

**Comprehensive Annual
Financial Report**

of the

Township of Middle Board of Education

Cape May County, New Jersey

For the Fiscal Year Ended June 30, 2015

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION:	
Letter of Transmittal	1-4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
FINANCIAL SECTION:	
Independent Auditor's Report	8-10
Required Supplementary Information - Part I Management Discussion and Analysis	11-20
Basic Financial Statements	
A District-Wide Financial Statements	
A-1 Statement of Net Position	21
A-2 Statement of Activities	22
B Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	23
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	24
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Funds:	
B-4 Statement of Net Position	26
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	27
B-6 Statement of Cash Flows	28
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	29
B-8 Statement of Changes in Fiduciary Net Position	30
Notes to the Financial Statements	31-56

TABLE OF CONTENTS

	Page
Required Supplementary Information - Part II	
C Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	57-68
C-2 Budgetary Comparison Schedule - Special Revenue Fund	69-70
Notes to Required Supplementary Information	
C-3 Budget to GAAP Reconciliation	71
Required Supplementary Information - Part III	
RSI-3a Schedule of District's Proportionate Share of Net Pension Liability (PERS)	72
RSI-3b Schedule of District Contributions (PERS)	73
RSI-3c Schedule of District's Proportionate Share of Net Pension Liability (TPAF)	74
RSI-3d Schedule of District Contributions (TPAF)	75
Other Supplementary Information	
E Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures - Special Revenue Fund - Budgetary Basis	76-79
E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	80
F Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	N/A
F-2(a,b) Schedule of Project Revenues, Expenditures , Project Balance and Project Status - Budgetary Basis	N/A
G Proprietary Funds:	
Enterprise Funds:	
G-1 Combining Statement of Net Position	N/A
G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-3 Combining Statement of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A

TABLE OF CONTENTS

	Page
H Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	81
H-2 Combining Statement of Changes in Fiduciary Net Position	82
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	83
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	84
I Long-Term Debt:	
I-1 Schedule of Serial Bonds	85
I-2 Schedule of Obligations under Capital Leases	86
I-3 Debt Service Fund Budgetary Comparison Schedule	87
J Statistical Section (Unaudited)	
Financial Trends	
J-1 Net Position by Component	88
J-2 Changes in Net Position	89-90
J-3 Fund Balances - Governmental Funds	91
J-4 Changes in Fund Balances - Governmental Funds	92
J-5 General Fund Other Local Revenue by Source	93
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	94
J-7 Direct and Overlapping Property Tax Rates	95
J-8 Principal Property Taxpayers	96
J-9 Property Tax Levies and Collections	97
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	98
J-11 Ratios of General Bonded Debt Outstanding	99
J-12 Direct and Overlapping Governmental Activities Debt	100
J-13 Legal Debt Margin	101
Demographic and Economic Data	
J-14 Demographic and Economic Statistics	102
J-15 Principal Employers	103
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	104
J-17 Operating Statistics	105
J-18 School Building Information	106
J-19 Schedule of Required Maintenance Expenditures by School Facility	107
J-20 Insurance Schedule	108

TABLE OF CONTENTS

	Page
SINGLE AUDIT SECTION:	
K-1 Independent Auditors Report - <i>Government Auditing Standards</i>	109-110
K-2 Independent Auditors Report - <i>Single Audit Act</i>	111-112
K-3 Schedule of Expenditures of Federal Awards, Schedule A	113
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	114
K-5 Notes to the Schedules of Awards and Financial Assistance	115-116
K-6 Schedule of Findings and Questioned Costs	117-118
K-7 Summary Schedule of Prior Audit Findings	119

Introductory Section



Middle Township Public Schools

ADMINISTRATION BUILDING

216 South Main Street

Cape May Court House, New Jersey 08210-2499

PHONE: (609)465-1800 ext. 3100

FAX (609)463-1979

Dr. David Salvo, *Superintendent of Schools*

December 4, 2015

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, 2015 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 2014-15 fiscal year with an enrollment of 2469 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>
2014-2015	2,469	-1.79%
2013-2014	2,514	-5.42%
2012-2013	2,658	-0.97%
2011-2012	2,684	-3.42%
2010-2011	2,776	-2.49%
2009-2010	2,847	-0.001%

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>Fiscal Year</u>	<u>Net Valuation Taxable</u>			<u>Percent Change</u>
	<u>Amount</u>	<u>Change</u>		
2015	\$ 2,725,641,739	\$ 18,142,242		0.67%
2014	2,707,499,497	19,228,241		0.72%
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%

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 2014-2015 school year, the Middle Township School District focused on the attainment of specific objectives:

Middle Township Elementary #1

Completion of the full implementation of the Journey's Program language arts for Kindergarten through 2nd grade.

Middle Township Elementary #2

Implementation of daily intervention for basic skills and/or struggling students in order to target instruction during independent work time in the classroom.

Middle Township Middle School (Elementary #4)

Research and pilot of a new math program to help support the needs and expectations of Common Core. Algebra 1 curriculum and textbook was fully aligned with the high school Algebra 1. A new Spanish resource was implemented. Science Technology Engineering Mathematics (STEM) summer program was implemented.

Middle Township High School

Completion of research and planning for the new Academies (Performing Arts, Business, Computer Science, Medicine and Health). Completion of research and planning for the Community-Based Instruction (CBI) program.

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, 2015.

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.

8. DEBT ADMINISTRATION:

At June 30, 2015, the District's outstanding debt issues included \$5,355,000 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.

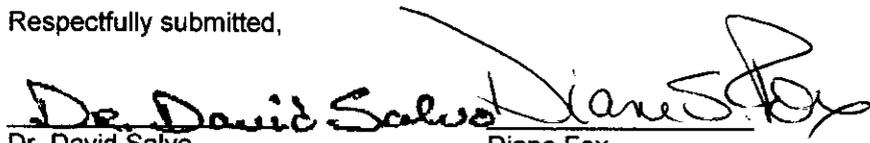
11. OTHER INFORMATION:

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,



Dr. David Salvo
Superintendent

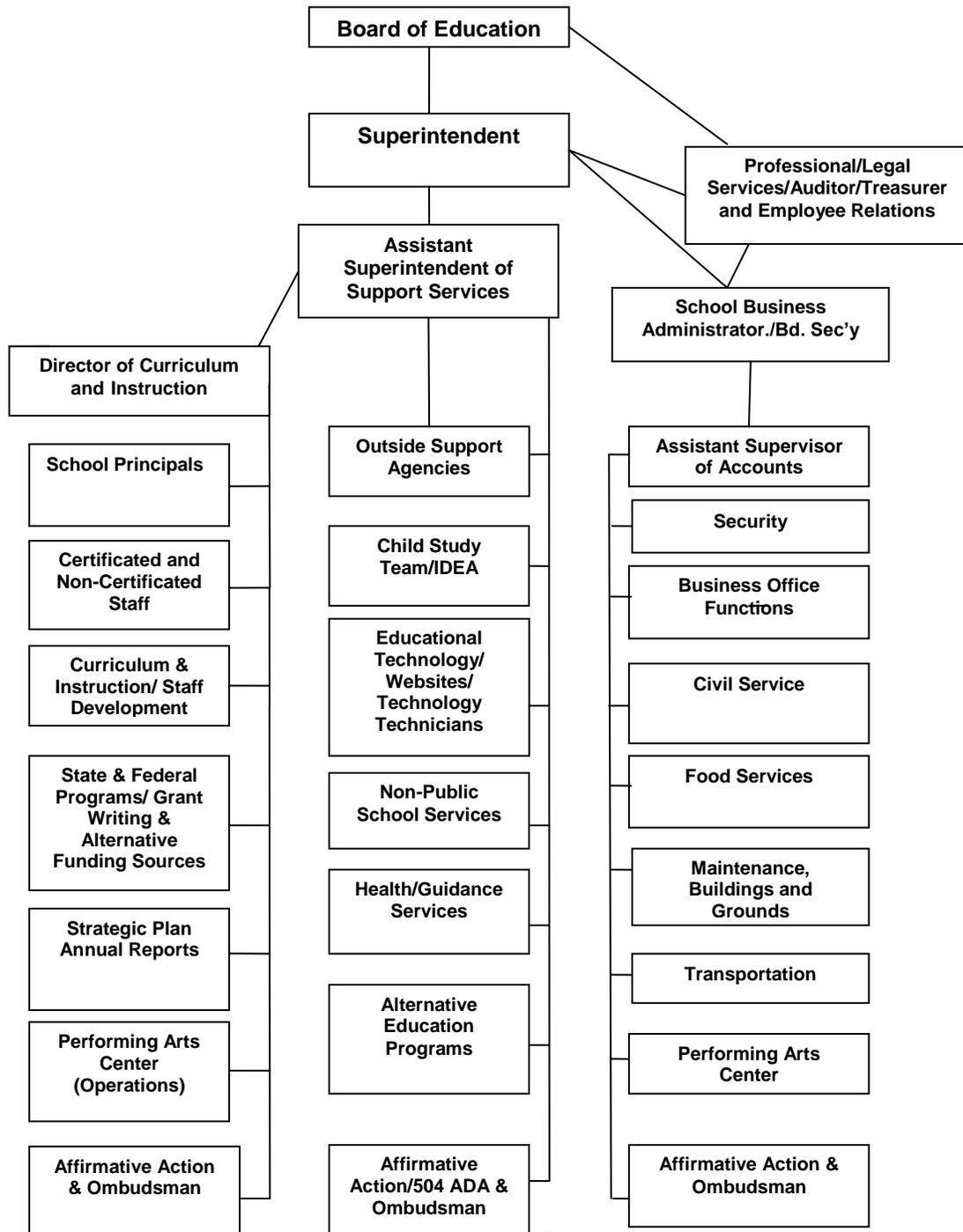
Diane Fox
Board Secretary/School Business Administrator

"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, 2015**

Members of the Board of Education	Term Expires
Dennis M. Roberts, President	2017
George DeLollis, Vice-President	2016
Robert Bakley, II	2017
Edward Dagney (appointed 9/10/14)	2018
Linda Koch (until 1/6/15)	2014
Calvin Back	2016
Gloria Hodges (elected November, 2014)	2017
Andrew W. Melchiorre (Resigned 8/21/14)	2015
Patricia Taylor	2018
Stephanie Thomas	2018
Burgess Hamer	2016
Patricia Ziolkowski, Dennis Township Board Member Representative (until 1/6/15)	2016
Ann Haig, Dennis Township Board Member Representative (1/22/15 to present)	2016

SUPERINTENDENT

Dr. David Salvo

BUSINESS ADMINISTRATOR / BOARD SECRETARY

Diane S. Fox

**TOWNSHIP OF MIDDLE
BOARD OF EDUCATION**

COUNTY OF CAPE MAY, NEW JERSEY

**CONSULTANTS AND ADVISORS
JUNE 30, 2015**

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

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, County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2015, 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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Middle School District, County of Cape May, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary 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 introductory section, 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 state financial assistance as required by NJ OMB 04-04, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining statements, 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 state financial assistance as required by NJ OMB 04-04, and statistical information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015 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 the 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

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

December 4, 2015

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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, 2015
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, 2015. 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 2015 are as follows:

- In total, net position increased \$1,552,311.68, which represents a 14 percent increase from 2014. The increase is due mostly to increased governmental fund balances which resulted from reductions in spending compared to budgeted amounts.
- General revenues accounted for \$36,612,247.95 in revenue or 69 percent of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions accounted for \$16,655,564.77 or 31 percent of total revenues of \$53,267,812.72.
- Total assets and deferred outflows of resources of governmental activities decreased by \$401,972.15 as cash, cash equivalents and investments increased by \$938,981.14, receivables decreased by \$195,416.50, deferred outflows of resources increased by \$704,915.51 and capital assets decreased by \$1,011,549.20.
- The School District had \$51,741,481.04 in expenses; only \$16,655,564.77 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$36,612,247.95 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$44,194,531.43 in revenues and other financing sources and \$43,391,877.18 in expenditures and other uses. The General Fund's fund balance increased \$802,654.25 over 2014.

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, 2015
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 2015?" 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, 2015
UNAUDITED (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 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 2015 and 2014.

**Table 1
Net Position**

	2015	2014 *
Assets		
Current and Other Assets	\$ 4,308,639.49	3,600,033.65
Capital Assets	25,862,936.03	26,874,485.23
Total Assets	30,171,575.52	30,474,518.88
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	765,882.00	
Loss on Refunding Bonds	177,336.82	238,303.31
Total Deferred Outflows of Resources	943,218.82	238,303.31
Liabilities		
Long-Term Liabilities	16,182,844.97	18,671,964.29
Other Liabilities	558,107.49	685,694.70
Total Liabilities	16,740,952.46	19,357,658.99
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	1,466,367.00	
Net Position		
Net Investment in Capital Assets	22,832,899.05	20,672,008.82
Restricted	4,123,797.79	3,264,275.77
Unrestricted	(14,049,221.96)	(12,581,121.39)
Total Net Position	\$ 12,907,474.88	11,355,163.20

* As Restated

The District's combined net position was \$12,907,474.88 on June 30, 2015. This was an increase of \$1,552,311.68 percent from the prior year.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)**

Table 2 shows changes in Net Position for fiscal year 2015.

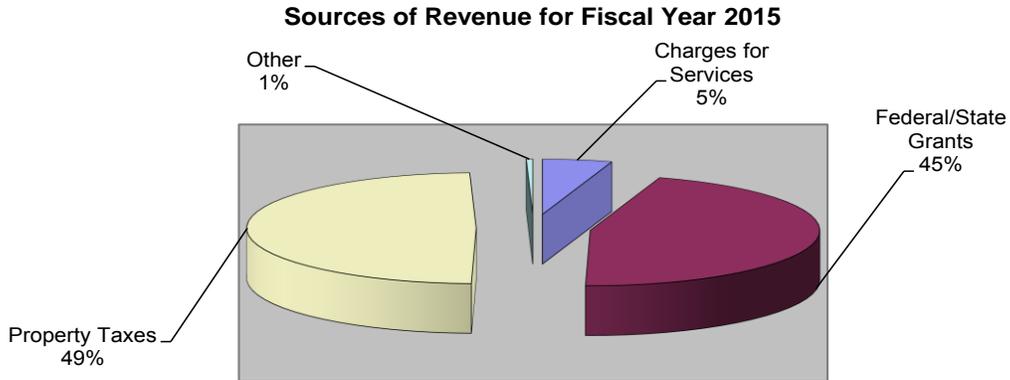
**Table 2
Changes in Net Position**

	2015	2014
Revenues		
Program Revenues:		
Charges for Services	\$ 3,093,945.50	3,118,787.78
Operating and Capital Grants and Contributions	13,561,619.27	9,106,278.88
General Revenues:		
Property Taxes	25,661,194.01	25,174,819.00
Grants and Entitlements	10,712,459.80	10,357,848.90
Other	238,594.14	354,538.41
Total Revenues	53,267,812.72	48,112,272.97
Program Expenses		
Instruction	26,075,225.68	24,388,095.46
Support Services:		
Tuition	4,808,683.41	4,035,179.23
Student and Instruction Related Services	6,520,816.80	5,900,394.66
General Administration, School Administration, Business Operations and Maintenance of Facilities	8,952,150.53	8,189,165.16
Pupil Transportation	4,021,942.65	3,102,792.86
Interest on Debt	180,663.36	236,413.03
Food Service	908,394.47	973,540.76
Performing Arts Center	210,414.14	159,314.34
Other	63,190.00	76,884.00
Special Items	(25,980.00)	
Total Expenses	51,715,501.04	47,061,779.50
Increase (Decrease) in Net Position	\$ 1,552,311.68	1,050,493.47

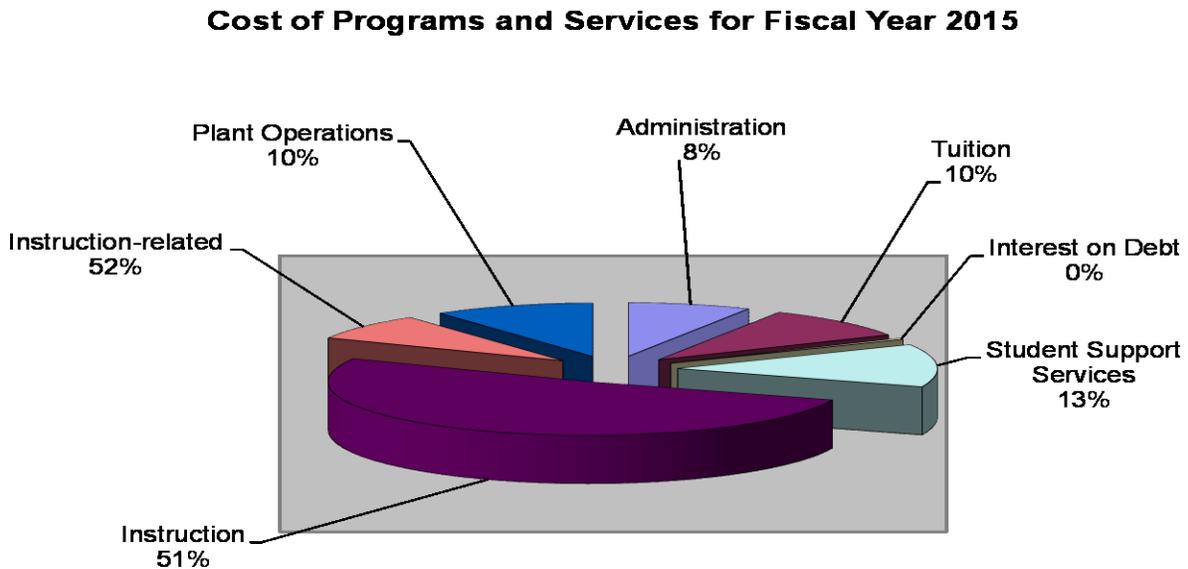
**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)**

Governmental Activities

Property taxes made up 49 percent of revenues for governmental activities for the Township of Middle School District for fiscal year 2015 and 53 percent in 2014. The District's total revenues were \$52,146,928.49 for the year ended June 30, 2015. Federal, state, and local grants accounted for another 45 percent of revenue for 2015 and 40 percent in 2014.



The total cost of all program and services was \$50,622,672.43. Instruction comprises 51 percent of District expenses.



**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)**

Business-Type Activities

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

- Enterprise fund revenues exceeded expenses by \$1,925.56.
- Charges for services represent \$539,695.29 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 \$581,038.88.

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 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	\$ 26,075,225.68	14,708,241.64	24,388,095.46	16,204,190.26
Support Services:				
Tuition	4,808,683.41	4,808,683.41	4,035,179.23	4,035,179.23
Pupils and Instructional Staff	6,520,816.80	4,259,520.47	5,900,394.66	4,695,394.39
General Administration, School Administration and Business Operations	3,880,226.57	3,466,627.34	3,830,335.43	3,544,387.11
Operation and Maintenance of Facilities	5,071,923.96	5,071,923.96	4,358,829.73	4,358,829.73
Pupil Transportation	4,021,942.65	2,528,991.65	3,102,792.86	1,618,161.86
Interest and Fiscal Charges	180,663.36	180,663.36	236,413.03	236,413.03
Other	63,190.00	63,190.00	76,884.00	76,884.00
Total Expenses	<u>\$ 50,622,672.43</u>	<u>35,087,841.83</u>	<u>45,928,924.40</u>	<u>34,769,439.61</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.

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.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)**

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 \$48,354,439.89 and expenditures were \$47,555,936.44. The net change in fund balance for the year was most significant in the General Fund, an increase of \$802,654.25.

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, 2015, and the amount and percentage of total revenues compared to prior year revenues.

Revenue	2014-2015 Amount	Percentage of Total	2013-2014 Amount	Percentage of Total
Local Sources	\$ 28,453,888.30	58.84%	28,126,758.47	59.47%
State Sources	17,987,402.65	37.20%	17,282,855.17	36.55%
Federal Sources	1,727,886.54	3.57%	1,606,115.32	3.40%
Other Financing Sources	185,262.40	0.38%	270,082.68	0.57%
Total	\$ 48,354,439.89	100.00%	47,285,811.64	100.00%

The increase in Local Sources consists mostly of an increase in the local tax levy in the amount of \$486,375.00; a decrease in tuition revenue of \$59,023.33; and a decrease in other miscellaneous revenues of \$100,221.85. The increase in State Sources can be attributed to the increase in on-behalf pension contributions made by the State of New Jersey. The increase in state sources was \$704,547.48. The increase in federal sources can be attributed to increased funding from federal grants.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (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, 2015, and the percentage of total expenditures compared to prior year amounts.

Expenditures	2014-2015 Amount	Percentage of Total	2013-2014 Amount	Percentage of Total
Current Expense:				
Instruction	\$ 14,739,684.73	30.99%	14,783,011.57	30.71%
Undistributed Expenditures	28,261,653.05	59.43%	28,768,603.11	59.77%
Capital Outlay	324,349.40	0.68%	422,269.68	0.88%
Transfer to Charter Schools	63,190.00	0.13%	76,884.00	0.16%
Debt Service	1,624,050.00	3.42%	1,606,050.00	3.34%
Special Revenue	<u>2,543,009.26</u>	<u>5.35%</u>	<u>2,477,781.49</u>	<u>5.15%</u>
Total	\$ <u>47,555,936.44</u>	<u>100.00%</u>	<u>48,134,599.85</u>	<u>100.00%</u>

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 2015.
- Tuition for special education students attending county special services school was less than anticipated levels by \$384,259.65. Transfers were made during the year to other accounts in the budget nearing over-expenditure.
- The district applied for and received extraordinary aid.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)**

Capital Assets

At the end of the fiscal year 2015, the School District had \$25,862,936.03 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2015 balances compared to 2014.

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

	2015	2014
Land	\$ 255,001.00	255,001.00
Construction In Progress	1,744,849.00	1,807,100.00
Land Improvements	316,002.01	391,655.00
Buildings and Improvements	22,073,494.58	22,883,206.92
Machinery and Equipment	1,473,589.44	1,537,522.31
Total	\$ 25,862,936.03	26,874,485.23

Overall capital assets decreased \$1,011,549.20 from fiscal year 2014 to fiscal year 2015. The decrease in capital assets is due primarily to a current year depreciation expense. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2015, the School District had \$16,182,844.97 of outstanding debt. Of this amount, \$1,190,284.86 is for compensated absences; \$535,906.83 for various capital leases; \$4,309,384.28 of serial bonds for school construction, net of related premium and/or discounts related to the refunding bonds; and \$10,147,269.00 for net pension liability related to the implementation of GASB 68.

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

	2015	2014
2010 School Refunding Bonds	\$ 3,985,000.00	5,355,000.00
Total	\$ 3,985,000.00	5,355,000.00

At June 30, 2015, the School District's overall available legal debt margin was \$104,454,724. For more detailed information, please refer to the Notes to the Financial Statements.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)**

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.

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, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,097,822.61	\$ 246,593.72	\$ 3,344,416.33
Receivables, Net	757,618.19	68,929.93	826,548.12
Internal Balances	364,073.65	(350,402.82)	13,670.83
Inventory		11,523.61	11,523.61
Restricted Assets:			
Capital Reserve Account	112,480.60		112,480.60
Capital Assets			
Capital Assets, not depreciated	1,999,850.00		1,999,850.00
Capital Assets being Depreciated, net	23,613,504.90	249,581.13	23,863,086.03
Total Assets	<u>29,945,349.95</u>	<u>226,225.57</u>	<u>30,171,575.52</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	765,882.00		765,882.00
Loss on Refunding Bonds	177,336.82		177,336.82
Total Deferred Outflows of Resources	<u>943,218.82</u>	<u>-</u>	<u>943,218.82</u>
LIABILITIES			
Accounts Payable	206,741.38	56,082.44	262,823.82
Deposits Payable		8,623.00	8,623.00
Payable to Federal Government	1,937.83		1,937.83
Payable to State Government	12,435.24		12,435.24
Unearned Revenue	161,799.21	17,263.37	179,062.58
Accrued Interest	93,225.02		93,225.02
Noncurrent Liabilities			
Due Within One Year	1,815,254.13		1,815,254.13
Due Beyond One Year	4,220,321.84		4,220,321.84
Net Pension Liability	10,147,269.00		10,147,269.00
Total Liabilities	<u>16,658,983.65</u>	<u>81,968.81</u>	<u>16,740,952.46</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	1,466,367.00		1,466,367.00
NET POSITION			
Net Investment in Capital Assets	22,583,317.92	249,581.13	22,832,899.05
Restricted for:			
Other Purposes	4,123,797.79		4,123,797.79
Unrestricted	(13,943,897.59)	(105,324.37)	(14,049,221.96)
Total Net Position	<u>\$ 12,763,218.12</u>	<u>\$ 144,256.76</u>	<u>\$ 12,907,474.88</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, 2015

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	\$ 15,181,072.41	4,280,636.03	2,018,276.17	5,900,597.52		(11,542,834.75)		(11,542,834.75)
Special Education	4,031,490.23	1,134,407.00	535,974.04	2,602,835.98		(2,027,087.21)		(2,027,087.21)
Other Instruction	1,129,729.39	317,890.62		309,300.33		(1,138,319.68)		(1,138,319.68)
Support Services:								
Tuition	4,808,683.41					(4,808,683.41)		(4,808,683.41)
Student & Instruction Related Services	5,022,247.24	1,498,569.56	2,261,296.33	2,261,296.33		(4,259,520.47)		(4,259,520.47)
School Administrative Services	1,080,494.24	364,090.03	153,980.43	153,980.43		(1,290,603.84)		(1,290,603.84)
General & Other Administrative Services	1,821,768.06	613,874.24	259,618.80	259,618.80		(2,176,023.50)		(2,176,023.50)
Plant Operation and Maintenance	3,781,222.79	1,290,701.17				(5,071,923.96)		(5,071,923.96)
Pupil Transportation	3,008,398.20	1,013,544.45	1,492,951.00			(2,528,991.65)		(2,528,991.65)
Unallocated Benefits	10,513,713.10	(10,513,713.10)				-		-
Charter Schools	63,190.00					(63,190.00)		(63,190.00)
Interest on Long-Term Debt	180,663.36					(180,663.36)		(180,663.36)
Total Governmental Activities	<u>50,622,672.43</u>	<u>-</u>	<u>2,554,250.21</u>	<u>12,980,580.39</u>	<u>-</u>	<u>(35,087,841.83)</u>	<u>-</u>	<u>(35,087,841.83)</u>
Business-Type Activities:								
Food Service	908,394.47		320,991.66	581,038.88		(6,363.93)		(6,363.93)
Performing Arts Center	210,414.14		218,703.63			8,289.49		8,289.49
Total Business-Type Activities	<u>1,118,808.61</u>	<u>-</u>	<u>539,695.29</u>	<u>581,038.88</u>	<u>-</u>	<u>1,925.56</u>	<u>-</u>	<u>1,925.56</u>
Total Primary Government	<u>\$ 51,741,481.04</u>	<u>-</u>	<u>3,093,945.50</u>	<u>13,561,619.27</u>	<u>-</u>	<u>(35,087,841.83)</u>	<u>1,925.56</u>	<u>(35,085,916.27)</u>
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes, Net						\$ 24,040,144.01		24,040,144.01
Taxes Levied for Debt Service						1,621,050.00		1,621,050.00
Federal and State Aid not Restricted						10,712,459.80		10,712,459.80
Investment Earnings						2,674.82		2,824.88
Miscellaneous Income						235,769.26	150.06	235,769.26
Special Items:								
Loss on Disposal of Assets						(545.00)		(545.00)
Chartwells - NonCash Equipment Donation						17,397.00		17,397.00
Chartwells - Guaranteed Return						9,128.00		9,128.00
Total General Revenues, Special Items, Extraordinary Items and Transfers						<u>36,612,097.89</u>	<u>26,130.06</u>	<u>36,638,227.95</u>
Change in Net Position						<u>1,524,256.06</u>	<u>28,055.62</u>	<u>1,552,311.68</u>
Net Position - Beginning, As restated						11,238,962.06	116,201.14	11,355,163.20
Net Position - Ending						<u>\$ 12,763,218.12</u>	<u>144,256.76</u>	<u>12,907,474.88</u>

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, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 3,097,547.61	275.00	3,097,822.61
Due from Other Funds	630,797.67		630,797.67
Receivables from Other Governments	161,814.34	473,646.28	635,460.62
Other Receivables	122,157.57		122,157.57
Restricted Cash & Cash Equivalents	112,480.60		112,480.60
Total Assets	<u>4,124,797.79</u>	<u>473,921.28</u>	<u>4,598,719.07</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	78,497.37	128,244.01	206,741.38
Due to Other Funds		266,724.02	266,724.02
Payable to State Government		12,435.24	12,435.24
Payable to Federal Government		1,937.83	1,937.83
Unearned Revenue	4,517.83	157,281.38	161,799.21
Total Liabilities	<u>83,015.20</u>	<u>566,622.48</u>	<u>649,637.68</u>
Fund Balances:			
Restricted for:			
Excess Surplus - Current Year	890,470.02		890,470.02
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	1,131,998.00		1,131,998.00
Committed to:			
Capital Reserve	112,480.60		112,480.60
Maintenance Reserve	1,863,224.16		1,863,224.16
Assigned to:			
Designated by BOE for Subsequent Expenditures	80,047.00		80,047.00
ARRA-Semi-Unreserved-Designated for Subsequent Year's Expenditures	45,578.01		45,578.01
Unassigned			
General Fund	(82,015.20)		(82,015.20)
Special Revenue Fund		(92,701.20)	(92,701.20)
Total Fund Balances	<u>4,041,782.59</u>	<u>(92,701.20)</u>	<u>3,949,081.39</u>
Total Liabilities and Fund Balances	<u>\$ 4,124,797.79</u>	<u>473,921.28</u>	

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 \$58,762,998.34 and the accumulated depreciation is \$33,149,643.44

25,613,354.90

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

(93,225.02)

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.

177,336.82

Pension Liabilities Net of Deferred Outflows & Inflows

(10,847,754.00)

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.

(6,035,575.97)

\$ 12,763,218.12

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, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 24,040,144.01		1,621,050.00	25,661,194.01
Tuition Charges	2,554,250.21			2,554,250.21
Miscellaneous	238,444.08			238,444.08
Total Local Sources	<u>26,832,838.30</u>	-	1,621,050.00	<u>28,453,888.30</u>
State Sources	17,062,328.92	925,073.73		17,987,402.65
Federal Sources	114,101.81	1,613,784.73		1,727,886.54
Total Revenues	<u>44,009,269.03</u>	<u>2,538,858.46</u>	<u>1,621,050.00</u>	<u>48,169,177.49</u>
EXPENDITURES				
Current:				
Regular Instruction	10,565,016.24	1,739,786.97		12,304,803.21
Special Education Instruction	3,260,883.37			3,260,883.37
Other Instruction	913,785.12			913,785.12
Support Services:				
Tuition	4,808,683.41			4,808,683.41
Student & Instruction Related Serv.	3,504,456.13	803,222.29		4,307,678.42
School Administrative Services	1,046,586.56			1,046,586.56
General Administrative Services	1,764,597.97			1,764,597.97
Plant Operation and Maintenance	3,710,155.16			3,710,155.16
Pupil Transportation	2,913,460.72			2,913,460.72
Employee Benefits	10,513,713.10			10,513,713.10
Transfer to Charter School	63,190.00			63,190.00
Debt Service:				
Principal			1,370,000.00	1,370,000.00
Interest and Other Charges			254,050.00	254,050.00
Capital Outlay	324,349.40	-		324,349.40
Total Expenditures	<u>43,388,877.18</u>	<u>2,543,009.26</u>	<u>1,624,050.00</u>	<u>47,555,936.44</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>620,391.85</u>	<u>(4,150.80)</u>	<u>(3,000.00)</u>	<u>613,241.05</u>
OTHER FINANCING SOURCES (USES)				
Capital Leases - Non-Budget	185,262.40			185,262.40
Transfers to (from) Other Funds	(3,000.00)		3,000.00	-
Total Other Financing Sources and Uses	<u>182,262.40</u>	-	<u>3,000.00</u>	<u>185,262.40</u>
Net Changes in Fund Balance	802,654.25	(4,150.80)	-	798,503.45
Fund Balance (Deficit) - July 1	3,239,128.34	(88,550.40)	-	3,150,577.94
Fund Balance (Deficit) - June 30	<u>\$ 4,041,782.59</u>	<u>(92,701.20)</u>	<u>-</u>	<u>3,949,081.39</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, 2015

Total Net Change in Fund Balance - Governmental Funds (from B-2)		\$ 798,503.45
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	\$ (1,470,057.79)	
Capital Outlays	<u>442,502.00</u>	(1,027,555.79)
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
District pension contributions - PERS	446,797.00	
Cost of benefits earned net of employee contributions	<u>(364,864.00)</u>	81,933.00
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	1,370,000.00	
Capital leases payable	<u>299,231.20</u>	1,669,231.20
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>(185,262.40)</u>	(185,262.40)
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	111,519.81	
Amortization of Deferred Amount on Refunding (Loss)	<u>(60,966.49)</u>	50,553.32
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 (+).		
		111,212.71
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.		
		25,640.57
Change in Net Position of Governmental Activities		\$ 1,524,256.06

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, 2015

	Business-Type Activities - Enterprise Fund		
	Major Funds		
	Food Service	Performing Arts Center	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 78,343.94	168,249.78	246,593.72
Intergovernmental Receivables	45,979.60		45,979.60
Other Receivables	22,950.33		22,950.33
Inventory	11,523.61		11,523.61
Total Current Assets	<u>158,797.48</u>	<u>168,249.78</u>	<u>327,047.26</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	568,681.39	376,394.12	945,075.51
Less: Accumulated Depreciation	<u>(526,580.25)</u>	<u>(168,914.13)</u>	<u>(695,494.38)</u>
Total Noncurrent Assets	<u>42,101.14</u>	<u>207,479.99</u>	<u>249,581.13</u>
Total Assets	<u>200,898.62</u>	<u>375,729.77</u>	<u>576,628.39</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	50,805.38	5,277.06	56,082.44
Due to Other Funds	147,636.70	202,766.12	350,402.82
Deposits Payable		8,623.00	8,623.00
Unearned Revenue	7,743.37	9,520.00	17,263.37
Total Current Liabilities	<u>206,185.45</u>	<u>226,186.18</u>	<u>432,371.63</u>
Total Liabilities	<u>206,185.45</u>	<u>226,186.18</u>	<u>432,371.63</u>
NET POSITION			
Net Investment in Capital Assets			
Related Debt	42,101.14	207,479.99	249,581.13
Unrestricted	<u>(47,387.97)</u>	<u>(57,936.40)</u>	<u>(105,324.37)</u>
Total Net Position	<u>\$ (5,286.83)</u>	<u>149,543.59</u>	<u>144,256.76</u>

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, 2015

	Business-Type Activities - Enterprise Fund		
	Major Funds		Totals Enterprise
	Food Service	Performing Arts Center	
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 176,696.43		176,696.43
Daily Sales - Non-reimbursable Programs	138,281.39		138,281.39
Special Functions	5,587.76		5,587.76
Miscellaneous	426.08		426.08
Rental of Performing Arts Center/Summer Camp		218,703.63	218,703.63
Total Operating Revenue	<u>320,991.66</u>	<u>218,703.63</u>	<u>539,695.29</u>
Operating Expenses:			
Cost of Sales	344,890.73	2,155.27	347,046.00
Salaries	380,262.79	77,453.56	457,716.35
Employee Benefits		38,323.26	38,323.26
Purchased Technical Services	69,972.00	5,045.00	75,017.00
Cleaning, Repair and Maintenance Services	2,275.00	31,788.14	34,063.14
Rentals		4,613.30	4,613.30
General Supplies	73,918.25	28,062.94	101,981.19
Miscellaneous	27,343.61	3,825.25	31,168.86
Depreciation	9,732.09	19,147.42	28,879.51
Total Operating Expenses	<u>908,394.47</u>	<u>210,414.14</u>	<u>1,118,808.61</u>
Operating Income (Loss)	<u>(587,402.81)</u>	<u>8,289.49</u>	<u>(579,113.32)</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	9,396.23		9,396.23
Federal Sources:			
National School Lunch Program	400,715.50		400,715.50
Supplemental Nutrition Assistance Prog	11,160.36		11,160.36
Federal School Breakfast Program	97,209.17		97,209.17
Food Distribution Program	62,557.62		62,557.62
Interest and Investment Income	31.56	118.50	150.06
Loss on Disposal of Fixed Assets	(545.00)		(545.00)
Total Nonoperating Revenues (Expenses)	<u>580,525.44</u>	<u>118.50</u>	<u>580,643.94</u>
Income (Loss) before Contributions & Transfers	<u>(6,877.37)</u>	<u>8,407.99</u>	<u>1,530.62</u>
Chartwells - NonCash Equipment Donation	17,397.00		17,397.00
Chartwells - Guaranteed Return	9,128.00		9,128.00
Changes in Net Position	19,647.63	8,407.99	28,055.62
Total Net Position - Beginning	<u>(24,934.46)</u>	<u>141,135.60</u>	<u>116,201.14</u>
Total Net Position - Ending	<u>\$ (5,286.83)</u>	<u>149,543.59</u>	<u>144,256.76</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, 2015

	Business-Type Activities - Enterprise Fund		
	Major Funds		Totals Enterprise
	Food Service	Performing Arts Center	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 320,183.33	210,435.88	530,619.21
Payments to Employees	(380,262.79)	(121,704.08)	(501,966.87)
Payments to Suppliers	(478,112.07)	(68,506.77)	(546,618.84)
Net Cash Provided by (Used for) Operating Activities	<u>(538,191.53)</u>	<u>20,225.03</u>	<u>(517,966.50)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	9,386.04		9,386.04
Federal Sources	507,680.50		507,680.50
Transfer from/(to) Other Funds	88,339.45		88,339.45
Chartwells Guaranteed Return	9,570.03		9,570.03
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>614,976.02</u>	<u>-</u>	<u>614,976.02</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets		(28,034.10)	(28,034.10)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>(28,034.10)</u>	<u>(28,034.10)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest and Dividends	31.56	118.50	150.06
Net Cash Provided by (Used for) Investing Activities	<u>31.56</u>	<u>118.50</u>	<u>150.06</u>
Net Increase (Decrease) in Cash and Cash Equivalents	76,816.05	(7,690.57)	69,125.48
Balance - Beginning of Year	1,527.89	175,940.35	177,468.24
Balance - End of Year	<u>78,343.94</u>	<u>168,249.78</u>	<u>246,593.72</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(587,402.81)	8,289.49	(579,113.32)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Net Amortization	9,732.09	19,147.42	28,879.51
Federal Commodities	62,557.62		62,557.62
(Increase) Decrease in Accounts Receivable	61.74		61.74
(Increase) Decrease in Inventory	4,958.80		4,958.80
Increase (Decrease) in Ticket Deposits		(17,787.75)	(17,787.75)
Increase (Decrease) in Deferred Revenue	(870.07)	9,520.00	8,649.93
Increase (Decrease) in Accounts Payable	(27,228.90)	2,369.83	(24,859.07)
Increase (Decrease) in Interfunds Payable		(1,313.96)	(1,313.96)
Total Adjustments	<u>49,211.28</u>	<u>11,935.54</u>	<u>61,146.82</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (538,191.53)</u>	<u>20,225.03</u>	<u>(517,966.50)</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, 2015

	Unemployment Compensation	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 64,749.71	6,972.12	1,422,805.18
Interfund Receivable			24,230.16
Investments		57,973.08	
Total Assets	64,749.71	64,945.20	1,447,035.34
LIABILITIES			
Accounts Payable	12,544.42		-
Interfund Payable - Agency Fund	24,230.16		-
Interfund Payable - General Fund	13,670.83		-
Payable to Teachers - Summer Pay			1,011,742.29
Payable to Student Groups			212,986.48
Payroll Deductions and Withholdings			222,111.83
Payable to Teachers Association			194.74
Total Liabilities	50,445.41	-	1,447,035.34
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	\$ 14,304.30		
Reserved for Scholarships		64,945.20	

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, 2015

	Unemployment Compensation	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Plan Member	\$ 40,258.24	
Board Contribution	30,000.00	
Total Contributions	70,258.24	-
Investment Earnings:		
Interest	39.33	154.35
Net Investment Earnings	39.33	154.35
Total Additions	70,297.57	154.35
DEDUCTIONS		
Unemployment Claims	81,205.30	
Scholarships Awarded		6,358.80
Total Deductions	81,205.30	6,358.80
Changes in Net Position	(10,907.73)	(6,204.45)
Net Position - Beginning of the Year	25,212.03	71,149.65
Net Position - End of the Year	\$ 14,304.30	64,945.20

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, 2015**

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, 2015 of 2,469 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, 2015**

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. Non-major funds by category are summarized into a single column. GASB Standards set 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 non-major 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.
- 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.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

- 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:

Non-spendable – 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:

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.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

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.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	8,576
Supplies		2,948
	\$	11,524

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 non-operating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2015 is \$6,725.

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.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

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.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

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>
Instructional Salaries of Teachers - 1-5	\$ 137,102.46	
Instructional Salaries of Teachers - 6-8	169,309.92	
Instructional Salaries of Teachers - 9-12		203,138.56
Regular Programs Undistrib Instruction Other Salaries		153,998.89
Special Education Instruction		
Resource Room Salaries of Teachers	141,398.86	
Undistributed Expenditures - Instruction		
Tuition to CSSD & Regional Day Schools	465,816.19	
Tuition to Private Schools for Disabled		324,034.56
Undistributed Expenditures - Required Maint.		
Cleaning, Repairs and Maint. Services		252,741.77
Undistributed Expenditures - Custodial Services		
Salaries		173,260.00
Undistributed Expenditures - Student Trans. Svcs		
Sal - Pup. Trans. (Bet Home & School) - Reg		219,701.03
Undistributed Expend - Unallocated Benefits-Unempl	163,829.86	

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, 2015**

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, Stone Harbor and Woodbine 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 2014/15 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.

14. Pensions:

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

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

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 have a significant effect on the District's financial reporting.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the net position of the entity is not presently determinable; but it is anticipated to be significant.

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application". This statement is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the District's financial reporting.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016 and establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

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, 2015, \$1,458,774.40 of the government's bank balance of \$5,728,521.53 was exposed to custodial credit risk.

NOTE 3 – INVESTMENTS

As of June 30, 2015, the District had the following investments:

	Maturities	Fair Value
	<u> </u>	<u> </u>
Certificate of Deposit	1 year	\$ 57,973.08
Total		<u>\$ 57,973.08</u>

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, 2015**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions/Adj.</u>	<u>Deletions/Adj.</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 255,001.00			255,001.00
Construction in Progress	1,807,100.00	236,365.00	298,616.00	1,744,849.00
Total capital assets not being depreciated	<u>2,062,101.00</u>	<u>236,365.00</u>	<u>298,616.00</u>	<u>1,999,850.00</u>
Capital assets being depreciated:				
Land Improvements	3,326,584.70	2,875.00		3,329,459.70
Buildings and building improvements	45,759,978.63	298,616.00	62,766.40	45,995,828.23
Machinery and Equipment	7,693,569.01	203,262.00	458,970.60	7,437,860.41
Total capital assets being depreciated at historical cost	<u>56,780,132.34</u>	<u>504,753.00</u>	<u>521,737.00</u>	<u>56,763,148.34</u>
Less accumulated depreciation for:				
Land Improvements	(2,934,929.70)	(78,527.99)		(3,013,457.69)
Buildings and improvements	(22,876,771.71)	(1,106,659.77)	(61,097.83)	(23,922,333.65)
Equipment	(6,389,621.24)	(284,870.03)	(460,639.17)	(6,213,852.10)
Total capital assets being depreciated, net of accumulated depreciation	<u>24,578,809.69</u>	<u>(965,304.79)</u>	<u>-</u>	<u>23,613,504.90</u>
Governmental activity capital assets, net	<u>\$ 26,640,910.69</u>	<u>(728,939.79)</u>	<u>298,616.00</u>	<u>25,613,354.90</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 916,339.41	41,436.10	12,700.00	945,075.51
Less accumulated depreciation	(682,764.87)	(24,884.51)	(12,155.00)	(695,494.38)
Enterprise Fund capital assets, net	<u>\$ 233,574.54</u>	<u>\$ 16,551.59</u>	<u>\$ 545.00</u>	<u>\$ 249,581.13</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 598,530.92
Special Instruction	158,616.07
Other Instruction	44,448.39
Student and Instruction Related	209,534.33
School Administration	50,908.12
General and Business Administration	85,833.67
Plant Operations and Maintenance	180,469.57
Pupil Transportation	141,716.72
	<u>\$ 1,470,057.79</u>

No interest on debt was capitalized during the year and the amount of interest expense paid on long term debt was \$254,050.00.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

The activity of the capital reserve account for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$	115,419.43
Interest earnings		61.17
		<u>61.17</u>
Withdrawals:		
Transfer to Debt Service		3,000.00
		<u>3,000.00</u>
Ending balance, June 30, 2015	\$	<u><u>112,480.60</u></u>

NOTE 6 – RECEIVABLES

Receivables at June 30, 2015, 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	\$ 171,397.18	171,397.18
Federal Aid	464,063.44	510,043.04
Interfunds	630,797.67	13,670.83
Other	<u>122,157.57</u>	<u>145,107.90</u>
Gross Receivables	1,388,415.86	840,218.95
Less: Allowance for Uncollectibles		
Total Receivables, Net	<u><u>\$ 1,388,415.86</u></u>	<u><u>840,218.95</u></u>

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 7 – 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, 2015:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 630,797.04	
Special Revenue Fund		266,723.39
Food Service Fund		147,636.70
Performing Arts Center Fund		202,766.12
Unemployment Fund		37,900.99
Agency Fund	24,230.16	
Total	<u>\$ 655,027.20</u>	<u>655,027.20</u>

The general fund receivable is comprised of four interfunds. The first is due from the special revenue fund in the amount of \$266,724.02 which is a result of the general funds loan to cover the special revenue funds cash deficit. The second interfund of \$147,636.70 owed to the Food Service Fund from the General Fund for cash flow purposes and federal and state subsidies collected in the general fund but not turned over to food service by June 30th. The third interfund was a loan of \$202,766.12 to the Performing Arts Center for operating purposes. There is no repayment plan for the PAC interfunds. The fourth interfund is amounts related to the general fund funding \$37,900.99 in unemployment claims that are due back from the unemployment trust agency fund.

NOTE 8 – DEPOSITS PAYABLE AND RESERVE

Deposits Payable in the Performing Arts Center Fund of \$8,623.00 is made up of deposits for future shows and ticket sales at the Center where final settlement has not been made.

NOTE 9 – UNEARNED REVENUE

The District has unearned revenue reflected on the Statement of Net Assets in the District-Wide Financial Statements of \$179,062.58. This consists of unearned revenue of \$157,281.38 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, \$7,743.37 in the Food Service Fund for payment of meals for future periods and \$9,520.00 in the Performing Arts Center Fund for future production deposits.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 10 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2015 are as follows:

	Balance July 1, 2014	Issues or Additions	Payments or Expenditures	Balance June 30, 2015	Amounts Due Within One Year
Compensated Absences	\$ 1,301,497.57		111,212.71	1,190,284.86	
Capital Leases	649,875.63	185,262.40	299,231.20	535,906.83	258,036.22
Bonds Payable	5,355,000.00		1,370,000.00	3,985,000.00	1,440,000.00
Unamortized Costs:					
Bond Premiums	435,904.09		111,519.81	324,384.28	117,217.91
Net Pension Liability	10,147,269.00			10,147,269.00	
	<u>\$ 17,889,546.29</u>	<u>185,262.40</u>	<u>1,891,963.72</u>	<u>16,182,844.97</u>	<u>1,815,254.13</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, 2015, 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, 2015 was \$3,985,000.00.

Debt service requirements on serial bonds payable at June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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>\$ 3,985,000.00</u>	<u>381,250.00</u>	<u>4,366,250.00</u>

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Capital Leases

The District is leasing school buses, other vehicles, textbooks, HVAC improvements, technology equipment and software and copier equipment amounting to \$535,906.83 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, 2015:

Fiscal Year Ending June 30,	Amount
2016	\$ 273,135.04
2017	143,781.07
2018	105,553.06
2019	38,840.06
Total minimum lease payments	561,309.23
Less amount representing interest	25,402.40
Present value of lease payments	\$ 535,906.83

NOTE 11 – 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, 2015 were \$67,115.80. Future minimum lease payments are as follows:

Year Ending June 30,	Principal
2016	\$ 89,487.72
Total future minimum lease payments	\$ 89,487.72

NOTE 12 – 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 www.state.nj.us/treasury/pensions/annrpts.shtml

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

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, 2015.

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 and PERS rate is 6.92% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2015, 2014 and 2013 were \$886,618.00, \$715,533.00, and \$1,103,405.00 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, 2015, 2014 and 2013 were \$446,797.00, \$448,582.00, and \$460,060.00 respectively, equal to the required contributions for each year.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

During the fiscal years ended June 30, 2015, 2014 and 2013, the State of New Jersey contributed \$1,407,507.00, \$1,173,204.00, and \$1,247,673.00, 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 \$1,177,811.12, 1,228,807.74, and \$1,259,245.09, 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 Standards.

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 $\frac{1}{4}$ 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).

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

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 13 – PUBLIC EMPLOYEES RETIREMENT SYSTEM

At June 30, 2015, the District reported a liability of \$10,147,269.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the District's proportion was 0.0541975760%, which was a decrease of 8.96% from its proportion measured as of June 30, 2013.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

For the year ended June 30, 2015, the District recognized pension expense of \$364,864.00. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Changes of assumptions	\$ 319,085	
Net difference between projected and actual earnings on pension plan investments		604,722
Changes in proportion and differences between District contributions and proportionate share of contributions		861,645
District contributions subsequent to the measurement date	<u>446,797</u>	
Total	<u>\$ 765,882</u>	<u>1,466,367</u>

\$446,797.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2016	\$ (399,786)
2017	(399,786)
2018	(399,786)
2019	(399,786)
2020	313,793
Thereafter	138,069
Total	<u>\$ (1,147,282)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.01%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.39%) or 1-percentage point higher (6.39%) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the net pension liability	\$ 12,765,609	10,147,269	7,948,529

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

NOTE 14 – TEACHERS PENSION AND ANNUITY FUND (TPAF)

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		90,400,009
Total	\$	90,400,009

The net pension liability was measured as of June 30, 2014 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2014, the District's proportion was 0.00%, which was a decrease of 0.00% from its proportion measured as of June 30, 2013.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

For the year ended June 30, 2015, the District recognized pension expense of \$4,864,369.00 and revenue of \$4,864,369.00 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expensed and actual experience	\$ -	36,906
Changes of assumptions	3,874,873	
Net difference between projected and actual earnings on pension plan investments		2,925,085
Changes in proportion and differences between District contributions and proportionate share of contributions		962,011
District contributions subsequent to the measurement date	\$ 886,618	
Total	\$ 4,761,491	3,924,001

\$886,618.00 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2016	\$ 11,815
2017	11,815
2018	11,815
2019	11,815
2020	(27,539)
Thereafter	(68,848)
Total	\$ (49,128)

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following assumptions, applied to all period included in the measurement:

Inflation Rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

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

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
Cash	6.00%	0.50%
Core fixed Income	0.00%	2.19%
Core bonds	1.00%	1.38%
Short-term bonds	0.00%	1.00%
Intermediate-term bonds	11.20%	2.60%
Long-term bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High yield bonds	5.50%	4.15%
Non-US fixed income	0.00%	1.41%
Inflation-indexed bonds	2.50%	1.30%
Broad US equities	25.90%	5.88%
Large cap US equities	0.00%	5.62%
Mid cap US equities	0.00%	6.39%
Small cap US equities	0.00%	7.39%
Developed foreign equities	12.70%	6.05%
Emerging market equities	6.50%	8.90%
Private equity	8.25%	9.15%
Hedge funds/absolute return	12.25%	3.85%
Real estate (property)	3.20%	4.43%
Real estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long credit bonds	0.00%	3.74%

Discount rate. The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.68% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.68%) or 1-percentage point higher (5.68%) than the current rate:

	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
District's proportionate share of the net pension liability	\$ -	-	-

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

NOTE 15 – POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c. 62. Funding of post-retirement medical changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

NOTE 16 – 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, 2015, there is no liability for compensated absences in the Enterprise Funds.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 17 – 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 18 – 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.

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:

Fiscal Year	Contributions	Interest on Investments	Amount Reimbursed	Ending Balance
2014-2015	\$ 70,258.24	\$ 39.33	\$ 81,205.30	\$ 14,304.30
2013-2014	115,181.76	22.63	151,720.41	25,212.03
2012-2013	81,823.11	27.72	39,449.34	61,728.05

NOTE 19 – 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.

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**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 20 – 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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$	1,249,589.16
Additions:		
June Transfer		850,000.00
		850,000.00
Withdrawals:		
Board Resolutions		236,365.00
		236,365.00
Ending balance, June 30, 2015	\$	1,863,224.16

NOTE 21 – 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	\$ 129,263.03
Special Revenue Fund - Encumbered Orders	15,258.92
	\$ 144,521.95

NOTE 22 – 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 23 – 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 24 – FUND BALANCE APPROPRIATED

General Fund – Of the \$4,041,782.59 General Fund fund balance, at June 30, 2015, \$129,263.03 is reserved for encumbrances, but not reflected as committed on the balance sheet since the unassigned balance is negative; \$2,022,468.02 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$1,131,998.00 of the reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2016), \$112,480.60 has been reserved in the Capital Reserve Account; \$1,863,224.16 has been reserved in the Maintenance Reserve Account; \$125,625.01 is designated by BOE for subsequent expenditures; and a deficit of \$44,909.20 is classified and unassigned, after adjusting for the encumbrance amount of \$129,263.03.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 25 – 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, 2015 is \$890,470.02.

NOTE 26 – DEFICIT FUND BALANCE AND NET POSITION

The District has a deficit (unassigned) fund balance of \$44,909.20 in the General Fund and \$92,701.20 in the Special Revenue Fund as of June 30, 2015 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.

In addition, the District had a deficit in unassigned net position balances in its Food Service and Performing Arts Center proprietary funds of \$47,387.97 and \$57,936.40 respectively. The Food Service fund's total net position was a deficit of \$5,286.83.

NOTE 27 – RESTATEMENT OF PRIOR YEAR BALANCES

Net position has been restated as required by the implementation of GASB 68, as discussed in notes 13 and 14 above.

Beginning net position as previously reported at June 30, 2014	\$ 22,168,649.06
Prior period adjustment - Implementation GASB 68	
Net pension liability (measurement date)	(11,378,269.00)
Deferred outflows - District's contributions made during fiscal year 2014	448,582.00
Total prior period adjustment	(10,929,687.00)
Net position as restated, July 1, 2014	\$ 11,238,962.06

NOTE 28 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2015 through December 4, 2015, 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, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 24,040,144.00		24,040,144.00	24,040,144.01	0.01
Tuition	2,413,326.00		2,413,326.00	2,554,250.21	140,924.21
Transportation Fees from Other LEA's	55,000.00		55,000.00	22,082.68	(32,917.32)
Interest Earned on Capital Reserve	50.00		50.00	61.17	11.17
Miscellaneous - Unrestricted	121,582.00		121,582.00	216,300.23	94,718.23
Total Local Sources	26,630,102.00	-	26,630,102.00	26,832,838.30	202,736.30
State Sources:					
Categorical Special Education Aid	1,295,884.00		1,295,884.00	1,295,884.00	-
Equalization Aid	6,233,727.00		6,233,727.00	6,233,727.00	-
Categorical Security Aid	455,997.00		455,997.00	455,997.00	-
Adjustment Aid	3,724,488.00		3,724,488.00	3,724,488.00	-
Categorical Transportation Aid	1,479,169.00		1,479,169.00	1,479,169.00	-
School Choice Aid	251,196.00		251,196.00	251,196.00	-
Extraordinary Aid				89,098.00	89,098.00
PARCC Readiness Aid	22,560.00		22,560.00	22,560.00	-
Per Pupil Growth Aid	22,560.00		22,560.00	22,560.00	-
Nonpublic Transportation Aid				13,782.00	13,782.00
TPAF Pension (On-Behalf - Non-Budget)				886,618.00	886,618.00
TPAF Pension - Post Retirement Medical (On Behalf - Non-Budgeted)					
TPAF Social Security (Reimbursed-Non-Budget)				1,407,507.00	1,407,507.00
Total State Sources	13,485,581.00	-	13,485,581.00	17,060,397.12	3,574,816.12
Federal Sources:					
Medicaid Reimbursement	76,672.00		76,672.00	68,523.80	(8,148.20)
ARRA - Medical Assistance Program (SEMI)				45,578.01	45,578.01
Total Federal Sources	76,672.00	-	76,672.00	114,101.81	37,429.81
Total Revenues	40,192,355.00	-	40,192,355.00	44,007,337.23	3,814,982.23

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES:					
CURRENT EXPENSE					
REGULAR PROGRAMS - INSTRUCTION					
Kindergarten	531,865.00	51,801.00	583,666.00	583,666.00	-
Grades 1 - 5 Salaries of Teachers	3,634,177.00	(137,102.46)	3,497,074.54	3,491,810.90	5,263.64
Grades 6 - 8 Salaries of Teachers	2,112,036.00	(169,309.92)	1,942,726.08	1,942,726.08	-
Grades 9 - 12 Salaries of Teachers	3,133,483.00	203,138.56	3,336,621.56	3,325,928.81	10,692.75
Regular Programs - Home Instruction					
Salaries of Teachers	138,000.00	(2,184.61)	135,815.39	122,115.36	13,700.03
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	260,000.00	153,998.89	413,998.89	413,465.64	533.25
Purchased Technical Services	10,038.00	(4,470.94)	5,567.06	4,807.00	760.06
Other Purchased Services (400-500 series)	113,013.00	(43,124.78)	69,888.22	64,474.51	5,413.71
General Supplies	482,125.78	14,525.54	496,651.32	436,859.48	59,791.84
Textbooks	179,935.95	(594.00)	179,341.95	177,117.40	2,224.55
Other Objects	4,160.00	917.59	5,077.59	2,045.06	3,032.53
TOTAL REGULAR PROGRAMS - INSTRUCTION	10,598,833.73	67,594.87	10,666,428.60	10,565,016.24	101,412.36
SPECIAL EDUCATION - INSTRUCTION					
Visual Impairments	10,000.00		10,000.00	3,600.00	6,400.00
Purchased Professional - Educational Services	10,000.00		10,000.00	3,600.00	6,400.00
Total Visual Impairments		-			
Behavioral Disabilities					
Salaries of Teachers	228,016.00	442.50	228,458.50	228,458.50	-
Other Salaries for Instruction	26,360.00	(442.50)	25,917.50	25,331.60	585.90
General Supplies	3,655.00		3,655.00	1,052.94	2,602.06
Total Behavioral Disabilities	258,031.00	-	258,031.00	254,843.04	3,187.96

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Multiple Disabilities					
Salaries of Teachers	262,103.00	(19,433.81)	242,669.19	238,403.88	4,265.31
Other Salaries for Instruction	111,736.00	(3,818.12)	107,917.88	100,600.95	7,316.93
General Supplies	3,210.00		3,210.00	2,458.72	751.28
Textbooks	760.00	(192.48)	567.52	565.49	2.03
Total Multiple Disabilities	377,809.00	(23,444.41)	354,364.59	342,029.04	12,335.55
Preschool Disabilities - Part Time					
General Supplies	400.00		400.00	152.96	247.04
Total Preschool Disabilities - Part Time	400.00	-	400.00	152.96	247.04
Resource Room/Resource Center					
Salaries of Teachers	2,722,298.00	(141,398.86)	2,580,899.14	2,564,727.74	16,171.40
Other Salaries for Instruction	102,542.00	(13,429.44)	89,112.56	89,112.56	-
General Supplies	6,116.00	674.81	6,790.81	6,418.03	372.78
Textbooks	4,279.00	(3,040.00)	1,239.00	1,239.00	1,239.00
Total Resource Room/Resource Center	2,835,235.00	(157,193.49)	2,678,041.51	2,660,258.33	17,783.18
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,481,475.00	(180,637.90)	3,300,837.10	3,260,883.37	39,953.73
Bilingual Education - Instruction					
Salaries of Teachers	105,804.00	15,647.60	121,451.60	120,806.61	644.99
Total Bilingual Education - Instruction	105,804.00	15,647.60	121,451.60	120,806.61	644.99
School-Spon. Co curricular Activities - Instruction					
Salaries	163,449.00	(3,567.51)	159,881.49	136,998.00	22,883.49
Purchased Services (300-500 series)	10,000.00	(5,500.00)	4,500.00	4,500.00	-
Supplies & Materials	6,480.00	(480.00)	6,000.00	5,650.75	349.25
Other Objects	4,200.00	(4,200.00)	-	-	-
Total School-Spon. Co curricular Activities - Inst.	184,129.00	(13,747.51)	170,381.49	147,148.75	23,232.74

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
School-Spon. Co curricular Athletics - Instruction					
Salaries	439,487.00	20,072.76	459,559.76	440,074.60	19,485.16
Purchased Services (300-500 series)	48,495.00	7,597.45	56,092.45	55,928.61	163.84
Supplies & Materials	64,220.00	(3,897.68)	60,322.32	59,506.69	815.63
Other Objects	10,625.00	(547.63)	10,077.37	10,049.37	28.00
Total School-Spon. Co curricular Athletics - Inst.	562,827.00	23,224.90	586,051.90	565,559.27	20,492.63
Other Instructional Programs - Instruction					
Salaries	23,000.00	(4,200.00)	18,800.00	13,215.00	5,585.00
Purchased Services (300-500 series)	2,260.00		2,260.00	37.09	2,222.91
Supplies & Materials	1,000.00		1,000.00		1,000.00
Total Other Instructional Programs - Instruction	26,260.00	(4,200.00)	22,060.00	13,252.09	8,807.91
Other Alternative Education Program - Instruction					
Salaries of Teachers	90,000.00		90,000.00	67,018.40	22,981.60
Total Other Instructional Programs - Instruction	90,000.00	-	90,000.00	67,018.40	22,981.60
TOTAL INSTRUCTION	15,049,328.73	(92,118.04)	14,957,210.69	14,739,684.73	217,525.96
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to County Voc. School Dist. - Regular	1,386,674.00		1,386,674.00	1,386,674.00	-
Tuition to County Voc. School Dist. - Special	370,458.00		370,458.00	370,458.00	-
Tuition to CSSD & Regional Day Schools	2,794,598.00	(465,816.19)	2,328,781.81	1,944,522.16	384,259.65
Tuition to Private Schools for the Disabled - Within State	545,130.00	324,034.56	869,164.56	833,263.25	35,901.31
Tuition - State Facilities	273,766.00		273,766.00	273,766.00	-
Total Undistributed Expenditures - Instruction	5,370,626.00	(141,781.63)	5,228,844.37	4,808,683.41	420,160.96

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expend. - Health Services					
Salaries	299,334.00	-	299,334.00	297,196.35	2,137.65
Purchased Professional and Technical Services	18,600.00	2,475.00	21,075.00	20,466.75	608.25
Purchased Services (400-500 series)	650.00	(52.50)	597.50	450.00	147.50
Supplies & Materials	9,303.00	479.14	9,782.14	9,685.45	96.69
Total Undistributed Expend. - Health Services	327,887.00	2,901.64	330,788.64	327,798.55	2,990.09
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	663,033.00	116,702.63	779,735.63	769,703.56	10,032.07
Total Undist. Expend. - Other Support Services Students - Extraordinary Services	663,033.00	116,702.63	779,735.63	769,703.56	10,032.07
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	441,405.00	(54,910.54)	386,494.46	379,023.62	7,470.84
Salaries of Secretarial and Clerical Assistants	64,906.00	(19,259.72)	45,646.28	39,752.88	5,893.40
Purchased Professional - Educational Services	1,200.00		1,200.00	-	1,200.00
Other Purchased Services (400-500 series)	500.00		500.00	279.50	220.50
Supplies & Materials	6,080.00		6,080.00	5,585.67	494.33
Total Undist. Expend. - Other Support Services Guidance	514,091.00	(74,170.26)	439,920.74	424,641.67	15,279.07

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	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	932,632.00	(33,242.25)	899,389.75	768,752.14	130,637.61
Salaries of Secretarial and Clerical Assistants	74,295.00	1,528.87	75,823.87	74,132.44	1,691.43
Other Salaries	20,000.00		20,000.00	8,700.00	11,300.00
Purchased Professional - Educational Services	23,440.00	1,015.36	24,455.36	24,286.36	169.00
Other Purchased Professional and Tech. Services	298,481.00	(20,813.23)	277,667.77	270,604.59	7,063.18
Misc. Pur Serv (400-500 series Other than Resid Costs)	10,800.00	(825.00)	9,975.00	4,139.96	5,835.04
Supplies & Materials	26,612.90	(1,015.36)	25,597.54	18,257.79	7,339.75
Other Objects	6,194.00	(500.00)	5,694.00	4,808.13	885.87
Total Undist. Expend. - Other Support Services					
Child Study Teams	1,392,454.90	(53,851.61)	1,338,603.29	1,173,681.41	164,921.88
Undist. Expend. - Improvement of Inst. Services					
Salaries of Supervisors of Instruction	119,616.00		119,616.00	111,737.91	7,878.09
Salaries of Other Professional Staff	157,701.00	1,772.01	159,473.01	147,707.99	11,765.02
Salaries of Secretarial and Clerical Assistants	93,672.00		93,672.00	83,821.70	9,850.30
Purchased Professional - Educational Services	25,000.00		25,000.00	8,154.38	16,845.62
Other Purchased Services (400-500 series)	26,280.00		26,280.00	17,696.49	8,583.51
Supplies & Materials	950.00		950.00	675.21	274.79
Other Objects	2,524.00		2,524.00	2,449.00	75.00
Total Undist. Expend. - Improvement of Inst. Serv.	425,743.00	1,772.01	427,515.01	372,242.68	55,272.33
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	256,068.00	3,154.50	259,222.50	259,222.30	0.20
Salaries of Secretarial and Clerical Assistants	22,287.00	220.40	22,507.40	22,507.40	-
Purchased Professional and Technical Services	18,609.00	(4,677.67)	13,931.33	12,225.62	1,705.71
Other Purchased Services (400-500 series)	1,350.00	(220.40)	1,129.60	509.53	620.07
Supplies & Materials	42,470.00	1,523.17	43,993.17	40,741.43	3,251.74
Total Undistributed Expenditures - Educational Media Services - School Library	340,784.00	-	340,784.00	335,206.28	5,577.72

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	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	28,761.00	930.00	930.00	930.00	-
Purchased Professional - Educational Services	72,400.00	2,472.00	31,233.00	29,336.19	1,896.81
Other Purchased Professional and Tech. Services	6,637.35	(675.00)	71,725.00	55,157.74	16,567.26
Other Purchased Services (400-500 series)	19,171.00		6,637.35	1,918.11	4,719.24
Supplies & Materials			19,171.00	13,839.94	5,331.06
Total Undistributed Expenditures - Instructional Staff Training Services	126,969.35	2,727.00	129,696.35	101,181.98	28,514.37
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	183,328.00	13,597.72	196,925.72	196,913.30	12.42
Legal Services	114,125.75	13,000.00	127,125.75	116,951.62	10,174.13
Audit Fees	40,000.00	(600.00)	39,400.00	35,350.00	4,050.00
Architectural/Engineering Services	25,000.00		25,000.00	11,212.50	13,787.50
Other Purchased Professional Services	50,000.00	8,235.00	58,235.00	58,235.00	-
Purchased Technical Services	74,900.00	(29,560.00)	45,340.00	29,811.59	15,528.41
Communications/Telephone	134,919.00	3,600.00	138,519.00	131,818.66	6,700.34
BOE - Other Purchased Services	8,000.00		8,000.00	6,425.14	1,574.86
Other Purchased Services (400-500 series)	497,806.00	(6,366.23)	491,439.77	485,985.47	5,454.30
Supplies & Materials	8,596.00		8,596.00	7,731.34	864.66
BOE - In House Training/Meeting Supplies	4,700.00		4,700.00	1,778.20	2,921.80
Miscellaneous Expenditures	26,500.00	(17,754.01)	8,745.99	8,712.64	33.35
BOE Membership Dues and Fees	24,675.00		24,675.00	23,918.05	756.95
Total Undistributed Expenditures - Support Services - General Administration	1,192,549.75	(15,847.52)	1,176,702.23	1,114,843.51	61,858.72

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	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	528,892.00	30,561.61	559,453.61	521,255.69	38,197.92
Salaries of Other Professional Staff	22,851.00		22,851.00	16,200.00	6,651.00
Salaries of Secretarial and Clerical Assistants	506,791.00	(30,000.00)	476,791.00	471,083.33	5,707.67
Purchased Professional and Technical Services	7,425.00	91.99	7,516.99	4,970.93	2,546.06
Other Purchased Services (400-500 series)	20,059.00	(9,299.65)	10,759.35	5,009.03	5,750.32
Supplies & Materials	19,149.96	(2,969.93)	16,180.03	16,107.15	72.88
Other Objects	17,800.00	(5,006.89)	12,793.11	11,960.43	832.68
Total Undistributed Expenditures - Support Services - School Administration	1,122,967.96	(16,622.87)	1,106,345.09	1,046,586.56	59,758.53
Undist. Expend. - Central Services					
Salaries	262,770.00	(2,225.00)	260,545.00	253,095.03	7,449.97
Purchased Technical Services	45,000.00		45,000.00	39,389.10	5,610.90
Sale/Leaseback Payments	162,308.00	(49,883.42)	112,424.58	77,910.70	34,513.88
Supplies and Materials	10,000.00		10,000.00	9,338.88	661.12
Interest on Current Loans	36,270.00		36,270.00	21,946.55	14,323.45
Other Objects	3,500.00		3,500.00	1,979.72	1,520.28
Total Undistributed Expenditures - Central Services	519,848.00	(52,108.42)	467,739.58	403,659.98	64,079.60
Undist. Expend. - Admin Info Tech					
Salaries	129,491.00	12,231.82	141,722.82	141,488.47	234.35
Purchased Technical Services	95,008.00		95,008.00	94,074.82	933.18
Other Purchased Services	1,200.00		1,200.00	52.19	1,147.81
Supplies and Materials	23,590.00		23,590.00	10,479.00	13,111.00
Other Objects	5,500.00		5,500.00		5,500.00
Total Undistributed Expenditures - Admin Info Tech	254,789.00	12,231.82	267,020.82	246,094.48	20,926.34

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Required Maint. School Fac.					
Salaries	80,168.00	(80,158.00)	10.00		10.00
Cleaning, Repair and Maintenance Service	180,711.00	252,741.77	433,452.77	401,326.56	32,126.21
General Supplies	30,763.20	37,500.00	68,263.20	65,763.45	2,499.75
Other Objects	2,355.00	2,775.00	5,130.00	5,130.00	-
Total Undistributed Expenditures - Required Maintenance for School Facilities	293,997.20	212,858.77	506,855.97	472,220.01	34,635.96
Undist. Expend. - Custodial Services					
Salaries	1,157,175.00	173,260.00	1,330,435.00	1,322,476.46	7,958.54
Purchased Professional and Technical Services	325,543.15	(9,500.00)	316,043.15	315,410.24	632.91
Cleaning, Repair and Maintenance Service	168,399.00	(66,172.07)	102,226.93	94,751.39	7,475.54
Other Purchased Property Services	157,033.00	3,495.51	160,528.51	112,991.50	47,537.01
Insurance	314,683.00		314,683.00	309,785.00	4,898.00
Miscellaneous Purchased Services	28,000.00	(7,750.00)	20,250.00	14,530.19	5,719.81
General Supplies	105,000.00	12,250.00	117,250.00	115,551.46	1,698.54
Energy (Electricity)	559,792.31	41,744.90	601,537.21	557,484.49	44,052.72
Energy (Natural Gas)	365,000.00	(93,500.00)	271,500.00	261,601.13	9,898.87
Miscellaneous	4,000.00		4,000.00	160.00	3,840.00
Total Undistributed Expenditures - Other Operations and Maintenance of Plant	3,184,625.46	53,828.34	3,238,453.80	3,104,741.86	133,711.94
Undist. Expend. - Security					
Salaries	109,150.00	20,534.10	129,684.10	129,684.10	-
General Supplies	2,000.00	1,593.50	3,593.50	3,509.19	84.31
Total Security	111,150.00	22,127.60	133,277.60	133,193.29	84.31
Total Undistributed Expenditures Operations and Maintenance of Plant	3,589,772.66	288,814.71	3,878,587.37	3,710,155.16	168,432.21

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	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.	1,028,992.00	219,701.03	1,248,693.03	1,248,561.48	131.55
Sal.- Pup. Trans. (Bet. Home & School) - Spc.	373,578.00	84,648.05	458,226.05	458,226.05	-
Sal.- Pup. Trans. (Other than Home & School)	50,000.00	(6,815.40)	43,184.60	43,184.60	-
Sal.- Pup. Trans. (Bet. Home/School) - Nonpublic	92,494.00	23,908.23	116,402.23	116,402.23	-
Other Purchased Professional and Tech. Services	14,400.00		14,400.00	13,191.70	1,208.30
Cleaning, Repair and Maintenance Service	44,500.00	(27,000.00)	17,500.00	9,320.00	8,180.00
Rental Payments - School Buses	12,755.00		12,755.00	5,900.00	6,855.00
Lease Purchase Payments - School Buses	183,688.00	37,651.60	221,339.60	221,339.60	-
Contr. Serv. - (Spc Ed. Students) - Joint Agrmt	25,000.00	39,072.00	64,072.00	63,269.63	802.37
Contr. Serv. - (Spc Ed Students) - ESCs & CTSA	54,851.00	110,000.00	164,851.00	156,242.28	8,608.72
Contr. Serv. - Aid in Lieu Payments - Nonpublic	25,000.00	(25,000.00)	-		-
Contr. Serv. - Aid in Lieu Payments - Charters	1,500.00		1,500.00	884.00	616.00
Misc. Purchased Service - Transportation	248,557.00	(8,080.46)	240,476.54	234,240.67	6,235.87
Supplies & Materials	2,535.19	425.21	2,960.40	2,943.72	16.68
Transportation Supplies	337,982.81	20,495.69	358,478.50	328,128.26	30,350.24
Other Objects	8,000.00	3,650.00	11,650.00	11,626.50	23.50
Total Undistributed Expenditures - Student Transportation Services	2,503,833.00	472,655.95	2,976,488.95	2,913,460.72	63,028.23
Student Transportation Services-Employee Benefits					
Social Security Contributions	150,000.00	(36,862.63)	113,137.37	113,137.37	-
Workers Compensation	86,417.00	5.00	86,422.00	86,422.00	-
Health Benefits	329,801.00	(91,071.26)	238,729.74	238,729.74	-
Total Student Transportation Services	566,218.00	(127,928.89)	438,289.11	438,289.11	-
Unallocated Benefits					
Social Security Contribution	445,000.00	34,603.72	479,603.72	478,856.97	746.75
Other Retirement Contributions - PERS	523,185.00		523,185.00	475,727.02	47,457.98
Unemployment Compensation	200,000.00	(163,829.86)	36,170.14	30,289.55	5,880.59
Workmen's Compensation	553,707.00		553,707.00	543,731.00	9,976.00
Health Benefits	4,641,641.00	19,600.53	4,661,241.53	4,561,712.24	99,529.29
Other Employee Benefits	571,211.00	(4,385.91)	566,825.09	513,171.09	53,654.00
Total Unallocated Benefits	6,934,744.00	(114,011.52)	6,820,732.48	6,603,487.87	217,244.61

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
On-Behalf Contributions					
On-Behalf TPAF Non-Cont. Life Insurance (non-bud)			-	886,618.00	(886,618.00)
On-Behalf TPAF Pension - Post Retirement Medical Contribution (non-bud)			-	1,407,507.00	(1,407,507.00)
Reimbursed TPAF Social Security Cont. (non-bud)			-	1,177,811.12	(1,177,811.12)
Total On-Behalf Contributions	-	-	-	3,471,936.12	(3,471,936.12)
Total Personal Services - Employee Benefits	7,500,962.00	(241,940.41)	7,259,021.59	10,513,713.10	(3,254,691.51)
TOTAL UNDISTRIBUTED EXPENDITURES	25,846,310.62	301,483.04	26,147,793.66	28,261,653.05	(2,113,859.39)
TOTAL GENERAL CURRENT EXPENSE	40,895,639.35	209,365.00	41,105,004.35	43,001,337.78	(1,896,333.43)
CAPITAL OUTLAY					
Facilities Acquisition/Construction Services Assessment for Debt Service on SDA Funding	139,087.00		139,087.00	139,087.00	-
Total Facilities Acquisition/Construction Services	139,087.00	-	139,087.00	139,087.00	-
Assets Acquired Under Capital Lease (non-budget) Undistributed Expenditures: Equipment: School Buses - Regular				185,262.40	(185,262.40)
Total Assets Acquired Under Capital Lease (non-bud)				185,262.40	(185,262.40)
TOTAL CAPITAL OUTLAY	139,087.00	-	139,087.00	324,349.40	(185,262.40)
Transfer of Funds to Charter Schools	107,607.00		107,607.00	63,190.00	44,417.00
TOTAL EXPENDITURES	41,142,333.35	209,365.00	41,351,698.35	43,388,877.18	(2,037,178.83)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(949,978.35)	(209,365.00)	(1,159,343.35)	618,460.05	1,777,803.40
Other Financing Sources (Uses): Capital Leases (non-budget) Capital Reserve - Transfer to Debt Service Fund Total Other Financing Sources:				185,262.40	185,262.40
		(3,000.00)	(3,000.00)	(3,000.00)	-
	-	(3,000.00)	(3,000.00)	182,262.40	185,262.40

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(949,978.35)	(212,365.00)	(1,162,343.35)	800,722.45	1,963,065.80
Fund Balance July 1	4,349,851.94	-	4,349,851.94	4,349,851.94	
Fund Balance June 30	<u>3,399,873.59</u>	<u>(212,365.00)</u>	<u>3,187,508.59</u>	<u>5,150,574.39</u>	<u>1,963,065.80</u>
Recapitulation:					
Nonspendable Fund Balance				\$ -	
None					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				1,131,998.00	
Excess Surplus - Current Year				890,470.02	
Committed Fund Balance:					
Capital Reserve				112,480.60	
Maintenance Reserve				1,863,224.16	
Assigned Fund Balance:					
Other Purposes				129,263.03	
ARRA-Semi-Unreserved-Designated for Subsequent Year's Expenditures				45,578.01	
Designated by BOE for Subsequent Expenditures				80,047.00	
Unassigned Fund Balance:					
General Fund				<u>897,513.57</u>	
Reconciliation to Governmental Funds Statements (GAAP):				5,150,574.39	
Last Two State Aid Payments not recognized on GAAP Basis				<u>(1,108,791.80)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,041,782.59</u>	

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
State Sources	\$ 987,309.00	41,645.04	1,028,954.04	929,224.53	(99,729.51)
Federal Sources	1,254,475.00	300,393.00	1,554,868.00	1,475,933.69	(78,934.31)
Total Revenues	2,241,784.00	342,038.04	2,583,822.04	2,405,158.22	(178,663.82)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	930,884.00	250,712.04	1,181,596.04	1,123,080.45	58,515.59
Other Salaries for Instruction	102,953.00	(4,809.10)	98,143.90	43,279.37	54,864.53
Tuition	425,000.00	69,832.14	494,832.14	494,557.14	275.00
General Supplies	33,496.00	19,211.35	52,707.35	46,880.19	5,827.16
Textbooks		5,422.00	5,422.00	5,146.90	275.10
Total Instruction	1,492,333.00	340,368.43	1,832,701.43	1,712,944.05	119,757.38
Support Services:					
Salaries of Supervisors of Instruction	83,479.00		83,479.00	82,086.36	1,392.64
Salaries of Program Directors	20,493.00	0.20	20,493.20	20,493.20	-
Salaries of Other Professional Staff	136,725.00	15,284.84	152,009.84	134,211.99	17,797.85
Salaries of Sec. And Clerical Assistants	17,051.00	5,206.96	22,257.96	21,875.93	382.03
Other Salaries	21,726.00	8,364.00	30,090.00	23,027.83	7,062.17
Personal Services - Employee Benefits	418,112.00	(20,654.79)	397,457.21	368,055.21	29,402.00
Purchased Technical Services	44,000.00	(11,936.60)	32,063.40	32,063.40	-
Other Purchased Services (400-500 series)		4,928.00	4,928.00	3,663.00	1,265.00
Supplies & Materials	2,665.00	2,260.00	4,925.00	3,801.25	1,123.75
Other Objects		3,417.00	3,417.00	2,936.00	481.00
Total Support Services	744,251.00	6,869.61	751,120.61	692,214.17	58,906.44

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES(cont'd):					
Facilities Acquisitions and Construction Services:					
Instructional Equipment	5,200.00	(5,200.00)	-	-	-
Total Facilities Acquisitions and Const. Services:	<u>5,200.00</u>	<u>(5,200.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfer in from General Fund				-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Total Outflows	<u>2,241,784.00</u>	<u>342,038.04</u>	<u>2,583,822.04</u>	<u>2,405,158.22</u>	<u>178,663.82</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, 2015**

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]	\$44,007,337.23	[C-2]		\$ 2,405,158.22
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					153,109.96
Current Year					(15,258.92)
Final State Aid payment was delayed until July 2014 is recorded as budgetary revenue but is not recognized under GAAP.		1,110,723.60			88,550.40
Final State Aid payment was delayed until July 2015 is recorded as budgetary revenue but is not recognized under GAAP.		(1,108,791.80)			(92,701.20)
	[B-2]	\$44,009,269.03	[B-2]		\$ 2,538,858.46
Uses/outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$43,388,877.18	[C-2]		\$ 2,405,158.22
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					153,109.96
Current Year					(15,258.92)
	[B-2]	\$43,388,877.18	[B-2]		\$ 2,543,009.26

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REQUIRED SUPPLEMENTARY INFORMATION – PART III

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee Retirement System
Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.0541975760%	0.0595347259%
District's proportionate of the net pension liability (asset)	\$ 10,147,269.00	\$ 11,378,269.00
District's covered payroll	\$ 3,637,447.00	\$ 3,906,964.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	278.97%	291.23%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for two years. Additional years will be presented as they become available.

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of District Contributions
Public Employee Retirement System
Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 446,797.00	\$ 448,582.00
Contributions in relation to the contractually required contribution	<u>\$ 446,797.00</u>	<u>\$ 448,582.00</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,637,447.00	\$ 3,906,964.00
Contributions as a percentage of covered-employee payroll	12.28%	11.48%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period.
However, information is only currently available for two years.
Additional years will be presented as they become available.

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>90,400,009.00</u>	<u>86,303,256.00</u>
Total	<u>\$ 90,400,009.00</u>	<u>\$ 86,303,256.00</u>
District's covered payroll	\$ 16,259,705.00	\$ 16,434,573.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for two years. Additional years will be presented as they become available.

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of District Contributions
Teachers' Pension and Annuity Fund
Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 886,618.00	\$ 718,489.00
Contributions in relation to the contractually required contribution	<u>886,618.00</u>	<u>718,489.00</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 16,259,705.00	\$ 16,434,573.00
Contributions as a percentage of covered-employee payroll	5.45%	4.37%

Source: GASB 68 report on Teachers' Pension and Annuity Fund; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period.
However, information is only currently available for two years.
Additional years will be presented as they become available.

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, 2015

	Total Brought Forward (Ex. E-1a)	I.D.E.A. Preschool	Preschool Education Aid	Perkins Secondary Federal Funds	Race to The Top	Totals 2015
REVENUES:						
State Sources	\$ 32,989.80		896,234.73			929,224.53
Federal Sources	1,433,857.21	26,113.00		14,568.05	1,395.43	1,475,933.69
Total Revenues	1,466,847.01	26,113.00	896,234.73	14,568.05	1,395.43	2,405,158.22
EXPENDITURES:						
Instruction:						
Salaries of Teachers	738,792.55		383,947.90	340.00		1,123,080.45
Other Salaries for Instruction	9,841.12		33,438.25			43,279.37
Tuition	468,444.14	26,113.00				494,557.14
General Supplies	37,886.51		2,515.63	6,478.05		46,880.19
Textbooks	5,146.90					5,146.90
Total Instruction	1,260,111.22	26,113.00	419,901.78	6,818.05	-	1,712,944.05
Support Services:						
Salaries of Supervisors of Instruction	-		82,086.36			82,086.36
Salaries of Program Directors	-		20,493.20			20,493.20
Salaries of Other Professional Staff	12,111.86		122,100.13			134,211.99
Salaries of Sec. And Clerical Assistants	-		21,875.93			21,875.93
Other Salaries	1,750.50		18,873.33	2,404.00		23,027.83
Personal Services - Employee Benefits	156,941.21		210,904.00	210.00	1,000.00	368,055.21
Purchased Professional - Technical Services	31,063.40					32,063.40
Other Purchased Services (400-500 series)	1,463.00			2,200.00		3,663.00
Supplies & Materials	3,405.82				395.43	3,801.25
Other Objects	-			2,936.00		2,936.00
Total Support Services	206,735.79	-	476,332.95	7,750.00	1,395.43	692,214.17
Facilities Acquisition and Constr. Services:						
Instructional Equipment	-					-
Total Facilities Acquisition and Constr. Services	-	-	-	-	-	-
Other Financing Sources (Uses)						
Transfer in from General Fund	-					-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Total Outflows	1,466,847.01	26,113.00	896,234.73	14,568.05	1,395.43	2,405,158.22
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, 2015

	Total Brought Forward (Ex. E-1b)	Title IIA	Nonpublic Corrective Speech	Nonpublic Home Instruction	I.D.E.A. Part B	Total Carried Forward
REVENUES:						
State Sources	\$ 23,111.76		1,767.00	8,111.04	612,416.04	32,989.80
Federal Sources	687,426.43	134,014.74				1,433,857.21
Total Revenues	710,538.19	134,014.74	1,767.00	8,111.04	612,416.04	1,466,847.01
EXPENDITURES:						
Instruction:						
Salaries of Teachers	553,867.09	109,085.42		8,111.04	67,729.00	738,792.55
Other Salaries for Instruction	9,841.12					9,841.12
Tuition	-				468,444.14	468,444.14
General Supplies	26,461.26				11,425.25	37,886.51
Textbooks	5,146.90					5,146.90
Total Instruction	595,316.37	109,085.42	-	8,111.04	547,598.39	1,260,111.22
Support Services:						
Salaries of Supervisors of Instruction	-					-
Salaries of Program Directors	-		1,767.00			-
Salaries of Other Professional Staff	10,344.86					12,111.86
Salaries of Sec. And Clerical Assistants						
Other Salaries	1,750.50					1,750.50
Personal Services - Employee Benefits	99,624.51	23,562.45			33,754.25	156,941.21
Purchased Professional - Technical Services	-				31,063.40	31,063.40
Other Purchased Services (400-500 series)	473.00	990.00				1,463.00
Supplies & Materials	3,028.95	376.87				3,405.82
Other Objects	-					-
Total Support Services	115,221.82	24,929.32	1,767.00	-	64,817.65	206,735.79
Facilities Acquisition and Constr. Services:						
Instructional Equipment	-					-
Total Facilities Acquisition and Constr. Services	-	-	-	-	-	-
Other Financing Sources (Uses)						
Transfer in from General Fund	-					-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Total Outflows	710,538.19	134,014.74	1,767.00	8,111.04	612,416.04	1,466,847.01
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, 2015

	Total Brought Forward (Ex. E-1c)	Nonpublic Nurse	Nonpublic Supplemental Instruction	Nonpublic Textbooks	Nonpublic Technology	Total Carried Forward
REVENUES:						
State Sources	\$ 1,713.86	8,631.00	4,708.00	5,146.90	2,912.00	23,111.76
Federal Sources	687,426.43					687,426.43
Total Revenues	689,140.29	8,631.00	4,708.00	5,146.90	2,912.00	710,538.19
EXPENDITURES:						
Instruction:						
Salaries of Teachers	-		4,708.00			-
Other Salaries for Instruction	549,159.09					553,867.09
Tuition	9,841.12					9,841.12
General Supplies	23,549.26			5,146.90	2,912.00	26,461.26
Textbooks	-					5,146.90
Total Instruction	582,549.47	-	4,708.00	5,146.90	2,912.00	595,316.37
Support Services:						
Salaries of Supervisors of Instruction	-					-
Salaries of Program Directors	-	8,631.00				-
Salaries of Other Professional Staff	1,713.86					10,344.86
Salaries of Secr. And Clerical Assistants						
Other Salaries	1,750.50					1,750.50
Personal Services - Employee Benefits	99,624.51					99,624.51
Purchased Professional - Technical Services	-					-
Other Purchased Services (400-500 series)	473.00					473.00
Supplies & Materials	3,028.95					3,028.95
Other Objects	-					-
Total Support Services	106,590.82	8,631.00	-	-	-	115,221.82
Facilities Acquisition and Constr. Services:						
Instructional Equipment	-					-
Total Facilities Acquisition and Constr. Services	-	-	-	-	-	-
Other Financing Sources (Uses)						
Transfer in from General Fund	-					-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Total Outflows	689,140.29	8,631.00	4,708.00	5,146.90	2,912.00	710,538.19
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, 2015

	Total Brought Forward (Ex. E-1d)	Title I	Summer School	Title III	Nonpublic Exam & Class	Total Carried Forward
REVENUES:						
State Sources	\$ -					1,713.86
Federal Sources	-	597,834.83	73,215.00	16,376.60	1,713.86	687,426.43
Total Revenues	-	597,834.83	73,215.00	16,376.60	1,713.86	689,140.29
EXPENDITURES:						
Instruction:						
Salaries of Teachers	-	471,798.04	73,215.00	4,146.05		549,159.09
Other Salaries for Instruction	-	9,841.12				9,841.12
Tuition	-					-
General Supplies	-	14,254.04		9,295.22		23,549.26
Textbooks	-					-
Total Instruction	-	495,893.20	73,215.00	13,441.27	-	582,549.47
Support Services:						
Salaries of Supervisors of Instruction	-					-
Salaries of Program Directors	-					-
Salaries of Other Professional Staff	-				1,713.86	1,713.86
Salaries of Sec. And Clerical Assistants	-					
Other Salaries	-	1,750.50		317.18		1,750.50
Personal Services - Employee Benefits	-	99,307.33				99,624.51
Purchased Professional - Technical Services	-			473.00		473.00
Other Purchased Services (400-500 series)	-			2,145.15		2,145.15
Supplies & Materials	-	883.80				883.80
Other Objects	-					-
Total Support Services	-	101,941.63	-	2,935.33	1,713.86	106,590.82
Facilities Acquisition and Constr. Services:						
Instructional Equipment	-					-
Total Facilities Acquisition and Constr. Services	-	-	-	-	-	-
Other Financing Sources (Uses)						
Transfer in from General Fund	-					-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Total Outflows	-	597,834.83	73,215.00	16,376.60	1,713.86	689,140.29
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, 2015**

<u>District-Wide Total</u>	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 405,673.00	383,947.90	21,725.10
Other Salaries for Instruction	87,953.00	33,438.25	54,514.75
Supplies and Materials	3,305.00	2,515.63	789.37
Total Instruction	<u>496,931.00</u>	<u>419,901.78</u>	<u>77,029.22</u>
Support Services:			
Salaries of Supervisors of Instruction	83,479.00	82,086.36	1,392.64
Salaries of Program Directors	20,493.20	20,493.20	-
Salaries of Other Professional Staff	131,517.84	122,100.13	9,417.71
Salaries of Secr. And Clerical Assistants	22,257.96	21,875.93	382.03
Other Salaries	21,726.00	18,873.33	2,852.67
Personal Services - Employee Benefits	210,904.00	210,904.00	-
Total Support Services	<u>490,378.00</u>	<u>476,332.95</u>	<u>14,045.05</u>
Total Expenditures	<u>\$ 987,309.00</u>	<u>896,234.73</u>	<u>91,074.27</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2014-15 Preschool Education Aid Allocation	\$ 927,012.00
Actual Preschool Education Program Aid Carryover June 30, 2014	101,714.35
Add: Budget transfer from General Fund 2015	-
Total Preschool Education Aid Funds Available for 2014-15 Budget	<u>1,028,726.35</u>
Less: 2014-15 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(987,309.00)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2015	<u>41,417.35</u>
Add: June 30, 2015 Unexpended Preschool Education Aid	91,074.27
2014-15 Actual Carryover -Preschool Education Aid/Preschool	<u>\$ 132,491.62</u>
2014-15 Preschool Education Aid Carryover Budgeted in 2015-16	<u>\$ 42,417.00</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, 2015

	Unemployment Compensation Trust	Private Purpose Trust	Agency Funds	Totals
ASSETS				
Cash and Cash Equivalents	\$ 64,749.71	6,972.12	1,422,805.18	1,494,527.01
Interfund Receivable			24,230.16	24,230.16
Investments		57,973.08		57,973.08
Total Assets	64,749.71	64,945.20	1,447,035.34	1,576,730.25
LIABILITIES				
Accounts Payable	12,544.42			12,544.42
Interfund Payable - Agency Fund	24,230.16			24,230.16
Interfund Payable - General Fund	13,670.83		-	13,670.83
Payable to Teachers - Summer Pay			1,011,742.29	1,011,742.29
Payable to Student Groups			212,986.48	212,986.48
Payroll Deductions & Withholdings			222,111.83	222,111.83
Payable to Teachers Association			194.74	194.74
Total Liabilities	50,445.41	-	1,447,035.34	1,497,480.75
NET POSITION				
Held in Trust for Unemployment Claims and Other Purposes	\$ 14,304.30			14,304.30
Reserve for Scholarships		64,945.20		64,945.20
Total Net Position				79,249.50
Total Liabilities and Net Position				1,576,730.25

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

	Unemployment Compensation Trust	Private Purpose Trust	Totals
ADDITIONS			
Contributions:			
Plan Member	\$ 40,258.24		40,258.24
Board Contribution	30,000.00		30,000.00
Total Contributions	<u>70,258.24</u>	<u>-</u>	<u>70,258.24</u>
Investments Earnings:			
Interest	39.33	154.35	193.68
Net Investment Earnings	<u>39.33</u>	<u>154.35</u>	<u>193.68</u>
Total Additions	<u>70,297.57</u>	<u>154.35</u>	<u>70,451.92</u>
Deductions			
Unemployment Claims	81,205.30		81,205.30
Scholarships and Awards		6,358.80	6,358.80
Total Deductions	<u>81,205.30</u>	<u>6,358.80</u>	<u>87,564.10</u>
Change in Net Position	(10,907.73)	(6,204.45)	(17,112.18)
Net Position - Beginning of the Year	<u>25,212.03</u>	<u>71,149.65</u>	<u>96,361.68</u>
Net Position - End of the Year	<u>\$ 14,304.30</u>	<u>64,945.20</u>	<u>79,249.50</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Elementary #1 School	\$ 16,468.13	3,383.58	4,625.20	15,226.51
Elementary #2 School	4,405.13	22,814.50	21,883.62	5,336.01
Elementary #4 School	57,697.54	78,936.13	78,326.39	58,307.28
High School	129,843.79	321,958.31	317,685.42	134,116.68
Total Assets	<u>\$ 208,414.59</u>	<u>427,092.52</u>	<u>422,520.63</u>	<u>212,986.48</u>

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2015**

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS:				
Cash and Cash Equivalents	\$ 1,061,404.33	13,758,212.09	13,609,797.72	1,209,818.70
Interfund Receivable	-	24,230.16		24,230.16
Total Assets	1,061,404.33	13,782,442.25	13,609,797.72	1,234,048.86
LIABILITIES:				
Payroll Deductions & Withholding Due to General Fund	60,280.90	12,768,616.02	12,606,785.09	222,111.83
Payable to Teachers - Summer	-	114.37	114.37	-
Due to Teachers Association	1,000,876.13	1,013,059.84	1,002,193.68	1,011,742.29
	247.30	652.02	704.58	194.74
Total Liabilities	1,061,404.33	13,782,442.25	13,609,797.72	1,234,048.86

LONG-TERM DEBT SCHEDULES

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of General Serial Bonds and Loans
As of June 30, 2015

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding June 30, 2015				Interest Rate	Balance June 30, 2014	Increased	Decreased	Balance June 30, 2015
			Date	Amount	Amount	Amount					
Middle Twp. Board of Education, Refunding School Bonds	2/1/2010	\$ 9,175,000	2/1/2016	\$ 1,440,000.00	Various	\$ 5,355,000.00	-	1,370,000.00	3,985,000.00		
			2/1/2017	1,450,000.00							
			2/1/2018	1,095,000.00							
						\$ 5,355,000.00		1,370,000.00	3,985,000.00		

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of Obligations Under Capital Lease
As of June 30, 2015

Description	Amount of Original Issue	Balance July 1, 2014	Issued Current Year	Retired Current Year	Balance June 30, 2015
Two (2) 54-passenger 2015 School Buses	\$ 185,262.40	\$ -	185,262.40	38,610.48	146,651.92
District Clocks	79,351.00	48,579.64		15,285.68	33,293.96
School Buses-FY13	95,963.00	57,557.40		18,731.62	38,825.78
One (1) Handicapped Bus - FY11	85,400.00	17,744.66		17,744.66	-
Two (2) School Buses-FY11	164,600.00	34,197.02		34,197.02	-
One (1) IC/CE 72 Passenger Bus - FY12	249,990.00	101,417.23		49,989.18	51,428.05
New Telephone System	154,335.00	63,992.44		31,042.38	32,950.06
Textbook Series	147,768.80	71,304.56		31,582.64	39,721.92
Three (3) 54 Passenger Bus - FY14	270,082.68	255,082.68		62,047.54	193,035.14
		<u>\$ 649,875.63</u>	<u>185,262.40</u>	<u>299,231.20</u>	<u>535,906.83</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,621,050.00		1,621,050.00	1,621,050.00	-
Total Local Sources	1,621,050.00	-	1,621,050.00	1,621,050.00	-
Total Revenues	1,621,050.00	-	1,621,050.00	1,621,050.00	-
EXPENDITURES:					
Regular Debt Service:					
Interest	251,050.00	3,000.00	254,050.00	254,050.00	-
Redemption of Principal	1,370,000.00		1,370,000.00	1,370,000.00	-
Total Regular Debt Service	1,621,050.00	3,000.00	1,624,050.00	1,624,050.00	-
Total Expenditures	1,621,050.00	3,000.00	1,624,050.00	1,624,050.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,000.00)	(3,000.00)	(3,000.00)	-
Other Financing Sources(Uses):					
Transfer from General Fund	-	3,000.00	3,000.00	3,000.00	-
Total Other Financing Sources(Uses):	-	3,000.00	3,000.00	3,000.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	-	-	-	-

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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

	2006	2007	2008	2009	2010	2011	2012	2013	2014 *	2015
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	20,438,434.28	22,583,317.92
Restricted	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	3,264,275.77	4,123,797.79
Unrestricted	(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)	(1,353,759.23)	(12,463,747.99)	(13,943,897.59)
Total governmental activities net position	<u>17,907,275.92</u>	<u>18,535,318.75</u>	<u>19,150,534.92</u>	<u>18,709,214.74</u>	<u>18,644,944.98</u>	<u>20,143,938.12</u>	<u>21,700,109.64</u>	<u>21,081,844.50</u>	<u>11,258,962.06</u>	<u>12,763,218.12</u>
Business-type activities										
Invested in capital assets, net of related debt	42,562.84	35,398.59	33,370.70	29,243.80	25,116.90	40,127.70	54,291.00	230,305.99	233,574.54	249,581.13
Unrestricted	(300,297.85)	(229,281.14)	(216,640.31)	(169,149.02)	(210,018.19)	(218,901.54)	34,304.94	(77,793.76)	(117,373.40)	(105,324.37)
Total business-type activities net position	<u>(257,735.01)</u>	<u>(193,882.55)</u>	<u>(183,269.61)</u>	<u>(139,905.22)</u>	<u>(184,901.29)</u>	<u>(178,773.84)</u>	<u>88,595.94</u>	<u>152,512.23</u>	<u>116,201.14</u>	<u>144,256.76</u>
District-wide										
Invested in capital assets, net of related debt	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	20,672,008.82	22,832,899.05
Restricted	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	3,264,275.77	4,123,797.79
Unrestricted	(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)	(1,434,555.99)	(12,581,121.39)	(14,049,221.96)
Total district net position	<u>17,649,540.91</u>	<u>18,341,436.20</u>	<u>18,967,265.31</u>	<u>18,569,309.52</u>	<u>18,660,043.69</u>	<u>19,965,164.28</u>	<u>21,788,705.58</u>	<u>21,234,356.73</u>	<u>11,355,163.20</u>	<u>12,907,474.88</u>

* As Restated

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
Instruction:										
Regular	\$ 15,881,037.52	16,874,866.16	17,621,776.79	17,708,249.18	18,032,450.48	17,146,552.35	17,470,915.28	18,403,903.58	18,313,715.28	19,461,708.44
Special education	3,935,801.95	4,107,608.57	4,424,046.76	4,366,646.04	4,564,977.62	4,948,026.72	4,785,721.81	4,946,466.04	4,749,005.15	5,165,897.23
Other instruction	1,040,250.67	1,045,642.35	1,364,437.44	1,355,194.57	1,389,982.99	1,083,014.62	1,271,525.44	1,389,914.57	1,325,375.03	1,447,620.01
Support Services:										
Tuition	3,627,066.05	3,394,886.55	3,395,985.67	3,979,604.09	4,229,484.04	3,730,155.77	3,661,341.97	4,094,973.67	4,035,179.23	4,808,683.41
Student & instruction related services	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	5,900,394.66	6,520,816.80
General and business administrative services	1,872,627.63	1,666,695.25	2,415,494.09	2,198,515.68	2,297,042.18	1,764,948.80	1,776,724.01	2,146,424.10	2,133,475.90	2,435,642.30
School administrative services	1,691,767.69	1,921,777.75	1,935,866.18	1,528,626.56	1,574,929.74	1,631,168.33	1,745,147.80	1,867,526.93	1,696,859.53	1,444,584.27
Plant operations and maintenance	3,352,274.62	4,177,398.78	4,045,216.63	3,931,874.62	3,789,277.09	3,985,713.38	4,068,616.30	4,614,266.75	4,358,829.73	5,071,923.96
Pupil transportation	2,379,195.91	2,808,143.27	2,650,149.63	2,495,979.16	2,257,381.32	2,506,628.28	2,579,139.39	2,973,295.74	3,102,792.86	4,021,942.65
Special Schools					188,454.98					
Charter Schools	5,305.94	27,445.00	33,077.00	36,304.00	24,111.00	8,787.00	36,296.00	46,185.00	76,884.00	63,190.00
Interest on long-term debt	738,330.70	640,480.96	548,568.85	521,564.44	369,152.39	398,879.35	376,162.50	289,362.70	236,413.03	180,663.36
Unallocated depreciation and amortization	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	41,034,678.93	43,404,294.50	45,143,095.14	44,854,938.81	45,560,693.07	43,892,798.47	44,687,530.81	46,682,392.55	45,928,924.40	50,622,672.43
Business-type activities:										
Food service	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	973,540.76	908,394.47
Performing arts center	165,249.89	60,993.54	55,656.30	60,296.04	90,955.33	131,506.54	127,118.12	150,606.97	159,314.34	210,414.14
Total business-type activities expenses	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	1,132,855.10	1,118,808.61
Total district expenses	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	47,061,779.50	51,741,481.04
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (resource room) (drivers ed)	332,629.00	254,512.76	267,182.00	213,680.73	209,973.78	246,347.66	308,571.97	345,756.38	528,440.03	535,974.04
Tuition	3,049,543.00	2,890,333.81	3,188,021.16	3,322,712.91	2,969,823.58	3,171,267.76	2,885,688.39	2,609,890.69	2,099,990.51	2,018,276.17
Compact Tutor/Child Study Team					92,061.35	63,807.92	75,864.47	72,085.13		
Pupil transportation	10,573.00	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	6,902.85	13,751.98	9,040.37	9,471.99	47,756.98	41,247.08		5,156.75		
Operating grants and contributions	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	8,531,054.25	12,980,580.39
Capital grants and contributions				2,899.00	199,959.00					
Total governmental activities program revenues	13,214,028.85	13,602,975.02	15,218,097.38	10,714,101.61	12,868,351.27	11,532,396.51	11,887,811.53	11,665,686.47	11,159,484.79	15,534,830.60
Business-type activities:										
Charges for services:										
Food service	638,173.58	649,959.18	665,802.03	616,587.62	571,475.56	518,695.75	486,730.13	419,529.68	340,367.25	320,991.66
Performing arts center	61,943.04	82,062.77	71,518.66	93,661.34	78,799.14	115,499.54	114,207.20	123,256.00	149,389.99	218,703.63
Operating grants and contributions	389,267.81	418,679.29	489,675.15	503,098.04	526,856.29	538,515.23	566,256.47	556,968.83	575,224.63	581,036.88
Total business-type activities program revenue	1,069,384.43	1,150,901.24	1,226,995.84	1,213,347.00	1,177,130.99	1,173,710.52	1,167,193.80	1,099,754.51	1,065,981.87	1,120,734.17
Total district program revenue	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	12,765,442.98	12,225,066.66	16,655,564.77

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

Exhibit J-2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental activities	(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)	(34,996,704.08)	(34,769,439.61)	(35,087,841.82)
Business-type activities	(143,628.67)	(60,413.30)	7,390.65	4,175.39	(45,350.45)	9,989.71	(32,686.94)	(108,977.22)	(67,273.23)	1,925.59
Total district-wide net expense	<u>(27,964,278.75)</u>	<u>(29,740,936.16)</u>	<u>(29,917,611.11)</u>	<u>(34,099,156.81)</u>	<u>(32,637,722.25)</u>	<u>(32,353,812.25)</u>	<u>(32,832,416.22)</u>	<u>(35,104,681.30)</u>	<u>(34,836,712.84)</u>	<u>(35,085,916.27)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	17,375,516.00	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	23,568,769.00	24,040,144.01
Taxes levied for debt service	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	1,606,050.00	1,621,050.00
Unrestricted grants and contributions	8,225,709.90	9,108,983.14	8,518,145.18	11,275,952.31	9,341,265.26	9,665,795.43	10,322,650.56	10,213,605.16	10,357,848.90	10,712,469.80
Investment earnings	141,613.35	186,581.63	109,955.62	51,610.86	17,842.33	7,888.28	6,238.77	2,813.84	3,011.80	2,674.82
Miscellaneous income	91,487.82	122,540.53	258,599.33	226,223.85	384,273.88	230,260.45	119,899.47	184,410.54	320,564.47	235,769.26
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	<u>27,463,479.07</u>	<u>30,429,362.30</u>	<u>30,540,218.13</u>	<u>33,699,517.02</u>	<u>32,728,072.04</u>	<u>33,658,795.10</u>	<u>34,355,890.80</u>	<u>34,629,766.54</u>	<u>35,856,244.17</u>	<u>36,612,097.89</u>
Business-type activities:										
Investment earnings	3,066.96	3,439.16	3,222.29	1,686.00	384.38	158.74	66.72	22.01	166.41	150.06
Charterwells guaranteed return								31,279.84	9,570.03	9,125.00
Transfers/Other	3,066.96	3,439.16	3,222.29	1,686.00	384.38	158.74	300,000.00	31,301.85	21,225.70	16,852.00
Total business-type activities	<u>3,066.96</u>	<u>3,439.16</u>	<u>3,222.29</u>	<u>1,686.00</u>	<u>384.38</u>	<u>158.74</u>	<u>300,066.72</u>	<u>31,301.85</u>	<u>21,225.70</u>	<u>26,130.06</u>
Total district-wide	<u>27,466,546.03</u>	<u>30,432,801.46</u>	<u>30,543,440.42</u>	<u>33,701,203.02</u>	<u>32,728,456.42</u>	<u>33,658,953.84</u>	<u>34,655,957.52</u>	<u>34,661,068.39</u>	<u>35,887,206.31</u>	<u>36,638,227.95</u>
Changes in Net Position										
Governmental activities	(37,171.01)	628,042.82	615,216.37	(441,320.18)	135,730.24	1,298,993.14	1,556,171.52	(366,937.54)	1,086,804.56	1,524,266.06
Business-type activities	(140,561.71)	63,952.46	10,612.94	43,864.39	(44,996.07)	6,127.45	267,469.78	(76,975.37)	(96,311.09)	28,055.62
Total district	<u>(477,732.72)</u>	<u>691,995.28</u>	<u>625,829.31</u>	<u>(397,955.79)</u>	<u>90,734.17</u>	<u>1,305,120.59</u>	<u>1,823,641.30</u>	<u>(443,912.91)</u>	<u>1,050,493.47</u>	<u>1,552,321.68</u>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Restricted										
Committed										
Assigned										
Unassigned										
Reserved	2,461,914.59	2,611,914.37	2,226,439.84	2,394,925.25	2,137,548.56	2,839,881.62	3,075,252.98	1,548,318.23	1,899,267.18	1,985,362.02
Unreserved	299,972.40	432,884.19	717,681.86	(86,964.79)	(365,147.44)	483,015.84	1,674,960.22	2,589,841.25	1,365,008.59	1,975,704.76
Total general fund	<u>2,761,886.99</u>	<u>3,044,798.56</u>	<u>2,944,121.70</u>	<u>2,307,960.46</u>	<u>1,772,401.12</u>	<u>3,251,367.80</u>	<u>4,942,492.56</u>	<u>4,086,992.65</u>	<u>3,239,128.34</u>	<u>4,041,782.59</u>
All Other Governmental Funds										
Restricted										
Reported in Debt Service Fund										
Committed						48,819.51	7,544.51			
Assigned										
Unassigned										
Reserved										
Unreserved, reported in:										
Special revenue fund	(101,976.90)	(101,985.70)	(122,640.00)	(77,458.70)	(80,709.10)					
Capital projects fund	15,993.54				213,617.15					
Debt service fund	5,334.58	5,578.62	5,579.44	0.52	0.24					
Permanent fund										
Total all other governmental funds	<u>(80,648.78)</u>	<u>(96,407.08)</u>	<u>(117,060.56)</u>	<u>(77,458.18)</u>	<u>132,906.29</u>	<u>(37,181.99)</u>	<u>(85,072.49)</u>	<u>(87,626.50)</u>	<u>(88,550.40)</u>	<u>(92,701.20)</u>
	\$									

Source: CAFR Schedule B-1

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 19,024,668	21,011,257	21,653,518	22,145,730	22,986,545	23,844,673	24,207,102	24,232,437	25,174,819	25,661,194
Tuition charges	3,382,172	3,134,847	3,455,203	3,515,427	3,216,106	3,419,615	3,194,260	2,914,635	2,613,274	2,554,250
Interest earnings	141,614	186,582	109,956	51,611	17,843	7,889	6,239	2,814	3,012	2,675
Miscellaneous	113,890	193,900	345,970	354,641	576,841	419,115	455,757	369,353	335,654	235,769
State sources	16,529,363	17,828,032	18,772,665	16,939,021	15,656,918	15,835,416	17,441,366	17,282,855	17,282,855	17,987,403
Federal sources	1,505,800	1,673,408	1,421,003	1,407,188	3,244,024	1,762,449	1,988,775	1,358,350	1,606,115	1,727,887
Total revenue	40,687,507	44,028,026	45,758,315	44,413,618	45,698,277	45,289,157	46,691,471	46,318,955	47,015,729	48,169,177
Expenditures										
Instruction:										
Regular instruction	12,286,162	12,691,184	13,159,071	13,639,075	13,615,733	12,601,209	12,624,939	12,552,894	12,576,734	12,304,803
Special education instruction	2,916,050	2,916,174	3,015,326	3,230,864	3,283,685	3,441,859	3,271,313	3,205,862	3,065,499	3,260,883
Other instruction	806,151	789,675	986,211	1,044,160	1,052,151	798,097	916,542	959,678	897,987	913,785
Support Services:										
Tuition	3,627,068	3,394,887	3,395,986	3,979,604	4,229,484	3,730,156	3,661,342	4,094,974	4,035,179	4,808,683
Student & instruction related services	3,902,315	4,176,937	4,066,052	4,156,245	4,141,231	4,020,890	4,238,267	4,165,836	4,219,733	4,307,678
General administrative services	979,884	733,353	1,563,157	1,167,744	1,294,727	892,267	895,174	1,040,924	1,101,340	1,114,844
Business administrative services	754,618	923,608	908,986	1,063,252	852,663	699,974	698,012	705,495	630,245	649,754
School administrative services	1,265,371	1,377,193	1,314,751	1,136,108	1,145,130	1,101,114	1,110,848	1,172,608	1,088,877	1,046,587
Plant operations and maintenance	2,945,293	3,620,738	3,377,499	3,453,552	3,259,770	3,278,732	3,437,723	4,049,701	5,228,509	3,710,155
Pupil transportation	2,471,466	2,946,292	2,874,644	2,671,605	2,345,699	2,614,330	2,845,276	2,853,953	3,112,715	2,913,461
Unallocated employee benefits	6,459,833	7,755,169	8,752,119	7,563,807	8,452,547	8,886,810	9,463,901	10,353,540	10,057,885	10,513,713
Charter Schools	5,306	27,445	33,077	36,304	24,111	8,787	36,296	48,185	76,884	63,190
Capital outlay	1,363,781	396,328	659,913	215,475	677,683	485,130	566,829	566,423	426,963	324,349
Debt service:										
Principal	1,536,685	1,528,685	1,506,685	1,111,685	1,125,000	1,270,000	1,195,000	1,230,000	1,300,000	1,370,000
Interest and other charges	775,919	680,521	590,624	538,999	498,161	315,479	391,100	355,250	306,050	254,050
Total Expenditures	42,085,902	43,958,189	46,204,101	45,010,479	46,148,470	44,144,834	45,152,562	47,352,323	48,134,600	47,555,936
Excess (Deficiency) of revenues over (under) expenditures	(1,398,395)	69,837	(445,786)	(596,861)	(450,193)	1,144,323	1,538,909	(1,033,368)	(1,118,871)	613,241
Other Financing Sources (Uses)										
Capital leases	887,422	193,004	324,456		125,000	250,000	404,325	175,314	270,083	185,262
Bond proceeds					9,175,000					
Bond Refunding Escrow Agent					746,857					
Transfers in					(9,921,857)					
Transfers (out)	1,050	31,353				(85,447)	(300,000)			
Total other financing sources (uses)	887,422	193,004	324,456	-	125,000	164,553	104,325	175,314	270,083	185,262
Net change in fund balances	(510,973)	262,841	(121,330)	(596,861)	(325,193)	1,308,876	1,643,234	(858,054)	(848,788)	798,503
Debt service as a percentage of noncapital expenditures	5.68%	5.07%	4.60%	3.68%	3.57%	3.63%	3.56%	3.39%	3.37%	3.44%

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
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	3,483,928.46
2008	109,955.62	3,188,021.16	76,276.86	267,182.00	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			57,211.83	3,921,181.25
2010	17,842.33	3,216,106.36	83,226.42	209,973.78	29,290.00	55,752.35	39,713.10	10,425.00	8,043.88	16,875.00	4,368.91		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			182,753.35	3,838,575.91
2012	6,238.77	2,985,688.39	111,820.34	308,571.97	30,535.00	75,964.47	38,182.52	2,275.00		16,537.00	2,140.09		177,908.66	3,655,952.21
2013	2,813.84	2,609,590.69	66,886.16	305,044.38	25,210.00	72,085.13	43,507.76	1,200.00	5,156.75	15,504.00			138,702.78	3,286,801.49
2014	3,011.80	2,589,443.43	73,061.49	223,630.11	20,445.00	55,765.21	47,392.37	5,035.00		15,157.00			139,702.78	2,972,844.19
2015	2,674.82	2,554,250.21	22,082.88		22,090.00	57,004.07	52,084.67	5,836.25		15,547.00			61,124.59	2,792,694.29

Source: District Records

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	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	Estimated County Equalized Value
* 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	1.770	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	1.849	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	0.676	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	0.683	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	0.705	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	0.734	2,960,186,417
* 2012	158,372,200	2,251,050,100	10,452,300	1,263,200	579,952,800	5,362,400	4,851,500	3,011,306,600	6,894,448	3,018,201,048	0.767	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	0.803	2,844,463,733
2014	124,299,800	2,016,773,400	9,255,900	1,277,000	541,660,400	4,844,200	4,149,100	2,702,259,800	5,239,697	2,707,499,497	0.948	2,680,036,969
2015	124,719,800	2,028,412,300	9,047,700	1,221,200	546,601,400	4,844,200	4,149,100	2,718,995,700	6,646,039	2,725,641,739	0.960	2,697,303,717

Source: County Abstract of Ratables & Municipal Tax Assessor

* Revaluation effective

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		
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	
2014	0.889	0.059	0.948	0.209	0.010	0.029		0.455	1.651	
2015	0.901	0.059	0.960	0.212	0.010	0.029		0.452	1.663	

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	2015			2006		
	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	\$ 29,992,800	1	1.10%	\$ 19,441,500	1	
Shelvin Two (Acme/Pier 1)	17,323,400	2	0.64%	9,440,000	2	0.83%
Grande Prop Dev LLC (Walmart)	16,218,500	3	0.60%	8,689,300	3	
Rio Grande Associates	11,962,500	4	0.44%	7,750,000	4	0.68%
HD Development of Maryland LLC	10,726,600	5	0.39%	7,433,700	5	0.65%
Rio Mall. LLC.	10,598,900	6	0.39%			
Cape Regional Holdings LLC	8,201,000	7	0.30%			
Starn's Markets, Inc.	7,708,200	8	0.28%	4,624,200	8	0.41%
Erm- Sandbarren, LLC			0.00%	4,741,900	7	0.42%
Phntus Lo Cape May, LLC	7,364,100	9	0.27%			
Ocean Drive Clevelander Inc	7,256,900	10	0.27%	4,450,000	9	0.39%
Cape Savings Bank, SLA				5,016,100	6	0.44%
Crown Golf Realty, LLC				4,393,100	10	0.39%
Totals	\$ 127,352,900		4.67%	\$ 75,979,800		4.21%
	District Assessed Value		\$ 2,725,641,739			\$ 1,136,359,345

Source: District CAFR & Municipal Tax Assessor
 Revaluation/Reassessment 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	
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%	-
2014	25,174,819.00	25,174,819.00	100%	-
2015	25,661,194.01	25,661,194.01	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	Net Pension Liability	Capital Leases			Capital Leases				
2006	15,861,055		1,624,527		1,605,000			19,090,582	0.23%	43,668
2007	14,332,370		1,207,532					15,539,902	0.29%	45,804
2008	12,825,685		1,001,245					13,826,930	0.34%	47,518
2009	11,714,000		449,123					12,163,123	0.39%	47,961
2010	10,350,000		331,969					10,681,969	0.46%	48,729
2011	9,080,000		341,791					9,421,791	0.54%	50,908
2012	7,885,000		646,084					8,531,084	0.62%	53,070
2013	6,655,000		611,250					7,266,250	0.74%	53,932
2014	5,355,000	10,147,269	649,876					16,152,145	0.33%	53,932
2015	3,985,000	10,147,269	535,907					14,668,176	0.37%	53,932

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		
2006	15,861,055		15,861,055	1.40%	43,668
2007	14,332,370		14,332,370	0.45%	45,804
2008	12,825,685		12,825,685	0.40%	47,518
2009	11,714,000		11,714,000	0.36%	47,961
2010	10,350,000		10,350,000	0.32%	48,729
2011	9,080,000		9,080,000	0.29%	50,908
2012	7,885,000		7,885,000	0.26%	53,070
2013	6,655,000		6,655,000	0.25%	53,932
2014	5,355,000		5,355,000	0.20%	53,932
2015	3,985,000		3,985,000	0.15%	53,932

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Bonded Debt and Loans,
As of December 31, 2014

Exhibit J-12

<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	\$ 2,974,939.00	100.00%	\$ 2,974,939.00
Other Debt			
Township of Middle Sewer Utility	25,532,299.21	100.00%	25,532,299.21
County of Cape May	39,715,000.00	5.73%	2,274,782.02
Cape May County Bridge Commission	14,710,000.00	5.73%	842,554.29
Cape May County Municipal Utilities Authority	55,282,932.00	5.73%	3,166,476.64
Subtotal, Overlapping Debt			34,791,051.16
Township of Middle School District Direct Debt			3,985,000.00
Total Direct and Overlapping Debt			\$ 38,776,051.16

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 71,861,355	\$ 90,175,843	\$ 107,513,105	\$ 120,039,574	\$ 125,884,199	\$ 125,690,402	\$ 122,160,954	\$ 117,268,017	\$ 112,158,757	\$ 108,439,724
Total net debt applicable to limit	15,861,055	14,332,370	12,825,685	11,714,000	10,350,000	9,080,000	7,885,000	6,655,000	5,355,000	3,985,000
Legal debt margin	\$ 56,000,300	\$ 75,843,473	\$ 94,687,420	\$ 108,325,574	\$ 115,534,199	\$ 116,610,402	\$ 114,275,954	\$ 110,613,017	\$ 106,803,757	\$ 104,454,724
Total net debt applicable to the limit as a percentage of debt limit	22.07%	15.89%	11.93%	9.76%	8.22%	7.22%	6.45%	5.68%	4.77%	3.67%

Equalized valuation basis	
2014	\$ 2,668,371,482
2013	2,648,723,583
2012	2,815,884,234
	<u>\$ 8,132,979,299</u>

Average equalized valuation of taxable property	
	\$ 2,710,993,100
Debt limit (4% of average)	
Net bonded school debt	108,439,723.99
Legal debt margin	<u>3,985,000</u>
	<u>\$ 104,454,724</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
2006	16,403	716,286,204	43,668	6.0%
2007	16,230	743,398,920	45,804	5.7%
2008	16,388	778,724,984	47,518	7.0%
2009	16,474	790,109,514	47,961	10.0%
2010	18,925	922,196,325	48,729	10.5%
2011	18,854	959,819,432	50,908	11.0%
2012	18,898	1,002,916,860	53,070	11.8%
2013	18,870	1,017,696,840	53,932	11.8%
2014	18,883	1,018,397,956	53,932	11.8%
2015	18,883	1,018,397,956	53,932	12.5%

* 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

	2015			2006		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Employer						
County of Cape May			Not available			Not available
Burdette Tomlin Memorial Hospital			Not available			Not available
Middle Township Board of Educ.			Not available			Not available
Cape May County MUA			Not available			Not available
Holy Redeemer Visiting Nurses			Not available			Not available
Wal Mart						
Shop Rite Supermarket			Not available			Not available
Township of Middle			Not available			Not available
Home Depot			Not available			
Lowes			Not available			
Acme Supermarket			Not available			Not available
Cape May County Special Services						Not available
Court House Convalescent						Not available
Totals	-			-		

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

Function/Object	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
100 101 Teachers - General Fund	209.0	211.0	214.0	221.0	221.0	199.0	210.0	210.0	201.0	196.0
100 101 Teachers - Special Revenue Funds	38.0	39.0	37.0	37.0	40.0	33.0	12.0	12.0	14.0	14.0
100 106 Classroom Aides - General Fund	13.0	13.0	13.0	13.0	13.0	13.0	32.0	32.0	32.0	32.0
100 106 Classroom Aides - Special Revenue Funds	17.0	13.0	17.0	17.0	17.0	17.8	2.0	2.0	2.0	1.0
211 100 Attendance & Social Work										
213 100 Health Services	5.0	5.0	5.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
216 100 Related Services										
217 100 Extraordinary Services	17.0	17.0	18.0	17.0	17.0	25.0	38.0	42.0	45.0	45.0
218 104 Guidance - Professional	9.0	9.0	9.0	9.0	9.0	8.0	8.0	8.0	7.0	6.0
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	12.0	12.0	12.0	11.0	11.0	10.0	14.0	14.0	14.0	14.0
219 105 110 Child Study Team - Support	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
221 102 104 Supervisors & Other Professionals										
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	5.0	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	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
230 100 General District Administrators										
230 100 Gen. Administration - Professionals	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
230 100 Gen. Administration - Support	10.0	10.0	10.0	10.0	10.0	7.0	7.0	8.0	8.0	8.0
240 103 Principals/Assistant Principals										
240 104 School Admin. - Other Professionals	16.0	16.0	16.0	16.0	16.0	15.0	15.0	14.0	13.0	13.0
240 105 110 School Admin. - Support										
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	4.0	4.0
26X 100 Oper. & Maint. - Security Guards	3.0	3.0	3.0	3.0	3.0	6.0	8.0	8.0	8.0	8.0
26X 100 Operation & Maintenance - Other	33.0	33.0	33.0	31.0	31.0	30.0	30.0	30.0	29.0	29.0
270 160 163 Transportation	51.0	50.0	50.0	50.0	50.0	49.0	58.0	62.0	60.0	60.0
290 100 Other Support - Administrators										
290 100 Other Support - Professionals										
290 100 Other Support - Support	6.0	6.0	6.0	6.0	6.0					
200 102 104 Sup. & Other Prof. Staff - Special Revenue										
200 105 110 Support - Special Revenue										
200 103 Directors - Special Revenue										
Various - Other										
	455.0	453.0	458.0	460.0	463.0	431.8	459.0	467.0	458.0	451.0

Source: District Personnel Records

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

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				
2006	2,833	38,419,517	13,561	6.34%	217	1:11.8	1:16.7	1:13.2	2,839	2,641	0.93%	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%
2014	2,514	46,101,587	18,338	7.84%	215	1:17.1	1:9.9	1:9.04	2,514	2,350	-4.05%	93.48%
2015	2,469	45,607,537	18,472	0.73%	201	1:13.8	1:12.2	1:10.4	2,469	2,311	-1.79%	93.60%

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<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	645	679	685	684	705	698	680	674	664	688
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	546	541	594	553	558	560	566	558	517	527
<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	612	587	610	617	586	565	549	574	572	549
<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	1,087	1,032	1,034	1,033	996	952	887	815	761	705
<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, 2015

- 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)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Elementary #1	\$	39,716	22,304	40,051	27,368	24,845	27,546	169,170	156,584	77,596	99,390
Elementary #2		29,073	35,985	29,318	35,894	42,315	13,850	125,844	242,592	77,694	68,810
Elementary #4		28,460	16,074	29,661	28,618	25,263	39,808	33,529	114,966	923,574	76,035
High School		92,971	77,974	74,047	54,161	39,067	47,531	90,904	262,019	943,384	129,930
Total School Facilities		190,220	152,337	173,077	146,041	131,490	128,735	419,447	776,161	2,022,248	374,165
Other Facilities		7,759	6,916	10,072	12,690	12,202	2,943	3,737	11,001	24,534	98,055
Grand Total	\$	197,979	159,253	183,149	158,731	143,692	131,678	423,184	787,162	2,046,782	472,220

Source: District Records

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Insurance Schedule
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Exhibit J-20

	<u>Coverage</u>	<u>Deductible</u>
Property, Inland Marine and Automobile Physical Damages		
A. Limit of Liability	150,000,000	
ACCASBOJIF Self Insured Retention, per occurrence	250,000	
Members District Deductible, per occurrence		500
Perils Included	"All Risk"	
B. Property Valuation		
Buildings and Contents	Replacement Cost	
Contractors Equipment	Actual Cash Value	
Automobiles	Replacement Cost	
Boiler and Machinery		
A. Limit of Liability	125,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		1,000
Crime		
A. Limit of Liability	500,000	
ACCASBOJIF Self Insured Retention	250,000	
Members District Deductible		500
General and Automobile Liability		
A. Limit of Liability	15,000,000	
ACCASBOJIF Self Insured Retention	250,000	
Members District Deductible		None
Workers' Compensation		
A. Limit of Liability	Statutory	
ACCASBOJIF Self Insured Retention	250,000	None
Members District Deductible		
Educator's Legal Liability		
A. Limit of Liability	15,000,000	
ACCASBOJIF Self Insured Retention	175,000	
Members District Deductible		None
Pollution Legal Liability/Mold Legal Liability		
A. Limit of Liability	3,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		25,000
Cyber Liability		
A. Limit of Liability	1,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		25,000

Source: District Records (Coverage is through the Atlantic & Cape May Counties Association of School Business Officials Joint Insurance Fund (ACCASBOJIF))

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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
County of Cape May, New Jersey

We have audited, in accordance with the 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Middle School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Township of Middle School District's basic financial statements, and have issued our report thereon dated December 4, 2015.

Internal Control Over Financial Reporting

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

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

December 4, 2015



FORD - SCOTT

& ASSOCIATES, L.L.C.

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K-2 INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Township of Middle School District, County of Cape May, State of New Jersey compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, the New Jersey *State Aid/Grant Compliance Supplement* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that could have a direct and material effect on each of the Township of Middle School District's major federal and state programs for the year ended June 30, 2015. 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey 04-04 and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and circulars 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.

Opinion on Each Major Federal and State Program

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 major federal and state programs for the year ended June 30, 2015.

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 and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04 and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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 or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

December 4, 2015

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2014	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2015 Unearned Revenue	Due to Grantor
U.S. Department of Education													
General Fund:													
93.778	Medical Assistance (SEMI) Program	N/A	7/1/2014	68,523.80	\$ -	-	68,523.80	(68,523.80)	-	-	-	-	-
93.778	ARRA - Medical Assistance Program (SEMI)	N/A	10/1/2008	45,578.01	-	-	45,578.01	(45,578.01)	-	-	-	-	-
	Total General Fund						114,101.81	(114,101.81)	-	-	-	-	-
U.S. Department of Education Passed-Through State Department of Education													
Special Revenue Fund:													
Title I - Part A Cluster:													
84.010A	NCLB - Title I, Part A	NCLB-3130-14	7/1/2013	793,786.00	(594,197.00)	-	594,197.00	(671,049.83)	(0.17)	B	(237,710.00)	-	-
84.010A	NCLB - Title I, Part A	NCLB-3130-15	7/1/2014	725,283.00	(594,197.00)	-	433,340.00	(671,049.83)	(0.17)	B	(237,710.00)	-	-
	Total Title I - Part A Cluster						1,027,537.00	(1,342,099.66)	(0.34)	B	(475,420.00)	-	-
84.367A	Title IIA - No Child Left Behind	NCLB-3130-14	7/1/2013	110,688.00	(88,376.86)	(180.14)	88,557.00	(134,014.74)	(0.26)	B	(59,897.00)	180.14	314.00
84.367A	Title IIA - No Child Left Behind	NCLB-3130-15	7/1/2014	152,789.00	-	180.14	74,316.00	-	-	-	-	-	-
84.281D	Title IID - No Child Left Behind	NCLB-3130-09	9/1/2008	4,719.00	314.00	-	-	-	-	-	-	-	-
84.365	Title III - No Child Left Behind	NCLB-3130-15	7/1/2014	19,883.00	-	-	6,775.00	(16,376.60)	(0.40)	B	(9,602.00)	-	-
84.365	Title III - No Child Left Behind	NCLB-3130-14	7/1/2013	20,342.00	(15,821.00)	-	15,821.00	-	-	-	-	-	-
84.365	Title III - No Child Left Behind	NCLB-3130-11	9/1/2012	20,371.00	902.58	-	-	-	-	-	-	-	-
84.048A	Carl D. Perkins - Secondary	PERK-3130-13	7/1/2010	54,661.00	1,073.58	-	4,476.00	-	0.35	B	(0.00)	902.58	1,073.58
84.048A	Carl D. Perkins - Secondary	PERK-3130-14	7/1/2013	18,284.00	(4,476.35)	-	9,202.00	(14,568.05)	0.05	B	(5,366.00)	-	-
84.048A	Carl D. Perkins - Secondary	PERK-3130-15	7/1/2014	16,251.00	-	-	9,202.00	(1,395.43)	-	-	(1,966.44)	-	-
84.395	Race to the Top-ARRA	12-3130	7/1/2012	46,480.00	(573.01)	-	-	-	-	-	-	-	-
Special Education Cluster:													
84.027	I.D.E.A. Part B, Basic Regular	IDEA-3130-14	7/1/2013	576,834.00	(44,885.99)	377.96	44,554.00	(612,416.04)	(45.97)	B	(147,904.00)	-	-
84.027	I.D.E.A. Part B, Basic Regular	IDEA-3130-15	7/1/2014	613,069.00	-	(377.96)	464,890.00	-	-	-	-	-	-
84.391	I.D.E.A. Part B, Basic Regular -ARRA	IDEA-3130-11	09/01/09	526,464.00	65.93	-	-	-	45.77	-	-	65.93	-
84.173	I.D.E.A. Part B, Basic PreSchool	IDEA-3130-11	9/1/2010	27,563.00	-	-	24,297.00	(26,113.00)	-	-	(1,816.00)	-	-
84.173	I.D.E.A. Part B, Basic PreSchool	IDEA-3130-15	7/1/2014	26,113.00	-	-	-	-	-	-	-	-	-
84.392	I.D.E.A. Part B, Basic PreSchool-ARRA	IDEA-3130-11	09/01/09	19,060.00	550.25	-	533,741.00	(638,529.04)	(0.20)	-	(149,720.00)	111.70	550.25
	Total Special Education Cluster				(44,269.81)	-	533,741.00	(638,529.04)	(0.20)	-	(149,720.00)	111.70	550.25
	Total Special Revenue Fund				(745,423.87)	-	1,760,427.00	(1,475,933.69)	(0.63)	-	(464,063.44)	1,194.42	1,937.83
U.S. Department of Agriculture Passed-Through State Dept. of Education:													
Enterprise Fund:													
Food Distribution Program													
10.550	Child Nutrition Program Cluster:	N/A	7/1/2014	62,557.62	-	-	62,557.62	(62,557.62)	-	-	-	-	-
10.553	School Breakfast Program	N/A	7/1/2013	91,919.20	(8,616.87)	-	8,616.87	-	-	-	(9,170.21)	-	-
10.553	School Breakfast Program	N/A	7/1/2014	97,209.17	-	-	86,038.96	(97,209.17)	-	-	-	-	-
10.551	Supplemental Nutrition Assistance Program	N/A	7/1/2013	12,345.85	(1,485.18)	-	1,485.18	-	-	-	-	-	-
10.551	Supplemental Nutrition Assistance Program	N/A	7/1/2014	11,160.36	-	-	10,215.24	(11,160.36)	-	-	(945.12)	-	-
10.555	National School Lunch Program	N/A	7/1/2014	400,715.50	(33,233.65)	-	365,419.09	(400,715.50)	-	671.51	(34,824.90)	-	-
10.555	National School Lunch Program	N/A	7/1/2013	386,998.38	-	-	33,233.65	-	-	-	(437.98)	-	-
10.555	National School Lunch Program	N/A	07/01/12	359,613.32	(437.98)	-	507,008.99	(509,085.03)	-	671.51	(45,178.21)	-	-
	Total Child Nutrition Program Cluster				(43,773.68)	-	507,008.99	(509,085.03)	-	671.51	(45,178.21)	-	-
	Total Enterprise Fund				(43,773.68)	-	569,566.61	(571,642.65)	-	671.51	(45,178.21)	-	-
	Total Federal Financial Awards				(769,197.55)	-	2,444,095.42	(2,161,678.15)	(0.63)	671.51	(509,241.65)	1,194.42	1,937.83

(A) Overpayment Applied
(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, 2015

State, Grantor/Program, Title	Grant or State Project Number	Grant Period	Program or Award Amount	Unearned Revenue (Accts Receiv.)	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Years' Balances	(Accounts Receivable)	Balance June 30, 2015 Unearned Revenue	Due to Grantor	MEMO	
													Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
State Aid - Public Cluster:														
Equalization Aid	15-495-034-5120-078	7/1/2014	6,233,727.00	\$			6,233,727.00	(6,233,727.00)					(612,540.41)	6,233,727.00
Special Education Aid	15-495-034-5120-089	7/1/2014	1,295,884.00				1,295,884.00	(1,295,884.00)					(106,548.29)	1,295,884.00
Security Aid	15-495-034-5120-084	7/1/2014	455,997.00				455,997.00	(455,997.00)					(37,492.32)	455,997.00
School Choice Aid	15-495-034-5120-068	7/1/2014	251,196.00				251,196.00	(251,196.00)					(20,653.47)	251,196.00
PARCC Readiness Aid	15-495-034-5120-098	7/1/2014	22,560.00				22,560.00	(22,560.00)					(1,854.90)	22,560.00
Per Pupil Growth Aid	15-495-034-5120-097	7/1/2014	22,560.00				22,560.00	(22,560.00)					(1,854.90)	22,560.00
Adjustment Aid	15-495-034-5120-085	7/1/2014	3,724,488.00				3,724,488.00	(3,724,488.00)					(906,229.43)	3,724,488.00
Total State Aid - Public Cluster							12,006,412.00	(12,006,412.00)					(887,173.72)	12,006,412.00
Transportation Aid	15-495-034-5120-014	7/1/2014	1,479,169.00				1,479,169.00	(1,479,169.00)					(121,618.08)	1,479,169.00
Extraordinary Aid	15-100-034-5120-473	7/1/2014	89,098.00				89,098.00	(89,098.00)					-	89,098.00
Extraordinary Aid	14-100-034-5120-473	7/1/2013	84,092.00	(84,092.00)			84,092.00	(84,092.00)					(13,782.00)	-
Non-Public Transportation	15-100-034-5120-014	7/1/2014	13,782.00				13,782.00	(13,782.00)					-	13,782.00
Non-Public Transportation	14-100-034-5120-014	7/1/2013	5,482.00	(5,482.00)			5,482.00	(5,482.00)					-	-
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	7/1/2014	1,177,811.12				1,119,252.83	(1,177,811.12)		(58,558.29)			-	1,177,811.12
Reimbursed TPAF Social Security Contributions	14-495-034-5094-003	7/1/2013	1,228,807.74	(62,098.17)			62,098.17	(376.05)		(376.05)			-	-
Total General Fund				(151,652.17)			14,756,486.00	(14,786,272.12)	(376.05)	(161,814.34)			(1,108,791.80)	14,786,272.12
Special Revenue Fund:														
Preschool Education Aid	15-495-034-5120-086	7/1/2014	927,012.00	(88,550.40)			60,297.34	(85,481.72)			132,491.62		(92,701.20)	854,817.72
Preschool Education Aid	13-495-034-5120-086	7/1/2012	876,265.00	60,297.34			60,297.34	(60,297.34)					-	815,967.66
Preschool Education Aid	14-495-034-5120-086	7/1/2013	885,504.00	41,417.01				(41,417.01)					-	885,504.00
NJ Nonpublic Aid:														
Textbook Aid	15-100-034-5120-064	7/1/2014	5,422.00				5,422.00	(5,146.90)				275.10	-	5,146.90
Technology Aid	15-100-034-5120-373	7/1/2014	2,912.00				2,912.00	(2,912.00)					-	2,912.00
Handicapped Services:														
Exam & Classification	15-100-034-5120-066	7/1/2014	13,874.00				13,873.00	(1,713.86)				12,159.14	-	1,713.86
Exam & Classification	14-100-034-5120-066	7/1/2013	4,469.00				2,823.80	(2,823.80)					-	-
Corrective Speech	15-100-034-5120-066	7/1/2014	1,767.00				1,788.00	(1,767.00)					-	1,767.00
Corrective Speech	14-100-034-5120-066	7/1/2013	1,562.00				1,788.00	(1,767.00)					-	-
Supplemental Instruction	13-100-034-5120-066	7/1/2012	6,330.00	(1,471.80)				(1,471.80)					-	6,330.00
Supplemental Instruction	15-100-034-5120-066	7/1/2014	4,708.00				4,708.00	(4,708.00)					-	4,708.00
Auxiliary Services:														
Home Instruction	15-100-034-5120-067	7/1/2014	8,111.04				8,631.00	(8,111.04)					(8,111.04)	8,111.04
Nursing Aid	15-100-034-5120-070	7/1/2014	8,631.00				8,631.00	(8,631.00)					-	8,631.00
Total Special Revenue Fund				11,692.15	4,188.80		1,652,876.40	(929,224.53)	(4,188.80)	(9,582.84)	132,491.62	12,435.24	(92,701.20)	2,595,609.18
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	13-100-010-3350-023	7/1/2012	33,060.15	(1.74)									(1.74)	33,060.15
National School Lunch Program (State Share)	14-100-010-3350-023	7/1/2013	9,357.99	(789.46)			789.46	(9,396.23)					(789.65)	9,357.99
National School Lunch Program (State Share)	15-100-010-3350-023	7/1/2014	9,396.23	(791.20)			8,592.77	(9,396.23)	3.81	A			(601.39)	9,396.23
Total Enterprise Fund							9,362.23	(9,396.23)	3.81				-	51,814.37
Total State Financial Assistance				\$	4,188.80		15,816,744.63	(15,704,892.88)	(4,541.04)	(172,198.57)	132,491.62	12,435.24	(1,201,493.00)	17,413,895.67

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, 2015

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 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 on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. 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 \$1,931.80 for the general fund and \$133,700.24 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	\$ 114,101.81	17,062,328.92	(2,294,125.00)	14,882,305.73
Special Revenue Fund	1,613,784.73	925,073.73		2,538,858.46
Food Service Fund	<u>571,642.65</u>	<u>9,396.23</u>		<u>581,038.88</u>
Total Financial Award Revenues	<u>\$ 2,299,529.19</u>	<u>17,996,798.88</u>	<u>(2,294,125.00)</u>	<u>18,002,203.07</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, 2015
(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, 2015. 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, 2015.

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, 2015**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: An Unmodified Opinion issued on the Basic Financial Statements, dated December 4, 2015.

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? No

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 Unmodified Opinion was issued on compliance for major programs, dated December 4, 2015.

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Special Education Cluster (IDEA):	
84.027	IDEA
84.173	IDEA Preschool
Title I Cluster:	
84.010A	Title I, Part A
Child Nutrition Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program

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, 2015
(Continued)**

State Awards

Dollar threshold used to distinguish between Type A and Type B Programs: \$471,147

Auditee qualified as low-risk auditee? No

Type of auditor's report issued on compliance for major programs: A Unmodified Opinion was issued on compliance for major programs, dated December 4, 2015.

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? No

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
15-495-034-5120-078	<u>State Aid Public Cluster:</u>
15-495-034-5120-084	Equalization Aid
15-495-034-5120-089	Security Aid
15-495-034-5120-085	Special Education
15-495-034-5120-098	Adjustment Aid
15-495-034-5120-097	PARCC Readiness Aid
	Per Pupil Growth Aid
15-495-034-5120-086	Preschool Education Aid
15-495-034-5094-003	TPAF Social Security

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:

None

STATE AWARDS:

None

**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, 2015**

STATUS OF PRIOR YEAR FINDINGS

Financial Statements:

None

STATE AWARDS:

None

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