

**Comprehensive Annual
Financial Report**

of the

Township of Middle Board of Education

Cape May County, New Jersey

For the Fiscal Year Ended June 30, 2010

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION:	
Letter of Transmittal	1-6
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9
FINANCIAL SECTION:	
Independent Auditor's Report	10-11
Required Supplementary Information - Part I Management Discussion and Analysis	12-21
Basic Financial Statements	
A District-Wide Financial Statements	
A-1 Statement of Net Assets	22
A-2 Statement of Activities	23
B Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	24-25
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	26-27
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Funds:	
B-4 Statement of Net Assets	29
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	30
B-6 Statement of Cash Flows	31
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	32
B-8 Statement of Changes in Fiduciary Net Assets	33
Notes to the Financial Statements	34-55

TABLE OF CONTENTS

	Page
Required Supplementary Information - Part II	
C Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	56-68
C-1b1 American Recovery and Reinvestment Act - Budget and Actual - ESF	69
C-1b2 American Recovery and Reinvestment Act - Budget and Actual - GSF	70
C-2 Budgetary Comparison Schedule - Special Revenue Fund	71-72
 Notes to Required Supplementary Information	
C-3 Budget to GAAP Reconciliation	73
 Other Supplementary Information	
E Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures - Special Revenue Fund - Budgetary Basis	74-79
E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	80
F Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	81
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	82
F-2(a,b) Schedule of Project Revenues, Expenditures , Project Balance and Project Status - Budgetary Basis	83-84
G Proprietary Funds:	
Enterprise Funds:	
G-1 Combining Statement of Net Assets	N/A
G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-3 Combining Statement of Cash Flows	N/A
 Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	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 Assets	85
H-2 Combining Statement of Changes in Fiduciary Net Assets	86
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	87
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	88
I Long-Term Debt:	
I-1 Schedule of Serial Bonds	89
I-2 Schedule of Obligations under Capital Leases	90
I-3 Debt Service Fund Budgetary Comparison Schedule	91
J Statistical Section (Unaudited)	
Financial Trends	
J-1 Net Assets by Component	92
J-2 Changes in Net Assets	93-94
J-3 Fund Balances - Governmental Funds	95
J-4 Changes in Fund Balances - Governmental Funds	96
J-5 General Fund Other Local Revenue by Source	97
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	98
J-7 Direct and Overlapping Property Tax Rates	99
J-8 Principal Property Taxpayers	100
J-9 Property Tax Levies and Collections	101
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	102
J-11 Ratios of General Bonded Debt Outstanding	103
J-12 Direct and Overlapping Governmental Activities Debt	104
J-13 Legal Debt Margin	105
Demographic and Economic Data	
J-14 Demographic and Economic Statistics	106
J-15 Principal Employers	107
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	108
J-17 Operating Statistics	109
J-18 School Building Information	110
J-19 Schedule of Required Maintenance Expenditures by School Facility	111
J-20 Insurance Schedule	112

TABLE OF CONTENTS

	Page
SINGLE AUDIT SECTION:	
K-1 Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	113-114
K-2 Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	115-116
K-3 Schedule of Expenditures of Federal Awards, Schedule A	117
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	118
K-5 Notes to the Schedules of Awards and Financial Assistance	119-120
K-6 Schedule of Findings and Questioned Costs	121-127
K-7 Summary Schedule of Prior Audit Findings	128-129

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. 3103

FAX (609)465-7058

Cherie Ludy, School Business Administrator/Board Secretary

November 8, 2010

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, 2010 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 2009-10 fiscal year with an enrollment of 2,847 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>
2009-2010	2,847	-0.001%
2008-2009	2,851	-1.59%
2007-2008	2,897	2.04%
2006-2007	2,839	0.00%
2005-2006	2,839	-1.29%
2004-2005	2,876	0.91%

2. ECONOMIC CONDITION AND OUTLOOK:

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

<u>Net Valuation Taxable</u>			
<u>Fiscal Year</u>	<u>Amount</u>	<u>Change</u>	<u>Percent Change</u>
2010	\$ 3,252,571,288	\$ (11,507,817)	-0.35%
2009	3,264,079,105	19,150,674	0.59%
2008	3,244,928,431	35,946,732	1.12%
2007	3,208,981,699	2,072,659,654	182.40%
2006	1,136,322,045	61,116,296	5.68%
2005	1,075,205,749	51,016,171	4.98%
2004	1,024,189,578	33,693,961	3.40%
2003	990,495,617	28,252,611	2.94%
2002	962,243,006	30,387,953	3.26%
2001	931,855,053	931,855,053	3.33%

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 the accounts for the large change between 2006 and 2007.

3. MAJOR INITIATIVES:

During the 2009-2010 school year, each school in the Middle Township School District focused on the attainment of specific pupil performance objectives. They are described as follows:

Middle Township Elementary #1

Language Arts:

Objective 1A –

By June 2010, 80% of the students enrolled in Kindergarten and 1st grade for the 2009-10 school year will reach the end of year writing goal as indicated on the Elementary #1 Developmental Writing Continuum.

Objective 1B-

By June 2010, 75% of 2nd grade students will reach the end of the year benchmark in Oral Reading Fluency on the DIBELS assessment.

Middle Township Elementary #2

Language Arts:

By June 2010, Grade 3, 4, and 5 students at Middle Township Elementary #2 School, including students in any and all eligible subgroups represented in the school, will achieve the State of New Jersey standard for adequate yearly progress of fifty-nine percent (59%) or “safe harbor” on the Language Arts/Literacy portion of the 2010 NJ ASK 3/4/5.

Math:

By June 2010, Grade 3, 4, and 5 students at Middle Township Elementary #2 School, including students in any and all eligible subgroups represented in the school, will achieve the State of New Jersey standard for adequate yearly progress of sixty-six percent (66%) or “safe harbor” on the Mathematics portion of the 2010 NJ ASK 3/4/5.

Middle Township Middle School (Elementary #4)

Language Arts:

By June 2010, eighth grade students, including students in any and all eligible subgroups represented in the school, will achieve the state’s standard for adequate yearly progress of 72% or “safe harbor” on the Language Arts/Literacy portion of the 2010 NJASK8.

Math:

By June 2010, eighth grade students, including students in any and all eligible subgroups represented in the school, will achieve the state’s standard for adequate year progress of 61% or “safe harbor” on the Mathematics portion of the 2010 NJASK8 through the use of improved instructional techniques in a modified block schedule.

Middle Township High School

Language Arts:

By June of 2010, as a result of the implementation of revised instructional strategies and curriculum, the number of eleventh grade students in any and all subgroups represented in the school, with specific emphasis on the economically disadvantaged, black and special education sub-groups, will achieve the State of New Jersey standard for adequate yearly progress or "safe harbor" on the language arts portion of the 2010 HSPA.

Math:

By June of 2010, as a result of the implementation of revised instructional strategies and curriculum, eleventh grade students at Middle Township High School, including students in any and all subgroups represented in the school, with specific emphasis on the economically disadvantaged, black, and special education subgroups, will achieve the State of New Jersey standard for adequate yearly progress or "safe harbor" on the mathematics portion of the 2010 HSPA.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. FINANCIAL INFORMATION AT FISCAL YEAR END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues (not including other financing sources) for the fiscal year ended June 30, 2010 and the amount and percentage of increases in relation to prior year revenues.

Revenue	2009-2010 Amount	Percentage of Total	2008-2009 Amount	Percentage of Total
Local Sources	\$ 26,797,335.65	58.63%	\$ 26,067,409.72	58.69%
State Sources	15,656,918.02	34.26%	16,939,020.56	38.14%
Federal Sources	3,244,024.07	7.10%	1,407,188.35	3.17%
Total	\$ 45,698,277.74	100.00%	\$ 44,413,618.63	100.00%

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures (not including other financing uses) for the fiscal year ended June 30, 2010.

Expenditures	2009-2010 Amount	Percentage of Total	2008-2009 Amount	Percentage of Total
Current Expense:				
Instruction	\$ 16,074,853.38	35.14%	\$ 16,216,434.09	36.03%
Undistributed				
Expenditures	25,023,299.61	54.70%	24,595,444.80	54.64%
Special Schools	150,645.29	0.33%	-	-
Capital Outlay	235,490.15	0.51%	212,576.19	0.47%
Transfer to Charter				
Schools	24,111.00	0.05%	36,304.00	0.08%
Debt Service	1,623,161.28	3.55%	1,650,683.92	3.67%
Special Revenue	2,618,030.05	5.72%	2,298,734.49	5.11%
Total	\$ 45,749,590.76	100.00%	\$ 45,010,177.49	100.00%

8. DEBT ADMINISTRATION:

At June 30, 2010, the District's outstanding debt issues included \$10,350,000 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 School Business Administrator and other accounting staff whose efforts are very much appreciated.

Respectfully submitted,

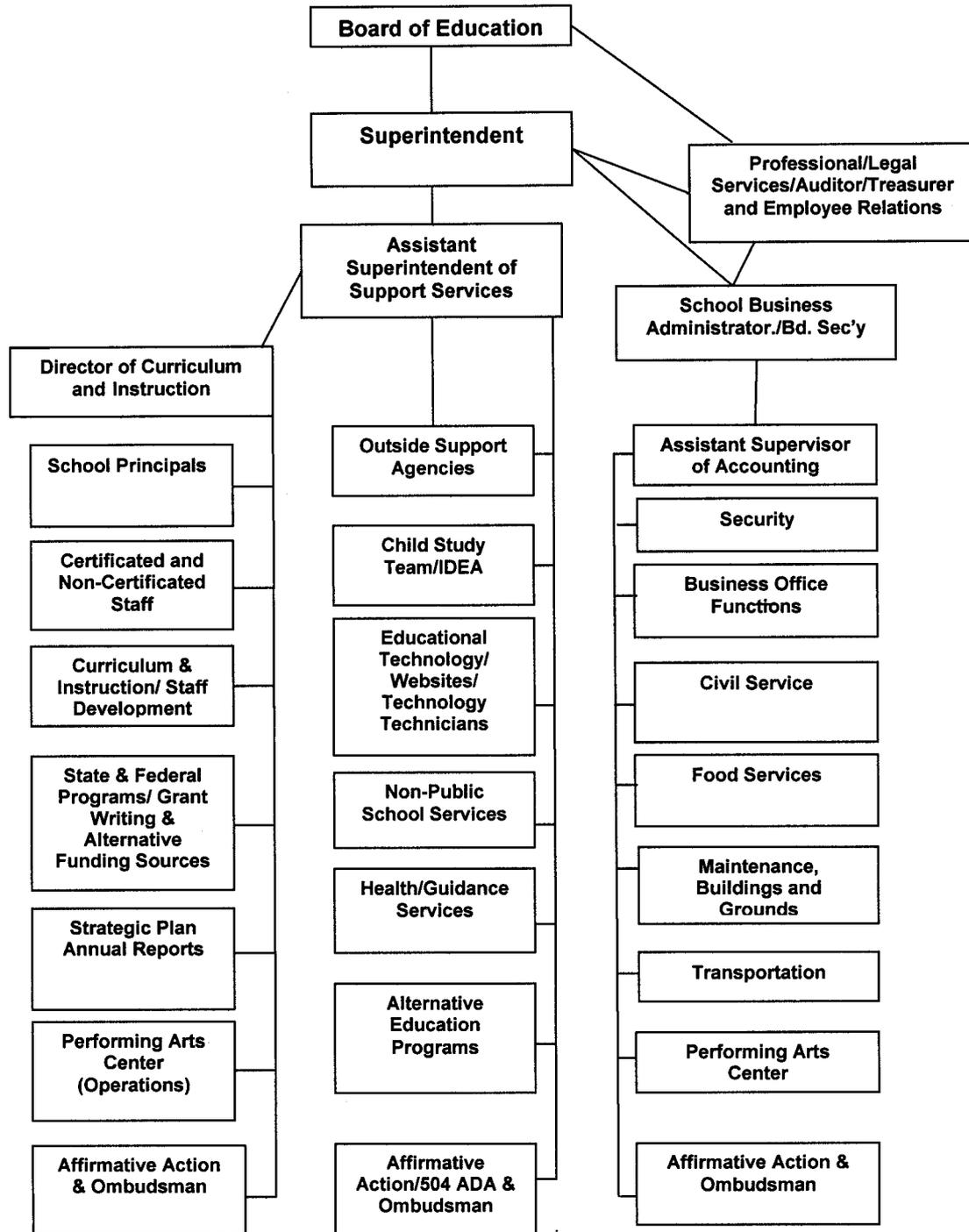
Michael J. Kopakowski
Superintendent

Cherie Ludy
Board Secretary/School Business Administrator

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, 2010**

Members of the Board of Education

Term Expires

Calvin L. Back, President	2013
Dennis M. Roberts, Vice-President	2011
Andre L. Hodges	2011
Anthony Anzelone	2011
Daniel L. Money	2012
Andrew W. Melchiorre	2012
Stephanie Thomas	2012
George DeLollis	2013
Burgess Hamer	2013
Patricia Zialkowski, Dennis Township Board Member Representative	2010

SUPERINTENDENT

Michael J. Kopakowski

BUSINESS ADMINISTRATOR / BOARD SECRETARY

Cherie Ludy

TREASURER OF SCHOOL MONEYS

Tracey Taverner

**TOWNSHIP OF MIDDLE
BOARD OF EDUCATION**

COUNTY OF CAPE MAY, NEW JERSEY

**CONSULTANTS AND ADVISORS
JUNE 30, 2010**

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
4401 Landis Avenue, Sandcastle Square Suite 202
Sea Isle City, N.J. 08243

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Board of Education of the Township of Middle School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Middle School District Board of Education's management. 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 Division of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, of the Township of Middle School District Board of Education, in the County of Cape May, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2010 on our consideration of the Township of Middle School District Board of Education's internal control over financial reporting and 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 with the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information as listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Middle School District Board of Education's basic financial statements. The accompanying introductory section, combining statements, and related major fund supporting statements and schedules, and statistical information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and related major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**


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

November 8, 2010

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
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, 2010. 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 2010 are as follows:

- In total, net assets increased \$90,734, which represents a .49 percent increase from 2009. The increase is due to debt service being retired faster than the net of new capital outlays minus current year depreciation.
- General revenues accounted for \$35,700,134 in revenue or 76 percent of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions accounted for \$11,175,659 or 24 percent of total revenues of \$46,875,793.
- Total assets of governmental activities decreased by \$1,345,608 as cash, cash equivalents and investments decreased by \$688,780, receivables increased by \$202,319, other assets increased by \$96,020, and capital assets decreased by \$955,166.
- The School District had \$45,785,059 in expenses; only \$11,175,659 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$35,700,134 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$41,385,378 in revenues and other financing sources and \$41,920,937 in expenditures and other uses. The General Fund's fund balance decreased \$535,559 over 2009. This decrease was a direct result of the reduction in state aid of \$729,367.

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 Assets 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, 2010
UNAUDITED (CONTINUED)**

Reporting the School District as a Whole

Statement of Net Assets 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 2010?" 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 assets and changes in those assets. This change in net assets 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 Assets 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 enterprise fund is reported as a business activity.

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 Assets 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, 2010
UNAUDITED (CONTINUED)**

Reporting the School District's Most Significant Funds - Continued

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 34 to 55 of this report.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Net assets 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 assets for 2010 and 2009.

**Table 1
Net Assets**

	<u>2010</u>	<u>2009</u>
Assets		
Current and Other Assets	\$ 2,658,764.91	\$ 3,044,983.63
Capital Assets	<u>29,001,242.15</u>	<u>29,960,535.26</u>
Total Assets	<u>31,660,007.06</u>	<u>33,005,518.89</u>
Liabilities		
Long-Term Liabilities	12,071,524.99	13,262,432.42
Other Liabilities	<u>928,438.38</u>	<u>1,173,776.95</u>
Total Liabilities	<u>12,999,963.37</u>	<u>14,436,209.37</u>
Net Assets		
Invested in Capital Assets, Net of Debt	18,108,592.59	17,797,412.69
Restricted	2,272,607.67	2,172,919.34
Unrestricted	<u>(1,721,156.57)</u>	<u>(1,401,022.51)</u>
Total Net Assets	<u>\$ 18,660,043.69</u>	<u>\$ 18,569,309.52</u>

The District's combined net assets were \$18,660,044 on June 30, 2010. This was an decrease of .49 percent from the prior year.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

The School District as a Whole - Continued

Table 2 shows changes in net assets for fiscal year 2010.

**Table 2
Changes in Net Assets**

	2010	2009
Revenues		
Program Revenues:		
Charges for Services	\$ 1,083,293.23	\$ 1,051,848.99
Operating and Capital Grants and Contributions	10,092,365.45	7,552,886.71
General Revenues:		
Property Taxes	22,986,545.00	22,145,730.00
Grants and Entitlements	9,341,265.26	11,275,952.31
Other	3,372,324.17	3,602,233.62
Total Revenues	46,875,793.11	45,628,651.63
Program Expenses		
Instruction	23,987,421.09	23,430,089.79
Support Services:		
Tuition	4,229,484.04	3,979,604.09
Student and Instruction Related Services	5,351,348.43	5,212,354.66
General Administration, School Administration, Business Operations and Maintenance of Facilities	7,661,249.01	7,659,016.86
Pupil Transportation	2,257,381.32	2,495,979.16
Special Schools	188,454.98	-
Interest on Debt	369,152.39	521,564.44
Food Service	1,131,556.11	1,111,372.57
Performing Arts Center	90,955.33	60,296.04
Other	1,518,056.24	1,556,329.81
Total Expenses	46,785,058.94	46,026,607.42
Increase (Decrease) in Net Assets	\$ 90,734.17	\$ (397,955.79)

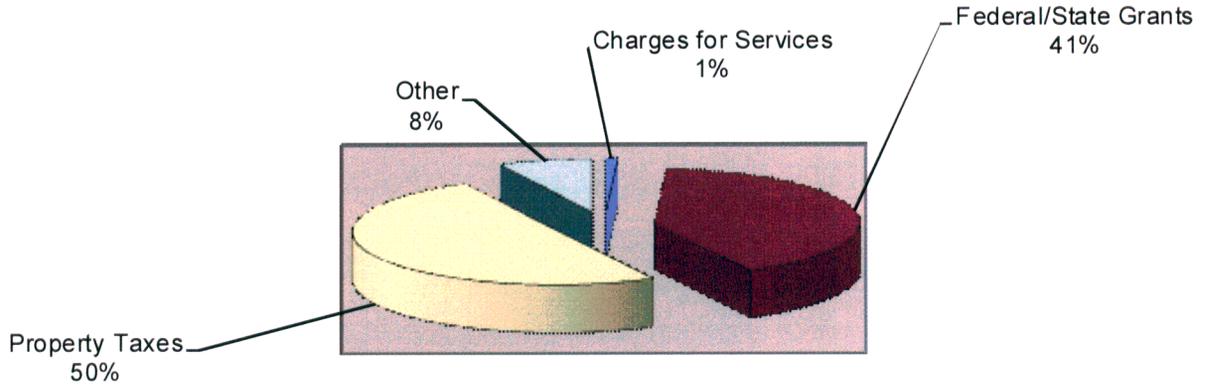
Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. Property taxes made up 50 percent of revenues for governmental activities for the Township of Middle School District for fiscal year 2010 and 50 percent in 2009. The District's total revenues were \$45,698,278 for the year ended June 30, 2010. Federal, state, and local grants accounted for another 41 percent of revenue for 2010 and 41 percent in 2009.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

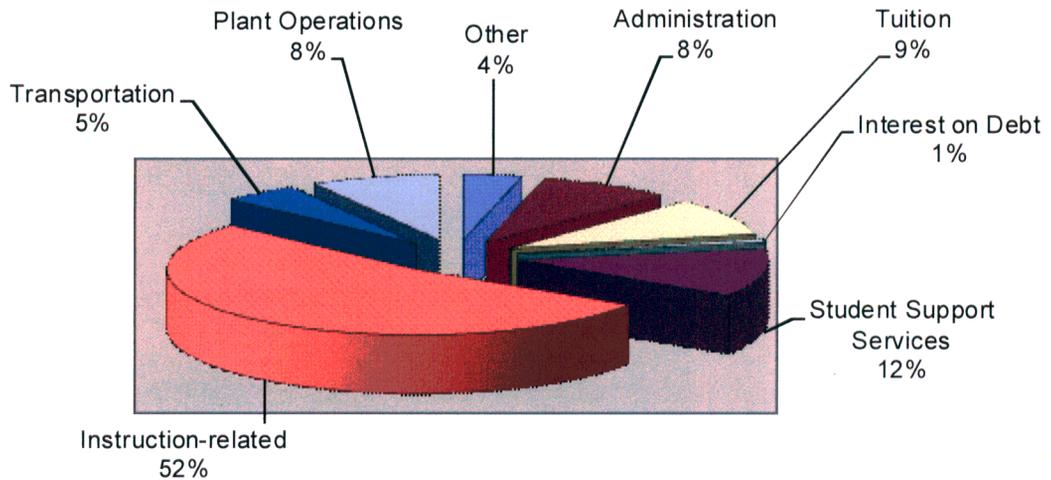
Governmental Activities - Continued

Sources of Revenue for Fiscal Year 2010



The total cost of all program and services was \$45,562,548. Instruction comprises 52 percent of District expenses.

Cost of Programs and Services for Fiscal Year 2010



**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

Business-Type Activities

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

- Enterprise fund expenses exceeded revenues by \$44,996.
- Charges for services represent \$650,275 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 \$526,856.

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**

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Instruction	\$ 23,987,421.09	\$ 17,200,895.87	\$ 23,430,089.79	\$ 18,291,510.66
Support Services:				
Tuition	4,229,484.04	4,193,175.04	3,979,604.06	3,979,604.09
Pupils and Instructional Staff	5,351,348.43	4,241,776.80	5,212,354.66	4,302,387.70
General Administration, School Administration and Business Operations	3,871,971.92	3,637,905.58	3,727,142.24	3,571,308.62
Operation and Maintenance of Facilities	3,789,277.09	3,541,561.11	3,931,874.62	3,922,402.63
Pupil Transportation	2,257,381.32	685,099.33	2,495,979.16	1,359,532.16
Interest and Fiscal Charges	369,152.39	369,152.39	521,564.44	480,474.44
Other	1,706,511.22	1,694,453.69	1,556,329.81	1,556,329.81
Total Expenses	\$ 45,562,547.50	\$ 35,564,019.81	\$ 44,854,938.78	\$ 37,463,550.11

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

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

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

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

Governmental Activities - Continued

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

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

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

"Other" includes charter schools and unallocated depreciation.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$45,823,278 and expenditures were \$46,148,471. The net negative change in fund balance for the year was most significant in the General Fund, a decrease of \$535,559. This reflects the District's decrease fund balance during the school year due to the reduction in state aid.

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, 2010, and the amount and percentage of total revenues compared to prior year revenues.

Revenue	2009-2010 Amount	Percentage of Total	2008-2009 Amount	Percentage of Total
Local Sources	\$ 26,797,335.65	58.47%	\$ 26,067,409.72	59.08%
State Sources	15,656,918.02	34.17%	16,639,020.56	37.72%
Federal Sources	3,244,024.07	7.08%	1,407,188.35	3.19%
Other Financing Sources	125,000.00	0.27%		0.00%
Total	\$ 45,823,277.74	100.00%	\$ 44,113,618.63	100.00%

The increase in Local Sources consists mostly of an increase in the local tax levy in the amount of \$840,815; a decrease in tuition revenue of \$299,321; and an increase in other miscellaneous revenues of \$188,332. The decrease in State Sources can be attributed to the State withholding aid to the district fiscal year 2010 and the substitution of federal ARRA funds in place of Equalization Aid. The decrease in state sources was \$1,282,103. The increase in federal sources can be attributed to increased funding from ARRA grants.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

The School District's Funds - Continued

The following schedule represents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2010, and the percentage of total expenditures compared to prior year amounts.

Expenditures	2009-2010 Amount	Percentage of Total	2008-2009 Amount	Percentage of Total
Current Expense:				
Instruction	\$ 16,074,853.38	34.83%	\$ 16,216,434.09	36.03%
Undistributed Expenditures	25,023,299.61	54.22%	24,595,444.80	54.64%
Capital Outlay	634,370.00	1.37%	212,576.19	0.47%
Special Schools	150,645.29	0.33%	-	0.00%
Transfer to Charter Schools	24,111.00	0.05%	36,304.00	0.08%
Debt Service	1,623,161.28	3.52%	1,650,683.92	3.67%
Special Revenue	2,618,030.05	5.67%	2,298,734.49	5.11%
Total	\$ 46,148,470.61	100.00%	\$ 45,010,177.49	100.00%

General Fund Budgeting Highlights

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

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

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements. The State did not make the normal contribution to TPAF in fiscal year 2010.
- Transfers of \$412,538 were made from capital reserve and capital outlay into the capital projects fund for the district's share of roof replacement projects.
- Tuition for special education students attending county special services school was less than anticipated levels by \$842,756. Transfers were made during the year to other accounts in the budget nearing over-expenditure.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

General Fund Budgeting Highlights - Continued

- Transfers were made to Health Benefits during the year amounting to \$713,654. The District expended \$709,087 more in health care than originally budgeted.
- The district under-expended utilities (electricity and natural gas) by \$332,604. Transfers of \$217,070 were made to other lines in the budget.

Capital Assets

At the end of the fiscal year 2010, the School District had \$29,001,242 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2010 balances compared to 2009.

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

	2010		2009
Land	\$ 255,001.00	\$	255,001.00
Land Improvements	805,381.96		937,213.59
Buildings and Improvements	26,716,124.97		27,448,694.99
Machinery and Equipment	1,224,734.22		1,319,625.68
Total	\$ 29,001,242.15	\$	29,960,535.26

Overall capital assets decreased \$959,293 from fiscal year 2009 to fiscal year 2010. The decrease in capital assets is due primarily to current year depreciation expense. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2010, the School District had \$12,071,525 of outstanding debt. Of this amount, \$1,050,996 is for compensated absences; \$331,969 for various capital leases; and \$10,688,560 of serial bonds for school construction, net of related premium, discounts and other costs related to the refunding bonds.

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

	2010		2009
2010 School Refunding Bonds	\$ 9,175,000.00	\$	-
2002 School Bonds	1,175,000.00		11,714,000.00
Total	\$ 10,350,000.00	\$	11,714,000.00

At June 30, 2010, the School District's overall available legal debt margin was \$115,534,199. 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, 2010
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 Cherie Ludy, 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 assets 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 Assets
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,168,921.82	\$ 80,645.85	\$ 1,249,567.67
Receivables, Net	825,622.14	46,569.00	872,191.14
Internal Balances	239,363.33	(239,363.33)	-
Inventory		30,029.86	30,029.86
Restricted Assets:			
Cash and Cash Equivalents	360,328.00		360,328.00
Cash Reserve Account	18,768.68		18,768.68
Deferred Bond Issuance Costs, Net (Note 8)	127,879.56		127,879.56
Capital Assets, Net (Note 11)	28,976,125.25	25,116.90	29,001,242.15
Total Assets	<u>31,717,008.78</u>	<u>(57,001.72)</u>	<u>31,660,007.06</u>
LIABILITIES			
Accounts Payable	220,608.95	87,245.26	307,854.21
Deposits Payable		32,508.28	32,508.28
Payable to Federal Government			-
Payable to State Government	14,832.21		14,832.21
Payable to Other Grantors	137.54		137.54
Deferred Revenue	113,637.11	8,146.03	121,783.14
State Aid Note Payable	451,323.00		451,323.00
Noncurrent Liabilities (Note 12)			
Due Within One Year	1,460,531.75		1,460,531.75
Due Beyond One Year	10,610,993.24		10,610,993.24
Total Liabilities	<u>12,872,063.80</u>	<u>127,899.57</u>	<u>12,999,963.37</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	18,083,475.69	25,116.90	18,108,592.59
Restricted for:			
Debt Service	(78,558.04)		(78,558.04)
Capital Projects	232,385.83		232,385.83
Other Purposes	2,118,779.88		2,118,779.88
Unrestricted	(1,511,138.38)	(210,018.19)	(1,721,156.57)
Total Net Assets	<u>\$ 18,844,944.98</u>	<u>\$ (184,901.29)</u>	<u>\$ 18,660,043.69</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2010

Function/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$18,032,450.48	\$ -	\$ 4,642,960.11	\$ -	\$ (13,389,490.37)	\$ -	\$ (13,389,490.37)
Special Education	4,564,977.62	209,973.78	1,825,853.28		(2,529,150.56)		(2,529,150.56)
Other Instruction	1,389,992.99		107,738.05		(1,282,254.94)		(1,282,254.94)
Support Services:							
Tuition	4,229,484.04	36,309.00			(4,193,175.04)		(4,193,175.04)
Student & Instruction Related Services	5,351,348.43	55,752.35	1,053,819.28		(4,241,776.80)		(4,241,776.80)
School Administrative Services	1,574,929.74		137,744.16		(1,437,185.58)		(1,437,185.58)
Other Administrative Services	2,297,042.18		96,322.18		(2,200,720.00)		(2,200,720.00)
Plant Operation and Maintenance	3,789,277.09	47,756.98		199,959.00	(3,541,561.11)		(3,541,561.11)
Pupil Transportation	2,257,381.32	83,226.42	1,489,055.57		(685,099.33)		(685,099.33)
Special Schools	188,454.98		12,057.53		(176,397.45)		(176,397.45)
Charter Schools	24,111.00				(24,111.00)		(24,111.00)
Interest on Long-Term Debt	369,152.39				(369,152.39)		(369,152.39)
Unallocated Depreciation and Amortization	1,492,090.81				(1,492,090.81)		(1,492,090.81)
Total Governmental Activities	45,560,693.07	433,018.53	9,365,550.16	199,959.00	(35,562,165.38)	-	(35,562,165.38)
Business-Type Activities:							
Food Service	1,131,556.11	571,475.56	526,856.29		(33,224.26)	(33,224.26)	(33,224.26)
Performing Arts Center	90,955.33	78,799.14			(12,156.19)		(12,156.19)
Total Business-Type Activities	1,222,511.44	650,274.70	526,856.29	-	(45,380.45)	(45,380.45)	(45,380.45)
Total Primary Government	\$46,783,204.51	\$ 1,083,293.23	\$ 9,892,406.45	\$ 199,959.00	\$ (35,562,165.38)	\$ (45,380.45)	\$ (35,607,545.89)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 21,363,384.00	\$ -	\$ 21,363,384.00
Taxes Levied for Debt Service					1,623,161.00		1,623,161.00
Federal and State Aid not Restricted					9,341,265.26		9,341,265.26
Tuition Received					2,969,823.58		2,969,823.58
Investment Earnings					17,842.33	384.38	18,226.71
Miscellaneous Income					384,273.88		384,273.88
Loss on Disposal of Capital Assets					(1,854.43)		(1,854.43)
Total General Revenues, Special Items, Extraordinary Items and Transfers					35,697,895.62	384.38	35,698,280.00
Change in Net Assets					135,730.24	(44,996.07)	90,734.17
Net Assets - Beginning					18,709,214.74	(139,905.22)	18,569,309.52
Net Assets - Ending					\$ 18,844,944.98	\$ (184,901.29)	\$ 18,660,043.69

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, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 1,515,591.43	\$ -	\$ 13,658.15	\$ 0.24	\$ -	\$ 1,529,249.82
Receivables, Net	35,893.68					35,893.68
Due from Other Funds	690,716.09					690,716.09
Receivables from Other Governments	87,777.09	501,992.37	199,959.00			789,728.46
Restricted Cash & Cash Equivalents	18,768.68					18,768.68
Total Assets	\$ 2,348,746.97	\$ 501,992.37	\$ 213,617.15	\$ 0.24	\$ -	\$ 3,064,356.73

LIABILITIES AND FUND BALANCES

LIABILITIES:						
Liabilities:						
Accounts Payable	\$ 120,505.02	\$ 7,259.68	\$ -	\$ -	\$ -	\$ 127,764.70
Due to Other Funds		451,352.76				451,352.76
Payable to State Government		14,832.21				14,832.21
Other Liabilities		137.54				137.54
State Aid Note Payable	451,323.00					451,323.00
Deferred Revenue	4,517.83	109,119.28				113,637.11
Total Liabilities	\$ 576,345.85	\$ 582,701.47	\$ -	\$ -	\$ -	\$ 1,159,047.32

Fund Balances:

Reserved for:						
Encumbrances	554,110.29					554,110.29
Capital Reserve	18,768.68					18,768.68
Maintenance Reserve	360,328.00					360,328.00
Excess Surplus	1,204,341.59					1,204,341.59
Unreserved, Reported in:						
General Fund	(365,147.44)					(365,147.44)
Special Revenue Fund		(80,709.10)				(80,709.10)
Capital Projects Fund			213,617.15			213,617.15
Debt Service Fund				0.24		0.24
Permanent Fund						
Total Fund Balances	\$ 1,772,401.12	\$ (80,709.10)	\$ 213,617.15	\$ 0.24	\$ -	\$ 1,905,309.41
Total Liabilities and Fund Balances	\$ 2,348,746.97	\$ 501,992.37	\$ 213,617.15	\$ 0.24	\$ -	\$ 3,064,356.73

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
Amounts reported for governmental activities in the statement of net assets (A-1) are different because:						
Capital assets used in governmental activities are not resources and therefore are not reported in the funds. The cost of the assets is \$55,350,978.40 and the accumulated depreciation is \$26,374,853.15 (See Note 6)						\$ 28,976,125.25
Government funds report the effect of bond issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items. (See Note 8)						127,879.56
Interest on long-term debt in the statement of activities is accrued, regardless of when due.						(92,844.25)
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. (See Note 7)						(12,071,524.99)
						<u>\$ 18,844,944.98</u>
Net assets of governmental activities						<u>\$ 18,844,944.98</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES						
Local Sources:						
Local Tax Levy	\$21,363,384.00	\$ -	\$ -	\$ 1,623,161.00	\$ -	\$22,986,545.00
Tuition Charges	3,216,106.36					3,216,106.36
Miscellaneous	594,387.56	296.73				594,684.29
Total Local Sources	25,173,877.92	296.73		1,623,161.00		26,797,335.65
State Sources	14,622,945.06	834,013.96	199,959.00			15,656,918.02
Federal Sources	1,463,555.11	1,780,468.96				3,244,024.07
Total Revenues	41,260,378.09	2,614,779.65	199,959.00	1,623,161.00		45,698,277.74
EXPENDITURES						
Current:						
Regular Instruction	11,739,017.76	1,876,715.37				13,615,733.13
Special Education Instruction	3,283,684.80					3,283,684.80
Other Instruction	1,052,150.82					1,052,150.82
Support Services:						
Tuition	4,229,484.04					4,229,484.04
Student & Instruction Related Serv.	3,443,230.02					4,141,231.27
School Administrative Services	1,145,129.64	698,001.25				1,145,129.64
Other Administrative Services	2,147,440.35					2,147,440.35
Plant Operation and Maintenance	3,259,770.45					3,259,770.45
Pupil Transportation	2,345,698.50					2,345,698.50
Employee Benefits	8,452,546.61					8,452,546.61
Special Schools	150,645.29					150,645.29
Transfer to Charter School	24,111.00					24,111.00
Debt Service:						
Principal				1,125,000.00		1,125,000.00
Interest and Other Charges				498,161.28		498,161.28
Capital Outlay	235,490.15	43,313.43	398,879.85			677,683.43
Total Expenditures	41,508,399.43	2,618,030.05	398,879.85	1,623,161.28		46,148,470.61

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, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ (248,021.34)	\$ (3,250.40)	\$ (198,920.85)	\$ (0.28)	\$ -	\$ (450,192.87)
OTHER FINANCING SOURCES (USES)						
Capital Leases - Non-Budget Refunding Bonds Issued	125,000.00			9,175,000.00		125,000.00
Bond Issuance Premium				746,857.15		9,175,000.00
Payment to Bond Refunding Escrow Agent	(412,538.00)		412,538.00	(9,921,857.15)		746,857.15
Transfers to (from) Other Funds						(9,921,857.15)
Total Other Financing Sources and Uses	(287,538.00)	-	412,538.00	-	-	125,000.00
Net Changes in Fund Balance	(535,559.34)	(3,250.40)	213,617.15	(0.28)	-	(325,192.87)
Fund Balance (Deficit) - July 1	2,307,960.46	(77,458.70)	-	0.52		2,230,502.28
Fund Balance - June 30	\$ 1,772,401.12	\$ (80,709.10)	\$ 213,617.15	\$ 0.24	\$ -	\$ 1,905,309.41

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, 2010

Total Net Change in Fund Balance - Governmental Funds (from B-2)	\$ (325,192.87)
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	\$ (1,622,745.23)
Capital Outlays	<u>669,433.45</u>
	(953,311.78)
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	1,125,000.00
Capital leases payable	<u>242,153.15</u>
	1,367,153.15
Governmental funds report the effect of issuance costs, premiums discounts and other 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.	
	(239,000.00)
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	(125,000.00)
Refunding Bonds, Series 2010	(9,175,000.00)
School Bonds, Series 2002	<u>9,414,000.00</u>
	114,000.00
Governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.	
Amortization of Debt Issuance Costs	(3,539.99)
In the statement of activities, only the loss on the disposal of fixed assets is reported, whereas in the governmental funds there is no decrease in financial resources. Thus the change in net assets will differ from the change in fund balance by the net cost of the asset removed.	
	(1,854.43)
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 (+).	
	48,313.98
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 reduction in accrued interest is an addition in the reconciliation.	
	129,162.18
Change in Net Assets of Governmental Activities	<u>\$ 135,730.24</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Proprietary Funds
Statement of Net Assets
June 30, 2010

	Business-Type Activities - Enterprise Fund		
	Food Service	Performing Arts Center	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 48,137.57	\$ 32,508.28	\$ 80,645.85
Intergovernmental Receivables	40,096.38		40,096.38
Other Receivables	3,499.72	2,972.90	6,472.62
Inventory	30,029.86		30,029.86
Total Current Assets	<u>121,763.53</u>	<u>35,481.18</u>	<u>157,244.71</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents			-
Furniture, Machinery & Equipment	406,081.62	2,380.00	408,461.62
Less: Accumulated Depreciation	(380,964.72)	(2,380.00)	(383,344.72)
Total Noncurrent Assets	<u>25,116.90</u>	<u>-</u>	<u>25,116.90</u>
Total Assets	<u>\$ 146,880.43</u>	<u>\$ 35,481.18</u>	<u>\$ 182,361.61</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 86,538.26	\$ 707.00	\$ 87,245.26
Deposits Payable		32,508.28	32,508.28
Deferred Revenue	8,146.03		8,146.03
Interfunds Payable		239,363.33	239,363.33
Total Current Liabilities	<u>94,684.29</u>	<u>272,578.61</u>	<u>367,262.90</u>
Noncurrent Liabilities:			
Compensated Absences Payable	-	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>94,684.29</u>	<u>272,578.61</u>	<u>367,262.90</u>
NET ASSETS			
Invested in Capital Assets Net of Related Debt	25,116.90		25,116.90
Unrestricted	27,079.24	(237,097.43)	(210,018.19)
Total Net Assets	<u>\$ 52,196.14</u>	<u>\$ (237,097.43)</u>	<u>\$ (184,901.29)</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended June 30, 2010

	Business-Type Activities - Enterprise Fund		
	Food Service	Performing Arts Center	Totals Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 318,477.65	\$ -	\$ 318,477.65
Daily Sales - Non-reimbursable Programs	247,839.91		247,839.91
Special Functions	5,158.00		5,158.00
Rental of Performing Arts Center		78,799.14	78,799.14
Total Operating Revenue	571,475.56	78,799.14	650,274.70
Operating Expenses:			
Cost of Sales	478,982.89		478,982.89
Salaries	448,155.83	60,076.96	508,232.79
Employee Benefits		9,568.00	9,568.00
Purchased Technical Services		6,334.11	6,334.11
Other Purchased Property Services	22,023.38		22,023.38
Other Purchased Professional Services	91,162.63		91,162.63
Cleaning, Repair and Maintenance Services	2,325.00	3,000.00	5,325.00
Utilities			-
General Supplies	37,716.24	11,976.26	49,692.50
Miscellaneous	47,063.24		47,063.24
Depreciation	4,126.90		4,126.90
Total Operating Expenses	1,131,556.11	90,955.33	1,222,511.44
Operating Income (Loss)	(560,080.55)	(12,156.19)	(572,236.74)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	17,486.10		17,486.10
State School Breakfast Program	5,684.10		5,684.10
Federal Sources:			
National School Lunch Program	348,385.06		348,385.06
Federal School Breakfast Program	73,352.28		73,352.28
Food Distribution Program	81,948.75		81,948.75
Interest and Investment Income	384.38		384.38
Total Nonoperating Revenues (Expenses)	527,240.67	-	527,240.67
Income (Loss) before Contributions & Transfers	(32,839.88)	(12,156.19)	(44,996.07)
Capital Contributions			-
Transfers In (Out)			-
Changes in Net Assets	(32,839.88)	(12,156.19)	(44,996.07)
Total Net Assets - Beginning	85,036.02	(224,941.24)	(139,905.22)
Total Net Assets - Ending	\$ 52,196.14	\$ (237,097.43)	\$ (184,901.29)

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2010

	Business-Type Activities - Enterprise Fund		
	Food Service	Performing Arts Center	Totals Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 570,531.13	\$ 78,799.14	\$ 649,330.27
Payments to Employees	(448,155.83)	(69,644.96)	(517,800.79)
Payments to Suppliers	(579,720.73)	(20,770.37)	(600,491.10)
Internal Activity - Payments to Other Funds	-	11,616.19	11,616.19
Other Receipts (Payments) - Ticket Account		29,437.22	29,437.22
Net Cash Provided by (Used for) Operating Activities	<u>(457,345.43)</u>	<u>29,437.22</u>	<u>(427,908.21)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	22,589.66		22,589.66
Federal Sources	408,982.40		408,982.40
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>431,572.06</u>	<u>-</u>	<u>431,572.06</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets			-
Gain/Loss on Sale of Fixed Assets (Proceeds)			-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest and Dividends	384.38		384.38
Net Cash Provided by (Used for) Investing Activities	<u>384.38</u>	<u>-</u>	<u>384.38</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(25,388.99)	29,437.22	4,048.23
Balance - Beginning of Year	73,526.56	3,071.06	76,597.62
Balance - End of Year	<u>\$ 48,137.57</u>	<u>\$ 32,508.28</u>	<u>\$ 80,645.85</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (560,080.55)	\$ (12,156.19)	\$ (572,236.74)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Net Amortization	4,126.90		4,126.90
Federal Commodities	81,948.75		81,948.75
(Increase) Decrease in Accounts Receivable	(1,558.82)		(1,558.82)
(Increase) Decrease in Inventory	3,103.61		3,103.61
Increase (Decrease) in Ticket Deposits		29,437.22	29,437.22
Increase (Decrease) in Deferred Revenue	614.39		614.39
Increase (Decrease) in Accounts Payable	14,500.29	540.00	15,040.29
Increase (Decrease) in Interfunds Payable		11,616.19	11,616.19
Total Adjustments	<u>102,735.12</u>	<u>41,593.41</u>	<u>144,328.53</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (457,345.43)</u>	<u>\$ 29,437.22</u>	<u>\$ (427,908.21)</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Assets
June 30, 2010

	Unemployment Compensation	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 14,809.40	\$ 93,672.49	\$ 1,292,660.07
Total Assets	14,809.40	93,672.49	1,292,660.07
LIABILITIES			
Accounts Payable	14,459.35		-
Payable to Teachers Association			1,918.55
Payable to Teachers - Summer Pay			1,042,521.49
Payable to Student Groups			219,669.40
Payroll Deductions and Withholdings			28,550.63
Total Liabilities	14,459.35	-	\$ 1,292,660.07
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	\$ 350.05		
Reserved for Scholarships		\$ 93,672.49	

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2010

	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 44,967.88	\$ -
Board Contribution	15,000.00	
Scholarships Provided to District		-
Total Contributions	<u>59,967.88</u>	<u>-</u>
Investment Earnings:		
Interest	156.93	1,177.68
Net Investment Earnings	<u>156.93</u>	<u>1,177.68</u>
Total Additions	<u>60,124.81</u>	<u>1,177.68</u>
DEDUCTIONS		
Unemployment Claims	94,416.51	
Scholarships Awarded	-	1,000.00
Total Deductions	<u>94,416.51</u>	<u>1,000.00</u>
Changes in Net Assets	(34,291.70)	177.68
Net Assets - Beginning of the Year	34,641.75	93,494.81
Net Assets - End of the Year	<u>\$ 350.05</u>	<u>\$ 93,672.49</u>

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Township of Middle School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

The 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 purpose of the district is to educate students in grades Pre - K to 12. The District operates two elementary schools, one middle school and one high school located in Township of Middle.

In evaluating how to define the governmental reporting entity, the District follows the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, under which the financial statements include all the organizations, activities, functions, and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. On this basis, the District's financial reporting entity has no component units.

B. Basis of Presentation, Measurement Focus and Basis of Accounting

Basis of Presentation

The School District's basic financial statements consist of District-wide statements (i.e. statement of net assets and a statement of activities) and fund financial statements, which provide a more detailed level of financial information.

District-Wide Financial Statements: The statement of net assets and the statement of activities display information about the district as a whole. These statements report the financial activities of the overall District, except for fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by property taxes, intergovernmental revenues, and other non-exchange transactions from business-type activities, generally financed in whole or in part with fees charged to external parties.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation, Measurement Focus and Basis of Accounting - Continued

The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges and fees paid by the recipients of goods or services offered by the programs; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing, or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education ("Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

Governmental Funds

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles, as they pertain to governmental entities, state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation, Measurement Focus and Basis of Accounting - Continued

Governmental Funds - Continued

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). 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.

Debt Service Fund - The Debt Service Fund is 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.

Proprietary Funds

The District reports the following proprietary fund:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business operations – where the intent of the District is that the costs of providing goods or services be financed or recovered primarily through user charges.

The District's Enterprise Funds are comprised of the Food Service Fund and the Performing Arts Center. The Food Service Fund accounts for all revenues and expenses pertaining to the District's cafeteria operations. The Performing Arts Center accounts for all revenues and expenses pertaining to operations of the Performing Arts Center.

Fiduciary Funds

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include the Unemployment Compensation Insurance Trust and various Scholarship Funds.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District maintains the Dorothy Haggerty Scholarship as a Nonexpendable Trust Fund.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation, Measurement Focus and Basis of Accounting - Continued

Fiduciary Funds - Continued

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

Measurement Focus and Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Revenue from federal, state and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The District applies only those applicable pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989 in accounting and reporting for its proprietary operations.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. 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 are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g). All budget amendments/transfer must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year.

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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 payment 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. At June 30, 2010 and 2009, there were adjustments between the budgetary basis and the GAAP basis due to encumbrances and the delay in the last state aid payment.

D. Encumbrance Accounting

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Assets, Liabilities and Equity

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, bank deposits 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.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the 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.

Interfund Transactions

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the Enterprise Fund. Repayments from funds responsible for particular expenditure/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories

Inventories, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Inventories in the Enterprise Fund are recorded at cost, computed on a first-in, first out method. In the fund based financial statements, commodities received from the U.S. Department of Agriculture are recorded as deferred revenue until consumed.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Assets, Liabilities and Equity - Continued

Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over their estimated useful lives. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Compensated Absences

The District accounts for compensated absences (e.g., unused sick, vacation leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". 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.

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

The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received in the Special Revenue Fund before they have been earned are recorded as deferred revenue.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Assets, Liabilities and Equity - Continued

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the School District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues – Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Assets, Liabilities and Equity - Continued

Revenues – Exchange and Nonexchange Transactions - Continued

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlement, and donations is recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes as an advance, interest and tuition.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the School District's bank balance of \$3,578,827.04 as of June 30, 2010, \$1,136,528.43 was uninsured and uncollateralized.

Investments

Pursuant to state statutes, the District may invest in the following:

- Direct obligations of, or obligations as to which the principal and interest is guaranteed by, the United States of America
- Government money market mutual funds
- Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress
- Bonds or obligations of the local unit or other obligations of school districts within the local unit
- Local government investment pools
- State of New Jersey Cash Management Fund
- Agreements for the repurchase of fully collateralized securities

At June 30, 2010, the District had no investments.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk.

Credit Risk – The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District does not have a policy to limit interest rate risk. All of the District's investments have a maturity of less than one year.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 3 – CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Township of Middle Board of Education by the inclusion of \$1.00 in the 2000/01 school year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its LRFP.

During the fiscal year ended June 30, 2010, the District had actual interest earnings of \$472.09 and withdrew and transferred \$257,785.00 to the capital projects fund for the local share of a roofing project. The balance in the capital reserve account at June 30, 2010 was \$18,768.68.

NOTE 4 – TRANSFERS TO CAPITAL OUTLAY

During the year ending June 30, 2010, the district transferred \$241,243.15 to the capital outlay accounts. The transfers were made from other budget line items and from unreserved fund balance for various capital purchases and to transfer funds to the capital projects fund for the district's share of two roofing projects to supplement a ROD (Regular Operating District) Grant.

NOTE 5 – RECEIVABLES

Receivables at June 30, 2010, 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	\$ 287,736.00	\$ 289,763.16
Federal Aid	501,992.37	540,061.59
Interfunds	690,716.09	-
Other	35,893.77	42,366.39
Gross Receivables	1,516,338.23	872,191.14
Less: Allowance for Uncollectibles		
Total Receivables, Net	<u>\$ 1,516,338.23</u>	<u>\$ 872,191.14</u>

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 6 – 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, 2010:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 690,716.09	\$
Special Revenue Fund		451,352.76
Performing Arts Center		239,363.33
Total	\$ 690,716.09	\$ 690,716.09

The general fund receivable is comprised of two interfunds. The first is due from the special revenue fund in the amount of \$451,352.76 which is a result of the general funds loan to cover the special revenue funds cash deficit. The second interfund of \$239,363.33 owed to the general fund from the Performing Arts Center Fund due to a continuing cash deficit in that fund.

NOTE 7 – INVENTORY

Inventory in the Food Service Enterprise Fund at June 30, 2010, consisted of the following:

Food	\$ 24,970.55
Supplies	5,059.31
	\$ 30,029.86

NOTE 8 – DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (15 years). The costs associated with the 2002 bonds amounted to \$53,099.80. Amortization expense reflected in the District Wide Financial Statements for the year ended June 30, 2010 was \$3,539.99. During the year ended June 30, 2010, the 2002 bonds were advance refunded by the School Refunding Bonds, Series 2010. Additional bond issuance costs of \$124,339.57 were incurred. Amortization of these costs will begin in fiscal year 2011 and continue for the remaining life of those bonds (8 years). The balance of deferred bond issuance costs at June 30, 2010 for both issues is \$127,879.56.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 255,001.00	\$ -	\$ -	\$ 255,001.00
Total capital assets not being depreciated	<u>255,001.00</u>	<u>-</u>	<u>-</u>	<u>255,001.00</u>
Capital assets being depreciated:				
Land Improvements	3,263,641.70	19,000.00		3,282,641.70
Buildings and building improvements	44,684,026.78	437,487.85		45,121,514.63
Machinery and Equipment	6,655,823.22	212,945.60	176,947.75	6,691,821.07
Total capital assets being depreciated at historical cost	<u>54,603,491.70</u>	<u>669,433.45</u>	<u>176,947.75</u>	<u>55,095,977.40</u>
Less accumulated depreciation for:				
Land Improvements	(2,326,428.11)	(150,831.63)		(2,477,259.74)
Buildings and improvements	(17,235,331.79)	(1,170,057.87)		(18,405,389.66)
Equipment	(5,365,441.34)	(301,855.73)	(175,093.32)	(5,492,203.75)
Total capital assets being depreciated, net of accumulated depreciation	<u>29,676,290.46</u>	<u>(953,311.78)</u>	<u>1,854.43</u>	<u>28,721,124.25</u>
Governmental activity capital assets, net	<u>\$ 29,931,291.46</u>	<u>\$ (953,311.78)</u>	<u>\$ 1,854.43</u>	<u>\$ 28,976,125.25</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 408,461.62	\$ -	\$ -	\$ 408,461.62
Less accumulated depreciation	(379,217.82)	(4,126.90)		(383,344.72)
Enterprise Fund capital assets, net	<u>\$ 29,243.80</u>	<u>\$ (4,126.90)</u>	<u>\$ -</u>	<u>\$ 25,116.90</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 9,503.95
Student and Instruction Related Services	88,983.70
Plant Operations and Maintenance	7,030.77
Pupil Transportation	29,675.99
Unallocated Depreciation	<u>1,488,550.82</u>
	<u>\$ 1,623,745.23</u>

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 10 – DEPOSITS PAYABLE AND RESERVE

Deposits Payable in the Performing Arts Center Fund of \$32,508.28 is made up of deposits for future shows and ticket sales at the Center where final settlement has not been made.

NOTE 11 – DEFERRED REVENUE

The District has deferred revenue reflected on the Statement of Net Assets in the District-Wide Financial Statements of \$121,783.14. This consists of deferred revenue of \$109,119.28 in the special revenue fund which is made up of grant proceeds on hand where the grant period overlaps the district's fiscal year and encumbrances payable at year end. In addition, a balance of \$4,517.83 is reflected in the General Fund for prior categorical grants to be utilized as unrestricted revenue in a future year and \$8,146.03 in the Food Service Fund for payment of meals for future periods.

NOTE 12 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2010 are as follows:

	Balance July 1, 2009	Issues or Additions	Payments or Expenditures	Balance June 30, 2010	Amounts Due Within One Year
Compensated Absences	\$ 1,099,309.85	\$	\$ 48,313.98	\$ 1,050,995.87	\$ -
Capital Leases	449,122.57	125,000.00	242,153.15	331,969.42	187,026.22
Bonds Payable	11,714,000.00	9,175,000.00	10,539,000.00	10,350,000.00	1,270,000.00
Unamortized Costs:					
Bond Premiums		746,857.15		746,857.15	7,733.13
Loss on Bond Refunding		(408,297.45)		(408,297.45)	(4,227.60)
	<u>\$ 13,262,432.42</u>	<u>\$ 9,638,559.70</u>	<u>\$ 10,829,467.13</u>	<u>\$ 12,071,524.99</u>	<u>\$ 1,460,531.75</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.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 12 – LONG-TERM OBLIGATIONS - Continued

At June 30, 2010, bonds payable consisted of the following issues:

\$13,039,000 General Improvement Bonds dated July 1, 2002, originally due in annual installments through February 1, 2018, bearing interest at variable rates ranging from 4.00% to 4.50% per annum. Principal payments maturing after February 1, 2012 plus any unpaid accrued interest to February 1, 2011 were advance refunded by the Refunding School Bonds of 2010. The balance remaining as of June 30, 2010 is \$1,175,000.

\$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, 2010 was \$9,175,000.

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

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

Debt service requirements on serial bonds payable at June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	\$ 1,270,000.00	\$ 315,479.30	\$ 1,585,479.30
2012	1,195,000.00	391,100.00	1,586,100.00
2013	1,230,000.00	355,250.00	1,585,250.00
2014	1,300,000.00	306,050.00	1,606,050.00
2015	1,370,000.00	254,050.00	1,624,050.00
2016-2018	3,985,000.00	381,250.00	4,366,250.00
	<u>\$ 10,350,000.00</u>	<u>\$ 2,003,179.30</u>	<u>\$ 12,353,179.30</u>

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 12 – LONG-TERM OBLIGATIONS - Continued

Capital Leases

The District is leasing school buses, other vehicles, textbooks, HVAC improvements, technology equipment and software and copier equipment amounting to \$1,175,528 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, 2010:

Fiscal Year Ending June 30,	Amount
2011	\$ 205,273.63
2012	101,361.36
2013	28,089.36
2014	28,089.36
Total minimum lease payments	362,813.71
Less amount representing interest	30,844.29
Present value of lease payments	\$ 331,969.42

NOTE 13 – OPERATING LEASES

The District has commitments to lease certain office equipment under operating leases that expire in 2011. Total operating lease payments made during the year ended June 30, 2010 were \$59,020.00. Future minimum lease payments are as follows:

Year Ending June 30,	Principal
2011	\$ 52,596.00
2012	52,596.00
2013	52,596.00
2014	52,596.00
2015	8,766.00
Total future minimum lease payments	\$ 219,150.00

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 14 – 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 Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

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, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (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. 2008 and Chapter 103, P.L. 2008, 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, 2010.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 14 – PENSION PLANS - Continued

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) that changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

Contribution Requirements - 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 actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF. The School District's contributions to TPAF for the years ending June 30, 2010, 2009 and 2008 were \$0, \$0, and \$1,187,636 respectively, and paid by the State of New Jersey on behalf of the board. The State of New Jersey did not make the required contributions for the last two years. The School District's contributions to PERS for the years ending June 30, 2010, 2009, 2008 were \$363,133.00, \$317,736.00, and \$239,932.00 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2010, 2009 and 2008, the State of New Jersey contributed \$1,102,431.00, \$1,145,657.00, and \$1,144,992.00, 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 \$1,367,435.66, \$1,340,376.49, and \$1,252,131.95 during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 15 – POST-RETIREMENT BENEFITS

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

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2008, C. 103 amended the law to eliminate the funding and payment of post-retirement medical benefits for retired state employees through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126 which provides free health benefits for members PERS and the Alternative Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

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, 2010, there is no liability for compensated absences in the Enterprise Funds.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

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 – STATE AID NOTE PAYABLE

On June 22, 2010, the District borrowed \$451,323.00 because the last two state aid payments were delayed by the State of New Jersey until July 2010. The note has an interest rate of 3.25% and is due on July 9, 2010. The interest due on that date is paid by the State of New Jersey.

NOTE 19 – 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. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The 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
2009-2010	\$ 59,967.88	\$ 156.93	\$ 94,416.51	\$ 350.05
2008-2009	92,252.52	338.11	63,933.07	34,641.75
2007-2008	49,213.12	298.20	58,797.38	5,984.19

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 20 – CONTINGENT LIABILITIES

Federal and State Grants

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

NOTE 21 – LITIGATION

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

NOTE 22 – ECONOMIC DEPENDENCY

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

NOTE 23 – FUND BALANCE APPROPRIATED

General Fund - Of the \$1,772,401.12 General Fund fund balance at June 30, 2010, \$554,110.29 is reserved for encumbrances; \$1,204,341.59 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$695,770.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2011); \$18,768.68 has been reserved in the Capital Reserve Account; \$360,328.00 has been reserved in a Maintenance Reserve Account; \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2011 and (\$365,147.44) is unreserved and undesignated.

Debt Service Fund - Of the \$.24 Debt Service Fund fund balance at June 30, 2010, \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2010 and \$.24 is unreserved and undesignated.

NOTE 24 – CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount of budgeted fund balance in their subsequent years' budget. The excess fund balance for the year ended June 30, 2010 is \$508,571.59.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 25 – DEFICIT FUND BALANCE

The District has a deficit fund balance of \$365,147.44 in the General Fund and \$80,709.10 in the Special Revenue Fund as of June 30, 2010 as reported in the fund statements (modified accrual basis). P.L. 2003, c. 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last payment as revenue, for budget purposes only, in the current school budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties. The District deficit in the General fund and Special revenue fund in the GAAP fund statements is less than or equal to the last state aid payment for that respective fund.

NOTE 26 – DEFICIT IN NET ASSETS – ENTERPRISE FUNDS

The Performing Arts Center Enterprise Fund has a cumulative deficit in net assets of \$237,097.43 as of June 30, 2010. This deficit will either be provided for in a future budget or made up through operations.

NOTE 27 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2010 through November 8, 2010, the date that the financial statements were 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, 2010

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 21,363,384.00	\$ -	\$ 21,363,384.00	\$ 21,363,384.00	\$ -
Tuition	3,204,298.00	11,809.00	3,216,107.00	3,216,106.36	(0.64)
Transportation Fees from Other LEA's	112,348.00		112,348.00	83,226.42	(29,121.58)
Interest Earned on Capital Reserve	2,000.00		2,000.00	472.09	(1,527.91)
Interest Earned on Investments	75,000.00		75,000.00	17,370.24	(57,629.76)
Miscellaneous - Restricted	12,000.00		12,000.00	10,425.00	(1,575.00)
Miscellaneous - Unrestricted	160,456.00		160,456.00	482,893.81	322,437.81
Total Local Sources	24,929,486.00	11,809.00	24,941,295.00	25,173,877.92	232,582.92
State Sources:					
Categorical Special Education Aid	1,233,471.00		1,233,471.00	1,233,471.00	-
Equalization Aid	6,117,137.00		6,117,137.00	6,117,137.00	-
Categorical Security Aid	483,496.00		483,496.00	483,496.00	-
Adjustment Aid	3,443,505.00		3,443,505.00	2,714,138.00	(729,367.00)
Categorical Transportation Aid	1,526,164.00		1,526,164.00	1,526,164.00	-
Extraordinary Aid	52,063.00		52,063.00	82,575.00	30,512.00
Nonpublic Transportation Aid			-	5,202.00	5,202.00
TPAF Non-Contrib. Life (On-Behalf - Non-Budget)			-	58,698.00	58,698.00
TPAF Pension - Post Retirement Medical (On Behalf - Non-Budgeted)			-	1,102,431.00	1,102,431.00
TPAF Social Security (Reimbursed-Non-Budget)				1,367,435.66	1,367,435.66
Total State Sources	12,855,836.00	-	12,855,836.00	14,690,747.66	1,834,911.66
Federal Sources:					
ARRA - Education Stabilization Fund	1,305,430.00		1,305,430.00	1,305,430.00	-
ARRA - Government Stabilization Fund	50,535.00		50,535.00	50,535.00	-
Medicaid Reimbursement	70,056.00		70,056.00	107,590.11	37,534.11
Total Federal Sources	1,426,021.00	-	1,426,021.00	1,463,555.11	37,534.11
Total Revenues	39,211,343.00	11,809.00	39,223,152.00	41,328,180.69	2,105,028.69

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES:					
CURRENT EXPENSE					
REGULAR PROGRAMS - INSTRUCTION					
Kindergarten	\$ 495,847.00	\$ 74,153.00	\$ 570,000.00	\$ 552,125.40	\$ 17,874.60
Grades 1 - 5 Salaries of Teachers	4,031,944.00	(63,345.55)	3,968,598.45	3,865,741.65	102,856.80
Grades 6 - 8 Salaries of Teachers	2,233,300.00	145,466.00	2,378,766.00	2,329,892.63	48,873.37
Grades 9 - 12 Salaries of Teachers	3,867,400.00	84,144.66	3,951,544.66	3,876,972.46	74,572.20
Regular Programs - Home Instruction					
Salaries of Teachers	126,000.00	8,617.93	134,617.93	133,827.50	790.43
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	290,000.00	237,715.13	527,715.13	527,715.13	-
Purchased Technical Services	21,600.00	(2,552.50)	19,047.50	15,220.86	3,826.64
Other Purchased Services (400-500 series)	126,855.00	(40,210.00)	86,645.00	78,715.08	7,929.92
General Supplies	510,328.00	(110,393.84)	399,934.16	343,546.67	56,387.49
Textbooks	8,500.00	6,583.23	15,083.23	14,845.42	237.81
Other Objects	8,450.00	(4,500.00)	3,950.00	414.96	3,535.04
TOTAL REGULAR PROGRAMS - INSTRUCTION	11,720,224.00	335,678.06	12,055,902.06	11,739,017.76	316,884.30
SPECIAL EDUCATION - INSTRUCTION					
Visual Impairments	13,500.00	(12,386.05)	1,113.95	1,113.95	-
Purchased Professional - Educational Services	13,500.00	(12,386.05)	1,113.95	1,113.95	-
Total Visual Impairments					
Behavioral Disabilities	150,061.00	50,212.00	200,273.00	193,440.20	6,832.80
Salaries of Teachers	39,713.00	(1,129.25)	38,583.75	26,843.28	11,740.47
Other Salaries for Instruction	4,975.00	(1,410.00)	3,565.00	1,407.66	2,157.34
General Supplies	194,749.00	47,672.75	242,421.75	221,691.14	20,730.61
Total Behavioral Disabilities					

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Multiple Disabilities					
Salaries of Teachers	\$ 289,930.00	\$ -	\$ 289,930.00	\$ 267,081.60	\$ 22,848.40
Purchased Professional - Educational Services	47,000.00	(47,000.00)	-	-	-
General Supplies	3,600.00	(285.98)	3,314.02	1,947.74	1,366.28
Textbooks	950.00		950.00		950.00
Total Multiple Disabilities	341,480.00	(47,285.98)	294,194.02	269,029.34	25,164.68
Preschool Disabilities - Part Time					
General Supplies	500.00		500.00	41.33	458.67
Total Preschool Disabilities - Part Time	500.00	-	500.00	41.33	458.67
Resource Room/Resource Center					
Salaries of Teachers	2,714,268.00	4,911.80	2,719,179.80	2,659,754.22	59,425.58
Other Salaries for Instruction	133,720.00	4,799.00	138,519.00	122,890.11	15,628.89
General Supplies	12,126.00	(2,000.00)	10,126.00	9,164.71	961.29
Textbooks	1,000.00		1,000.00		1,000.00
Total Resource Room/Resource Center	2,861,114.00	7,710.80	2,868,824.80	2,791,809.04	77,015.76
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,411,343.00	(4,288.48)	3,407,054.52	3,283,684.80	123,369.72
Bilingual Education - Instruction					
Salaries of Teachers	86,472.00		86,472.00	84,470.40	2,001.60
Total Bilingual Education - Instruction	86,472.00	-	86,472.00	84,470.40	2,001.60
School-Spon. Cocurricular Activities - Instruction					
Salaries	230,822.00	2,740.00	233,562.00	167,901.20	65,660.80
Purchased Services (300-500 series)	21,500.00		21,500.00	19,235.00	2,265.00
Supplies & Materials	8,475.00		8,475.00	6,034.41	2,440.59
Other Objects	6,500.00		6,500.00	3,464.25	3,035.75
Total School-Spon. Cocurricular Activities - Inst.	267,297.00	2,740.00	270,037.00	196,634.86	73,402.14

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
School-Spon. Cocurricular Athletics - Instruction					
Salaries	\$ 538,534.00	\$ 2,335.00	\$ 540,869.00	\$ 507,545.24	\$ 33,323.76
Purchased Services (300-500 series)	62,715.00	9,664.42	72,379.42	71,595.24	784.18
Supplies & Materials	80,275.00	(5,183.87)	75,091.13	73,465.59	1,625.54
Other Objects	15,125.00	(100.55)	15,024.45	14,826.73	197.72
Total School-Spon. Cocurricular Athletics - Inst.	696,649.00	6,715.00	703,364.00	667,432.80	35,931.20
Other Instructional Programs - Instruction					
Salaries	95,522.00	11,000.00	106,522.00	102,295.96	4,226.04
Purchased Services (300-500 series)	3,700.00	1,185.00	4,885.00	1,244.00	3,641.00
Supplies & Materials	13,850.00	(2,600.00)	11,250.00	72.80	11,177.20
Other Objects	3,500.00		3,500.00	-	3,500.00
Total Other Instructional Programs - Instruction	116,572.00	9,585.00	126,157.00	103,612.76	22,544.24
TOTAL INSTRUCTION	16,298,557.00	350,429.58	16,648,986.58	16,074,853.38	574,133.20
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State-Reg.	30,500.00	(27,100.00)	3,400.00		3,400.00
Tuition to Other LEAs Within the State-Spec.	10,000.00	(5,000.00)	5,000.00		5,000.00
Tuition to County Voc. School Dist. - Regular	1,663,718.00	-	1,663,718.00	1,663,717.50	0.50
Tuition to CSSD & Regional Day Schools	2,665,512.00	(572,880.89)	2,092,631.11	1,822,755.50	269,875.61
Tuition to Private Schools for the Disabled - Within State	424,350.00	49,480.11	473,830.11	431,972.28	41,857.83
Tuition to Private Schools for the Disabled & Other LEA - Spl. O/S St.	66,000.00	(21,699.11)	44,300.89	44,158.76	142.13
Tuition - State Facilities	266,882.00		266,882.00	266,880.00	2.00
Total Undistributed Expenditures - Instruction	5,126,962.00	(577,199.89)	4,549,762.11	4,229,484.04	320,278.07

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed Expend. - Health Services					
Salaries	\$ 253,074.00	\$ (45,089.68)	\$ 207,984.32	\$ 203,253.72	\$ 4,730.60
Purchased Professional and Technical Services	24,500.00	(3,000.00)	21,500.00	20,741.75	758.25
Purchased Services (400-500 series)	1,100.00		1,100.00	14.66	1,085.34
Supplies & Materials	9,510.00		9,510.00	7,731.69	1,778.31
Total Undistributed Expend. - Health Services	288,184.00	(48,089.68)	240,094.32	231,741.82	8,352.50
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	388,243.00	42,658.96	430,901.96	411,122.20	19,779.76
Total Undist. Expend. - Other Support Services	388,243.00	42,658.96	430,901.96	411,122.20	19,779.76
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	533,307.00	3,844.08	537,151.08	528,684.48	8,466.60
Salaries of Secretarial and Clerical Assistants	47,695.00	712.02	48,407.02	45,964.02	2,443.00
Purchased Professional - Educational Services	1,800.00	2,791.50	4,591.50	4,591.50	-
Other Purchased Services (400-500 series)	650.00	41.25	691.25	439.25	252.00
Supplies & Materials	5,900.00	(2,477.06)	3,422.94	2,914.79	508.15
Other Objects	1,800.00		1,800.00	129.98	1,670.02
Total Undist. Expend. - Other Support Services	591,152.00	4,911.79	596,063.79	582,724.02	13,339.77
Guidance					

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Child Study Teams	\$ 976,708.00	\$ (22,353.68)	\$ 954,354.32	\$ 943,411.27	\$ 10,943.05
Salaries of Other Professional Staff	58,899.00	(1,265.04)	57,633.96	56,306.15	1,327.81
Salaries of Secretarial and Clerical Assistants		17,100.00	17,100.00	17,100.00	-
Other Salaries	29,300.00	89,665.50	118,965.50	118,424.68	540.82
Purchased Professional - Educational Services	274,000.00	8,437.00	282,437.00	282,377.08	59.92
Other Purchased Professional and Tech. Services	3,500.00	7,400.00	10,900.00	6,965.62	3,934.38
Misc. Pur Serv (400-500 series Other than Resid Costs)	40,850.00	(7,727.55)	33,122.45	27,352.67	5,769.78
Supplies & Materials	6,330.00		6,330.00	6,295.69	34.31
Other Objects					
Total Undist. Expend. - Other Support Services	1,389,587.00	91,256.23	1,480,843.23	1,458,233.16	22,610.07
Child Study Teams					
Undist. Expend. - Improvement of Inst. Services					
Salaries of Supervisors of Instruction	117,280.00	(22,112.58)	95,167.42	95,167.42	-
Salaries of Other Professional Staff	248,279.00	(13,770.50)	234,508.50	234,508.00	0.50
Salaries of Secretarial and Clerical Assistants	63,840.00	4,442.86	68,282.86	66,725.79	1,557.07
Purchased Professional - Educational Services	8,245.00	(6,730.21)	1,514.79		1,514.79
Other Purchased Professional and Tech. Services					
Other Purchased Services (400-500 series)	26,481.00	3,222.21	29,703.21	27,706.85	1,996.36
Supplies & Materials	1,080.00		1,080.00	1,076.23	3.77
Other Objects	2,763.00		2,763.00	1,586.18	1,176.82
Total Undist. Expend. - Improvement of Inst. Serv.	467,968.00	(34,948.22)	433,019.78	426,770.47	6,249.31
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	272,002.00	(22,109.70)	249,892.30	245,319.70	4,572.60
Purchased Professional and Technical Services	23,262.00	(63.00)	23,199.00	16,022.81	7,176.19
Other Purchased Services (400-500 series)	1,750.00		1,750.00	352.00	1,398.00
Supplies & Materials	59,852.00	(7,477.50)	52,374.50	47,699.55	4,674.95
Total Undistributed Expenditures - Educational Media Services - School Library	356,866.00	(29,650.20)	327,215.80	309,394.06	17,821.74

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services	\$ 13,200.00	\$ -	\$ 13,200.00	\$ 2,768.50	\$ 10,431.50
Other Purchased Professional and Tech. Services	59,641.00	(37,250.00)	22,391.00	17,947.00	4,444.00
Other Purchased Services (400-500 series)	2,867.00	268.00	3,135.00	1,598.92	1,536.08
Supplies & Materials	4,995.00	749.99	5,744.99	929.87	4,815.12
Total Undistributed Expenditures - Instructional Staff Training Services	80,703.00	(36,232.01)	44,470.99	23,244.29	21,226.70
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	219,865.00	(6,698.78)	213,166.22	212,579.50	586.72
Legal Services	90,000.00	80,000.00	170,000.00	161,640.35	8,359.65
Audit Fees	33,600.00		33,600.00	33,555.00	45.00
Other Purchased Professional Services	78,000.00	525.00	78,525.00	65,086.64	13,438.36
Purchased Technical Services	46,282.00	22,084.70	68,366.70	51,989.37	16,377.33
Communications/Telephone	165,000.00	(25,000.00)	140,000.00	136,440.15	3,559.85
BOE - Other Purchased Services	13,000.00	(7,043.99)	5,956.01	127.29	5,828.72
Other Purchased Services (400-500 series)	297,151.00	(4,201.62)	292,949.38	290,413.46	2,535.92
Supplies & Materials	7,785.00	(300.00)	7,485.00	6,024.19	1,460.81
BOE - In House Training/Meeting Supplies	4,700.00	(4,100.00)	600.00	600.00	-
Judgements Against the School District	250,000.00	37,500.00	287,500.00	287,500.00	-
Miscellaneous Expenditures	12,350.00	12,145.61	24,495.61	24,490.46	5.15
BOE Membership Dues and Fees	24,675.00		24,675.00	24,331.00	344.00
Total Undistributed Expenditures - Support Services - General Administration	1,242,408.00	104,910.92	1,347,318.92	1,294,777.41	52,541.51

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Supp. Serv. - School Admin.	\$ 648,034.00	\$ (6,512.19)	\$ 641,521.81	\$ 628,190.14	\$ 13,331.67
Salaries of Principals/Assistant Principals	19,751.00	(1,226.00)	18,525.00	18,525.00	-
Salaries of Other Professional Staff	450,006.00	13,033.94	463,039.94	437,632.40	25,407.54
Salaries of Secretarial and Clerical Assistants	50,000.00	(32,000.00)	18,000.00	18,000.00	-
Other Salaries	12,750.00	(2,100.00)	10,650.00	10,463.92	186.08
Purchased Professional and Technical Services	28,299.00	(2,609.80)	25,689.20	4,680.95	21,008.25
Other Purchased Services (400-500 series)	21,456.00	(776.94)	20,679.06	14,025.19	6,653.87
Supplies & Materials	21,500.00		21,500.00	13,612.04	7,887.96
Other Objects					
Total Undistributed Expenditures - Support Services - School Administration	1,251,796.00	(32,190.99)	1,219,605.01	1,145,129.64	74,475.37
Undist. Expend. - Central Services	374,349.00	(1,700.00)	372,649.00	358,904.65	13,744.35
Salaries	40,000.00	5,825.00	45,825.00	45,545.45	279.55
Purchased Technical Services	215,420.00	(84,157.32)	131,262.68	131,246.84	15.84
Sale/Leaseback Payments	22,931.00	(11,000.00)	11,931.00	11,818.69	112.31
Supplies and Materials	18,200.00	-	18,200.00	18,181.76	18.24
Interest on Current Loans	4,500.00		4,500.00	2,369.02	2,130.98
Other Objects	675,400.00	(91,032.32)	584,367.68	568,066.41	16,301.27
Total Undistributed Expenditures - Central Services	675,400.00	(91,032.32)	584,367.68	568,066.41	16,301.27
Undist. Expend. - Admin Info Tech	213,879.00	(13,148.44)	200,730.56	199,369.04	1,361.52
Salaries	50,000.00	(50,000.00)	-	-	-
Purchased Professional Services	88,500.00	(9,831.00)	78,669.00	70,872.00	7,797.00
Purchased Technical Services	51,500.00	(51,300.00)	200.00	200.00	0.00
Other Purchased Services	63,500.00	(48,400.00)	15,100.00	14,186.54	913.46
Supplies and Materials	8,500.00		8,500.00	168.95	8,331.05
Other Objects	475,879.00	(172,679.44)	303,199.56	284,596.53	18,603.03
Total Undistributed Expenditures - Admin Info Tech	475,879.00	(172,679.44)	303,199.56	284,596.53	18,603.03

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Required Maint. School Fac.					
Salaries	\$ 15,000.00	\$ (12,000.00)	\$ 3,000.00	\$ 2,837.31	\$ 162.69
Cleaning, Repair and Maintenance Service	103,500.00	35,259.98	138,759.98	106,552.63	32,207.35
General Supplies	34,980.00		34,980.00	34,304.23	675.77
Total Undistributed Expenditures - Required Maintenance for School Facilities	153,480.00	23,259.98	176,739.98	143,694.17	33,045.81
Undist. Expend. - Custodial Services					
Salaries	1,274,242.00	39,780.43	1,314,022.43	1,238,133.01	75,889.42
Purchased Professional and Technical Services	159,014.00	13,983.76	172,997.76	164,161.13	8,836.63
Cleaning, Repair and Maintenance Service	98,500.00	(13,242.54)	85,257.46	53,119.13	32,138.33
Other Purchased Property Services	172,068.00	(9,000.00)	163,068.00	140,026.14	23,041.86
Insurance	173,250.00		173,250.00	170,655.00	2,595.00
Miscellaneous Purchased Services	30,000.00		30,000.00	27,825.53	2,174.47
General Supplies	157,098.00	(10,005.80)	147,092.20	144,662.68	2,429.52
Energy (Electricity)	910,184.00	(100,739.85)	809,444.15	729,773.18	79,670.97
Energy (Natural Gas)	494,840.00	(116,330.10)	378,509.90	342,647.07	35,862.83
Miscellaneous	4,700.00	3,348.96	8,048.96	5,546.77	2,502.19
Total Undistributed Expenditures - Other Operations and Maintenance of Plant	3,473,896.00	(192,205.14)	3,281,690.86	3,016,549.64	265,141.22
Undist. Expend.- Security					
Salaries	91,484.00	9,186.12	100,670.12	98,001.12	2,669.00
General Supplies	2,000.00	(100.00)	1,900.00	1,525.52	374.48
Total Security	93,484.00	9,086.12	102,570.12	99,526.64	3,043.48
Total Undistributed Expenditures Operations and Maintenance of Plant	3,720,860.00	(159,859.04)	3,561,000.96	3,259,770.45	301,230.51

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Student Transportation Serv.	\$ 995,048.00	\$ 260,319.00	\$ 1,255,367.00	\$ 1,235,764.53	\$ 19,602.47
Sal.- Pup. Trans. (Bet. Home & School) - Reg.	129,162.00	27,000.00	156,162.00	154,368.04	1,793.96
Sal.- Pup. Trans. (Bet. Home & School) - Spc.	152,266.00	(68,000.00)	84,266.00	78,008.48	6,257.52
Sal.- Pup. Trans. (Other than Home & School)	110,791.00	38,000.00	148,791.00	148,699.52	91.48
Sal.- Pup. Trans. (Bet. Home/School) - NonPublic	10,900.00	12,000.00	22,900.00	18,774.74	4,125.26
Other Purchased Professional and Tech. Services	-	-	-	-	-
Workers Compensation	-	-	-	-	-
Health Benefits	41,500.00	(4,000.00)	37,500.00	34,461.00	3,039.00
Cleaning, Repair and Maintenance Service	4,000.00	2,000.00	6,000.00	5,840.00	160.00
Rental Payments - School Buses	90,000.00	16,112.66	106,112.66	105,906.31	206.35
Lease Purchase Payments - School Buses	5,001.00	2,637.94	7,638.94	7,638.94	-
Contr. Serv. - (Spc Ed. Students) - Joint Agrmt	175,000.00	(2,637.94)	172,362.06	134,447.44	37,914.62
Contr. Serv. - (Spc Ed Students) - ESCs & CTSA	5,000.00	696.00	5,696.00	1,768.00	3,928.00
Contr. Serv. - Aid in Lieu Payments - NonPublic	2,500.00	60.00	2,500.00	442.00	2,058.00
Contr. Serv. - Aid in Lieu Payments - Charters	131,750.00	60.00	131,810.00	131,746.77	63.23
Misc. Purchased Service - Transportation	2,500.00	-	2,500.00	2,483.96	16.04
Supplies & Materials	406,700.00	(66,182.50)	340,517.50	275,526.50	64,991.00
Transportation Supplies	10,000.00	-	10,000.00	9,822.27	177.73
Other Objects	-	-	-	-	-
Total Undistributed Expenditures - Student Transportation Services	2,272,118.00	218,005.16	2,490,123.16	2,345,698.50	144,424.66
Student Transportation Services-Employee Benefits	124,704.00	314.14	125,018.14	125,018.14	-
Social Security Contribution	45,675.00	-	45,675.00	45,675.00	-
Workers Compensation	251,000.00	-	251,000.00	251,000.00	-
Health Benefits	421,379.00	314.14	421,693.14	421,693.14	-
Total Student Transportation Services	550,014.00	(168,283.33)	381,730.67	378,205.15	3,525.52
Unallocated Benefits	367,500.00	850.00	368,350.00	368,348.29	1.71
Social Security Contribution	15,000.00	2,400.00	17,400.00	17,400.00	-
Other Retirement Contributions - Regular	-	-	-	-	-
Unemployment Compensation	-	-	-	-	-

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Unallocated Benefits (Cont'd)					
Workmen's Compensation	\$ 316,491.00	\$ (13,200.00)	\$ 303,291.00	\$ 301,461.00	\$ 1,830.00
Health Benefits	3,583,785.00	713,654.12	4,297,439.12	4,292,872.32	4,566.80
Tuition Reimbursement	82,500.00	(3,050.00)	79,450.00	63,425.84	16,024.16
Other Employee Benefits	75,500.00	16,500.00	92,000.00	80,576.21	11,423.79
Total Unallocated Benefits	4,990,790.00	548,870.79	5,539,660.79	5,502,288.81	37,371.98
On-Behalf Contributions					
On-Behalf TPAF Non-Cont. Life Insurance (non-bud)	-	-	-	58,698.00	(58,698.00)
On-Behalf TPAF Pension - Post Retirement					
Medical Contribution (non-bud)				1,102,431.00	(1,102,431.00)
Reimbursed TPAF Social Security Cont. (non-bud)				1,367,435.66	(1,367,435.66)
Total On-Behalf Contributions	-	-	-	2,528,564.66	(2,528,564.66)
Total Personal Services - Employee Benefits	5,412,169.00	549,184.93	5,961,353.93	8,452,546.61	(2,491,192.68)
TOTAL UNDISTRIBUTED EXPENDITURES	23,740,295.00	(170,953.80)	23,569,341.20	25,023,299.61	(1,453,958.41)
TOTAL GENERAL CURRENT EXPENSE	40,038,852.00	179,475.78	40,218,327.78	41,098,152.99	(879,825.21)
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grade 1 - 5		3,728.00	3,728.00	3,728.00	-
Grade 6 - 8		16,336.00	16,336.00	16,336.00	-
Grades 9-12		16,336.00	16,336.00	16,336.00	-
Undistributed Expenditures:					
Operation and Maintenance of Plant		50,090.15	50,090.15	50,090.15	-
Security	15,000.00		15,000.00	5,000.00	10,000.00
Total Equipment	15,000.00	86,490.15	101,490.15	91,490.15	10,000.00

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
CAPITAL OUTLAY (CONTD)					
Facilities Acquisition/Construction Services	-	\$ 23,815.10	\$ 23,815.10	\$ 19,000.00	\$ 4,815.10
Construction Services	-	23,815.10	23,815.10	19,000.00	4,815.10
Total Facilities Acquisition/Construction Services					
Assets Acquired Under Capital Lease (non-budget) Equipment:					
Undistributed Expenditures				125,000.00	(125,000.00)
School Buses - Regular					
Total Assets Acquired Under Capital Lease (non-bud)					
	-	-	-	125,000.00	(125,000.00)
TOTAL CAPITAL OUTLAY	15,000.00	110,305.25	125,305.25	235,490.15	(110,184.90)
SPECIAL SCHOOLS:					
Summer School - Instruction					
Salaries of Teachers	45,000.00		45,000.00	45,000.00	-
General Supplies	1,500.00		1,500.00	1,373.67	126.33
Total Summer School - Instruction	46,500.00	-	46,500.00	46,373.67	126.33
Summer School - Support Services					
Salaries	59,000.00		59,000.00	51,494.76	7,505.24
Purchased Professional and Technical Services	44,500.00		44,500.00	44,376.86	123.14
Other Objects	8,400.00		8,400.00	8,400.00	-
Total Summer School - Support Services	111,900.00	-	111,900.00	104,271.62	7,628.38
Total Summer School	158,400.00	-	158,400.00	150,645.29	7,754.71
TOTAL SPECIAL SCHOOLS:	158,400.00	-	158,400.00	150,645.29	7,754.71
Transfer of Funds to Charter Schools	46,000.00	(20,000.00)	26,000.00	24,111.00	1,889.00
TOTAL EXPENDITURES	40,258,252.00	269,781.03	40,528,033.03	41,508,399.43	(980,366.40)

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,046,909.00)	\$ (257,972.03)	\$ (1,304,881.03)	\$ (180,218.74)	\$ 1,124,662.29
Other Financing Sources (Uses):					
Capital Leases (non-budget)				125,000.00	125,000.00
Capital Reserve - Transfer to Capital Projects Fund		(257,785.00)	(257,785.00)	(257,785.00)	-
Capital Outlay - Transfer to Capital Projects Fund		(154,753.00)	(154,753.00)	(154,753.00)	-
Total Other Financing Sources:	-	(412,538.00)	(412,538.00)	(287,538.00)	125,000.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,046,909.00)	(670,510.03)	(1,717,419.03)	(467,756.74)	1,249,662.29
Fund Balance July 1	3,426,366.76		3,426,366.76	3,426,366.76	
Fund Balance June 30	<u>\$ 2,379,457.76</u>	<u>\$ (670,510.03)</u>	<u>\$ 1,708,947.73</u>	<u>\$ 2,958,610.02</u>	<u>\$ 1,249,662.29</u>
Recapitulation:					
Reserve for Encumbrances				\$ 554,110.29	
Reserve for Excess Surplus				508,571.59	
Reserve for Excess Surplus - Designated in Subsequent Budget				695,770.00	
Capital Reserve				18,768.68	
Maintenance Reserve				360,328.00	
Unrestricted Fund Balance				821,061.46	
				<u>2,958,610.02</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				1,186,208.90	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,772,401.12</u>	

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Required Supplementary Information
American Recovery and Reinvestment Act - Education Stabilization Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 1,305,430.00	-	\$ 1,305,430.00	\$ 1,305,430.00	\$ -
Total Revenues	<u>1,305,430.00</u>	<u>-</u>	<u>1,305,430.00</u>	<u>1,305,430.00</u>	<u>-</u>
EXPENDITURES:					
Regular Programs - Instruction:					
Grades 9 - 12 Salaries of Teachers	1,305,430.00		1,305,430.00	1,305,430.00	-
Total Regular Programs - Instruction	<u>1,305,430.00</u>	<u>-</u>	<u>1,305,430.00</u>	<u>1,305,430.00</u>	<u>-</u>
Other Financing Sources (Uses)					
None			-		-
Total Outflows	<u>1,305,430.00</u>	<u>-</u>	<u>1,305,430.00</u>	<u>1,305,430.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Required Supplementary Information
American Recovery and Reinvestment Act - Government Stabilization Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 50,535.00	\$ -	\$ 50,535.00	\$ 50,535.00	\$ -
Total Revenues	<u>50,535.00</u>	<u>-</u>	<u>50,535.00</u>	<u>50,535.00</u>	<u>-</u>
EXPENDITURES:					
Regular Programs - Instruction:					
Grades 6 - 8 Salaries of Teachers	50,535.00		50,535.00	50,535.00	-
Total Regular Programs - Instruction	<u>50,535.00</u>	<u>-</u>	<u>50,535.00</u>	<u>50,535.00</u>	<u>-</u>
Other Financing Sources (Uses)					
None			-		-
Total Outflows	<u>50,535.00</u>	<u>-</u>	<u>50,535.00</u>	<u>50,535.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 434.27	\$ -	\$ 434.27	\$ 296.73	\$ (137.54)
State Sources	848,092.00		848,092.00	833,259.79	(14,832.21)
Federal Sources	2,199,384.71	89,202.00	2,288,586.71	1,849,327.45	(439,259.26)
Total Revenues	3,047,910.98	89,202.00	3,137,112.98	2,682,883.97	(454,229.01)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,071,828.09	1,041.00	1,072,869.09	883,419.69	189,449.40
Other Salaries for Instruction	95,951.00		95,951.00	95,921.00	30.00
Purchased Professional - Technical Services	122,560.00	720.00	123,280.00	51,946.50	71,333.50
Tuition	454,084.00		454,084.00	454,084.00	-
General Supplies	374,589.89	21,214.00	395,803.89	377,138.31	18,665.58
Textbooks	10,415.00		10,415.00	10,084.57	330.43
Total Instruction	2,129,427.98	22,975.00	2,152,402.98	1,872,594.07	279,808.91
Support Services:					
Salaries of Supervisors of Instruction	30,768.00		30,768.00	15,768.00	15,000.00
Salaries of Program Directors	46,836.00		46,836.00	46,836.00	-
Salaries of Other Professional Staff	290,343.00	(12,000.00)	278,343.00	199,360.19	78,982.81
Salaries of Sec. And Clerical Assistants	22,140.00		22,140.00	22,140.00	-
Other Salaries	15,412.00		15,412.00	15,412.00	-
Personal Services - Employee Benefits	334,588.00		334,588.00	294,234.00	40,354.00
Purchased Technical Services	89,903.00	78,227.00	168,130.00	130,586.49	37,543.51
Supplies & Materials	40,531.00		40,531.00	38,507.78	2,023.22
Total Support Services	870,521.00	66,227.00	936,748.00	762,844.46	173,903.54

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES(cont'd):					
Facilities Acquisitions and Construction Services:					
Instructional Equipment	\$ 47,962.00	-	\$ 47,962.00	\$ 47,445.44	\$ 516.56
Total Facilities Acquisitions and Const. Services:	<u>47,962.00</u>	<u>-</u>	<u>47,962.00</u>	<u>47,445.44</u>	<u>516.56</u>
Other Financing Sources (Uses)					
Transfer in from General Fund			-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Total Outflows	<u>3,047,910.98</u>	<u>89,202.00</u>	<u>3,137,112.98</u>	<u>2,682,883.97</u>	<u>454,229.01</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<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, 2010

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] \$41,328,180.69	[C-2] \$ 2,682,883.97
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		(64,853.92)
Final State Aid payment was delayed until July 2009 is recorded as budgetary revenue but is not recognized under GAAP.	1,118,406.30	77,458.70
Final State Aid payment was delayed until July 2010 is recorded as budgetary revenue but is not recognized under GAAP.	(1,186,208.90)	(80,709.10)
	[B-2] <u>\$41,260,378.09</u>	[B-2] <u>\$ 2,614,779.65</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$41,508,399.43	[C-2] \$ 2,682,883.97
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.		(64,853.92)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) from general fund		
	[B-2] <u>\$41,508,399.43</u>	[B-2] <u>\$ 2,618,030.05</u>

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, 2010

	Total Brought Forward (Ex. E-1a)	Perkins Grant	Preschool Education Aid	Eisenhower Title IIA	Title IID	Totals 2010
REVENUES:						
Local Sources	\$ 296.73	\$ -	\$ -	\$ -	\$ -	\$ 296.73
State Sources	26,168.79		807,091.00			833,259.79
Federal Sources	1,642,190.02	64,832.62		136,471.81	5,833.00	1,849,327.45
Total Revenues	1,668,655.54	64,832.62	807,091.00	136,471.81	5,833.00	2,682,883.97
EXPENDITURES:						
Instruction:						
Salaries of Teachers	445,121.69	-	340,298.00	98,000.00		883,419.69
Other Salaries for Instruction	8,470.00		87,451.00			95,921.00
Purchased Professional - Technical Services	51,640.50	306.00				51,946.50
Tuition	454,084.00					454,084.00
General Supplies	322,869.17	49,895.14			4,374.00	377,138.31
Textbooks	10,084.57					10,084.57
Total Instruction	1,292,269.93	50,201.14	427,749.00	98,000.00	4,374.00	1,872,594.07
Support Services:						
Salaries of Supervisors of Instruction	-		15,768.00			15,768.00
Salaries of Program Directors	-		46,836.00			46,836.00
Salaries of Other Professional Staff	59,553.19	4,000.00	135,807.00			199,360.19
Salaries of Sec. And Clerical Assistants	-		22,140.00			22,140.00
Other Salaries	7,157.00		8,255.00			15,412.00
Personal Services - Employee Benefits	140,938.00		118,032.00	35,264.00		294,234.00
Purchased Professional - Technical Services	125,919.68			3,207.81	1,459.00	130,586.49
Supplies & Materials	6,003.78		32,504.00			38,507.78
Total Support Services	339,571.65	4,000.00	379,342.00	38,471.81	1,459.00	762,844.46
Facilities Acquisition and Constr. Services:						
Instructional Equipment	36,813.96	10,631.48				47,445.44
Total Facilities Acquisition and Constr. Services	36,813.96	10,631.48				47,445.44
Other Financing Sources (Uses)						
Transfer in from General Fund	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Total Outflows	1,668,655.54	64,832.62	807,091.00	136,471.81	5,833.00	2,682,883.97
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, 2010

	Total Brought Forward (Ex. E-1b)	Title IV Drug Free Schools	Title I ARRA	I.D.E.A. Part B ARRA	REBEL Anti-Tobacco	Total Carried Forward
REVENUES:						
Local Sources	\$ 296.73	\$ -	\$ -	\$ -	\$ -	\$ 296.73
State Sources	24,168.79				2,000.00	26,168.79
Federal Sources	1,237,798.14	10,624.00	87,061.78	306,706.10		1,642,190.02
Total Revenues	1,262,263.66	10,624.00	87,061.78	306,706.10	2,000.00	1,668,655.54
EXPENDITURES:						
Instruction:						
Salaries of Teachers	400,518.69	8,853.00	33,750.00		2,000.00	445,121.69
Other Salaries for Instruction	8,470.00					8,470.00
Purchased Professional - Technical Services	720.00			50,920.50		51,640.50
Tuition	454,084.00					454,084.00
General Supplies	118,547.08		47,885.34	156,436.75		322,869.17
Textbooks	5,989.00			4,095.57		10,084.57
Total Instruction	988,328.77	8,853.00	81,635.34	211,452.82	2,000.00	1,292,269.93
Support Services:						
Salaries of Supervisors of Instruction	-					-
Salaries of Program Directors	-					-
Salaries of Other Professional Staff	7,029.79			52,523.40		59,553.19
Salaries of Sec. And Clerical Assistants						
Other Salaries	7,157.00					7,157.00
Personal Services - Employee Benefits	139,167.00	1,771.00				140,938.00
Purchased Professional - Technical Services	116,057.20		3,946.56	5,915.92		125,919.68
Supplies & Materials	4,523.90		1,479.88			6,003.78
Total Support Services	273,934.89	1,771.00	5,426.44	58,439.32	-	339,571.65
Facilities Acquisition and Constr. Services:						
Instructional Equipment	-					-
Total Facilities Acquisition and Constr. Services	-	-	-	36,813.96	-	36,813.96
Other Financing Sources (Uses)						
Transfer in from General Fund	-					-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Total Outflows	1,262,263.66	10,624.00	87,061.78	306,706.10	2,000.00	1,668,655.54
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, 2010

	Total Brought Forward (Ex. E-1c)	Nonpublic Nurse	Nonpublic Examination & Classification	Nonpublic Textbooks	Nonpublic Technology	Total Carried Forward
REVENUES:						
Local Sources	\$ 296.73	\$ -	\$ -	\$ -	\$ -	\$ 296.73
State Sources	11,150.00	6,353.06	676.73	5,989.00	-	24,168.79
Federal Sources	1,237,798.14	-	-	-	-	1,237,798.14
Total Revenues	1,249,244.87	6,353.06	676.73	5,989.00	-	1,262,263.66
EXPENDITURES:						
Instruction:						
Salaries of Teachers	400,518.69	-	-	-	-	400,518.69
Other Salaries for Instruction	8,470.00	-	-	-	-	8,470.00
Purchased Professional - Technical Services	720.00	-	-	-	-	720.00
Tuition	454,084.00	-	-	-	-	454,084.00
General Supplies	118,547.08	-	-	5,989.00	-	118,547.08
Textbooks	-	-	-	-	-	5,989.00
Total Instruction	982,339.77	-	-	5,989.00	-	988,328.77
Support Services:						
Salaries of Supervisors of Instruction	-	-	-	-	-	-
Salaries of Program Directors	-	-	-	-	-	-
Salaries of Other Professional Staff	-	6,353.06	676.73	-	-	7,029.79
Salaries of Sec. And Clerical Assistants	-	-	-	-	-	-
Other Salaries	7,157.00	-	-	-	-	7,157.00
Personal Services - Employee Benefits	139,167.00	-	-	-	-	139,167.00
Purchased Professional - Technical Services	116,057.20	-	-	-	-	116,057.20
Supplies & Materials	4,523.90	-	-	-	-	4,523.90
Total Support Services	266,905.10	6,353.06	676.73	-	-	273,934.89
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	1,249,244.87	6,353.06	676.73	5,989.00	-	1,262,263.66
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, 2010

	Total Brought Forward (Ex. E-1c)	Title I	Title I Carryover	Title I July/August	Title I SIA Carryover	Total Carried Forward
REVENUES:						
Local Sources	\$ 296.73	\$ -	\$ -	\$ -	\$ -	\$ 296.73
State Sources	11,150.00					11,150.00
Federal Sources	569,821.02	536,220.76	75,422.66	44,039.70	12,294.00	1,237,798.14
Total Revenues	581,267.75	536,220.76	75,422.66	44,039.70	12,294.00	1,249,244.87
EXPENDITURES:						
Instruction:						
Salaries of Teachers	87,959.09	269,634.60	1,041.00	30,464.00	11,420.00	400,518.69
Other Salaries for Instruction	-	8,470.00				8,470.00
Purchased Professional - Technical Services	-		720.00			720.00
Tuition	454,084.00					454,084.00
General Supplies	8,998.66	94,774.06	11,233.66	3,540.70		118,547.08
Textbooks	-					-
Total Instruction	551,041.75	372,878.66	12,994.66	34,004.70	11,420.00	982,339.77
Support Services:						
Salaries of Supervisors of Instruction	-					-
Salaries of Program Directors	-					-
Salaries of Other Professional Staff	-					-
Salaries of Sec. And Clerical Assistants	-					-
Other Salaries	-			7,157.00		7,157.00
Personal Services - Employee Benefits	15,226.00	120,189.00		2,878.00	874.00	139,167.00
Purchased Professional - Technical Services	15,000.00	38,629.20	62,428.00			116,057.20
Supplies & Materials	-	4,523.90				4,523.90
Total Support Services	30,226.00	163,342.10	62,428.00	10,035.00	874.00	266,905.10
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	581,267.75	536,220.76	75,422.66	44,039.70	12,294.00	1,249,244.87
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, 2010

	Total Brought Forward (Ex. E-1e)	I.D.E.A. Part B	I.D.E.A. Part B Carryover	I.D.E.A. Preschool	I.D.E.A. Preschool Carryover	Total Carried Forward
REVENUES:						
Local Sources	\$ 296.73	-	\$ -	-	-	\$ 296.73
State Sources	11,150.00	530,225.54	15,904.48	23,022.00	669.00	11,150.00
Federal Sources	-	-	-	-	-	569,821.02
Total Revenues	11,446.73	530,225.54	15,904.48	23,022.00	669.00	581,267.75
EXPENDITURES:						
Instruction:						
Salaries of Teachers	-	-	-	-	-	-
Other Salaries for Instruction	11,150.00	76,130.00	679.09	-	-	87,959.09
Purchased Professional - Technical Services	-	-	-	-	-	-
Tuition	-	431,062.00	-	23,022.00	-	454,084.00
General Supplies	296.73	7,807.54	225.39	-	669.00	8,998.66
Textbooks	-	-	-	-	-	-
Total Instruction	11,446.73	514,999.54	904.48	23,022.00	669.00	551,041.75
Support Services:						
Salaries of Supervisors of Instruction	-	-	-	-	-	-
Salaries of Program Directors	-	-	-	-	-	-
Salaries of Other Professional Staff	-	-	-	-	-	-
Salaries of Sec. And Clerical Assistants	-	-	-	-	-	-
Other Salaries	-	-	-	-	-	-
Personal Services - Employee Benefits	-	15,226.00	-	-	-	15,226.00
Purchased Professional - Technical Services	-	-	-	-	-	-
Supplies & Materials	-	-	-	-	-	-
Total Support Services	-	15,226.00	15,000.00	-	-	30,226.00
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	11,446.73	530,225.54	15,904.48	23,022.00	669.00	581,267.75
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, 2010

	Nonpublic Supplemental Instruction	Cape Education Fund	Total Carried Forward
REVENUES:			
Local Sources	-	296.73	296.73
State Sources			11,150.00
Federal Sources			-
Total Revenues	11,150.00	296.73	11,446.73
EXPENDITURES:			
Instruction:			
Salaries of Teachers	11,150.00		11,150.00
Other Salaries for Instruction			-
Purchased Professional - Technical Services			-
Tuition			-
General Supplies		296.73	296.73
Textbooks			-
Total Instruction	11,150.00	296.73	11,446.73
Support Services:			
Salaries of Supervisors of Instruction			-
Salaries of Program Directors			-
Salaries of Other Professional Staff			-
Salaries of Sec. And Clerical Assistants			-
Other Salaries			-
Personal Services - Employee Benefits			-
Purchased Professional - Technical Services			-
Supplies & Materials			-
Total Support Services			-
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	11,150.00	296.73	11,446.73
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, 2010

<u>District-Wide Total</u>	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 340,298.00	\$ 340,298.00	\$ -
Other Salaries for Instruction	87,451.00	87,451.00	-
Total Instruction	<u>427,749.00</u>	<u>427,749.00</u>	<u>-</u>
Support Services:			
Salaries of Supervisors of Instruction	15,768.00	15,768.00	-
Salaries of Program Directors	46,836.00	46,836.00	-
Salaries of Other Professional Staff	135,807.00	135,807.00	-
Salaries of Secr. And Clerical Assistants	22,140.00	22,140.00	-
Other Salaries	8,255.00	8,255.00	-
Personal Services - Employee Benefits	118,032.00	118,032.00	-
Supplies and Materials	32,504.00	32,504.00	-
Total Support Services	<u>379,342.00</u>	<u>379,342.00</u>	<u>-</u>
Facilities Acquisition and Construction Services			
Instructional Equipment	-	-	-
Noninstructional Equipment	-	-	-
Total Facilities Acq & Construction Services	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 807,091.00</u>	<u>\$ 807,091.00</u>	<u>\$ -</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2009-10 Preschool Education Aid Allocation	\$ 807,091.00
Adjustments	-
Actual Preschool Education Program Aid Carryover June 30, 2009	-
Add: Budget transfer from General Fund 2009-10	-
Total Preschool Education Aid Funds Available for 2009-10 Budget	<u>807,091.00</u>
Less: 2009-10 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(807,091.00)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2010	<u>-</u>
Add: June 30, 2010 Unexpended Preschool Education Aid	-
2009-10 Actual Carryover -Preschool Education Aid/Preschool	<u>\$ -</u>
2009-10 Preschool Education Aid Carryover Budgeted in 2010-11	<u>\$ -</u>

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Capital Projects Funds
Summary Statement of Project Expenditures
For the Year Ended June 30, 2010

Project Title/Issue	Date	Original Appropriations	Expenditures to Date		Transfer to Debt Service	Unexpended Balance June 30, 2010
			Prior Years	Current Years		
Roof Replacement - Elementary #2	Aug-09	\$ 499,897.00	\$	286,279.85	\$	213,617.15
Roof Replacement - High School	Aug-09	112,600.00		112,600.00		-
		<u>\$ 612,497.00</u>	<u>\$ -</u>	<u>\$ 398,879.85</u>	<u>\$ -</u>	<u>\$ 213,617.15</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2010

REVENUES AND OTHER FINANCING SOURCES:

State Sources:		
SCC Grants	\$	199,959.00
Local Sources		
Transfer from Capital Reserve		257,785.00
Transfer from Capital Outlay		<u>154,753.00</u>
Total Revenues		<u>612,497.00</u>
 EXPENDITURES AND OTHER FINANCING USES:		
Purchased Professional and Technical Services		20,266.85
Construction Services		378,613.00
Other Objects		<u>-</u>
Total Expenditures		<u>398,879.85</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		213,617.15
Fund Balances, July 1		<u>-</u>
Fund Balances, June 30	\$	<u><u>213,617.15</u></u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Elementary #2 - Flat Roof Replacement
From Inception and for the Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Costs
REVENUES AND OTHER FINANCING SOURCES:				
State Sources:				
SCC Grant	\$ -	\$ 199,959.00	\$ 199,959.00	\$ 199,959.00
Local Sources:				
Transfer from Capital Reserve		243,064.00	243,064.00	243,064.00
Transfer from Capital Outlay		56,874.00	56,874.00	56,874.00
Total Revenues	<u>-</u>	<u>499,897.00</u>	<u>499,897.00</u>	<u>499,897.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased Professional/Technical Services	-	20,266.85	20,266.85	20,266.85
Construction Services		266,013.00	266,013.00	266,013.00
Other Objects			-	
Total Expenditures	<u>-</u>	<u>286,279.85</u>	<u>286,279.85</u>	<u>286,279.85</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 213,617.15</u>	<u>\$ 213,617.15</u>	<u>\$ 213,617.15</u>
ADDITIONAL PROJECT INFORMATION:				
Project Number	085-09-1001			
Grant Date/Letter of Notification	August 2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Cost Authorized	\$ 378,613.00			
Additional Authorized Cost	-			
Revised Authorized Cost	378,613.00			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	57%			
Original Target Completion Date	Nov-09			
Revised Target Completion Date	Nov-09			

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Roof Replacement - High School
From Inception and for the Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Costs
REVENUES AND OTHER FINANCING SOURCES:				
State Sources:				
SCC Grant	\$ -	\$ -	\$ -	\$ -
Local Sources:				
Transfer from Capital Reserve		14,721.00	14,721.00	14,721.00
Transfer from Capital Outlay		97,879.00	97,879.00	97,879.00
Total Revenues	-	112,600.00	112,600.00	112,600.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased Professional/Technical Services	-	-	-	-
Construction Services		112,600.00	112,600.00	112,600.00
Other Objects			-	
Total Expenditures	-	112,600.00	112,600.00	112,600.00
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -
ADDITIONAL PROJECT INFORMATION:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized				
Bonds Issued				
Original Cost Authorized	112,600.00			
Additional Authorized Cost	-			
Revised Authorized Cost	112,600.00			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	Nov-09			
Revised Target Completion Date	Nov-09			

**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 Assets
June 30, 2010

	Unemployment Compensation Trust	Private Purpose Trust	Agency Funds	Totals
ASSETS				
Cash and Cash Equivalents	\$ 14,809.40	\$ 93,672.49	\$ 1,292,660.07	\$ 1,401,141.96
Total Assets	14,809.40	93,672.49	1,292,660.07	1,401,141.96
LIABILITIES				
Accounts Payable	14,459.35		-	14,459.35
Payable to Teachers Association			1,918.55	1,918.55
Payable to Teachers - Summer Pay			1,042,521.49	1,042,521.49
Payable to Student Groups			219,669.40	219,669.40
Payroll Deductions & Withholdings			28,550.63	28,550.63
Total Liabilities	14,459.35	-	1,292,660.07	1,307,119.42
NET ASSETS				
Held in Trust for Unemployment Claims and Other Purposes	\$ 350.05			350.05
Reserve for Scholarships		\$ 93,672.49		93,672.49
Total Net Assets	350.05	93,672.49		94,022.54
Total Liabilities and Net Assets	\$ 350.05	\$ 93,672.49		\$ 1,401,141.96

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2010

	Unemployment Compensation Trust	Private Purpose Trust	Totals
ADDITIONS			
Contributions:			
Plan Member	\$ 44,967.88	\$	\$ 44,967.88
Board Contribution	15,000.00		15,000.00
Scholarship Donations to District			-
Total Contributions	<u>59,967.88</u>	<u>-</u>	<u>59,967.88</u>
Investments Earnings:			
Interest	156.93	1,177.68	1,334.61
Net Investment Earnings	<u>156.93</u>	<u>1,177.68</u>	<u>1,334.61</u>
Total Additions	<u>60,124.81</u>	<u>1,177.68</u>	<u>61,302.49</u>
Deductions			
Unemployment Claims	94,416.51		94,416.51
Scholarships and Awards		1,000.00	1,000.00
Total Deductions	<u>94,416.51</u>	<u>1,000.00</u>	<u>95,416.51</u>
Change in Net Assets	(34,291.70)	177.68	(34,114.02)
Net Assets - Beginning of the Year	<u>34,641.75</u>	<u>93,494.81</u>	<u>128,136.56</u>
Net Assets - End of the Year	<u>\$ 350.05</u>	<u>\$ 93,672.49</u>	<u>\$ 94,022.54</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Elementary #1 School	\$ 12,415.73	\$ 8,536.65	\$ 9,911.50	\$ 11,040.88
Elementary #2 School	4,714.77	16,100.51	15,328.76	5,486.52
Elementary #4 School	69,986.62	137,331.79	158,360.88	48,957.53
High School	161,202.81	306,755.13	313,773.47	154,184.47
Total Assets	\$ 248,319.93	\$ 468,724.08	\$ 497,374.61	\$ 219,669.40

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS:				
Cash and Cash Equivalents	\$ 1,164,244.80	\$ 28,750,369.17	\$ 28,841,623.30	\$ 1,072,990.67
Total Assets	<u>\$ 1,164,244.80</u>	<u>\$ 28,750,369.17</u>	<u>\$ 28,841,623.30</u>	<u>\$ 1,072,990.67</u>
LIABILITIES:				
Payroll Deductions & Withholding	\$ 116,197.77	\$ 11,128,306.45	\$ 11,215,953.59	\$ 28,550.63
Accounts Payable	-	1,920.01	1,920.01	-
Payable to Teachers - Summer	1,043,583.87	1,042,521.54	1,043,583.92	1,042,521.49
Due to Teachers Association	4,463.16	2,506.34	5,050.95	1,918.55
Net Pay	-	16,575,114.83	16,575,114.83	-
Total Liabilities	<u>\$ 1,164,244.80</u>	<u>\$ 28,750,369.17</u>	<u>\$ 28,841,623.30</u>	<u>\$ 1,072,990.67</u>

LONG-TERM DEBT SCHEDULES

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of General Serial Bonds and Loans
As of June 30, 2010

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance June 30, 2009	Increased	Decreased	Balance June 30, 2010
			Date	Outstanding June 30, 2010	Amount					
Middle Twp. School Bonds (Bonds refunded in FY 10)	7/1/2002	\$ 13,039,000	2/1/2011	\$ 1,175,000.00		Variable	\$ 11,714,000.00	\$ 10,539,000.00	1,175,000.00	
Middle Twp. Board of Education, Refunding School Bonds	2/1/2010	9,175,000	2/1/2011	95,000.00				9,175,000.00	9,175,000.00	
			2/1/2012	1,195,000.00						
			2/1/2013	1,230,000.00						
			2/1/2014	1,300,000.00						
			2/1/2015	1,370,000.00						
			2/1/2016	1,440,000.00						
			2/1/2017	1,450,000.00						
			2/1/2018	1,095,000.00						
							<u>\$ 11,714,000.00</u>	<u>\$ 10,539,000.00</u>	<u>\$ 10,350,000.00</u>	

Principal paid by FY 10 Budget Appropriation
 2002 Bond Principal Refunded

\$	1,125,000.00
\$	9,414,000.00
\$	<u>10,539,000.00</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of Obligations Under Capital Lease
As of June 30, 2010

Description	Amount of Original Issue	Balance July 1, 2009	Issued Current Year	Retired Current Year	Balance June 30, 2010
Various Equipment and Copiers, Textbooks	\$ 365,000.00	\$ 103,743.92	\$	\$ 79,312.20	\$ 24,431.72
Five (5) 54-passenger 2007 School Buses	296,900.00	122,361.98		60,034.33	62,327.65
One (1) 54-passenger 2010 School Bus, Two (2) 2009 Ford Vans	125,000.00		125,000.00	28,089.36	96,910.64
One (1) Handicapped Bus	52,432.00	21,558.23	-	10,491.63	11,066.60
Two (2) School Buses, Security System and Fire Alarms	336,196.00	201,458.44		64,225.63	137,232.81
	\$	\$ 449,122.57	\$ 125,000.00	\$ 242,153.15	\$ 331,969.42

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,623,161.00	\$ -	\$ 1,623,161.00	\$ 1,623,161.00	\$ -
Miscellaneous	-	-	-	-	-
Total Local Sources	<u>1,623,161.00</u>	<u>-</u>	<u>1,623,161.00</u>	<u>1,623,161.00</u>	<u>-</u>
Total Revenues	<u>1,623,161.00</u>	<u>-</u>	<u>1,623,161.00</u>	<u>1,623,161.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	498,161.00	-	498,161.00	498,161.28	(0.28)
Redemption of Principal	1,125,000.00	-	1,125,000.00	1,125,000.00	-
Total Regular Debt Service	<u>1,623,161.00</u>	<u>-</u>	<u>1,623,161.00</u>	<u>1,623,161.28</u>	<u>(0.28)</u>
Total Expenditures	<u>1,623,161.00</u>	<u>-</u>	<u>1,623,161.00</u>	<u>1,623,161.28</u>	<u>(0.28)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.28)</u>	<u>(0.28)</u>
Other Financing Sources(Uses):					
Refunding Bonds Issued	-	-	-	9,175,000.00	9,175,000.00
Bond Issuance Premium	-	-	-	746,857.15	746,857.15
Payment to Bond Refunding Escrow Agent	-	-	-	(9,921,857.15)	(9,921,857.15)
Total Other Financing Sources(Uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.28)</u>	<u>(0.28)</u>
Fund Balance, July 1	0.52	-	0.52	0.52	-
Fund Balance, June 30	<u>0.52</u>	<u>-</u>	<u>0.52</u>	<u>0.24</u>	<u>(0.28)</u>

Statistical Section

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

Exhibit J-1

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 16,024,906.08	\$ 16,269,786.08	\$ 16,240,975.34	\$ 16,594,509.52	\$ 16,994,487.23	\$ 17,553,874.26	\$ 17,768,168.89	\$ 18,083,475.69
Restricted	98,540.44	1,103,587.39	2,518,255.26	2,176,145.21	2,350,435.99	2,007,017.61	2,172,919.34	2,272,607.67
Unrestricted	31,336.56	187,411.37	(514,783.67)	(863,378.81)	(809,604.47)	(410,356.95)	(1,231,873.49)	(1,511,138.38)
Total governmental activities net assets	\$ 16,154,783.08	\$ 17,560,784.84	\$ 18,244,446.93	\$ 17,907,275.92	\$ 18,535,318.75	\$ 19,150,534.92	\$ 18,709,214.74	\$ 18,844,944.98
Business-type activities								
Invested in capital assets, net of related debt	\$ 41,725.29	\$ 48,938.68	\$ 44,344.07	\$ 42,562.84	\$ 35,398.59	\$ 33,370.70	\$ 29,243.80	\$ 25,116.90
Restricted	(13,735.60)	(47,828.81)	(161,517.37)	(300,297.85)	(229,281.14)	(216,640.31)	(169,149.02)	(210,018.19)
Unrestricted	27,989.69	1,109.87	(117,173.30)	(257,735.01)	(193,882.55)	(183,269.61)	(139,905.22)	(184,901.29)
Total business-type activities net assets	\$	\$	\$	\$	\$	\$	\$	\$
District-wide								
Invested in capital assets, net of related debt	\$ 16,066,631.37	\$ 16,318,724.76	\$ 16,285,319.41	\$ 16,637,072.36	\$ 17,029,885.82	\$ 17,587,244.96	\$ 17,797,412.69	\$ 18,108,582.59
Restricted	98,540.44	1,103,587.39	2,518,255.26	2,176,145.21	2,350,435.99	2,007,017.61	2,172,919.34	2,272,607.67
Unrestricted	17,600.96	139,582.56	(676,301.04)	(1,163,676.66)	(1,038,885.61)	(626,997.26)	(1,401,022.51)	(1,721,156.57)
Total district net assets	\$ 16,182,772.77	\$ 17,561,894.71	\$ 18,127,273.63	\$ 17,649,540.91	\$ 18,341,436.20	\$ 18,967,265.31	\$ 18,569,309.52	\$ 18,660,043.69

Source: CAFR Schedule A-1

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

Exhibit J-2

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007		2008	2009
Expenses								
Governmental activities:								
Instruction:								
Regular	\$ 14,766,162.69	\$ 14,535,548.99	\$ 15,371,989.50	\$ 15,891,037.52	\$ 16,874,966.16	\$ 17,621,776.79	\$ 17,708,249.18	\$ 18,032,450.48
Special education	3,016,797.74	3,235,086.99	3,533,858.74	3,935,801.95	4,107,608.57	4,424,046.76	4,366,646.04	4,564,977.62
Other instruction	719,469.23	806,762.17	840,748.45	1,040,250.67	1,045,642.35	1,364,437.44	1,355,194.57	1,389,992.99
Support Services:								
Tuition	2,526,089.83	2,923,123.36	3,707,144.34	3,627,068.05	3,394,886.55	3,395,985.67	3,979,604.09	4,229,484.04
Student & instruction related services	4,066,372.12	4,433,580.18	4,500,821.36	4,815,357.97	5,194,047.26	5,137,181.50	5,212,354.66	5,351,348.43
General and business administrative services	1,353,948.32	1,467,953.77	1,584,932.35	1,872,627.63	1,666,695.25	2,415,494.09	2,198,515.68	2,297,042.18
School administrative services	1,340,165.28	1,407,571.42	1,523,925.16	1,681,767.69	1,921,777.75	1,935,966.18	1,528,626.56	1,574,929.74
Plant operations and maintenance	2,506,198.37	2,961,557.58	3,246,237.86	3,352,274.62	4,177,398.78	4,045,216.63	3,931,874.62	3,789,277.09
Pupil transportation	1,962,293.04	2,086,780.26	2,260,048.30	2,379,195.91	2,808,143.27	2,650,149.63	2,495,979.16	2,257,381.32
Special Schools	42,289.00	35,165.00	22,029.02	5,305.94	27,445.00	33,077.00	36,304.00	188,454.98
Charter Schools	1,018,471.31	912,071.88	824,712.98	738,330.70	640,480.96	548,568.85	521,564.44	369,152.39
Interest on long-term debt	984,573.54	1,945,032.31	1,624,806.17	1,695,660.28	1,545,202.60	1,571,198.60	1,520,025.81	1,492,090.81
Unallocated depreciation and amortization	34,302,830.47	36,730,233.91	39,041,254.23	41,034,678.93	43,404,294.50	45,143,099.14	44,854,938.81	45,560,693.07
Total governmental activities expenses	\$ 804,476.62	\$ 872,453.22	\$ 1,001,145.52	\$ 1,067,763.21	\$ 1,029,494.40	\$ 1,163,948.89	\$ 1,111,372.57	\$ 1,131,556.11
Business-type activities:								
Food service	73,396.21	90,681.46	173,186.62	165,249.89	60,993.54	55,656.30	60,296.04	90,955.33
Performing arts center	877,873.83	963,134.68	1,174,332.14	1,233,013.10	1,090,487.94	1,219,605.19	1,171,668.61	1,222,511.44
Total business-type activities expenses	\$ 35,180,703.30	\$ 37,693,368.59	\$ 40,215,566.37	\$ 42,267,992.03	\$ 44,494,782.44	\$ 46,362,704.33	\$ 46,026,607.42	\$ 46,783,204.51
Program Revenues								
Governmental activities:								
Charges for services:								
Instruction (resource room)	\$ 309,621.29	\$ 273,991.00	\$ 335,661.00	\$ 332,629.00	\$ 254,512.76	\$ 267,182.00	\$ 213,680.73	\$ 209,973.78
Compact Tuition/Child Study Team								92,061.35
Pupil transportation			19,006.00	10,573.00	52,400.00	76,276.86	118,447.31	83,226.42
Plant operations - custodial fees	9,805,672.99	10,126,255.00	6,058.93	6,902.85	13,751.98	9,040.37	9,471.99	47,756.98
Operating grants and contributions	7,137,974.00		10,194,930.64	9,814,381.00	10,407,976.47	11,677,576.99	7,046,889.67	9,365,550.16
Capital grants and contributions							2,899.00	199,959.00
Total governmental activities program revenues	\$ 17,253,268.28	\$ 10,400,246.00	\$ 10,555,656.57	\$ 10,164,485.85	\$ 10,722,641.21	\$ 12,030,076.22	\$ 7,391,388.70	\$ 9,998,527.69
Business-type activities:								
Charges for services:								
Food service	478,735.05	520,958.83	603,864.70	638,173.58	649,959.18	665,802.03	616,587.62	571,475.56
Performing arts center	85,039.26	52,002.05	66,892.36	61,943.04	82,062.77	71,518.66	93,661.34	78,799.14
Operating grants and contributions	340,772.86	362,718.25	384,669.24	389,267.81	418,879.29	489,675.15	503,098.04	526,856.29
Total business-type activities program revenue	\$ 904,547.17	\$ 935,679.13	\$ 1,055,426.30	\$ 1,089,384.43	\$ 1,150,901.24	\$ 1,226,995.84	\$ 1,213,347.00	\$ 1,177,130.99
Total district program revenue	\$ 18,157,815.45	\$ 11,335,925.13	\$ 11,611,082.87	\$ 11,253,870.28	\$ 11,873,542.45	\$ 13,257,072.06	\$ 8,604,735.70	\$ 11,175,658.68

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

Exhibit J-2

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Net (Expense)/Revenue								
Governmental activities	\$ (17,049,562.19)	\$ (26,329,987.91)	\$ (28,485,597.66)	\$ (30,870,193.08)	\$ (32,681,653.29)	\$ (33,113,022.92)	\$ (37,463,550.11)	\$ (35,562,165.38)
Business-type activities	26,674.34	(27,455.55)	(118,905.84)	(143,628.67)	60,413.30	7,390.65	41,678.39	(45,380.45)
Total district-wide net expense	\$ (17,022,887.85)	\$ (26,357,443.46)	\$ (28,604,503.50)	\$ (31,013,821.75)	\$ (32,621,239.99)	\$ (33,105,632.27)	\$ (37,421,871.72)	\$ (35,607,545.83)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 13,470,590.00	\$ 15,749,128.00	\$ 16,396,886.00	\$ 17,375,516.00	\$ 19,431,395.00	\$ 20,040,111.00	\$ 20,541,715.00	\$ 21,363,384.00
Taxes levied for debt service	1,329,138.00	1,603,402.00	1,576,796.00	1,649,152.00	1,579,862.00	1,613,407.00	1,604,015.00	1,623,161.00
Unrestricted grants and contributions	6,991,229.34	7,405,219.22	7,925,065.46	8,225,709.90	9,108,983.14	8,518,145.18	11,275,952.31	9,341,265.26
Tuition	2,812,089.24	3,275,709.24	3,098,027.68	3,049,543.00	2,880,333.81	3,188,021.16	3,322,712.91	2,969,823.58
Investment earnings	154,377.66	35,717.97	63,040.48	141,613.35	186,581.63	109,955.62	51,610.86	17,842.33
Miscellaneous income	249,915.32	176,068.19	109,444.13	91,487.82	122,540.53	258,599.33	226,223.85	384,273.88
Loss on disposal of fixed assets								(1,854.43)
Total governmental activities	25,007,338.56	28,245,244.62	29,169,259.75	30,533,022.07	33,309,696.11	33,728,239.29	37,022,229.93	35,697,895.62
Business-type activities:								
Investment earnings		575.73	622.67	3,066.96	3,439.16	3,222.29	1,686.00	384.38
Transfers								
Total business-type activities		575.73	622.67	3,066.96	3,439.16	3,222.29	1,686.00	384.38
Total district-wide	\$ 25,007,338.56	\$ 28,245,820.35	\$ 29,169,882.42	\$ 30,536,089.03	\$ 33,313,135.27	\$ 33,731,461.58	\$ 37,023,915.93	\$ 35,698,280.00
Changes in Net Assets								
Governmental activities	\$ 7,957,776.37	\$ 1,915,256.71	\$ 683,662.09	\$ (337,171.01)	\$ 628,042.82	\$ 615,216.37	\$ (441,320.18)	\$ 135,730.24
Business-type activities	26,674.34	(26,879.82)	(118,283.17)	(140,561.71)	63,852.46	10,612.94	43,364.39	(44,996.07)
Total district	\$ 7,984,450.71	\$ 1,888,376.89	\$ 565,378.92	\$ (477,732.72)	\$ 691,895.28	\$ 625,829.31	\$ (397,955.79)	\$ 90,734.17

Source: CAFR Schedule A-2

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

Exhibit J-3

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 182,864.42	\$ 1,429,544.93	\$ 2,812,507.99	\$ 2,461,914.59	\$ 2,611,914.37	\$ 2,226,439.84	\$ 2,394,925.25	\$ 2,137,548.56
Unreserved	1,179,229.28	1,268,589.72	563,365.23	299,972.40	432,884.19	717,681.86	(86,964.79)	(365,147.44)
Total general fund	<u>\$ 1,362,093.70</u>	<u>\$ 2,698,134.65</u>	<u>\$ 3,375,873.22</u>	<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>
All Other Governmental Funds								
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:								
Special revenue fund	(107,641.90)	(101,976.90)	(101,976.90)	(101,976.90)	(101,985.70)	(122,640.00)	(77,458.70)	(80,709.10)
Capital projects fund	259,741.19	5,537.05	15,993.54	15,993.54	-	-	-	213,617.15
Debt services fund	73,508.71	52,749.45	31,911.57	5,334.58	5,578.62	5,579.44	0.52	0.24
Permanent fund								
Total all other governmental funds	<u>\$ 225,608.00</u>	<u>\$ (43,690.40)</u>	<u>\$ (54,071.79)</u>	<u>\$ (80,648.78)</u>	<u>\$ (96,407.08)</u>	<u>\$ (117,060.56)</u>	<u>\$ (77,458.18)</u>	<u>\$ 132,908.29</u>

Source: CAFR Schedule B-1

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Tax Levy	\$ 12,457,662	\$ 13,046,382	\$ 14,799,728	\$ 17,352,530	\$ 17,973,662	\$ 19,024,668	\$ 21,011,257	\$ 21,653,518	\$ 22,145,730	\$ 22,986,545
Tuition charges	2,055,501	2,040,358	2,812,088	3,549,700	3,433,689	3,382,172	3,134,847	3,455,203	3,515,427	3,216,106
Interest earnings	286,734	261,571	155,240	64,344	65,853	141,614	186,582	109,956	51,611	17,843
Miscellaneous	471,678	674,804	602,968	147,442	136,678	113,890	193,900	345,970	354,641	576,841
State sources	15,262,685	17,367,532	22,239,097	16,000,378	16,376,706	16,529,363	17,828,032	18,772,665	16,939,021	15,656,918
Federal sources	860,679	1,124,193	1,683,544	1,531,096	1,742,157	1,505,800	1,673,408	1,421,003	1,407,188	3,244,024
Total revenue	31,394,939	34,514,840	42,292,665	38,645,490	39,728,765	40,697,507	44,028,026	45,758,315	44,413,618	45,698,277
Expenditures										
Instruction:										
Regular instruction	11,241,210	11,474,167	11,885,883	11,405,986	12,084,883	12,286,162	12,691,184	13,159,071	13,639,075	13,615,733
Special education instruction	2,068,921	2,298,780	2,407,920	2,518,494	2,656,409	2,916,050	2,916,174	3,015,326	3,230,864	3,283,685
Other instruction	569,925	593,803	594,031	660,951	662,713	806,151	789,675	986,211	1,044,160	1,052,151
Support Services:										
Tuition	2,054,474	2,163,622	2,526,089	2,923,124	3,707,144	3,627,068	3,394,887	3,395,986	3,979,604	4,229,484
Student & instruction related services	2,911,102	3,184,714	3,448,213	3,641,874	3,775,179	3,902,315	4,176,937	4,056,052	4,158,245	4,141,231
General administrative services	706,975	661,211	736,727	742,197	801,213	979,884	733,553	1,563,157	1,167,744	1,294,777
Business administrative services	274,753	416,188	432,531	1,484,396	743,930	754,618	923,608	908,986	1,063,252	852,663
School administrative services	1,019,819	1,082,865	1,105,841	1,105,674	1,265,371	1,265,371	1,377,193	1,314,751	1,136,108	1,145,130
Plant operations and maintenance	1,960,304	2,034,934	2,222,554	2,635,317	2,833,867	2,945,293	3,620,738	3,377,499	3,453,552	3,259,770
Pupil transportation	1,506,114	1,582,594	1,786,825	1,939,422	2,330,553	2,471,466	2,946,292	2,874,644	2,671,605	2,345,699
Unallocated employee benefits	4,305,156	4,236,659	5,129,034	5,771,676	5,782,223	6,459,833	7,755,169	8,752,119	7,563,807	8,452,547
Special schools	15,646	23,726	42,289	35,165	22,029	5,306	27,445	33,077	36,304	24,111
Charter Schools	1,654,637	20,695,918	2,718,928	802,111	1,418,746	1,363,781	396,328	659,913	215,475	677,683
Capital outlay										
Debt service:										
Principal	1,171,685	1,181,685	1,281,685	1,326,685	1,326,685	1,536,685	1,528,685	1,506,685	1,111,685	1,125,000
Interest and other charges	621,684	909,666	968,213	945,402	864,272	775,919	680,521	590,624	538,999	498,161
Total Expenditures	32,082,405	52,550,532	37,256,763	37,938,474	40,173,747	42,095,902	43,958,189	46,204,101	45,010,479	46,148,470
Excess (Deficiency) of revenues over (under) expenditures	(887,466)	(18,035,692)	5,035,902	707,016	(444,982)	(1,398,395)	69,837	(445,786)	(596,861)	(450,193)
Other Financing Sources (Uses)										
Capital leases	411,902	318,679	382,500	359,726	1,113,284	887,422	193,004	324,456		125,000
Bond proceeds			13,039,000							9,175,000
Bond Issuance premium										746,657
Bond Refunding Escrow Agent										(9,921,857)
Transfers in	225,093	276,510	5,239	19,493	2,812	1,050	31,353			
Transfers (out)	(225,093)	(276,510)	(37,297)	(19,493)	(2,812)	(1,050)	(31,353)			
Total other financing sources (uses)	411,902	318,679	13,389,442	359,726	1,113,284	887,422	193,004	324,456		125,000
Net changes in fund balances	(275,564)	(17,717,013)	18,425,344	1,066,742	668,302	(510,973)	262,841	(121,330)	(596,861)	(325,193)
Debt service as a percentage of noncapital expenditures	5.89%	6.57%	6.51%	6.12%	5.65%	5.68%	5.07%	4.60%	3.68%	3.57%

Source: CAFR Schedule B-2

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
2001	\$ 109,160.78	\$2,055,501.32	\$ -	\$ 255,486.00	\$ 17,000.00	\$ -	\$ -	\$ 12,587.13	\$ -	\$ 19,107.00	\$ 94,471.82	\$ -	\$ 11,904.98	\$2,575,219.03
2002	61,343.03	2,040,358.17	-	311,467.98	20,405.00	-	-	24,838.59	12,665.10	15,563.00	188,737.26	-	9,693.66	2,665,071.79
2003	43,074.68	2,817,636.96	-	309,621.29	22,612.00	-	-	28,593.72	11,115.00	11,115.00	1,250.00	30,485.00	180,795.88	3,445,184.53
2004	35,717.97	3,275,709.24	2,000.00	273,991.00	25,800.00	-	-	21,409.36	28,763.48	16,924.00	1,025.00	13,090.00	16,060.01	3,710,490.06
2005	62,966.32	3,098,027.68	19,006.00	335,661.00	26,400.00	-	-	15,997.79	6,058.93	19,434.00	400.00	13,411.00	13,889.56	3,610,854.28
2006	139,563.62	3,049,543.00	10,573.00	332,629.00	27,160.00	-	-	31,246.91	6,902.85	17,075.00	-	7,816.35	8,189.56	3,630,699.29
2007	171,192.04	2,880,333.81	77,142.61	254,512.76	30,860.00	61,380.70	42,818.46	19,025.00	13,751.98	20,866.00	-	-	26,224.36	3,493,928.46
2008	109,955.62	3,188,021.16	76,276.86	267,182.00	27,175.00	58,917.10	39,713.10	21,850.00	9,040.37	16,472.00	-	-	123,955.04	3,903,308.75
2009	51,610.86	3,322,712.91	118,447.31	192,714.33	32,505.00	55,752.35	-	19,106.46	9,471.99	15,665.00	4,368.91	-	57,211.83	3,921,181.25
2010	17,842.33	3,216,106.36	83,226.42	209,973.78	29,290.00	-	-	10,425.00	8,043.88	16,875.00	-	-	79,163.69	3,770,760.82

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	Less Tax-exempt Property	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	Estimated County Equalized Value
2001	\$ 66,515,100	\$ 614,757,600	\$ 6,456,700	\$ 948,600	\$ 231,482,100	\$ 2,712,000	\$ 2,117,200	\$ 924,989,300	\$ -	\$ 6,865,753	\$ 931,855,053	1.403	\$ 986,416,301
2002	63,551,300	636,085,100	6,334,500	906,900	244,436,000	2,381,000	2,117,200	955,812,000		6,431,006	962,243,006	1.539	1,096,143,871
2003	61,774,600	661,965,600	6,586,100	904,400	248,592,400	2,381,000	2,117,200	984,321,300		6,174,317	990,495,617	1.752	1,222,784,468
2004	76,846,900	689,059,300	5,585,400	862,200	242,031,300	2,381,000	2,117,200	1,018,883,300		5,306,278	1,024,189,578	1.755	1,428,723,893
2005	71,526,100	740,610,600	5,866,400	845,400	247,651,200	2,381,000	2,159,100	1,071,039,800		4,165,949	1,075,205,749	1.770	1,844,622,587
2006	73,726,900	776,268,400	5,750,600	845,400	272,075,800	2,381,000	2,159,100	1,133,207,200		3,152,145	1,136,359,345	1.849	2,413,453,930
2007	244,668,000	2,317,353,400	15,039,900	1,265,900	612,936,000	5,552,100	5,311,300	3,202,126,600		6,855,099	3,208,981,699	0.676	2,856,168,989
2008	238,011,000	2,348,134,200	14,983,300	1,265,900	624,635,900	5,362,400	5,311,300	3,237,704,000		7,224,831	3,244,928,831	0.683	3,094,957,900
2009	210,336,200	2,390,302,800	11,338,900	1,812,600	632,106,200	5,362,400	5,119,400	3,296,378,500		7,700,605	3,264,079,105	0.705	3,245,966,234
2010	193,213,900	2,405,195,200	11,308,500	1,550,300	623,009,000	5,362,400	5,119,400	3,244,758,700		7,812,588	3,252,571,288	0.734	3,187,026,546

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

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

Fiscal Year Ended June 30,	TOWNSHIP OF MIDDLE 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	
2001	1.281	0.122	1.403	0.385	0.012	0.033		0.527	2.360
2002	1.426	0.113	1.539	0.376	0.013	0.035		0.527	2.490
2003	1.618	0.134	1.752	0.362	0.013	0.036		0.557	2.720
2004	1.598	0.157	1.755	0.341	0.014	0.040		0.580	2.730
2005	1.623	0.147	1.770	0.355	0.019	0.051		0.615	2.810
2006	1.704	0.145	1.849	0.361	0.022	0.063		0.615	2.910
2007 R	0.627	0.049	0.676	0.137	0.011	0.028		0.298	1.150
2008	0.633	0.050	0.683	0.144	0.010	0.028		0.320	1.185
2009	0.656	0.049	0.705	0.161	0.010	0.029		0.333	1.238
2010	0.684	0.050	0.734	0.170	0.010	0.029		0.363	1.306

Source: District Records and Municipal Tax Collector

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

R - Revaluation effective in 2007.

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

Exhibit J-8

Taxpayer	2010				2001			
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value		
Delco, LLC	\$ 57,996,400	1	1.78%	\$ -				
Shelvin Two	19,129,300	2	0.59%	9,991,400	1	1.07%		
Cape May Grocery Owners. LLC	16,236,400	3	0.50%					
Erm- Sandbarren, LLC	13,559,600	4	0.42%	5,879,600	6	0.63%		
Rio Grande Associates	12,603,500	5	0.39%	8,678,400	3	0.93%		
Rio Mall, LLC.	11,464,400	6	0.35%					
FMH Properties, LLC	11,296,800	7	0.35%					
Cape Savings Bank, SLA	11,223,000	8	0.35%	5,547,400	7	0.60%		
HD Development of Maryland LLC	10,918,800	9	0.34%					
Avalon Golf	10,467,400	10	0.32%					
Great A&P Tea Company				8,689,300	2	0.93%		
Home Depot				7,433,700	4	0.80%		
Cascade Corporation				6,978,800	5	0.75%		
Vista Ancillary Properties				5,375,400	8	0.58%		
Garden Lake (Kapp)				4,817,300	9	0.52%		
Starm's Markets, Inc.				4,624,200	10	0.50%		
Totals	\$ 174,895,600		5.38%	\$ 68,015,500		7.30%		
			District Assessed Value			\$ 931,855,053		

Source: District CAFR & Municipal Tax Assessor
 Revaluation effective in 2007

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	
2001	\$ 12,457,662.00	\$ 12,457,662.00	100%	-
2002	13,046,382.00	13,046,382.00	100%	-
2003	14,799,728.00	14,799,728.00	100%	-
2004	17,352,530.00	17,352,530.00	100%	-
2005	17,973,682.00	17,973,682.00	100%	-
2006	19,024,668.00	19,024,668.00	100%	-
2007	21,011,257.00	21,011,257.00	100%	-
2008	21,653,518.00	21,653,518.00	100%	-
2009	22,145,730.00	22,145,730.00	100%	-
2010	22,986,545.00	22,986,545.00	100%	-

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				Business-Type Activities		Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond/Grant Anticipation Notes (BANs)	Capital Leases				
2001	\$ 9,475,480	\$	\$	\$ 9,000,000	466,332		\$ 18,941,812	0.18%	\$ 34,990
2002	8,293,795			13,039,719	599,957		21,933,471	0.16%	36,053
2003	20,051,110			6,500,000	761,679		27,312,789	0.13%	36,492
2004	18,724,425			2,750,000	60,797		21,535,222	0.18%	38,740
2005	17,397,740			1,605,000	1,129,089		20,131,829	0.20%	40,316
2006	15,861,055			1,605,000	1,624,527		19,090,582	0.22%	42,322
2007	14,332,370			-	1,207,532		15,539,902	0.29%	44,575
2008	12,825,685			-	1,001,245		13,826,930	Not available	Not available
2009	11,714,000			-	449,123		12,163,123	Not available	Not available
2010	10,350,000			-	331,969		10,681,969	Not available	Not available

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

Exhibit J-11

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

Fiscal Year Ended June 30,	Governmental Activities			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita Personal Income
	General Obligation Bonds	Deductions				
2001	\$ 9,475,480	-	\$	9,475,480	1.02%	\$ 34,990
2002	8,293,795	-		8,293,795	0.86%	36,053
2003	20,051,110	-		20,051,110	2.02%	36,492
2004	18,724,425	-		18,724,425	1.83%	38,740
2005	17,397,740	-		17,397,740	1.62%	40,316
2006	15,861,055	-		15,861,055	1.40%	42,322
2007	14,332,370	-		14,332,370	0.45%	44,575
2008	12,825,685	-		12,825,685	0.40%	46,001
2009	11,714,000	-		11,714,000	0.36%	Not available
2010	10,350,000	-		10,350,000	Not available	Not available

Exhibit J-12

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Bonded Debt,
 As of December 31, 2009

<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	\$ 8,111,797.00	100.00%	\$ 8,111,797.00
Other Debt			
Township of Middle Sewer Utility	15,305,321.00	100.00%	15,305,321.00
County of Cape May	38,684,000.00	5.95%	2,301,698.00
Cape May County Bridge Commission	102,075,841.00	5.95%	6,073,512.54
Cape May County Municipal Utilities Authority	15,605,000.00	5.95%	928,497.50
Subtotal, Overlapping Debt			32,720,826.04
Township of Middle School District Direct Debt			
Total Direct and Overlapping Debt			\$ 32,720,826.04

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

Equalized valuation basis	
2009	\$ 3,182,854,560
2008	3,212,007,540
2007	3,046,452,859
	<u>\$ 9,441,314,959</u>
	\$ 3,147,104,986

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 35,269,536	\$ 38,283,703	\$ 42,279,855	\$ 47,979,166	\$ 57,255,835	\$ 71,861,355	\$ 90,175,843	\$ 107,513,105	\$ 120,039,574	\$ 125,884,199
Total net debt applicable to limit	9,475,480	8,293,795	20,051,110	18,724,425	17,397,740	15,861,055	14,332,370	12,825,685	11,714,000	10,350,000
Legal debt margin	\$ 25,794,056	\$ 29,989,908	\$ 22,228,745	\$ 29,254,741	\$ 39,858,095	\$ 56,000,300	\$ 75,843,473	\$ 94,687,420	\$ 108,325,574	\$ 115,534,199

Total net debt applicable to the limit as a percentage of debt limit	26.87%	21.66%	47.42%	39.03%	30.39%	22.07%	15.89%	11.93%	9.76%	8.22%
--	--------	--------	--------	--------	--------	--------	--------	--------	-------	-------

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)	Personal Income	Per Capita Personal Income *	Unemployment Rate
2001	16,432	\$ 574,955,680	\$	34,990	8.7%
2002	16,547	596,568,991		36,053	10.2%
2003	16,687	608,942,004		36,492	10.5%
2004	15,596	604,189,040		38,740	7.2%
2005	16,508	665,536,528		40,316	5.7%
2006	16,403	694,207,766		42,322	6.0%
2007	16,230	723,452,250		44,575	5.7%
2008	16,388	753,864,388		46,001	7.0%
2009	Not available	Not available		Not available	10.0%
2010	Not available	Not available		Not available	Not available

* 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

Exhibit J-15

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

Employer	2010			2001		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
County of Cape May	1,183	1	Not available	1,155	1	Not available
Burdette Tomlin Memorial Hospital	1,114	2	Not available	1,000	2	Not available
Middle Township Board of Educ.	458	3	Not available	353	3	Not available
Cape May County MUA	306	4	Not available	300	4	Not available
Holy Redeemer Visiting Nurses	300	5	Not available	300	5	Not available
Wal Mart	288	6	Not available			
Township of Middle	254	7	Not available	245	6	Not available
Shop Rite Supermarket	210	8	Not available	210	7	Not available
Home Depot	160	9	Not available			
Lowes	160	10	Not available			
Acme Supermarket			Not available	150	9	Not available
Cape May County Special Services			Not available	180	8	Not available
Court House Convalescent			Not available	114	10	Not available
Totals	4,433			4,007		

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

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

Function/Object	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
100 101 Teachers - General Fund	228.0	232.0	215.0	193.0	197.0	209.0	211.0	214.0	221.0
100 101 Teachers - Special Revenue Funds	28.0	28.0	44.0	49.0	45.0	38.0	39.0	37.0	37.0
100 106 Classroom Aides - General Fund	12.0	12.0	16.0	15.0	25.0	13.0	13.0	13.0	13.0
100 106 Classroom Aides - Special Revenue Funds	10.0	10.0	14.0	2.0	2.0	17.0	13.0	17.0	17.0
211 100 Attendance & Social Work									
213 100 Health Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0
216 100 Related Services									
217 100 Extraordinary Services	10.0	10.0	13.0	8.0	19.0	17.0	17.0	18.0	17.0
218 104 Guidance - Professional	8.0	8.0	8.0	6.0	7.0	9.0	9.0	9.0	9.0
218 105 110 Guidance - Support	2.0	2.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
219 104 Child Study Team	11.0	11.0	11.0	10.0	12.0	12.0	12.0	12.0	11.0
219 105 110 Child Study Team - Support	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
221 102 104 Supervisors & Other Professionals	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
221 105 110 Improvement of Instruction - Support									
222 100 Media Services/Technology	4.0	4.0	5.0	4.0	5.0	5.0	5.0	5.0	5.0
223 102 104 Professional Development - Professionals									
223 105 110 Professional Development - Support									
230 100 General District Administrators	3.0	3.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
230 100 Gen. Administration - Professionals									
230 100 Gen. Administration - Support	2.0	2.0	3.0	1.0	11.0	1.0	1.0	1.0	1.0
240 103 Principals/Assistant Principals	9.0	9.0	9.0	9.0	9.0	10.0	10.0	10.0	10.0
240 104 School Admin. - Other Professionals									
240 105 110 School Admin. - Support	15.0	15.0	14.0	15.0	15.0	16.0	16.0	16.0	16.0
251 100 Central Services - Administrators									
251 100 Central Services - Professionals									
251 100 Central Services - Support									
252 100 Admin. Information Technology Services									
26X 100 Oper. & Maint. - Security Guards	3.0	3.0	1.0	4.0	3.0	3.0	3.0	3.0	3.0
26X 100 Operation & Maintenance - Other	29.0	30.0	36.0	35.0	33.0	33.0	33.0	33.0	31.0
270 160 163 Transportation	47.0	49.0	49.0	50.0	50.0	51.0	50.0	50.0	50.0
290 100 Other Support - Administrators	1.0	1.0	1.0	1.0	1.0				
290 100 Other Support - Professionals	1.0	1.0	1.0	1.0	1.0				
290 100 Other Support - Support	4.0	4.0	4.0	6.0	7.0	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									
	436.0	443.0	461.0	430.0	462.0	455.0	453.0	458.0	460.0

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				
2001	2,885	\$ 28,634,399	\$ 9,925	0.41%	Not available	Not available	Not available	2,874	2,682	2.50%	93.33%	
2002	2,887	29,763,263	10,309	3.87%	Not available	Not available	Not available	2,881	2,695	0.25%	93.54%	
2003	2,933	32,287,937	11,009	6.78%	223	1:13.8	1:13.1	2,987	2,772	3.68%	92.82%	
2004	2,933	34,864,276	11,887	7.98%	231	1:12.2	1:12.2	2,850	2,649	-4.58%	92.95%	
2005	2,867	36,564,044	12,753	7.29%	180	1:17.1	1:20.5	2,876	2,675	0.93%	93.01%	
2006	2,833	38,419,517	13,561	6.34%	217	1:11.8	1:16.7	2,839	2,641	-1.29%	93.02%	
2007	2,869	41,352,655	14,414	6.28%	211	1:12.8	1:12.5	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	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	2,851	2,640	-1.59%	92.60%	
2010	2,887	45,470,787	15,750	5.36%	224	1:14.2	1:11.0	2,847	2,600	-0.14%	91.32%	

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<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	511	NA	530	532	659	645	679	685	684	705
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	619	NA	592	557	575	546	541	594	553	558
<u>Middle School</u>										
Square Feet	88,369	88,369	88,369	88,369	88,369	88,369	88,369	88,369	88,369	88,369
Capacity (students)	617	617	617	617	617	617	617	617	617	617
Enrollment	637	NA	669	618	607	612	587	610	617	586
<u>High School</u>										
Square Feet	116,380	116,380	176,891	176,891	176,891	176,891	176,891	176,891	176,891	176,891
Capacity (students)	NA	NA	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116
Enrollment	978	NA	1,089	1,028	1,091	1,087	1,032	1,034	1,033	996
<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, 2009

- 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)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Elementary #1		\$ 14,615	\$ 18,061	\$ 32,753	\$ 78,447	\$ 47,870	\$ 39,716	\$ 22,304	\$ 40,051	\$ 27,368	\$ 24,845
Elementary #2		13,227	19,156	49,311	88,767	64,321	29,073	35,985	29,318	35,894	42,315
Elementary #4		13,643	10,412	19,349	30,194	39,026	28,460	16,074	29,661	28,618	25,263
High School		59,582	24,192	67,673	132,926	115,835	92,971	77,974	74,047	54,161	39,067
Total School Facilities		101,067	71,821	169,086	330,334	267,052	190,220	152,337	173,077	146,041	131,490
Other Facilities						3,700	7,759	6,916	10,072	12,690	12,202
Grand Total		\$ 101,067	\$ 71,821	\$ 169,086	\$ 330,334	\$ 270,752	\$ 197,979	\$ 159,253	\$ 183,149	\$ 158,731	\$ 143,692

Source: District Records

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Insurance Schedule
For the Fiscal Year Ended June 30, 2010
(Unaudited)

Exhibit J-20

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>
ACCASBOJIF	School Package Policy		
	Property, Inland Marine & Auto Policy		
	A Limit of Liability	\$ 149,799,500	\$ 200,500
	B Property Valuation		
	1. Building and Contents	Replacement Cost	-
	2. Contractors Equipment	Actual Cash Value	-
	3. Automobiles	Actual Cash Value	-
	Pollution Legal Liability	3,000,000	25,000
	Comprehensive Crime Coverage	299,500	500
	Boiler and Machinery	125,000,000	1,000
	School Board Legal Liability	10,000,000	None
	Workers' Compensation	Statutory	None
	General and Automobile Liability	9,850,000	None
	Officials' Bonds		
	Cherie Ludy - Bus. Admin.	25,000	
	Tracey L. DeVico - Treasurer	255,000	

Source: District Records

Single Audit 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

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

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

We have audited the basic financial statements of the Board of Education of the Middle Township School District, in the County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated November 8, 2010. 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 Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Middle Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Middle Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Middle Township Board of Education's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, identified as item 10-4. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Middle Township Board of Education's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. In addition, we noted certain immaterial instances of noncompliance that we have reported to the Middle Township Board of Education School District in a separate *Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance*, dated November 8, 2010.

This report is intended solely for the information of the management of the Middle Township Board of Education, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended and should not be used by anyone other than these parties.

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



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

November 8, 2010



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

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Middle Township School District, in the County of Cape May, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each major federal and state program for the fiscal year ended June 30, 2010. Middle Township Board of Education'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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of Middle Township Board of Education's management. Our responsibility is to express an opinion on Middle Township Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Middle Township Board of Education'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. Our audit does not provide a legal determination of Middle Township Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Middle Township School District, in the County of Cape May, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04 in the accompanying schedule of findings and questioned costs as item 10-2.

Internal Control Over Compliance

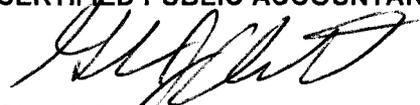
The management of the Board of Education of the Middle Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Middle Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Middle Township Board of Education'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 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 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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as finding 10-1 and 10-3. A significant deficiency in internal control over compliance is a deficiency or 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 enough to merit attention by those in governance.

This report is intended solely for the information of the management of the Middle Township Board of Education, the New Jersey State Department of Education (cognizant audit agency), other state and federal awarding agencies and pass-through entities, and is not intended and should not be used by anyone other than these parties.

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



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

November 8, 2010

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Program or Award Amount	Deferred Revenue (Accs Receiv)	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Years' Balances	Balance June 30, 2010		MEMO	
										(Accounts Receivable)	Deferred Revenue		Budgetary Receivable
State Department of Education													
General Fund:													
<i>State Aid - Public Cluster:</i>													
Equalization Aid	10-495-034-5120-078	7/1/2009	6,117,137.00	\$ -	\$ -	\$ -	6,117,137.00	(6,117,137.00)	\$ -	\$ -	\$ -	6,117,137.00	
Special Education Aid	10-495-034-5120-089	7/1/2009	1,233,471.00	\$ -	\$ -	\$ -	1,233,471.00	(1,233,471.00)	\$ -	\$ -	\$ -	1,233,471.00	
Security Aid	10-495-034-5120-084	7/1/2009	483,496.00	\$ -	\$ -	\$ -	483,496.00	(483,496.00)	\$ -	\$ -	\$ -	483,496.00	
Adjustment Aid	10-495-034-5120-085	7/1/2009	2,714,138.00	\$ -	\$ -	\$ -	2,714,138.00	(2,714,138.00)	\$ -	\$ -	\$ -	2,714,138.00	
Total State Aid - Public Cluster	09-495-034-5120-085	7/1/2009	5,125,410.00	(18,711.00)	-	-	10,566,953.00	(10,548,242.00)	-	-	1,036,276.12	10,548,242.00	
Transportation Aid	10-495-034-5120-014	7/1/2009	1,526,164.00	(93,352.00)	-	33,352.00	1,526,164.00	(1,526,164.00)	-	-	149,932.79	1,526,164.00	
Extraordinary Aid	09-100-034-5120-473	7/1/2008	82,575.00	(2,784.00)	-	2,784.00	(82,575.00)	(82,575.00)	-	-	-	82,575.00	
Extraordinary Aid	09-100-034-5120-473	7/1/2009	2,784.00	(66,853.28)	-	66,853.28	(66,853.28)	(66,853.28)	-	-	-	66,853.28	
Non-Public Transportation	09-100-034-5120-014	7/1/2008	5,202.00	(121,700.28)	-	1,367,435.66	(1,367,435.66)	(1,367,435.66)	-	100.00	1,186,208.91	1,367,435.66	
Non-Public Transportation	09-100-034-5120-014	7/1/2009	1,340,376.49	4,443.08	-	807,091.00	(807,091.00)	(807,091.00)	(4,443.08)	-	80,709.10	807,091.00	
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/2008	1,367,435.66	-	-	-	1,367,435.66	(1,367,435.66)	-	-	-	1,367,435.66	
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/2009	807,091.00	-	-	-	807,091.00	(807,091.00)	-	-	-	807,091.00	
Total General Fund													
Special Revenue Fund:													
Targeted At Risk Aid	08-495-034-5120-005	7/1/2007	413,250.00	4,443.08	-	-	413,250.00	(413,250.00)	(4,443.08)	-	-	413,250.00	
Preschool Education Aid	10-495-034-5120-086	7/1/2009	807,091.00	-	-	-	807,091.00	(807,091.00)	-	-	-	807,091.00	
NJ Nonpublic Aid:													
Textbook Aid	09-100-034-5120-064	7/1/2008	6,520.00	-	25.23	-	6,520.00	(6,520.00)	(25.23)	-	-	6,520.00	
Textbook Aid	10-100-034-5120-064	7/1/2009	6,315.00	-	-	-	6,315.00	(6,315.00)	-	-	-	6,315.00	
Handicapped Services:													
Exam & Classification	09-100-034-5120-066	7/1/2008	11,005.00	-	9,866.06	-	11,005.00	(11,005.00)	(9,866.06)	-	-	11,005.00	
Exam & Classification	10-100-034-5120-066	7/1/2009	12,255.00	-	-	-	12,255.00	(12,255.00)	-	-	-	12,255.00	
Corrective Speech	09-100-034-5120-066	7/1/2008	1,860.00	-	863.16	-	1,860.00	(1,860.00)	(863.16)	-	-	1,860.00	
Corrective Speech	10-100-034-5120-066	7/1/2009	1,793.00	-	-	-	1,793.00	(1,793.00)	-	-	-	1,793.00	
Auxiliary Services:													
Supplemental Instruction	10-100-034-5120-067	7/1/2009	11,150.00	-	-	-	11,150.00	(11,150.00)	-	-	-	11,150.00	
Nursing Aid	09-100-034-5120-070	7/1/2008	8,801.00	-	2.65	-	8,801.00	(8,801.00)	(2.65)	-	-	8,801.00	
Nursing Aid	10-100-034-5120-070	7/1/2009	7,488.00	-	-	-	7,488.00	(7,488.00)	-	-	-	7,488.00	
Technology Initiative	09-100-034-5120-373	7/1/2008	4,560.00	-	4.78	-	4,560.00	(4,560.00)	(4.78)	-	-	4,560.00	
REBEL Tobacco Initiative	N/A												
Total Special Revenue Fund													
Capital Projects Fund:													
N.J. School Develop. Authority (SDA)													
Regular Oper. District Grant (ROD)	3130-085-09-1001	N/A	199,959.00	-	-	-	199,959.00	(199,959.00)	-	-	-	199,959.00	
Total Capital Projects Fund													
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)	09-100-010-3360-067	7/1/2008	16,238.48	(1,078.62)	-	1,078.62	16,238.48	(16,238.48)	-	-	-	16,238.48	
National School Lunch Program (State Share)	10-100-010-3360-067	7/1/2009	17,486.10	-	-	-	17,486.10	(17,486.10)	-	-	-	17,486.10	
National School Breakfast Program (State Share)	09-100-010-3360-096	7/1/2008	5,498.00	(368.00)	-	368.00	5,498.00	(5,498.00)	-	-	-	5,498.00	
National School Breakfast Program (State Share)	10-100-010-3360-096	7/1/2009	5,684.10	(1,446.62)	-	1,446.62	5,684.10	(5,684.10)	-	-	-	5,684.10	
Total Enterprise Fund													
Total State Financial Assistance													
				\$ (118,703.82)	\$ 10,761.88	\$ -	\$ 14,434,323.60	\$ (14,500,460.59)	\$ (15,204.96)	\$ (204,116.10)	\$ -	\$ 14,832.21	\$ 14,500,460.59

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, 2010

Note 1: General

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

Note 2: Basis of Accounting

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

Note 3: Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$67,802.60) for the general fund and (\$68,104.32) 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:

	Federal	State	TPAF Pension	Total
General Fund	\$ 1,463,555.11	\$ 14,622,945.06	\$ (1,161,129.00)	\$ 14,925,371.17
Special Revenue Fund	1,780,468.96			1,780,468.96
Capital Projects Fund		199,959.00		199,959.00
Food Service Fund	503,686.09	23,170.20		526,856.29
Total Financial Award Revenues	\$ 3,747,710.16	\$ 14,846,074.26	\$ (1,161,129.00)	\$ 17,432,655.42

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, 2010
(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, 2010. 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, 2010.

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, 2010**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: An Unqualified Opinion issued on the Basic Financial Statements, dated November 8, 2010.

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted?	No
---	----

**MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010
(Continued)**

I. SUMMARY OF AUDITOR'S RESULTS - CONTINUED

Federal Awards

Internal control over major programs:

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

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

An Unqualified Opinion was issued on compliance for major programs, dated November 8, 2010.

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

Yes

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Title I, Part A Cluster:	
84.010	Title I
84.389	ARRA - Title I
Special Education Cluster (IDEA):	
84.027	IDEA
84.391	ARRA – IDEA
84.173	IDEA – Preschool
84.392	ARRA – IDEA – Preschool
Child Nutrition Program Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program
State Fiscal Stabilization Cluster:	
84.394	ARRA – SFSF – ESF Grants
84.397	ARRA – SFSF – GSF Grants

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, 2010
 (Continued)**

I. SUMMARY OF AUDITOR'S RESULTS - CONTINUED

State Awards

Dollar threshold used to distinguish between Type A and Type B Programs:	\$435,014
Auditee qualified as low-risk auditee?	No
Type of auditor's report issued on compliance for major programs:	An Unqualified Opinion was issued on compliance for major programs, dated November 8, 2010.
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:	

GMIS Number(s)

Name of State Program

State Aid Public Cluster:	
10-495-034-5120-078	Equalization Aid
10-495-034-5120-084	Security Aid
10-495-034-5120-089	Special Education
10-495-034-5120-085	Adjustment Aid
10-495-034-5120-014	Transportation Aid
3130-085-09-1001	Regular Operating District Grant

MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010
(Continued)

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

Finding 10-4:

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

Criteria:

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

Condition:

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

Context:

Assets totaling \$434,378 were not added as additions.

Questioned Costs:

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

Cause:

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

Effect:

The District's capital asset ledger is understated.

Recommendation:

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

Management Response:

Management will file a corrective action plan to address this finding.

MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010
(Continued)

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

FEDERAL AWARDS:

Finding 10-1:

Our audit of the final expenditure reports for the following FY 09 grants that were completed in FY 10 on the EWEG system contained errors in reporting.

Information on Program:

Title I, Part A Cluster – 84.010 – (Major Program)
Special Education Cluster – 84.057, 84.173 – Major Program)
Federal Perkins Grant – 84.048 (Non-major Program)
Title IIA – 84.281A – (Non-major Program)
Title IID – 84.281D – Non-major Program)

Criteria:

Districts are required to report program expenditures accurately on the EWEG system.

Condition:

The District's reported expenditures did not agree to the budgetary accounting system for the FY 09 final reports file in FY 10.

Context:

Total expenditures for the above listed programs in FY 09 was \$1,400,113.

Questioned Costs:

The following reporting discrepancies were noted during the audit;

- IDEA Part B – Under reported expenditures by \$9,164
- Perkins Grant – Over reported expenditures by \$211
- Title IA – Over reported expenditures by \$64,427
- Title IIA – Under reported expenditures by \$132
- Title IID – Over reported expenditures by \$314

Cause:

Incorrect information was used when entering financial data into EWEG.

Effect:

The District's reported expenditures are incorrect.

Recommendation:

That expenditures reported on the EWEG system reflect that actual expenditures for the grant period.

Management Response:

Management will file a corrective action plan to address this finding.

MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010
(Continued)

III. FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS (CONTINUED)

FEDERAL AWARDS: (CONTINUED)

Finding 10-2:

Meals claimed for reimbursement for the month of December 2009 did not agree with meal count records.

Information on Program:

Child Nutrition Program Cluster – 10.553, 10.555 – (Major Program)

Criteria:

The number of meals claimed for reimbursement must agree to the meal count records and Edit Check Worksheets.

Condition:

The District claimed less student lunches by 4,349 meals and claimed more student breakfast by the same number.

Context:

The error in claims represents 1.6% and 11.07% of the total number of School Lunches and Breakfasts verified respectively.

Questioned Costs:

This results in a net under-claim of \$1,632.16 due to the differing rates of reimbursement.

Cause:

District claimed breakfasts rather than lunches.

Effect:

The District under-claimed by \$1,632.16.

Recommendation:

Prior to submitting reimbursement claims to the NJ Department of Agriculture, the meals claimed should be verified to the meal count activity records and the Edit Check Worksheets.

Management Response:

Management will file a corrective action plan to address this finding.

MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010
(Continued)

III. FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS (CONTINUED)

STATE AWARDS:

Finding 10-3:

The District expended funds for an ineligible project (High School Roof) from Fund 30 – Capital Projects Fund. In addition, the District submitted an expenditure report with those ineligible costs to the SDA (School Development Authority) and was reimbursed.

Information on Program:

Regular Operating District (ROD) Grant – 3130-085-09-1001 – (Major Program)

Criteria:

Only approved referendums and grant projects should be expended in Fund 30. Only eligible costs should be submitted for reimbursement to the SDA.

Condition:

The District recorded capital expenditures for the High School Roof Project (an ineligible project) in the Capital Projects Fund and submitted the costs to the SDA for reimbursement.

Context:

District was reimbursed for an ineligible project.

Questioned Costs:

The District was reimbursed for the ineligible costs, a calculated overpayment in September 2010 of \$39,292.

Cause:

District erroneously reported ineligible costs to the SDA.

Effect:

The District was reimbursed \$39,292 for the project.

Recommendation:

That only eligible project costs be charged to the Capital Projects Fund and be submitted for grant reimbursement from the SDA.

Management Response:

Management will file a corrective action plan to address this finding.

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, 2010

STATUS OF PRIOR YEAR FINDINGS

Financial Statements:

Finding 09-1:

The tuition adjustment made by the District did not properly account for shared time student payments by a sending district during the 2005/06 school year.

Criteria:

School districts in New Jersey adjust estimated tuition rates and estimated enrollment to actual once the actual enrollment and rates are determined. Actual rates multiplied by the actual enrollment are then compared to the estimated payments made by the sending district.

Condition:

The District did not take payments for shared time students into consideration when preparing the 2005-06 tuition adjustment for the Dennis Township Board of Education.

Context:

The result of this was the Dennis Township Board of Education was given too large a tuition credit by \$91,500.

Cause:

A change in accounting personnel at the time the calculation was made.

Effect:

The tuition contract with Dennis Township Board of Education contained an overstated credit balance which ultimately reduced revenue to this district by \$91,500.

Recommendation:

The District carefully review the tuition adjustment calculation provided to sending districts.

Status of Finding:

Corrective action was taken to address this finding.

Finding 09-4:

A review of 2009-10 purchase orders found some orders that pertained to the 2008-09 school year that were not set up as accounts payable.

Criteria:

Generally accepted accounting principles (GAAP) requires expenditures to be recorded when a liability is incurred. Once goods or services are provided or received by the district, such a liability is incurred and an accounts payable and expenditure recorded.

Condition:

Our cut-off testing noted a number of purchase orders recorded as expenditures in 2008-10 when the invoices clearly indicated the goods or services were provided prior to June 30th.

Context:

For the items tested, expenditures amounting to \$33,474 were charged to the wrong accounting period.

**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, 2010**

STATUS OF PRIOR YEAR FINDINGS (CONTINUED)

Financial Statements: (Continued)

Finding 09-4 (Continued):

Cause:

District was using a cutoff date of June 1 for recording expenditures in the current period.

Effect:

Some expenditures were charged in the wrong accounting period.

Recommendation:

Purchase orders should be properly classified as expenditures in the year the goods or services were provided to the district.

Status of Finding:

Corrective action was taken to address this finding.