39,041,254.23	41,034,678.93	43,404,294.50	45,143,099.14	44,854,938.81	45,660,693.07	43,892,798.47	44,687,530.81	46,682,392.55
Business-type activities:										
Food service	\$ 872,453.22	\$ 1,001,145.52	\$ 1,067,763.21	\$ 1,029,494.40	\$ 1,163,948.89	\$ 1,111,372.57	\$ 1,131,556.11	\$ 1,036,235.27	\$ 1,072,172.62	\$ 1,057,424.76
Performing arts center	90,681.46	173,186.62	165,249.89	60,993.54	55,656.30	60,296.04	90,955.33	131,506.54	127,718.12	150,606.97
Total business-type activities expenses	963,134.68	1,174,332.14	1,233,013.10	1,090,487.94	1,219,605.19	1,171,668.61	1,222,511.44	1,167,741.81	1,199,890.74	1,208,031.73
Total district expenses	\$ 37,693,368.59	\$ 40,215,586.37	\$ 42,267,692.03	\$ 44,494,782.44	\$ 46,362,704.33	\$ 46,026,607.42	\$ 46,783,204.51	\$ 45,060,540.28	\$ 45,887,421.55	\$ 47,890,424.28
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (resource room) (drivers ed)	\$ 273,991.00	\$ 335,661.00	\$ 332,628.00	\$ 294,512.76	\$ 267,162.00	\$ 213,680.73	\$ 209,973.78	\$ 246,347.66	\$ 308,571.97	\$ 345,758.38
Tuition	3,275,709.24	3,098,027.68	3,049,543.00	2,880,333.81	3,188,021.16	3,322,712.91	2,969,823.98	3,171,267.76	2,885,885.39	2,609,590.69
Compact Tuition/Child Study Team							92,061.35	63,807.92	75,864.47	72,085.13
Pupil transportation		19,006.00	10,875.00	52,400.00	76,276.86	118,447.31	83,226.42	75,756.86	111,820.34	66,986.16
Plant operations - custodial fees/E-Rate		6,058.93	6,902.85	13,751.98	9,040.37	9,471.99	47,756.98	41,247.08	-	5,156.75
Operating grants and contributions	10,126,255.00	10,194,930.64	9,814,381.00	10,401,976.47	11,677,576.99	7,046,889.67	9,365,550.16	7,932,569.23	8,505,866.36	8,581,611.36
Capital grants and contributions						2,899.00	199,959.00	-	-	4,500.00
Total governmental activities program revenues	13,675,955.24	13,653,684.25	13,214,028.85	13,602,975.02	15,218,097.38	10,714,101.61	12,968,351.27	11,532,995.51	11,887,811.53	11,685,688.47
Business-type activities:										
Charges for services:										
Food service	520,958.83	603,864.70	638,173.58	649,959.18	665,802.03	616,587.62	571,475.56	518,695.75	486,730.13	419,529.68
Performing arts center	52,002.05	66,892.36	61,943.04	82,062.77	71,518.66	93,661.34	78,799.14	115,499.54	114,207.20	123,256.00
Operating grants and contributions	362,718.25	384,669.24	389,267.81	418,879.29	489,675.15	503,098.04	528,856.29	539,515.23	566,256.47	556,968.83
Total business-type activities program revenue	935,679.13	1,055,426.30	1,089,384.43	1,150,901.24	1,226,995.84	1,213,347.00	1,177,130.99	1,173,710.52	1,167,193.80	1,089,754.51
Total district program revenue	\$ 14,611,634.37	\$ 14,709,110.55	\$ 14,303,413.28	\$ 14,753,876.26	\$ 16,445,093.22	\$ 11,927,448.61	\$ 14,145,482.26	\$ 12,706,707.03	\$ 13,055,005.33	\$ 12,785,442.98

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue										
Governmental activities	\$ (23,054,278.67)	\$ (25,367,569.98)	\$ (27,820,650.08)	\$ (29,801,319.48)	\$ (29,925,001.76)	\$ (34,140,837.20)	\$ (32,592,341.80)	\$ (32,359,801.96)	\$ (32,799,719.28)	\$ (34,986,704.08)
Business-type activities	\$ (27,465.65)	\$ (118,905.84)	\$ (143,628.67)	\$ 60,413.30	\$ 7,980.65	\$ 41,678.39	\$ (48,380.45)	\$ (32,968.71)	\$ (32,686.94)	\$ (108,271.22)
Total district-wide net expense	\$ (23,081,734.22)	\$ (25,506,475.82)	\$ (27,964,278.75)	\$ (29,740,906.18)	\$ (29,917,021.11)	\$ (34,099,158.81)	\$ (32,637,722.25)	\$ (32,359,833.25)	\$ (32,832,416.22)	\$ (35,104,981.30)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 15,749,128.00	\$ 16,396,886.00	\$ 17,375,616.00	\$ 19,431,395.00	\$ 20,040,111.00	\$ 20,541,715.00	\$ 21,363,384.00	\$ 22,217,919.00	\$ 22,662,277.00	\$ 22,662,277.00
Taxes levied for debt service	1,603,402.00	1,576,796.00	1,649,152.00	1,579,862.00	1,613,407.00	1,604,015.00	1,623,161.00	1,626,754.00	1,544,825.00	1,570,160.00
Unrestricted grants and contributions	7,405,219.22	7,925,065.46	8,225,709.90	9,106,983.14	8,518,145.18	11,275,952.31	9,341,265.26	9,665,795.43	10,322,850.56	10,213,605.16
Investment earnings	35,717.87	63,040.48	141,613.35	186,581.63	109,955.62	51,610.86	17,842.33	7,888.28	6,238.77	2,813.84
Miscellaneous income	176,068.19	109,444.13	91,487.82	122,540.53	258,599.33	226,223.85	384,273.88	230,260.45	119,899.47	184,410.54
Loss on disposal of fixed assets							(1,854.43)	(4,375.00)		(3,500.00)
State Grant Receivable Canceled								(85,447.06)		
Transfers									(300,000.00)	
Total governmental activities	24,869,535.38	26,071,232.07	27,483,479.07	30,429,362.30	30,540,218.13	33,699,517.02	32,728,072.04	33,658,735.10	34,355,890.80	34,629,766.54
Business-type activities:										
Investment earnings	575.73	622.67	3,066.96	3,439.16	3,222.29	1,686.00	384.38	158.74	66.72	22.01
Charterwells guaranteed return										31,279.84
Transfers										
Total business-type activities	575.73	622.67	3,066.96	3,439.16	3,222.29	1,686.00	384.38	158.74	66.72	22.01
Total district-wide	\$ 24,970,111.11	\$ 26,071,854.74	\$ 27,486,546.03	\$ 30,432,801.46	\$ 30,543,440.42	\$ 33,701,203.02	\$ 32,728,456.42	\$ 33,658,893.84	\$ 34,655,957.52	\$ 34,661,068.39
Changes in Net Position	\$ 1,915,256.71	\$ 683,662.09	\$ (337,171.01)	\$ 628,042.82	\$ 615,216.37	\$ (441,320.18)	\$ 135,730.24	\$ 1,298,993.14	\$ 1,556,171.52	\$ (366,937.54)
Governmental activities	\$ (26,679,822)	\$ (118,265.17)	\$ (140,561.71)	\$ 63,552.46	\$ 0,012.94	\$ 43,384.39	\$ (44,996.07)	\$ 6,127.45	\$ 267,963.76	\$ (78,975.37)
Business-type activities	\$ 1,886,376.69	\$ 565,376.92	\$ (477,732.72)	\$ 697,695.26	\$ 625,223.31	\$ (397,665.79)	\$ 90,734.17	\$ 1,306,120.59	\$ 1,283,541.30	\$ (443,912.91)

Source: CAFR Schedule A-2

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

Exhibit J-3

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Restricted										
Committed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,899,881.62	\$ 3,075,252.98	\$ 1,548,318.23
Assigned								483,015.84	1,674,960.22	2,589,841.25
Unassigned								-	192,279.36	-
Reserved	\$ 1,429,544.93	\$ 2,812,507.99	\$ 2,461,914.59	\$ 2,611,914.37	\$ 2,226,439.84	\$ 2,394,925.25	\$ 2,137,548.56	(71,529.66)	-	(51,166.83)
Unreserved	1,268,589.72	563,365.23	299,972.40	432,864.19	717,681.86	(86,964.79)	(365,147.44)	-	-	-
Total general fund	\$ 2,698,134.65	\$ 3,375,873.22	\$ 2,761,886.99	\$ 3,044,798.56	\$ 2,944,121.70	\$ 2,307,960.46	\$ 1,772,401.12	\$ 3,251,367.80	\$ 4,942,492.56	\$ 4,086,992.65
All Other Governmental Funds										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reported in Debt Service Fund								48,819.51	7,544.51	-
Committed										
Assigned										
Unassigned								(86,001.50)	(92,617.00)	(87,626.50)
Reserved										
Unreserved, reported in:										
Special revenue fund	(101,976.90)	(101,976.90)	(101,976.90)	(101,985.70)	(122,640.00)	(77,458.70)	(80,709.10)			
Capital projects fund	5,537.05	15,993.54	15,993.54	-	-	-	213,617.15			
Debt service fund	52,749.45	31,911.57	5,334.58	5,578.62	5,579.44	0.52	0.24			
Permanent fund										
Total all other governmental funds	\$ (43,690.40)	\$ (54,071.79)	\$ (80,648.78)	\$ (96,407.08)	\$ (117,060.56)	\$ (77,458.18)	\$ 132,908.29	\$ (37,181.99)	\$ (85,072.49)	\$ (87,626.50)

Source: CAFR Schedule B-1

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

Exhibit J-4

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax Levy	\$ 17,352,530	\$ 17,973,682	\$ 19,024,668	\$ 21,011,257	\$ 21,653,518	\$ 22,145,730	\$ 22,986,545	\$ 23,844,673	\$ 24,207,102	\$ 24,232,437
Tuition charges	3,549,700	3,433,689	3,382,172	3,134,847	3,455,203	3,515,427	3,216,106	3,418,615	3,194,260	2,914,635
Interest earnings	64,344	65,653	141,614	186,582	109,956	51,611	17,843	7,889	6,239	2,814
Miscellaneous	147,442	136,678	113,890	193,900	345,970	354,641	576,841	419,115	465,757	369,363
State sources	16,000,378	16,376,706	16,528,363	17,828,032	18,172,665	16,939,021	15,696,918	15,835,416	16,839,338	17,441,366
Federal sources	1,531,096	1,742,157	1,505,800	1,673,408	1,421,003	1,407,188	3,244,024	1,762,449	1,988,775	1,358,350
Total revenue	<u>38,645,490</u>	<u>39,728,765</u>	<u>40,697,507</u>	<u>44,028,026</u>	<u>45,758,315</u>	<u>44,413,618</u>	<u>45,698,277</u>	<u>45,289,157</u>	<u>46,691,471</u>	<u>46,318,955</u>
Expenditures										
Instruction:										
Regular instruction	11,405,986	12,084,883	12,286,162	12,691,184	13,159,071	13,639,075	13,615,733	12,601,209	12,624,939	12,552,894
Special education instruction	2,518,494	2,656,409	2,916,050	2,916,174	3,015,326	3,230,864	3,283,685	3,441,859	3,271,313	3,205,862
Other instruction	660,951	662,713	806,151	789,675	986,211	1,044,160	1,052,151	798,097	916,542	958,678
Support Services:										
Tuition	2,923,124	3,707,144	3,627,068	3,394,887	3,395,986	3,979,604	4,229,484	3,730,156	3,661,342	4,094,974
Student & instruction related services	3,641,874	3,775,179	3,902,315	4,176,937	4,066,052	4,156,245	4,141,231	4,020,890	4,238,267	4,165,836
General administrative services	742,197	801,213	979,884	733,353	1,563,157	1,167,744	1,294,777	892,267	895,174	1,040,924
Business administrative services	1,484,396	743,930	754,618	923,608	908,986	1,063,252	852,663	699,974	698,012	705,495
School administrative services	1,105,674	1,163,901	1,265,371	1,377,193	1,314,751	1,136,108	1,145,130	1,101,114	1,110,848	1,172,608
Plant operations and maintenance	2,635,317	2,833,667	2,945,293	3,620,738	3,377,499	3,453,552	3,259,770	3,278,132	3,437,723	4,049,701
Pupil transportation	1,939,422	2,330,553	2,471,466	2,874,644	2,874,644	2,671,605	2,345,699	2,614,330	2,645,276	2,853,953
Unallocated employee benefits	5,771,676	5,782,223	6,459,833	7,755,169	8,752,119	7,563,807	8,452,547	8,886,810	9,463,901	10,353,540
Special schools	35,165	22,029	5,306	27,445	33,077	36,304	24,111	8,787	36,296	46,185
Charter Schools	802,111	1,418,746	1,363,781	396,328	659,913	215,475	677,683	485,130	566,829	566,423
Debt service:										
Principal	1,326,685	1,326,685	1,536,685	1,528,685	1,506,685	1,111,685	1,125,000	1,270,000	1,195,000	1,230,000
Interest and other charges	945,402	864,272	775,919	680,521	590,624	538,999	498,161	315,479	391,100	355,250
Total Expenditures	<u>37,938,474</u>	<u>40,173,747</u>	<u>42,095,902</u>	<u>43,958,189</u>	<u>46,204,101</u>	<u>45,010,479</u>	<u>46,148,470</u>	<u>44,144,834</u>	<u>45,152,562</u>	<u>47,352,323</u>
Excess (Deficiency) of revenues over (under) expenditures	707,016	(444,982)	(1,398,395)	69,837	(445,786)	(596,861)	(450,193)	1,144,323	1,538,909	(1,033,368)
Other Financing Sources (Uses)										
Capital leases	359,726	1,113,284	887,422	193,004	324,456		125,000	250,000	404,325	175,314
Bond proceeds							9,175,000			
Bond issuance premium							746,857			
Bond Refunding Escrow Agent							(9,921,857)			
Transfers in	19,493	2,812	1,050	31,353	-					7,545
Transfers (out)	(19,493)	(2,812)	(1,050)	(31,353)					(300,000)	(7,545)
Total other financing sources (uses)	<u>359,726</u>	<u>1,113,284</u>	<u>887,422</u>	<u>193,004</u>	<u>324,456</u>	<u>-</u>	<u>125,000</u>	<u>164,553</u>	<u>104,325</u>	<u>175,314</u>
Net change in fund balances	\$ 1,066,742	\$ 668,302	\$ (510,973)	\$ 262,841	\$ (121,330)	\$ (596,861)	\$ (325,193)	\$ 1,308,876	\$ 1,643,234	\$ (858,054)
Debt service as a percentage of noncapital expenditures	6.12%	5.65%	5.68%	5.07%	4.60%	3.68%	3.57%	3.63%	3.56%	3.39%

Source: CAFR Schedule B-2

Exhibit J-5

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
 General Fund Other Local Revenue by Source,
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Transportation	Resource Room	Driver Education	Child Study Team	E-Rate	Rentals	Custodial Fees	Admissions	Sale of Assets	Premium on Notes	Miscellaneous	Totals
2004	\$ 35,717.97	\$ 3,275,709.24	\$ 2,000.00	\$ 273,991.00	\$ 25,800.00			\$ 21,409.36	\$ 28,763.48	\$ 16,924.00	\$ 1,025.00	\$ 13,090.00	\$ 16,060.01	\$ 3,770,490.06
2005	62,568.32	3,098,027.68	19,006.00	335,661.00	26,400.00			15,987.79	6,058.83	19,434.00	400.00	13,411.00	13,889.56	3,610,854.28
2006	139,563.62	3,049,543.00	10,573.00	332,629.00	27,160.00			31,246.91	6,902.85	17,075.00	-	7,816.35	8,189.56	3,630,699.29
2007	171,192.04	2,880,333.81	77,142.61	254,512.76	30,860.00			19,025.00	13,751.98	20,886.00	-	-	26,224.26	3,493,928.46
2008	109,955.62	3,188,021.16	76,276.86	267,192.00	27,175.00	61,380.70		21,850.00	9,040.37	16,472.00	-	-	125,955.04	3,903,308.75
2009	51,610.86	3,322,712.91	118,447.31	192,714.33	32,505.00	58,917.10	42,818.46	19,106.46	9,471.99	15,665.00	4,368.91	-	57,211.83	3,921,181.25
2010	17,842.33	3,216,106.36	83,226.42	209,973.78	29,280.00	55,752.35	39,713.10	10,425.00	8,043.88	16,875.00	-	-	79,163.69	3,770,780.82
2011	7,888.28	3,171,267.76	75,756.86	248,347.66	26,313.00	63,807.92	41,247.08	4,825.00	-	16,369.00	-	-	182,763.35	3,838,576.91
2012	6,238.77	2,885,688.39	111,820.34	308,571.97	30,536.00	75,964.47	38,182.52	2,275.00	-	16,537.00	2,140.09	-	177,988.66	3,655,952.21
2013	2,813.84	2,609,590.69	66,966.16	305,044.36	25,210.00	72,085.13	43,507.76	1,200.00	5,156.75	15,504.00	-	-	139,702.78	3,286,601.49

Source: District Records

Exhibit J-6

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Vacant Land	Residential	Farmland	Farm Homestead	Commercial	Industrial	Apartment	Total Assessed Value	Less Tax-exempt Property	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	Estimated County Equalized Value
2004	76,846,900	689,059,300	5,585,400	862,200	242,031,300	2,381,000	2,117,200	1,018,883,300	5,306,278	1,024,189,578	1.755	1,428,723,893	
2005	71,526,100	740,610,600	5,866,400	845,400	247,651,200	2,381,000	2,159,100	1,071,039,800	4,165,949	1,075,205,749	1.770	1,844,622,587	
2006	73,726,900	776,268,400	5,750,600	845,400	272,075,800	2,381,000	2,159,100	1,133,207,200	3,152,145	1,136,359,345	1.849	2,413,453,930	
2007	244,668,000	2,317,353,400	15,039,900	1,265,900	612,936,000	5,552,100	5,311,300	3,202,126,600	6,855,099	3,208,981,699	0.676	2,856,168,989	
2008	238,011,000	2,348,134,200	14,983,300	1,265,900	624,635,900	5,362,400	5,311,300	3,237,704,000	7,224,831	3,244,928,831	0.683	3,094,957,900	
2009	210,336,200	2,390,302,800	11,338,900	1,812,600	632,106,200	5,362,400	5,119,400	3,256,378,500	7,700,605	3,264,079,105	0.705	3,245,966,234	
2010	193,213,900	2,405,195,200	11,308,500	1,550,300	623,009,000	5,362,400	5,119,400	3,244,758,700	7,812,588	3,252,571,288	0.734	3,187,026,546	
2011	174,644,600	2,360,449,000	10,726,300	1,518,100	595,137,100	5,362,400	4,888,200	3,152,725,700	7,057,358	3,159,783,058	0.767	2,960,186,417	
2012	158,372,200	2,251,050,100	10,452,300	1,265,300	579,952,800	5,362,400	4,851,500	3,011,306,600	6,894,448	3,018,201,048	0.803	2,828,581,050	
2013	130,450,000	1,995,955,200	9,235,900	1,263,200	536,199,900	4,844,200	4,149,100	2,682,097,500	6,173,756	2,688,271,256	0.937	2,844,463,733	

Source: County Abstract of Rates & Municipal Tax Assessor
Revaluation effective in 2007

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

Fiscal Year Ended June 30,	MIDDLE TOWNSHIP SCHOOL DISTRICT			Overlapping Rates				Total Direct and Overlapping Tax Rate	
	Basic Rate	General Obligation Debt Service	Total Direct	County General	County Open Space	County Library	Other		Municipal Local Purpose
2004	1.598	0.157	1.755	0.341	0.014	0.040		0.580	2.730
2005	1.623	0.147	1.770	0.355	0.019	0.051		0.615	2.810
2006	1.704	0.145	1.849	0.361	0.022	0.063		0.615	2.910
2007 R	0.627	0.049	0.676	0.137	0.011	0.028		0.298	1.150
2008	0.633	0.050	0.683	0.144	0.010	0.028		0.320	1.185
2009	0.656	0.049	0.705	0.161	0.010	0.029		0.333	1.238
2010	0.684	0.050	0.734	0.170	0.010	0.029		0.363	1.306
2011	0.716	0.051	0.767	0.170	0.010	0.028		0.390	1.365
2012 R	0.752	0.051	0.803	0.179	0.011	0.027		0.390	1.410
2013 R	0.879	0.058	0.937	0.217	0.011	0.031		0.454	1.650

Source: District Records and Municipal Tax Collector

Rate does not include fire district tax. This rate will vary depending on the district.

R - Revaluation/Reassessment effective in years indicated.

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Principal Property Tax Payers,
Current Year and Nine Years Ago

Exhibit J-8

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Delco, LLC/Grande Properties LLC	\$ 52,016,500	1	1.72%	\$ -		
Shelvin Two (Acme/Pier 1)	18,906,900	2	0.63%	9,991,400	1	0.98%
Rio Grande Associates	12,100,000	3	0.40%	8,678,400	3	0.85%
HD Development of Maryland LLC	10,726,600	4	0.36%	7,433,700	4	
Rio Mall. LLC.	10,598,900	5	0.35%			
Louis Altobelli	8,572,200	6	0.28%			
Garden Lake (Kapp)	8,567,500	7	0.28%	4,817,300	9	0.47%
Starn's Markets, Inc.	7,708,200	8	0.26%	4,624,200	10	0.45%
Erm- Sandbarren, LLC	7,437,900	9	0.25%	5,879,600	6	0.57%
Phntus Lo Cape May, LLC	7,364,100	10	0.24%			
Great A&P Tea Company				8,689,300	2	0.85%
Cascade Corporation				6,978,800	5	0.68%
Cape Savings Bank, SLA				5,547,400	7	0.54%
Vista Ancillary Properties				5,375,400	8	0.52%
Totals	\$ 143,998,800		4.77%	\$ 68,015,500		5.92%
		District Assessed Value				\$ 1,024,189,578

Source: District CAFR & Municipal Tax Assessor
 Revaluation effective in 2007, 2012 and 2013.

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Property Tax Levies and Collections,
Last Ten Fiscal Years

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	17,352,530.00	17,352,530.00	100%	-
2005	17,973,682.00	17,973,682.00	100%	-
2006	19,024,668.00	19,024,668.00	100%	-
2007	21,011,257.00	21,011,257.00	100%	-
2008	21,653,518.00	21,653,518.00	100%	-
2009	22,145,730.00	22,145,730.00	100%	-
2010	22,986,545.00	22,986,545.00	100%	-
2011	23,844,673.00	23,844,673.00	100%	-
2012	24,207,102.00	24,207,102.00	100%	-
2013	24,232,437.00	24,232,437.00	100%	-

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Bond/Grant Anticipation Notes (BANs)	Business-Type Activities		Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Capital Leases			Capital Leases				
2004	18,724,425		60,797		2,750,000			21,535,222	0.18%	38,510
2005	17,397,740		1,129,089		1,605,000			20,131,829	0.20%	40,016
2006	15,861,055		1,624,527		1,605,000			19,090,582	0.22%	41,928
2007	14,332,370		1,207,532		-			15,539,902	0.29%	44,360
2008	12,825,685		1,001,245		-			13,826,930	0.34%	46,747
2009	11,714,000		449,123		-			12,163,123	0.38%	46,005
2010	10,350,000		331,969		-			10,681,969	0.44%	47,498
2011	9,080,000		341,791		-			9,421,791	0.52%	48,694
2012	7,885,000		646,084		-			8,531,084	0.57%	48,694
2013	6,655,000		611,250		-			7,266,250	0.67%	48,694

Source: District CAFR Schedules I-1, I-2

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding,
Last Ten Fiscal Years

Exhibit J-11

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property	Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2004	18,724,425	-	18,724,425	1.83%	38,740
2005	17,397,740	-	17,397,740	1.62%	40,316
2006	15,861,055	-	15,861,055	1.40%	42,322
2007	14,332,370	-	14,332,370	0.45%	44,575
2008	12,825,685	-	12,825,685	0.40%	46,067
2009	11,714,000	-	11,714,000	0.36%	46,005
2010	10,350,000	-	10,350,000	0.32%	47,498
2011	9,080,000	-	9,080,000	0.29%	48,694
2012	7,885,000	-	7,885,000	0.26%	48,694
2013	6,655,000	-	6,655,000	0.25%	48,694

Exhibit J-12

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Bonded Debt and Loans,
As of December 31, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Township of Middle	\$ 4,947,331.36	100.00%	\$ 4,947,331.36
Other Debt			
Township of Middle Sewer Utility	23,679,694.76	100.00%	23,679,694.76
County of Cape May	52,165,000.00	6.03%	3,145,549.50
Cape May County Bridge Commission	15,285,000.00	6.03%	921,685.50
Cape May County Municipal Utilities Authority	78,408,988.00	6.03%	4,728,061.98
Subtotal, Overlapping Debt			37,422,323.10
Township of Middle School District Direct Debt			<u>7,885,000.00</u>
Total Direct and Overlapping Debt			<u>\$ 45,307,323.10</u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation.
 Debt outstanding data includes only permanent debt and was provided by each governmental unit.

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Legal Debt Margin Information,
Last Ten Fiscal Years

Exhibit J-13

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 42,279,855	\$ 47,979,166	\$ 57,255,835	\$ 71,861,355	\$ 90,175,843	\$ 107,513,105	\$ 120,039,574	\$ 125,884,199	\$ 125,690,402	\$ 117,268,017
Total net debt applicable to limit	20,051,110	18,724,425	17,397,740	15,861,055	14,332,370	12,825,685	11,714,000	10,350,000	9,080,000	7,885,000
Legal debt margin	\$ 22,228,745	\$ 29,254,741	\$ 39,858,095	\$ 56,000,300	\$ 75,843,473	\$ 94,687,420	\$ 108,325,574	\$ 115,534,199	\$ 116,610,402	\$ 109,383,017
Total net debt applicable to the limit as a percentage of debt limit	47.42%	39.03%	30.39%	22.07%	15.89%	11.93%	9.76%	8.22%	7.22%	6.72%

Equalized valuation basis	
2012	\$ 2,815,884,234
2011	2,947,298,962
2010	3,031,918,053
	<u>\$ 8,795,101,249</u>

Average equalized valuation of taxable property	
	\$ 2,931,700,416
Debt limit (4% of average)	117,268,016.65
Net bonded school debt	7,885,000
Legal debt margin	<u>\$ 109,383,017</u>

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Demographic and Economic Statistics,
Last Ten Fiscal Years

Exhibit J-14

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	* Per Capita Personal Income	Unemployment Rate
2004	15,596	604,189,040	38,740	7.2%
2005	16,508	665,536,528	40,316	5.7%
2006	16,403	694,207,766	42,322	6.0%
2007	16,230	723,452,250	44,575	5.7%
2008	16,388	753,864,388	46,001	7.0%
2009	16,474	757,886,370	46,005	10.0%
2010	18,909	898,139,682	47,498	10.5%
2011	18,783	914,619,402	48,694	11.0%
2012	18,877	919,196,638	48,694	11.8%
2013	18,877	919,196,638	48,694	11.8%

* Income information is county wide

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis:

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Principal Employers,
Current Year and Nine Years Ago

Exhibit J-15

Employer	2013			2003		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
County of Cape May	1,012	1	Not available	1,155	1	Not available
Burdette Tomlin Memorial Hospital	900	2	Not available	1,000	2	Not available
Middle Township Board of Educ.	459	3	Not available	353	3	Not available
Cape May County MUA	306	4	Not available	300	4	Not available
Holy Redeemer Visiting Nurses	300	5	Not available	300	5	Not available
Wal Mart	288	6	Not available			
Shop Rite Supermarket	210	8	Not available	210	7	Not available
Township of Middle	194	7	Not available	245	6	Not available
Home Depot	160	9	Not available			
Lowes	160	10	Not available			
Acme Supermarket			Not available	150	9	Not available
Cape May County Special Services			Not available	180	8	Not available
Court House Convalescent			Not available	114	10	Not available
Totals	3,989			4,007		

Source:
Official Statements for the Township of Middle and the County of Cape May for various years.

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

Exhibit J-16

Function/Object	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
100 101 Teachers - General Fund	193.0	197.0	209.0	211.0	214.0	221.0	221.0	199.0	210.0	210.0
100 101 Teachers - Special Revenue Funds	49.0	45.0	38.0	39.0	37.0	37.0	40.0	33.0	12.0	12.0
100 106 Classroom Aides - General Fund	15.0	25.0	13.0	13.0	13.0	13.0	13.0	13.0	32.0	32.0
100 106 Classroom Aides - Special Revenue Funds	2.0	2.0	17.0	13.0	17.0	17.0	17.0	17.8	2.0	2.0
211 100 Attendance & Social Work										
213 100 Health Services	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	5.0	5.0
216 100 Related Services										
217 100 Extraordinary Services	8.0	19.0	17.0	17.0	18.0	17.0	17.0	25.0	38.0	42.0
218 104 Guidance - Professional	6.0	7.0	9.0	9.0	9.0	9.0	9.0	8.0	8.0	8.0
218 105 110 Guidance - Support	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
219 104 Child Study Team	10.0	12.0	12.0	12.0	12.0	11.0	11.0	10.0	14.0	14.0
221 105 110 Child Study Team - Support	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
221 102 104 Supervisors & Other Professionals	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
221 105 110 Improvement of Instruction - Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
222 100 Media Services/Technology	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
223 102 104 Professional Development - Professionals										
223 105 110 Professional Development - Support										
230 100 General District Administrators	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
230 100 Gen. Administration - Professionals										
230 100 Gen. Administration - Support	1.0	11.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
240 103 Principals/Assistant Principals	9.0	9.0	10.0	10.0	10.0	10.0	10.0	7.0	7.0	8.0
240 104 School Admin. - Other Professionals	1.0									
240 105 110 School Admin. - Support	15.0	15.0	16.0	16.0	16.0	16.0	16.0	15.0	15.0	14.0
251 100 Central Services - Administrators										
251 100 Central Services - Professionals										
251 100 Central Services - Support										
252 100 Admin. Information Technology Services			3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
26X 100 Oper. & Maint. - Security Guards	4.0	3.0	3.0	3.0	3.0	3.0	3.0	6.0	3.0	3.0
26X 100 Operation & Maintenance - Other	35.0	33.0	33.0	33.0	33.0	31.0	31.0	30.0	30.0	30.0
270 160 163 Transportation	50.0	50.0	51.0	50.0	50.0	50.0	50.0	49.0	58.0	62.0
290 100 Other Support - Administrators	1.0	1.0								
290 100 Other Support - Professionals	1.0	1.0								
290 100 Other Support - Support	6.0	7.0	6.0	6.0	6.0	6.0	6.0			
200 102 104 Sup. & Other Prof. Staff - Special Revenue	5.0	5.0								
200 105 110 Support - Special Revenue	2.0	2.0								
200 103 Directors - Special Revenue										
Various - Other										
	430.0	462.0	455.0	453.0	458.0	460.0	463.0	431.8	459.0	467.0

Source: District Personnel Records

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Operating Statistics,
Last Ten Fiscal Years

Exhibit J-17

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2004	2,933	34,864,276	11,887	6.78%	231	1:12.2	1:12.2	1:12.5	2,850	2,649	3.68%	92.82%
2005	2,867	36,564,044	12,753	7.29%	180	1:17.1	1:20.5	1:13.0	2,876	2,675	0.93%	93.01%
2006	2,833	38,419,517	13,561	6.34%	217	1:11.8	1:16.7	1:13.2	2,839	2,641	-1.29%	93.02%
2007	2,869	41,352,655	14,414	6.28%	211	1:12.8	1:12.5	1:15.0	2,839	2,652	-0.01%	93.41%
2008	2,923	43,446,879	14,864	3.12%	214	1:12.3	1:14.6	1:14.1	2,897	2,670	2.04%	92.16%
2009	2,886	43,144,320	14,950	0.58%	221	1:12.5	1:14.4	1:14.0	2,851	2,640	-1.59%	92.60%
2010	2,887	43,847,626	15,188	1.59%	224	1:14.2	1:11.0	1:11.1	2,847	2,600	-0.14%	91.32%
2011	2,793	42,074,225	15,064	-0.82%	192	1:18.4	1:11.0	1:11.1	2,776	2,542	-2.49%	91.57%
2012	2,684	42,999,633	16,021	6.35%	222	1:16.2	1:11.0	1:11.2	2,681	2,492	-3.42%	92.95%
2013	2,658	45,200,650	17,006	6.15%	222	1:15.2	1:10.7	1:9.71	2,620	2,436	-2.28%	92.98%

Source: District records, ASSA and Schedules J-12, J-14

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
School Building Information,
Last Ten Fiscal Years

Exhibit J-18

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>District Buildings</u>										
<u>Elementary</u>										
Elementary #1										
Square Feet	70,820	70,820	70,820	70,820	70,820	70,820	70,820	70,820	70,820	70,820
Capacity (students)	692	692	692	692	692	692	692	692	692	692
Enrollment	532	659	645	679	685	684	705	698	680	674
Elementary #2										
Square Feet	87,674	87,674	87,674	87,674	87,674	87,674	87,674	87,674	87,674	87,674
Capacity (students)	625	625	625	625	625	625	625	625	625	625
Enrollment	557	575	546	541	594	553	558	560	566	558
<u>Middle School</u>										
Square Feet	88,369	88,369	88,369	88,369	88,369	88,369	88,369	88,369	88,369	88,369
Capacity (students)	617	617	617	617	617	617	617	617	617	617
Enrollment	618	607	612	587	610	617	586	565	549	574
<u>High School</u>										
Square Feet	176,891	176,891	176,891	176,891	176,891	176,891	176,891	176,891	176,891	176,891
Capacity (students)	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116
Enrollment	1,028	1,091	1,087	1,032	1,034	1,033	996	952	887	815
<u>Other</u>										
Administration										
Square Feet	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760
Transportation Office										
Square Feet	900	900	900	900	900	900	900	900	900	900
Transportation Garage										
Square Feet	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700

Number of Schools at June 30, 2012

- Elementary - 2
- Middle - 1
- High School - 1
- Other - 3

Source: District Records, ASSA

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
 General Fund
 Schedule of Required Maintenance for School Facilities,
 Last Ten Fiscal Years
 (Unaudited)

Undistributed Expenditures - Allowable Maintenance for School Facilities

School Facilities	Project # (s)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Elementary #1		\$ 78,447	\$ 47,870	\$ 39,716	\$ 22,304	\$ 40,051	\$ 27,368	\$ 24,845	\$ 27,546	\$ 169,170	\$ 156,584
Elementary #2		88,767	64,321	29,073	35,985	29,318	35,894	42,315	13,850	125,844	242,592
Elementary #4		30,194	39,026	28,460	16,074	29,661	28,618	25,263	39,808	33,529	114,966
High School		132,926	115,835	92,971	77,974	74,047	54,161	39,067	47,531	90,904	262,019
Total School Facilities		330,334	267,052	190,220	152,337	173,077	146,041	131,490	128,735	419,447	776,161
Other Facilities			3,700	7,759	6,916	10,072	12,690	12,202	2,943	3,737	11,001
Grand Total		\$ 330,334	\$ 270,752	\$ 197,979	\$ 159,253	\$ 183,149	\$ 158,731	\$ 143,692	\$ 131,678	\$ 423,184	\$ 787,162

Source: District Records

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Insurance Schedule
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Exhibit J-20

Company	Type of Coverage	Amount of Coverage	Deductible
ACCASBOJIF	School Package Policy		
	Property, Inland Marine & Auto Policy		
	A Limit of Liability	\$ 149,749,500	\$ 200,500
	B Property Valuation		
	1. Building and Contents	Replacement Cost	-
	2. Contractors Equipment	Actual Cash Value	-
	3. Automobiles	Actual Cash Value	-
	Pollution Legal Liability	3,000,000	25,000
	Comprehensive Crime Coverage	249,500	500
	Boiler and Machinery	125,000,000	1,000
	School Board Legal Liability	10,000,000	None
	Workers' Compensation	Statutory	None
	General and Automobile Liability	9,750,000	None
	Officials' Bonds		
	Diane S. Fox - Bus. Admin.	25,000	
	Treasurer	255,000	

Source: District Records

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Single Audit Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

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K-1 INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Township of Middle School District School District
Township of Middle
County of Cape May
State of New Jersey

We have audited the basic financial statements of the Board of Education of the Township of Middle School District School, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and have issued our report thereon dated November 11, 2013. 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 audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Township of Middle School District's 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 Township of Middle School District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a 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. 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 Middle School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements prescribed by the Division of Finance, Department of Education, and State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Licensed Public School Accountant
No. 853

November 11, 2013



FORD - SCOTT

& ASSOCIATES, L.L.C.

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K-2 INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of Board of Education
Township of Middle School District
County of Cape May
State of New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Township of Middle, County of Cape May, State of New Jersey compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013. The Township of Middle School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Middle School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Middle School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Township of Middle School District's compliance.

Basis for Modified Opinion on State Aid – Public and Special Education Cluster

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding State Aid – Public identified as finding 2013-4 for Special Tests and Provisions Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program. Also as described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the Special Education Cluster identified s finding 2013-1 for Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Modified Opinion on State Aid Public and Special Education Cluster

In our opinion, except for the noncompliance described in the Basis for Modified Opinion paragraph, the Township of Middle School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on State Aid Public and the Special Education Cluster for the year ended June 30, 2013.

Unmodified Opinion on Other Major Federal and State Programs

In our opinion, the Township of Middle School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-1 related to the Title I Cluster (a non-major program). Our opinion on each major federal and state program is not modified with respect to these matters.

The Township of Middle School District's response to the noncompliance findings identified in our audit are described in the accompanying *schedule of findings and questioned costs and/or corrective action plan*. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Township of Middle School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Middle School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, 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 Township of Middle School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB 04-04

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund of the Township of Middle School District as of and for the year ended June 30, 2013, and have issued our report thereon dated November 11, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Licensed Public School Accountant
No. 853

November 11, 2013

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

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Grant Number	Grant State Project Number	Award Amount	Balance June 30, 2012	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education														
General Fund:														
Medical Assistance (SEMI) Program	93.778	7/1/2011	630/2012		\$ 65,557.82	\$ (11,545.90)	\$ -	\$ 11,545.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medical Assistance (SEMI) Program	93.778	7/1/2011	630/2013		85,648.64	(47,702.00)	-	85,648.64	(85,648.64)	-	-	-	-	-
Education Jobs Program	84.410	7/1/2011	630/2012		483,967.00	-	-	483,967.00	-	-	-	-	-	-
Education Jobs Program	84.410	7/1/2012	630/2013		1,208.00	-	-	1,208.00	(1,208.00)	-	-	-	-	-
Total General Fund					\$ 1,461,104.54	\$ (59,247.90)	\$ -	\$ 1,461,104.54	\$ (86,856.64)	\$ -	\$ -	\$ (294,156.00)	\$ 188,673.79	\$ -
U.S. Department of Education														
Passed-Through State														
Department of Education														
Special Revenue Fund:														
Title I - Part A Cluster:														
NCLB - Title I, Part A	84.010	09/01/10	08/31/11	NCLB313011	616,849.00	(20,271.00)	20,271.00	-	-	-	-	-	-	-
NCLB - Title I, Part A	84.010	09/01/11	08/31/12	NCLB313012	583,628.00	(189,948.49)	(20,271.00)	341,303.00	(125,583.57)	0.06	-	-	5,500.00	-
NCLB - Title I, Part A	84.010	09/01/12	08/31/13	NCLB313013	561,376.00	(210,219.43)	-	274,430.00	(385,412.21)	-	-	(294,156.00)	183,173.79	-
Total Title I - Part A Cluster					\$ 1,761,853.00	\$ (403,358.89)	\$ -	\$ 453,033.00	\$ (510,995.78)	\$ 0.06	\$ -	\$ (294,156.00)	\$ 188,673.79	\$ -
Title IA - No Child Left Behind	84.281A	9/1/2011	831/2012	NCLB313012	125,091.00	(48,033.55)	-	48,033.00	(88,046.19)	-	-	(71,993.00)	37,126.87	314.00
Title IA - No Child Left Behind	84.281A	9/01/12	08/31/13	NCLB313013	110,730.00	314.00	-	53,180.00	-	-	-	-	-	-
Title ID - No Child Left Behind	84.281D	9/1/2008	831/2009	NCLB313010	4,719.00	-	-	-	-	-	-	-	-	-
Title II - No Child Left Behind	84.365	9/1/2010	831/2011	NCLB313011	10,435.00	(115.26)	115.26	9,813.00	-	-	-	-	-	-
Title II - No Child Left Behind	84.365	9/1/2011	831/2012	NCLB313012	19,845.00	(9,791.79)	(115.26)	7,872.00	(18,879.30)	94.05	-	(12,881.00)	1,873.70	-
Title II - No Child Left Behind	84.365	9/1/2012	831/2013	NCLB313013	20,371.00	-	-	4,374.00	-	519.32	-	-	519.32	-
Title III Immigrant - No Child Left Behind	84.365	9/1/2011	831/2012	NCLB313012	4,374.00	(4,374.00)	-	-	-	-	-	-	-	-
Carl D. Perkins - Secondary	84.048	7/1/2011	630/2012	PERK313011	54,661.00	(1,073.58)	-	2,291.00	(17,986.81)	0.09	-	(1,757.81)	-	1,073.58
Carl D. Perkins - Secondary	84.048	7/1/2011	630/2012	PERK313012	49,538.00	(2,291.09)	-	16,239.00	(32,176.45)	-	-	(17,480.00)	14,303.55	-
Carl D. Perkins - Secondary	84.395	7/1/2012	11/30/2015	PERK313013	21,043.00	-	-	29,000.00	-	-	-	-	-	-
Race to the Top-ARRA	84.395	7/1/2012	11/30/2015	09-3130	46,480.00	-	-	157,708.00	(3,671.00)	(0.22)	-	-	-	-
Special Education Cluster:														
I.D.E.A. Part B - Basic Regular	84.027	09/01/11	08/31/12	IDEA313012	609,501.00	(154,036.78)	-	425,762.00	(579,512.61)	-	-	(159,543.00)	5,792.39	-
I.D.E.A. Part B - Basic Regular	84.027	09/01/12	08/31/13	IDEA313013	585,305.00	65.93	-	526,494.00	-	-	-	-	65.93	-
I.D.E.A. Part B - Basic Regular - ARRA	84.391	09/01/09	08/31/11	IDEA313010	27,563.00	45.77	-	-	-	-	-	-	45.77	-
I.D.E.A. Part B - Basic PreSchool	84.173	09/01/10	08/31/11	IDEA313011	28,323.00	(6,096.00)	-	6,981.00	(884.46)	(0.54)	-	-	-	-
I.D.E.A. Part B - Basic PreSchool	84.173	09/01/11	08/31/12	IDEA313012	26,895.00	-	-	19,789.00	(26,995.00)	-	-	(7,206.00)	-	-
I.D.E.A. Part B - Basic PreSchool	84.173	09/01/12	08/31/13	IDEA313013	19,060.00	550.25	-	610,240.00	(611,063.07)	(0.76)	-	(186,748.00)	5,904.09	550.25
Total Special Education Cluster	84.392	09/01/09	08/31/11	IDEA313010	1,000,000.00	(159,470.83)	-	1,396,775.00	(1,279,157.54)	613.34	-	(565,016.81)	248,401.32	1,937.83
Total Special Revenue Fund					\$ 1,725,093.94	\$ (432,308.46)	\$ -	\$ 1,725,093.94	\$ (1,889,922.86)	\$ 613.34	\$ -	\$ (595,305.85)	\$ 248,401.32	\$ 1,937.83
U.S. Department of Agriculture														
Passed-Through State Dept. of Education:														
Enterprise Fund:														
Food Distribution Program														
Child Nutrition Program Cluster:														
School Breakfast Program	10.550	7/1/2012	630/2013	N/A	67,781.72	-	-	67,781.72	(67,781.72)	-	-	-	-	-
School Breakfast Program	10.553	07/01/11	06/30/12	N/A	92,631.19	(5,227.61)	-	5,227.61	-	-	-	-	-	-
School Breakfast Program	10.553	07/01/12	06/30/13	N/A	96,513.64	-	-	89,683.35	(96,513.64)	-	-	(6,820.29)	-	-
National School Lunch Program	10.555	07/01/11	06/30/12	N/A	384,685.09	(17,511.72)	-	17,511.72	-	-	-	-	-	-
National School Lunch Program	10.555	07/01/12	06/30/13	N/A	359,613.32	(22,739.33)	-	336,144.57	(359,613.32)	-	-	(23,468.75)	-	-
Total Child Nutrition Program Cluster					\$ 1,122,432.68	\$ (45,989.66)	\$ -	\$ 112,432.68	\$ (456,126.96)	\$ -	\$ -	\$ (30,289.04)	\$ -	\$ -
Total Enterprise Fund					\$ 1,802,214.40	\$ (22,739.33)	\$ -	\$ 1,802,214.40	\$ (652,908.66)	\$ -	\$ -	\$ (30,289.04)	\$ -	\$ -
Total Federal Financial Awards														
(A) Prior year encumbrance canceled (B) Transfer to General Fund														

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Program or Award Amount	Deferred Revenue (Accts Receiv.)	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Years Balances	(Accounts Receivable)	Balance, June 30, 2013	MEMO		
												Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education														
General Fund:														
<i>State Aid - Public Cluster:</i>														
Equalization Aid	13-495-034-5120-078	7/1/2012	5,890,653.00	-	-	-	5,890,653.00	(5,890,653.00)	-	-	-	-	481,239.56	5,890,653.00
Special Education Aid	13-495-034-5120-089	6/30/2013	1,263,998.00	-	-	-	1,263,998.00	(1,263,998.00)	-	-	-	-	103,262.90	1,263,998.00
Security Aid	13-495-034-5120-084	7/1/2012	438,018.00	-	-	-	438,018.00	(438,018.00)	-	-	-	-	35,784.04	438,018.00
Adjustment Aid	13-495-034-5120-085	7/1/2012	3,867,965.00	-	-	-	3,867,965.00	(3,867,965.00)	-	-	-	-	315,995.15	3,867,965.00
Total State Aid - Public Cluster			11,460,634.00	-	-	-	11,460,634.00	(11,460,634.00)	-	-	-	-	836,281.65	11,460,634.00
Transportation Aid	13-495-034-5120-014	7/1/2012	1,445,354.00	-	-	-	1,445,354.00	(1,445,354.00)	-	-	-	-	118,078.85	1,445,354.00
Extraordinary Aid	13-100-034-5120-473	6/30/2013	58,246.00	-	-	-	58,246.00	(58,246.00)	-	-	-	-	-	58,246.00
Extraordinary Aid	12-100-034-5120-473	7/1/2011	70,591.00	(70,591.00)	-	-	70,591.00	(70,591.00)	-	-	-	-	-	-
Non-Public Transportation	13-100-034-5120-014	6/30/2013	16,332.89	-	-	-	16,332.89	(16,332.89)	-	-	-	-	-	16,332.89
Non-Public Transportation	12-100-034-5120-014	7/1/2011	12,180.00	(12,180.00)	-	-	12,180.00	-	-	-	-	-	-	-
Reimbursed TPAE Social Security Contributions	13-495-034-5095-002	7/1/2012	1,259,617.18	-	-	-	1,180,218.23	(1,259,617.18)	-	(79,398.95)	-	-	-	1,259,617.18
Reimbursed TPAE Social Security Contributions	12-495-034-5095-002	7/1/2011	1,268,260.62	(4,353.07)	-	-	4,353.07	-	-	-	-	-	-	-
Total General Fund			14,173,330.30	(87,124.07)	-	-	14,173,330.30	(14,240,184.07)	-	(153,977.84)	-	-	1,054,360.50	14,240,184.07
Special Revenue Fund:														
Preschool Education Aid	11-495-034-5120-086	7/1/2010	860,015.00	1,021.45	-	-	-	-	-	-	1,021.45	-	-	-
Preschool Education Aid	12-495-034-5120-086	6/30/2012	926,170.00	83,094.92	-	-	-	-	-	-	83,094.92	-	-	-
Preschool Education Aid	13-495-034-5120-086	7/1/2012	876,265.00	-	-	-	876,265.00	(815,967.66)	-	-	-	-	87,626.50	815,967.66
NJ Nonpublic Aid:														
Textbook Aid	13-100-034-5120-064	7/1/2012	4,597.00	-	-	-	4,597.00	(4,594.24)	(306.41)	-	-	2.76	-	4,594.24
Textbook Aid	12-100-034-5120-064	7/1/2011	4,643.00	-	306.41	-	-	-	-	-	-	-	-	-
Technology Aid	13-100-034-5120-373	7/1/2012	1,697.00	-	-	-	1,697.00	(1,663.40)	-	-	-	-	13.60	1,683.40
Handicapped Services:														
Exam & Classification	13-100-034-5120-066	7/1/2012	8,925.00	-	-	-	8,925.00	-	-	-	-	-	-	-
Exam & Classification	12-100-034-5120-066	7/1/2011	5,321.00	-	-	-	-	-	(5,321.00)	-	-	-	-	-
Corrective Speech	13-100-034-5120-066	6/30/2013	1,562.00	-	-	-	1,562.00	-	-	-	-	-	-	-
Corrective Speech	12-100-034-5120-066	7/1/2011	790.00	-	-	-	-	-	(790.00)	-	-	-	-	-
Auditory Services:														
Supplemental Instruction	13-100-034-5120-067	7/1/2012	6,330.00	-	-	-	4,857.00	(6,328.80)	-	(1,471.80)	-	-	-	6,328.80
Supplemental Instruction	12-100-034-5120-067	7/1/2011	6,314.00	-	-	-	-	-	-	-	-	-	-	-
Nursing Aid	13-100-034-5120-070	7/1/2012	6,381.00	-	-	-	6,381.00	(5,317.60)	(419.00)	-	-	1,063.40	-	5,317.60
Nursing Aid	12-100-034-5120-070	7/1/2011	6,633.00	-	-	-	-	-	(419.00)	-	-	-	-	-
Total Special Revenue Fund			84,116.37	(84,116.37)	-	-	904,284.00	(833,891.70)	(6,836.41)	(1,471.80)	144,413.71	11,566.76	87,626.50	833,891.70
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	13-100-010-3360-067	7/1/2012	33,060.15	-	-	-	32,463.78	(33,060.15)	-	(596.37)	-	-	-	33,060.15
National School Lunch Program (State Share)	12-100-010-3360-067	7/1/2011	11,151.04	(487.96)	-	-	487.96	-	-	-	-	-	-	-
Total Enterprise Fund			44,211.19	(487.96)	-	-	32,951.74	(33,060.15)	-	(596.37)	-	-	-	33,060.15
Total State Financial Assistance			142,557.56	(131,727.40)	-	-	151,110,566.04	(151,071,135.92)	(6,836.41)	(156,046.01)	144,413.71	11,566.76	1,141,987.00	151,071,135.92

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Notes to the Schedules of Financial Assistance
June 30, 2013

Note 1: General

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

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting, and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Notes 1(B) and 1(C) to the Board's basic financial statements.

Note 3: Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97, (A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$13,600.50 for the general fund and (\$5,051.93) for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>		<u>State</u>		<u>TPAF Pension</u>		<u>Total</u>
General Fund	\$ 86,856.64	\$	16,604,862.57	\$	(2,351,078.00)	\$	14,340,641.21
Special Revenue Fund	1,271,493.49		836,503.52				2,107,997.01
Food Service Fund	<u>523,908.68</u>		<u>33,060.15</u>				<u>556,968.83</u>
Total Financial Award Revenues	\$ <u>1,882,258.81</u>	\$	<u>17,474,426.24</u>	\$	<u>(2,351,078.00)</u>	\$	<u>17,005,607.05</u>

The On-Behalf Pension Contributions made for the district by the State of New Jersey are recognized as revenue in the basic financial statements, but are not considered in the major program determination.

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Notes to the Schedules of Financial Assistance
June 30, 2013
(Continued)

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: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

Note 6: Adjustments

The District has instances where a grant period overlaps fiscal years and the grant has not closed out at the end of the current fiscal year. In addition, local contributions are reflected as adjustments. The following adjustments were a result of final grant payments being rounded by the grantor, prior encumbrances being canceled and grantor cost disallowances from a prior period.

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

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: An Unmodified Opinion issued on the Basic Financial Statements, dated November 11, 2013.

Internal control over financial reporting:

1) Material weakness identified? No

2) Significant Deficiencies identified? No

Noncompliance material to basic financial statements noted? No

**MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013
(Continued)**

I. SUMMARY OF AUDITOR'S RESULTS - CONTINUED

Federal Awards

Internal control over major programs:

- 1) Material weakness identified? No
- 2) Significant Deficiencies identified? No

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

A Modified Opinion was issued on compliance for major programs, dated November 11, 2013.

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?

Yes

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Child Nutrition Program Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program
Special Education Cluster (IDEA):	
84.027	IDEA
84.173	IDEA Preschool

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

No

**MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013
(Continued)**

I. SUMMARY OF AUDITOR'S RESULTS - CONTINUED

State Awards

Dollar threshold used to distinguish between Type A and Type B Programs:	\$453,214
Auditee qualified as low-risk auditee?	No
Type of auditor's report issued on compliance for major programs:	A Modified Opinion was issued on compliance for major programs, dated November 11, 2013.
Internal Control over major programs:	
1) Material weakness identified?	No
2) Significant deficiencies identified?	No
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?	Yes

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
State Aid Public Cluster:	
13-495-034-5120-078	Equalization Aid
13-495-034-5120-084	Security Aid
13-495-034-5120-089	Special Education
13-495-034-5120-085	Adjustment Aid
13-495-034-5120-014	Transportation Aid

MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013
(Continued)

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

None

III. FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS:

Child Nutrition Program Cluster, 10.553, 10-555

Finding 2013-2:

Our audit of meal applications found three applications improperly classified.

Criteria

Meal applications are classified as free or reduced based on income guidelines.

Condition

One application approved as reduced should have been denied because it was not signed; one application that was denied should have been approved as reduced and one application approved as free should only have been reduced price.

Context

Three errors out of a sample size of forty or a 7.5% error rate.

Questioned Costs

No questioned costs related to this finding.

Cause

There were errors in classification during review process.

Effect

Some students did not receive the proper meal classification due to these errors.

Recommendation

That all applications for free and reduced price meals be carefully reviewed and approved to the proper classification.

Corrective Action

District will carefully review meal applications in the future.

MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013
(Continued)

III. FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS:

Special Education Program Cluster, 84.027, 84.173

Finding 2013-1:

The New Jersey Department of Education conducted a Consolidated Monitoring Report of IDEA I funds from July 1, 2011 to December 17, 2012 and had the following findings:

The District miscoded equipment to the incorrect function and object code for instructional services verses support services.

The District did not consistently provide parents of students eligible for special education and related services notices of required meetings.

The District did not consistently inform parents of proposed actions through provision of written notice containing all required components with 15 days of the date of reevaluation planning meetings for students eligible for speech services.

The District did not consistently obtain written parental consent or document multiple efforts to obtain written parental consent to conduct reevaluation assessments for students eligible for speech services.

The District did not consistently provide copies of evaluation reports to parents at least 10 days prior to determination of eligibility for students evaluated for special education and related services and speech services.

The District did not consistently include required considerations and statements in each IEP developed for students eligible for special education and related services and speech services.

The District did not consistently document in the IEP's of students removed from the general education setting for more than 20 percent of the day.

The District did not consistently maintain documentation of the description, frequency, duration and effectiveness of the interventions provided in the general education setting through the Intervention and Referral Service.

The District did not consistently conduct vision/hearing screenings and forward results and health/medical summary to the child study team for every student referred.

The District did not consistently conduct multidisciplinary initial evaluations for students referred for speech services by obtaining an education impact statements from the classroom teacher.

The District did not consistently conduct all required sections of the functional assessments as a component of the initial evaluations for students referred for special education and related services.

The District did not determine continued eligibility within three years of the previous eligibility date for students eligible for special education and related services.

MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013
(Continued)

III. FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS:

Special Education Program Cluster, 84.027, 84.173

Criteria

Each grant program is subject to monitoring procedures by the NJDOE.

Condition

The monitoring process found the above listed areas of noncompliance required to be repeated in the annual audit of the district.

Context

The monitoring covered expenditures in parts of FY 2012 and FY 2013.

Questioned Costs

There are no questioned costs related to the IDEA findings.

Cause

District did not consistently comply with grant requirements

Effect

District was not in compliance with all grant provisions.

Recommendation

No recommendation is being made in the report because the district took corrective action prior to the date of this report.

Corrective Action

District prepared a corrective action plan to address each finding and posted it to the district website.

Title I Part A Cluster, CFDA Number 84.010

Finding 2013-1:

The New Jersey Department of Education conducted a Consolidated Monitoring Report of Title I funds from July 1, 2011 to December 17, 2012 and had the following findings:

In the notification letter to parents of Title I students in the elementary and middle school, the District did not inform parents of the remediation approach or exit criteria for Title I students.

For 2012-13 school year, there is no evidence the school distributed the "opt-out" form to parents and adult students regarding Title IX.

The district does not have the required supporting documents to verify the activity of school and District level staff charged to Title I, Title IIA or IDEA Grants.

The District use of Title I funds for expenditures supplants state and local funds leading to questioned costs of \$129,840.18.

The District does not have a comprehensive inventory for items purchased with Title I and IDEA funds.

MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013
(Continued)

III. FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS:

Title I Part A Cluster, CFDA Number 84.010

Criteria

Each grant program is subject to monitoring procedures by the NJDOE.

Condition

The monitoring process found the above listed areas of noncompliance required to be repeated in the annual audit of the district.

Context

The monitoring covered expenditures in parts of FY 2012 and FY 2013.

Questioned Costs

There are questioned costs related to the Title I of 129,840.18.

Cause

District did not consistently comply with grant requirements

Effect

District was not in compliance with all grant provisions.

Recommendation

No recommendation is being made in the report because the district took corrective action prior to the date of this report.

Corrective Action

District prepared a corrective action plan to address each finding and posted it to the district website.

This area is intentionally left blank

**MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013
(Continued)**

STATE AWARDS:

State Aid Public Cluster

Finding 2013-4:

Our procedures noted numerous reporting errors on the transmitted application of students on roll, and students included as low income on the Application for State School Aid (ASSA).

Criteria

On October 15, each year, districts are required to perform a student count and report the results to the NJDOE. Students on roll should agree to the reported number of students.

Condition

Numerous reporting errors were found on the transmitted ASSA.

Context

Sample errors of 22% were noted in one category.

Questioned Costs

There are no questioned costs related to this finding.

Cause

District did not transmit the correct ASSA information to the NJDOE

Effect

No financial effect because enrollment numbers are not used for state aid

Recommendation

That students reported on the application for state school aid (ASSA) be carefully reviewed and agreed to the student registers.

Corrective Action

District will carefully review ASSA information and have the external auditors perform procedures prior to final transmittal of ASSA.

This area is intentionally left blank

**MIDDLE TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior-Year Audit Findings
And Questioned Costs as Prepared By Management
For the Fiscal Year Ended June 30, 2013**

STATUS OF PRIOR YEAR FINDINGS

Financial Statements:

Finding 2012-1:

Our audit of the capital asset ledger and capital expenditures during the year noted a number of asset additions and improvements that were not added to the ledger and depreciated.

Criteria:

All improvements and capital additions should be added to the Capital Asset ledger and depreciated in accordance with generally accepted accounting principles.

Condition:

The District did not add five assets or improvements to the capital asset ledger.

Context:

Assets and improvements totaling \$643,747 (some going back to FY 11) were not added as additions and depreciated. Assets amounting to \$78,304 added at year end for projects not completed.

Questioned Costs:

Audit adjustments were made to record these assets so no costs are questioned.

Cause:

These additions were overlooked when closing the capital assets ledger for the year.

Effect:

The District's capital asset ledger is understated.

Recommendation:

All assets purchased and improvements completed during the year should be added to the capital asset ledger.

Status of Finding:

District added all assets to the capital asset ledger in FY 2013.