

**Comprehensive Annual
Financial Report**

of the

Township of Middle Board of Education

Cape May County, New Jersey

For the Fiscal Year Ended June 30, 2008

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Introductory Section



Middle Township Public Schools

ADMINISTRATION BUILDING

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Cape May Court House, New Jersey 08210-2499

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Walter Landgraf, *School Business Administrator/Board Secretary*

October 22, 2008

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, 2008 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 2007-2008 fiscal year with an enrollment of 2,923 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>
2007-2008	2,923	2.95%
2006-2007	2,839	0.00%
2005-2006	2,839	-1.29%
2004-2005	2,876	0.91%
2003-2004	2,850	-4.58%
2002-2003	2,987	3.68%
2001-2002	2,881	1.59%

2. ECONOMIC CONDITION AND OUTLOOK:

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

<u>Fiscal Year</u>	<u>Net Valuation Taxable</u>			<u>Percent Change</u>
	<u>Amount</u>	<u>Change</u>		
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	30,019,814		3.33%
2000	901,835,239	32,866,440		3.78%
1999	868,968,799	20,796,422		2.45%

Several new ratables are either under construction or in the planning phase. Growth in the home construction market has slowed recently. 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 2007-2008 school year, each school in the Middle Township School District focused on the attainment of specific pupil performance objectives. They are described below:

Middle Township Elementary #1

Language Arts:

Objective 1A :

By June 2007, 80% of the students enrolled in Kindergarten and 1st grade for the 2006-07 school year will reach the end of year writing goal as indicated on the Elementary #1 Developmental Writing Continuum. By June 2007, 70% of these students will reach the end of year writing goal as indicated on the Elementary #1 Developmental Writing Continuum.

Objective 1B:

By June 2008, the number of 2nd grade students reaching the end of the year benchmark in Oral Reading Fluency on the DIBELS assessment will increase 10%. In June 2007, at the end of first grade, 57% of the students reached the end of the year benchmark. In order to increase the number of 2nd grade students reaching the end of the year benchmark by 10%, 62% of the former 1st grade students must reach the end of the year benchmark by June 2008.

Middle Township Elementary #2

Language Arts:

By June 2007, 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 seventy-five percent (75%) or "safe harbor" on the Language Arts/Literacy portion of the 2007 NJ ASK 3/4/5.

Math:

By June 2007, 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-two percent (62%) or "safe harbor" on the Mathematics portion of the 2007 NJ ASK 3/4/5.

Middle Township Middle School (Elementary #4)

Language Arts:

By June 2007, 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 66% or "safe harbor" (students with disabilities 43.2%; African American 43.2% on the Language Arts/Literacy portion of the 2007 GEPA.

Math:

By June 2007, 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 49% or "safe harbor" (students with disabilities 48.6%; African American 35.5%) on the Mathematics portion of the 2007 GEPA through the use of improved instructional techniques in a modified block schedule.

Middle Township High School

Language Arts:

By June of 2007, 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 ethnicity 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 2007 HSPA.

Math:

By June of 2007, 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 ethnicity, 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 2007 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, 2008.

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 for the fiscal year ended June 30, 2008 and the amount and percentage of increases in relation to prior year revenues.

Revenue	2007-2008 Amount	Percentage of Total	2006-2007 Amount	Percentage of Total
Local Sources	\$ 25,564,647.54	55.86%	\$ 24,515,537.97	55.70%
State Sources	18,772,665.21	41.03%	17,828,032.18	40.50%
Federal Sources	1,421,002.76	3.11%	1,673,407.87	3.80%
Total	\$ 45,758,315.51	100.00%	\$ 44,016,978.02	100.00%

The increase in Local Sources consists mostly of an increase in the local tax levy in the amount of \$642,261; an increase in tuition revenue of \$320,357; and an increase in other miscellaneous revenues of \$75,445. The increase in State Sources can be attributed to the State increasing on-behalf payments to the TPAF pension system and TPAF FICA reimbursements in the amount of \$70,715 increased general fund state aid of \$591,147; increased state grant funding of more than \$407,121; decreased Type II Debt Service Aid of \$113,530. The increase in federal sources can be attributed to increased funding.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2008.

Expenditures	2007-2008 Amount	Percentage of Total	2006-2007 Amount	Percentage of Total
Current Expense:				
Instruction	\$ 13,990,786.96	30.28%	\$ 13,789,973.36	31.37%
Undistributed				
Expenditures	25,071,175.51	54.26%	23,557,909.86	53.59%
Capital Outlay	654,146.73	1.42%	358,167.85	0.81%
Transfer to Charter				
Schools	33,077.00	0.07%	27,445.00	0.06%
Debt Service	2,097,309.18	4.54%	2,209,206.46	5.03%
Special Revenue	4,357,606.00	9.43%	4,015,485.96	9.13%
Total	\$ 46,204,101.38	100.00%	\$ 43,958,188.49	100.00%

8. DEBT ADMINISTRATION:

At June 30, 2008, the District's outstanding debt issues included \$12,714,000 of general obligation bonds, \$111,685 of Long-Term Loans.

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 School Business Administrator and Assistant School Business Administrator and other accounting staff whose efforts are very much appreciated.

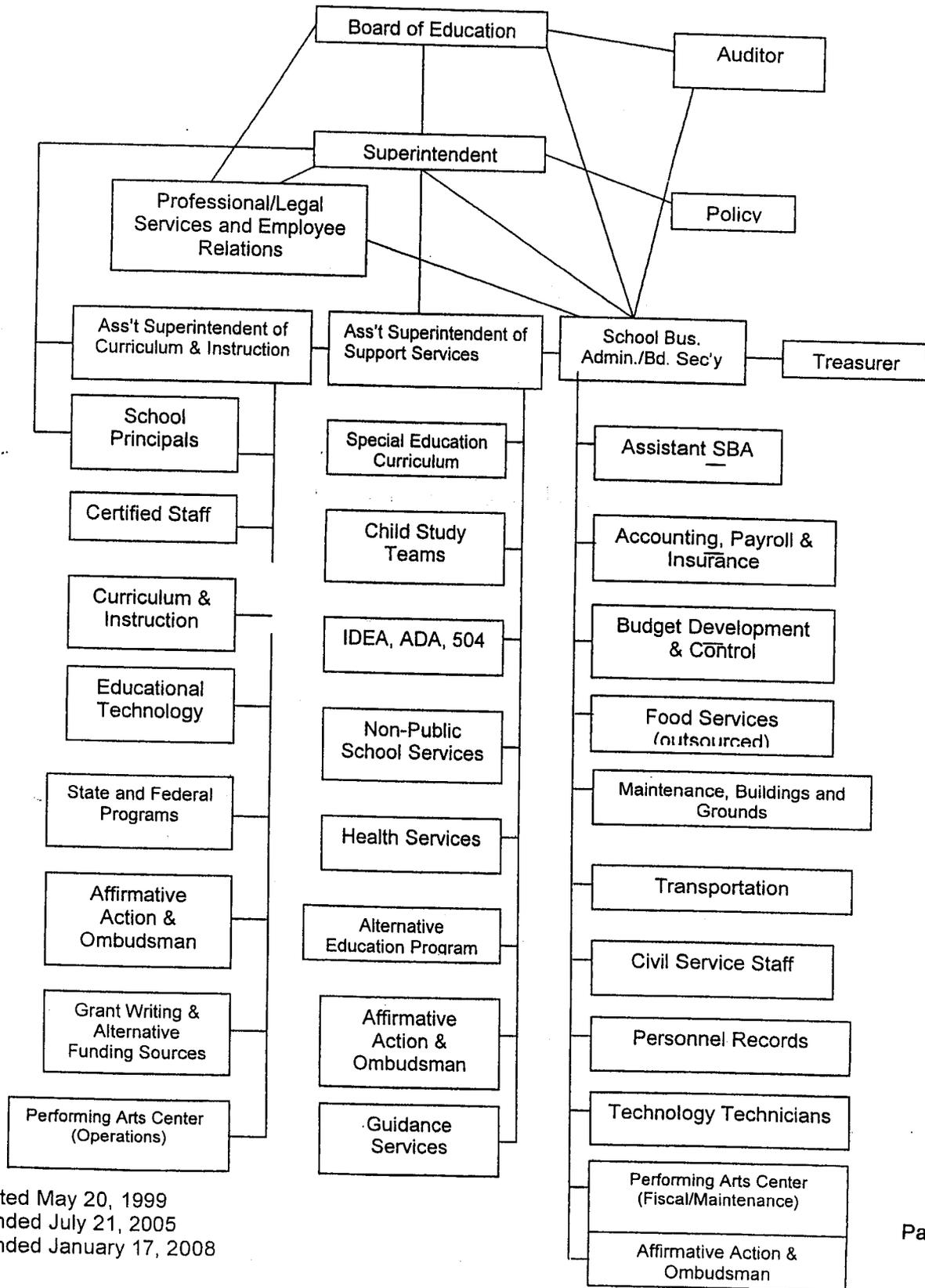
Respectfully submitted,

Michael J. Kopakowski
Superintendent

Walter F. Landgraf
School Business Administrator/Board Secretary

POLICY

Administration
1110 Organizational Chart
Page 1 of 1



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

**TOWNSHIP OF MIDDLE
BOARD OF EDUCATION**

COUNTY OF CAPE MAY, NEW JERSEY

**ROSTER OF OFFICIALS
JUNE 30, 2008**

Members of the Board of Education

Term Expires

Calvin L. Back, President	2010
Dennis M. Roberts, Vice-President	2011
Andre L. Hodges	2011
Anthony Anzelone	2011
Daniel L. Money	2009
Andrew W. Melchiorre	2009
Andrea Mia Del Corio	2009
George Delollis	2010
Burgess Hamer	2010
Lisa Toft, Dennis Township Board Member Representative	2010

SUPERINTENDENT

Michael J. Kopakowski

BUSINESS ADMINISTRATOR / BOARD SECRETARY

Walter F. Landgraf

TREASURER OF SCHOOL MONEYS

Tracey Taverner

**TOWNSHIP OF MIDDLE
BOARD OF EDUCATION**

COUNTY OF CAPE MAY, NEW JERSEY

**CONSULTANTS AND ADVISORS
JUNE 30, 2008**

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, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the 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 year ended June 30, 2008, 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, each major fund, and the aggregate remaining fund information of the Township of Middle School Board of Education, in the County of Cape May, State of New Jersey, as of June 30, 2008, 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 October 22, 2008 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, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and 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 on pages [12] through [21] and [53] through [61] are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 performed for the purpose of forming opinions on the financial statements that collectively comprise the Township of Middle Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt 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 section and statistical tables 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*, 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**

October 22, 2008

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
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, 2008. 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 2008 are as follows:

- In total, net assets increased \$625,829, which represents a 3 percent increase from 2007. The increase is due to the retirement of district debt related to capital projects higher than the amount being depreciated.
- General revenues accounted for \$33,731,462 in revenue or 72 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$13,257,072 or 28 percent of total revenues of \$46,988,534.
- Total assets of governmental activities decreased by \$1,558,153 as cash, cash equivalents and investments decreased by \$411,602, receivables decreased by \$34,359, other assets decreased by \$3,540, and capital assets decreased by 1,108.652.
- The School District had \$46,362,705 in expenses; only \$13,257,072 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$33,731,462 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$40,057,365 in revenues and other financing sources and \$40,158,042 in expenditures and other uses. The General Fund's fund balance decreased \$100,677 over 2007. This increase was due to more general fund balance being used for tax relief during the year.

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, 2008
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 2008?" 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, 2008
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 32 to 52 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 2008 and 2007.

**Table 1
Net Assets**

	<u>2008</u>	<u>2007</u>
Assets		
Current and Other Assets	\$ 3,177,454.28	\$ 3,691,016.00
Capital Assets	<u>31,403,630.78</u>	<u>32,514,311.82</u>
Total Assets	<u>34,581,085.06</u>	<u>36,205,327.82</u>
Liabilities		
Long-Term Liabilities	14,848,275.33	16,700,061.90
Other Liabilities	<u>765,544.42</u>	<u>1,163,829.72</u>
Total Liabilities	<u>15,613,819.75</u>	<u>17,863,891.62</u>
Net Assets		
Invested in Capital Assets, Net of Debt	17,587,244.96	17,029,885.82
Restricted	2,007,017.61	2,350,435.99
Unrestricted	<u>(626,997.26)</u>	<u>(1,038,885.61)</u>
Total Net Assets	<u>\$ 18,967,265.31</u>	<u>\$ 18,341,436.20</u>

The District's combined net assets were \$18,967,265 on June 30, 2008. This was an increase of 3 percent from the prior year.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED (CONTINUED)**

The School District as a Whole - Continued

Table 2 shows changes in net assets for fiscal year 2008.

**Table 2
Changes in Net Assets**

	2008	2007
Revenues		
Program Revenues:		
Charges for Services	\$ 1,089,819.92	\$ 1,052,686.69
Operating Grants and Contributions	12,167,252.14	10,820,855.76
General Revenues:		
Property Taxes	21,653,518.00	21,011,257.00
Grants and Entitlements	8,518,145.18	9,108,983.14
Other	3,559,798.40	3,192,895.13
Total Revenues	46,988,533.64	45,186,677.72
Program Expenses		
Instruction	23,410,260.99	22,028,217.08
Support Services:		
Tuition	3,395,985.67	3,394,886.55
Student and Instruction Related Services	5,137,181.50	5,194,047.26
General Administration, School Administration, Business Operations and Maintenance of Facilities	8,396,677.10	7,765,871.78
Pupil Transportation	2,650,149.63	2,808,143.27
Interest on Debt	548,568.85	640,480.96
Food Service	1,163,948.89	1,029,494.40
Performing Arts Center	55,656.30	60,993.54
Other	1,604,275.60	1,572,647.60
Total Expenses	46,362,704.53	44,494,782.44
Increase (Decrease) in Net Assets	\$ 625,829.11	\$ 691,895.28

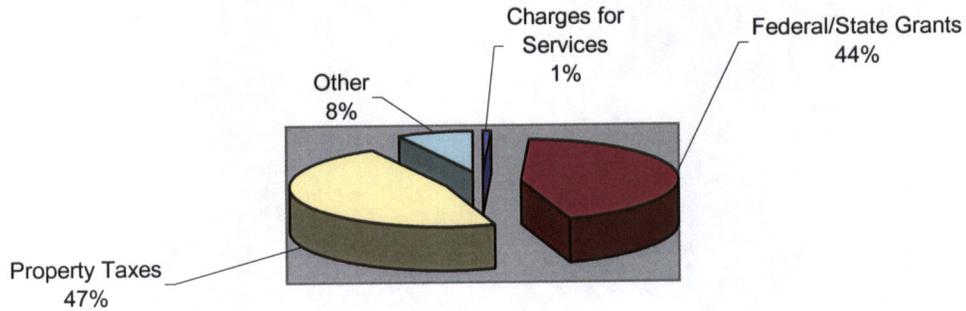
Governmental Activities

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 47 percent of revenues for governmental activities for the Township of Middle School District for fiscal year 2008 and 48 percent in 2007. The District's total revenues were 45,758,315 for the year ended June 30, 2008. Federal, state, and local grants accounted for another 44 percent of revenue for 2008 and 2007.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED (CONTINUED)**

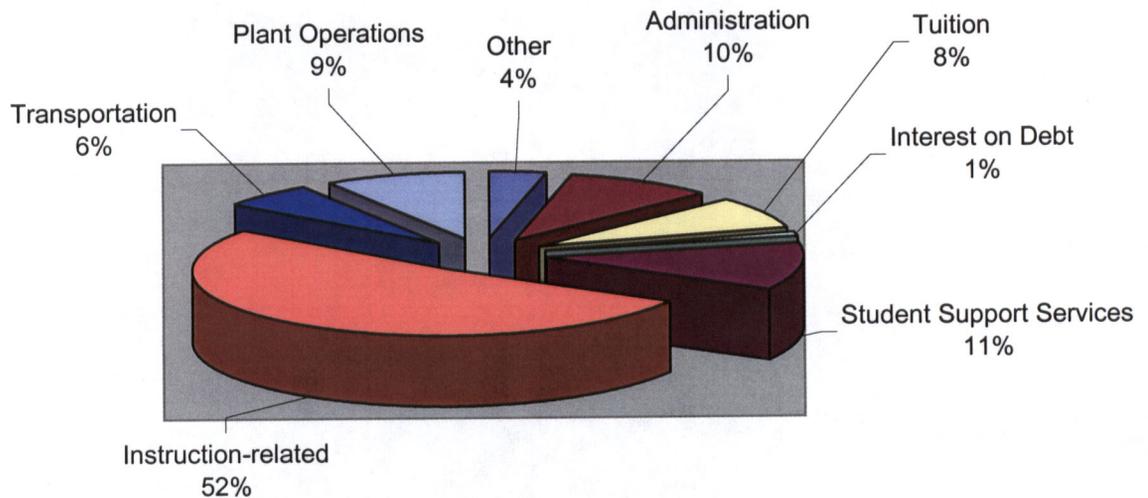
Governmental Activities - Continued

Sources of Revenue for Fiscal Year 2008



The total cost of all program and services was \$45,143,099. Instruction comprises 52 percent of District expenses.

Cost of Programs and Services for Fiscal Year 2008



**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
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 revenues exceeded expenses by \$10,613.
- Charges for services represent \$665,802 of revenue. This represents amounts paid by patrons for daily food service and special functions.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$489,675.

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 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Instruction	\$ 23,410,260.99	\$ 17,350,549.93	\$ 22,028,217.08	\$ 16,371,585.10
Support Services:				
Tuition	3,395,985.67	829,137.79	3,394,886.55	823,600.71
Pupils and Instructional Staff	5,137,181.50	3,496,445.62	5,194,047.26	3,370,001.15
General Administration, School Administration and Business Operations	4,351,460.27	3,948,678.30	3,588,473.00	3,178,828.18
Operation and Maintenance of Facilities	4,045,216.83	4,036,176.46	4,177,398.78	4,163,646.80
Pupil Transportation	2,650,149.63	1,434,690.57	2,808,143.27	2,744,602.79
Interest and Fiscal Charges	548,568.85	413,068.85	640,480.96	456,740.96
Other	1,604,275.60	1,604,275.60	1,572,647.60	1,572,647.60
Total Expenses	\$ 45,143,099.34	\$ 33,113,023.12	\$ 43,404,294.50	\$ 32,681,653.29

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, 2008
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 fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$46,082,771 and expenditures were \$46,204,181. The net negative change in fund balance for the year was most significant in the General Fund, a decrease of \$100,677. This reflects the District's decrease fund balance during the school year.

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, 2008, and the amount and percentage of total revenues compared to prior year revenues.

Revenue	2007-2008 Amount	Percentage of Total	2006-2007 Amount	Percentage of Total
Local Sources	\$ 25,564,647.54	55.47%	\$ 24,526,585.15	55.41%
State Sources	18,772,665.21	40.74%	17,828,032.18	40.28%
Federal Sources	1,421,002.76	3.08%	1,673,407.87	3.78%
Other Financing Sources	<u>324,455.53</u>	<u>0.70%</u>	<u>228,699.69</u>	<u>0.52%</u>
Total	<u>\$ 46,082,771.04</u>	<u>100.00%</u>	<u>\$ 44,256,724.89</u>	<u>100.00%</u>

The increase in Local Sources consists mostly of an increase in the local tax levy in the amount of \$642,261; an increase in tuition revenue of \$320,357; and an increase in other miscellaneous revenues of \$75,445.

The increase in State Sources can be attributed to the State increasing on-behalf payments to the TPAF pension system and TPAF FICA reimbursements in the amount of \$70,715 increased general fund state aid of \$591,147; increased state grant funding of more than \$407,121; decreased Type II Debt Service Aid of \$113,530.

The increase in federal sources can be attributed to increased funding.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
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, 2008, and the percentage of total expenditures compared to prior year amounts.

Expenditures	2007-2008 Amount	Percentage of Total	2006-2007 Amount	Percentage of Total
Current Expense:				
Instruction	\$ 13,990,786.96	30.28%	\$ 13,789,973.36	31.35%
Undistributed Expenditures	25,071,175.51	54.26%	23,589,292.99	53.62%
Capital Outlay	654,146.73	1.42%	358,167.85	0.81%
Transfer to Charter Schools	33,077.00	0.07%	27,445.00	0.06%
Debt Service	2,097,309.18	4.54%	2,209,206.46	5.02%
Special Revenue	4,357,606.00	9.43%	4,015,485.96	9.13%
Total	\$ 46,204,101.38	100.00%	\$ 43,989,571.62	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:

- Tuition revenue was under estimated during budget preparation resulting in an excess in revenue of \$104,400.
- 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.
- Salaries of regular instruction overall were under anticipated levels. Transfers were made during the year from regular instructional salary accounts to other budgeted amounts within the instruction category.
- Transfers of more than \$117,000 were made from special education instructional programs during the year.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED (CONTINUED)**

General Fund Budgeting Highlights - Continued

- Tuition for special education students attending private schools, county special services school and state facilities were less than anticipated levels by \$628,966. Transfers were made during the year to other accounts in the budget nearing over-expenditure. This budgetary savings generated much of the District's fund balance.
- Transfers were made from other support services – students – special amounting to \$293,577. \$578,828 was originally budgeted for residential costs and no expenditures were incurred. Part of the amount originally budgeted was redistributed within this educational category and part transferred elsewhere in the budget.
- The district transferred into administrative accounts during the year. A transfer of \$495,495 was made to judgments against the district to reflect a legal settlement.
- The district transferred over \$.21,590 into plant operations and maintenance during the year. These transfers were necessary to cover increased utility costs and for cleaning and maintenance services. The rising costs of utilities contributed to the underestimation of expenses. These costs are expected to continue to rise in the future.
- Health benefits expended were less than anticipated in the original budget. Transfers of \$384,000 were made to other lines in the budget.

Capital Assets

At the end of the fiscal year 2008, the School District had \$31,403,631 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2008 balances compared to 2007.

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

	2008	2007
Land	\$ 255,001.00	\$ 255,001.00
Land Improvements	1,034,154.81	1,166,734.26
Buildings and Improvements	28,544,570.12	29,355,292.81
Machinery and Equipment	1,569,904.85	1,737,283.75
Total	\$ 31,403,630.78	\$ 32,514,311.82

Overall capital assets decreased \$1,110,681 from fiscal year 2007 to fiscal year 2008. 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.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED (CONTINUED)**

Debt Administration

At June 30, 2008, the School District had \$14,848,275 of outstanding debt. Of this amount, \$1,021,345 is for compensated absences; \$1,001,245 for various capital leases; and \$12,825,685 of serial bonds for school construction.

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

	2008		2007
1989 School Bonds	\$ -		\$ 1,170,000.00
1993 NJEDA School Facilities Loan	111,684.98		223,369.98
2002 School Bonds	12,714,000.00		12,939,000.00
Total	\$ 12,825,684.98		\$ 14,332,369.98

At June 30, 2008, the School District's overall available legal debt margin was \$94,687,420. For more detailed information, please refer to the Notes to the Financial Statements.

For the Future

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

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

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 Walter F. Landgraf, 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, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,795,646.19	\$ 133,142.75	\$ 2,928,788.94
Investments			-
Receivables, Net	85,654.54	30,359.95	116,014.49
Internal Balances	301,228.53	(301,228.53)	-
Inventory	-	22,211.27	22,211.27
Restricted Assets:			
Cash and Cash Equivalents			-
Cash Reserve Account	75,039.74		75,039.74
Deferred Bond Issuance Costs, Net (Note 8)	35,399.84		35,399.84
Capital Assets, Net (Note 6)	31,370,260.08	33,370.70	31,403,630.78
Total Assets	<u><u>34,663,228.92</u></u>	<u><u>(82,143.86)</u></u>	<u><u>34,581,085.06</u></u>
LIABILITIES			
Accounts Payable	397,457.01	71,635.81	469,092.82
Deposits Payable	-	29,489.94	29,489.94
Payable to Federal Government	7,216.02		7,216.02
Payable to State Government	17,238.92		17,238.92
Deferred Revenue	242,506.72		242,506.72
Noncurrent Liabilities (Note 7)			
Due Within One Year	1,663,807.72		1,663,807.72
Due Beyond One Year	13,184,467.61		13,184,467.61
Total Liabilities	<u><u>15,512,694.00</u></u>	<u><u>101,125.75</u></u>	<u><u>15,613,819.75</u></u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	17,553,874.26	33,370.70	17,587,244.96
Restricted for:			
Debt Service	(219,422.23)		(219,422.23)
Capital Projects	75,039.74		75,039.74
Other Purposes	2,151,400.10		2,151,400.10
Unrestricted	(410,356.95)	(216,640.31)	(626,997.26)
Total Net Assets	<u><u>\$ 19,150,534.92</u></u>	<u><u>\$ (183,269.61)</u></u>	<u><u>\$ 18,967,265.31</u></u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2008

Function/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 17,621,776.79	\$ -	\$ 4,910,736.20	\$ -	\$ (12,711,040.59)	\$ -	\$ (12,711,040.59)
Special Education	4,424,046.76	267,182.00	702,245.88	-	(3,454,618.88)	-	(3,454,618.88)
Other Instruction	1,364,437.44	-	179,546.98	-	(1,184,890.46)	-	(1,184,890.46)
Support Services:							
Tuition	3,395,985.67	-	2,566,847.88	-	(829,137.79)	-	(829,137.79)
Student & Instruction Related Services	5,137,181.50	-	1,640,735.88	-	(3,496,445.62)	-	(3,496,445.62)
School Administrative Services	1,935,966.18	-	254,980.33	-	(1,680,985.85)	-	(1,680,985.85)
Other Administrative Services	2,415,494.09	9,040.37	147,801.64	-	(2,267,692.45)	-	(2,267,692.45)
Plant Operation and Maintenance	4,045,216.83	76,276.86	1,139,182.20	-	(4,036,176.46)	-	(4,036,176.46)
Pupil Transportation	2,650,149.63	-	1,139,182.20	-	(1,434,690.57)	-	(1,434,690.57)
Charter Schools	33,077.00	-	-	-	(33,077.00)	-	(33,077.00)
Interest on Long-Term Debt	548,568.85	-	135,500.00	-	(413,068.85)	-	(413,068.85)
Unallocated Depreciation and Amortization	1,571,198.60	-	-	-	(1,571,198.60)	-	(1,571,198.60)
Total Governmental Activities	45,143,099.34	352,499.23	11,677,576.99	-	(33,113,023.12)	-	(33,113,023.12)
Business-Type Activities:							
Food Service	1,163,948.89	665,802.03	489,675.15	-	(8,471.71)	(8,471.71)	(8,471.71)
Performing Arts Center	55,656.30	71,518.66	-	-	15,862.36	15,862.36	15,862.36
Total Business-Type Activities	1,219,605.19	737,320.69	489,675.15	-	7,390.65	7,390.65	7,390.65
Total Primary Government	\$46,362,704.53	\$ 1,089,819.92	\$12,167,252.14	\$ -	\$ (33,113,023.12)	\$ 7,390.65	\$ (33,105,632.47)

General Revenues:

Taxes:						
Property Taxes, Levied for General Purposes, Net		\$ 20,040,111.00		\$ -	\$ 20,040,111.00	
Taxes Levied for Debt Service		1,613,407.00			1,613,407.00	
Federal and State Aid not Restricted		8,518,145.18			8,518,145.18	
Tuition Received		3,188,021.16			3,188,021.16	
Investment Earnings		109,955.62		3,222.29	113,177.91	
Miscellaneous Income		258,599.33			258,599.33	
Total General Revenues, Special Items, Extraordinary Items and Transfers		33,728,239.29		3,222.29	33,731,461.58	
Change in Net Assets		615,216.17		10,612.94	625,829.11	
Net Assets - Beginning		18,535,318.75		(193,882.55)	18,341,436.20	
Net Assets - Ending		\$ 19,150,534.92		\$ (183,269.61)	\$ 18,967,265.31	

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, 2008

	General Fund	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,549,082.88	\$ 240,983.87	\$ 5,579.44	\$ -	\$ 2,795,646.19
Investments					-
Receivables, Net	-				-
Due from Other Funds	306,838.87				306,838.87
Receivables from Other Governments	42,442.80				42,442.80
Other - (Tuition)	32,667.27				32,667.27
Restricted Cash & Cash Equivalents	75,039.74				75,039.74
Total Assets	<u>\$ 3,006,071.56</u>	<u>\$ 240,983.87</u>	<u>\$ 5,579.44</u>	<u>\$ -</u>	<u>\$ 3,252,634.87</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 56,339.52	\$ 96,662.21	\$ -	\$ -	\$ 153,001.73
Due to Other Funds		5,610.34			5,610.34
Payable to Federal Government		7,216.02			7,216.02
Payable to State Government		17,238.92			17,238.92
Other Liabilities	-				-
Deferred Revenue	5,610.34	236,896.38			242,506.72
Total Liabilities	<u>61,949.86</u>	<u>363,623.87</u>	<u>-</u>	<u>-</u>	<u>425,573.73</u>
Fund Balances:					
Reserved for:					
Encumbrances	25,393.50				25,393.50
Capital Reserve Account	75,039.74				75,039.74
Excess Surplus	2,126,006.60				2,126,006.60
Unreserved, Reported in:					
General Fund	717,681.86				717,681.86
Special Revenue Fund		(122,640.00)			(122,640.00)
Debt Service Fund			5,579.44		5,579.44
Capital Projects Fund					-
Permanent Fund					-
Total Fund Balances	<u>2,944,121.70</u>	<u>(122,640.00)</u>	<u>5,579.44</u>	<u>-</u>	<u>2,827,061.14</u>
Total Liabilities and Fund Balances	<u>\$ 3,006,071.56</u>	<u>\$ 240,983.87</u>	<u>\$ 5,579.44</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not resources and therefore are not reported in the funds. The cost of the assets is \$54,753,334.30 and the accumulated depreciation is \$23,383,074.22 (See Note 6)	31,370,260.08
Bond issuance costs are reported in the governmental fund as expenditures in the year the bonds are issued but are amortized over the life of the bonds on the statement of activities. (See Note 8)	35,399.84
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(244,455.28)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 7)	(14,848,275.33)
Capital lease proceeds on hand recorded as a liability in the funds and reported in net assets in district-wide financial statements (See Note 7)	10,544.47
Net assets of governmental activities	<u>\$ 19,150,534.92</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$20,040,111.00	\$ -	\$ 1,613,407.00	\$ -	\$21,653,518.00
Tuition Charges	3,455,203.16				3,455,203.16
Miscellaneous	448,105.59	2,063.29	-		450,168.88
Total Local Sources	23,943,419.75	2,063.29	1,613,407.00	-	25,558,890.04
State Sources	15,783,309.23	2,511,210.48	483,903.00		18,778,422.71
Federal Sources	6,180.83	1,414,821.93			1,421,002.76
Total Revenues	39,732,909.81	3,928,095.70	2,097,310.00	-	45,758,315.51
EXPENDITURES					
Current:					
Regular Instruction	9,989,249.85	3,169,820.89	-	-	13,159,070.74
Special Education Instruction	3,015,325.69				3,015,325.69
Other Instruction	986,211.42				986,211.42
Support Services:					
Tuition	3,395,985.67				3,395,985.67
Student & Instruction Related Serv.	2,884,033.07	1,182,019.11			4,066,052.18
School Administrative Services	1,314,750.71				1,314,750.71
Other Administrative Services	2,472,143.33				2,472,143.33
Plant Operation and Maintenance	3,377,499.22				3,377,499.22
Pupil Transportation	2,874,644.41				2,874,644.41
Employee Benefits	8,752,119.10				8,752,119.10
Transfer to Charter School	33,077.00				33,077.00
Debt Service:					
Principal			1,506,685.00		1,506,685.00
Interest and Other Charges			590,624.18		590,624.18
Capital Outlay	654,146.73	5,766.00			659,912.73
Total Expenditures	39,749,186.20	4,357,606.00	2,097,309.18	-	46,204,101.38
Excess (Deficiency) of Revenues Over Expenditures	(16,276.39)	(429,510.30)	0.82	-	(445,785.87)
OTHER FINANCING SOURCES (USES)					
Capital Leases (non-budgeted)	324,455.53				324,455.53
Transfer in			-		-
Prior Retainage Canceled					-
Transfer out					-
Grants Receivable Canceled					-
Transfer to Special Revenue - ECPA	(408,856.00)	408,856.00			-
Total Other Financing Sources and Uses	(84,400.47)	408,856.00	-	-	324,455.53
Net Changes in Fund Balance	(100,676.86)	(20,654.30)	0.82	-	(121,330.34)
Fund Balance (Deficit) - July 1	3,044,798.56	(101,985.70)	5,578.62		2,948,391.48
Fund Balance - June 30	\$ 2,944,121.70	\$ (122,640.00)	\$ 5,579.44	\$ -	\$ 2,827,061.14

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, 2008

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ (121,330.34)

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	\$ (1,687,165.61)	
	Capital Outlays	<u>578,512.46</u>	
			(1,108,653.15)

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		1,506,685.00	
Capital leases payable		<u>542,483.12</u>	

Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.

(3,539.99)

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities: issuing debt increases long-term liabilities in the statement of net assets.

Capital lease proceeds - including loan fee and net of reserve		(325,651.53)	
Capital lease reserve expenditures - minor capital outlay		<u>(55,476.41)</u>	
			(381,127.94)

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 (+).

138,814.45

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.

41,885.02

Change in Net Assets of Governmental Activities \$ 615,216.17

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Proprietary Funds
Statement of Net Assets
June 30, 2008

	Business-Type Activities - Enterprise Fund		
	Food Service	Performing Arts Center	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 103,652.81	\$ 29,489.94	\$ 133,142.75
Intergovernmental Receivables	20,812.01		20,812.01
Other Receivables	6,575.04	2,972.90	9,547.94
Inventories	22,211.27		22,211.27
Total Current Assets	<u>153,251.13</u>	<u>32,462.84</u>	<u>185,713.97</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents			-
Furniture, Machinery & Equipment	406,081.62	2,380.00	408,461.62
Less: Accumulated Depreciation	<u>(372,710.92)</u>	<u>(2,380.00)</u>	<u>(375,090.92)</u>
Total Noncurrent Assets	<u>33,370.70</u>	<u>-</u>	<u>33,370.70</u>
Total Assets	<u>\$ 186,621.83</u>	<u>\$ 32,462.84</u>	<u>\$ 219,084.67</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 71,635.81	\$ -	\$ 71,635.81
Deposits Payable		29,489.94	29,489.94
Interfunds Payable	39,949.09	261,279.44	301,228.53
Total Current Liabilities	<u>111,584.90</u>	<u>290,769.38</u>	<u>402,354.28</u>
Noncurrent Liabilities:			
Compensated Absences Payable	-	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>111,584.90</u>	<u>290,769.38</u>	<u>402,354.28</u>
NET ASSETS			
Invested in Capital Assets Net of Related Debt	33,370.70		33,370.70
Unrestricted	41,666.23	(258,306.54)	(216,640.31)
Total Net Assets	<u>\$ 75,036.93</u>	<u>\$ (258,306.54)</u>	<u>\$ (183,269.61)</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Fund		
	Food Service	Performing Arts Center	Totals Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 343,689.39	\$ -	\$ 343,689.39
Daily Sales - Non-reimbursable Programs	305,226.13		305,226.13
Special Functions	16,886.51		16,886.51
Rental of Performing Arts Center		71,518.66	71,518.66
Total Operating Revenue	<u>665,802.03</u>	<u>71,518.66</u>	<u>737,320.69</u>
Operating Expenses:			
Cost of Sales	531,164.86		531,164.86
Salaries and Benefits	468,624.75	32,053.92	500,678.67
Purchased Technical Services		18,776.11	18,776.11
Other Purchased Property Services			-
Other Purchased Professional Services	39,235.06		39,235.06
Cleaning, Repair and Maintenance Services	18,385.50	682.05	19,067.55
Utilities			-
General Supplies	48,422.85	4,144.22	52,567.07
Miscellaneous	53,398.98		53,398.98
Depreciation	4,716.89		4,716.89
Total Operating Expenses	<u>1,163,948.89</u>	<u>55,656.30</u>	<u>1,219,605.19</u>
Operating Income (Loss)	<u>(498,146.86)</u>	<u>15,862.36</u>	<u>(482,284.50)</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	18,880.16		18,880.16
State School Breakfast Program	5,736.50		5,736.50
Federal Sources:			
National School Lunch Program	329,612.53		329,612.53
Federal School Breakfast Program	63,824.43		63,824.43
Food Distribution Program	71,621.53		71,621.53
Interest and Investment Income	3,222.29		3,222.29
Total Nonoperating Revenues (Expenses)	<u>492,897.44</u>	<u>-</u>	<u>492,897.44</u>
Income (Loss) before Contributions & Transfers	<u>(5,249.42)</u>	<u>15,862.36</u>	<u>10,612.94</u>
Capital Contributions			-
Transfers In (Out)			-
Changes in Net Assets	(5,249.42)	15,862.36	10,612.94
Total Net Assets - Beginning	<u>80,286.35</u>	<u>(274,168.90)</u>	<u>(193,882.55)</u>
Total Net Assets - Ending	<u>\$ 75,036.93</u>	<u>\$ (258,306.54)</u>	<u>\$ (183,269.61)</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Fund		
	Food Service	Performing Arts Center	Totals Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 662,832.38	\$ 71,518.66	\$ 734,351.04
Payments to Employees	(397,003.22)	(32,053.92)	(429,057.14)
Payments to Suppliers	(746,027.07)	(23,602.38)	(769,629.45)
Internal Activity - Payments to Other Funds		(31,564.17)	(31,564.17)
Other Receipts (Payments) - Ticket Account		(15,862.36)	(15,862.36)
Net Cash Provided by (Used for) Operating Activities	<u>(480,197.91)</u>	<u>(31,564.17)</u>	<u>(511,762.08)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	24,529.44		24,529.44
Federal Sources	390,957.30		390,957.30
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>415,486.74</u>	<u>-</u>	<u>415,486.74</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(2,689.00)		(2,689.00)
Gain/Loss on Sale of Fixed Assets (Proceeds)			-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(2,689.00)</u>	<u>-</u>	<u>(2,689.00)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest and Dividends	3,222.29		3,222.29
Net Cash Provided by (Used for) Investing Activities	<u>3,222.29</u>	<u>-</u>	<u>3,222.29</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(64,177.88)	(31,564.17)	(95,742.05)
Balance - Beginning of Year	167,830.69	61,054.11	228,884.80
Balance - End of Year	<u>\$ 103,652.81</u>	<u>\$ 29,489.94</u>	<u>\$ 133,142.75</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (498,146.86)	\$ 15,862.36	\$ (482,284.50)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Net Amortization	4,716.89		4,716.89
Federal Commodities	71,621.53		71,621.53
(Increase) Decrease in Accounts Receivable	(2,969.65)		(2,969.65)
(Increase) Decrease in Inventories	(10,281.27)		(10,281.27)
Increase (Decrease) in Ticket Deposits		(31,564.17)	(31,564.17)
Increase (Decrease) in Accounts Payable	(45,138.55)	-	(45,138.55)
Increase (Decrease) in Interfunds Payable		(15,862.36)	(15,862.36)
Total Adjustments	<u>17,948.95</u>	<u>(47,426.53)</u>	<u>(29,477.58)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (480,197.91)</u>	<u>\$ (31,564.17)</u>	<u>\$ (511,762.08)</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Assets
June 30, 2008

	Unemployment Compensation	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 15,336.72	\$ 52,807.36	\$ 1,353,119.07
Payroll Deductions Advanced			-
	<u>15,336.72</u>	<u>52,807.36</u>	<u>1,353,119.07</u>
Total Assets	<u>15,336.72</u>	<u>52,807.36</u>	<u>1,353,119.07</u>
LIABILITIES			
Accounts Payable	9,352.53		-
Payable to Teachers Association			8,616.44
Payable to Teachers - Summer Pay			933,523.19
Payable to Student Groups			259,183.85
Payroll Deductions and Withholdings			151,795.59
	<u>9,352.53</u>	<u>-</u>	<u>\$ 1,353,119.07</u>
Total Liabilities	<u>9,352.53</u>	<u>-</u>	<u>\$ 1,353,119.07</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 5,984.19</u>		
Reserved for Scholarships		<u>\$ 52,807.36</u>	

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2008

	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 49,213.12	\$ -
Scholarships Provided to District		1,200.00
Total Contributions	<u>49,213.12</u>	<u>1,200.00</u>
Investment Earnings:		
Interest	<u>298.20</u>	<u>2,020.49</u>
Net Investment Earnings	<u>298.20</u>	<u>2,020.49</u>
Total Additions	<u>49,511.32</u>	<u>3,220.49</u>
DEDUCTIONS		
Unemployment Claims	58,797.38	
Scholarships Awarded	-	305.50
Total Deductions	<u>58,797.38</u>	<u>305.50</u>
Changes in Net Assets	(9,286.06)	2,914.99
Net Assets - Beginning of the Year	15,270.25	49,892.37
Net Assets - End of the Year	<u>\$ 5,984.19</u>	<u>\$ 52,807.36</u>

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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, 2008
(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, 2008
(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 the Gloria Armeo, Khamal Lumpkin, Art Cannon and Cade 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, 2008
(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, 2008
(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, 2008 and 2007, 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, 2008
(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, 2008
(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, 2008
(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, 2008
(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, 2008
(CONTINUED)**

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Operating cash, in the form various checking, savings, certificates of deposit and money market accounts, are held in the District's name by a commercial banking institution. At June 30, 2008, the carrying amount of the District's deposits were \$4,425,091.83 and the bank balance was \$4,943,946.72. Of the bank balance, \$208,022.01 was insured with Federal Deposit Insurance. The remaining balance was insured under the Governmental Unit Deposit Protection Act (GUDPA).

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's bank accounts are profiled in order to determine exposure, if any to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged by the depositor), collateralized with securities held by the pledging institution or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2008, all of the District's deposits were collateralized and, accordingly, not exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

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

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)**

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS - Continued

At June 30, 2008, 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.

NOTE 3 – RECEIVABLES

Receivables at June 30, 2008, 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	\$ 42,442.43	\$ 43,659.95
Federal Aid	-	19,594.49
Interfunds	306,838.87	-
Other	32,667.64	52,760.05
Gross Receivables	381,948.94	116,014.49
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 381,948.94	\$ 116,014.49

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)**

NOTE 4 – 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, 2008:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 306,838.87	\$
Special Revenue Fund		5,610.34
Food Service Fund		39,949.09
Performing Arts Center		261,279.44
Total	\$ 306,838.87	\$ 306,838.87

NOTE 5 – INVENTORY

Inventory in the Food Service Enterprise Fund at June 30, 2008, consisted of the following:

Food	\$ 15,373.74
Supplies	6,837.53
	\$ 22,211.27

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, 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	3,179,716.70	18,850.00		3,198,566.70
Buildings and building improvements	44,246,416.38	363,639.00		44,610,055.38
Machinery and Equipment	6,493,687.76	196,023.46		6,689,711.22
Total capital assets being depreciated at historical cost	<u>53,919,820.84</u>	<u>578,512.46</u>	<u>-</u>	<u>54,498,333.30</u>
Less accumulated depreciation for:				
Land Improvements	(2,012,982.44)	(160,429.45)		(2,173,411.89)
Buildings and improvements	(14,891,123.57)	(1,178,695.69)		(16,069,819.26)
Equipment	(4,791,802.60)	(348,040.47)		(5,139,843.07)
Total capital assets being depreciated, net of accumulated depreciation	<u>32,223,912.23</u>	<u>(1,108,653.15)</u>	<u>-</u>	<u>31,115,259.08</u>
Governmental activity capital assets, net	<u>\$ 32,478,913.23</u>	<u>\$ (1,108,653.15)</u>	<u>\$ -</u>	<u>\$ 31,370,260.08</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 405,772.62	\$ 2,689.00	\$ -	\$ 408,461.62
Less accumulated depreciation	<u>(370,374.03)</u>	<u>(4,716.89)</u>	<u>-</u>	<u>(375,090.92)</u>
Enterprise Fund capital assets, net	<u>\$ 35,398.59</u>	<u>\$ (2,027.89)</u>	<u>\$ -</u>	<u>\$ 33,370.70</u>

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)**

NOTE 7 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2008 are as follows:

	Balance July 1, 2007	Issues or Additions	Payments or Expenditures	Balance June 30, 2008	Amounts Due Within One Year
Compensated Absences	\$ 1,160,159.49	-	\$ 138,814.45	\$ 1,021,345.04	-
Capital Leases	1,207,532.43	336,196.00	542,483.12	1,001,245.31	552,122.74
Bonds Payable	<u>14,332,369.98</u>		<u>1,506,685.00</u>	<u>12,825,684.98</u>	<u>1,111,684.98</u>
	<u>\$ 16,700,061.90</u>	<u>\$ 336,196.00</u>	<u>\$ 2,187,982.57</u>	<u>\$ 14,848,275.33</u>	<u>\$ 1,663,807.72</u>

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

Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

At June 30, 2008, bonds payable consisted of the following issues:

\$13,039,000 General Improvement Bonds dated July 1, 2002, due in annual installments through February 1, 2018, bearing interest at variable rates ranging from 4.00% to 4.50% per annum. The balance remaining as of June 30, 2008 is \$12,714,000.

\$1,563,590 New Jersey Economic Development Authority Public School Facilities Loan, dated August 18, 1993, due in annual installments through July 15, 2008, bearing interest at a rate of 1.50% per annum. The balance remaining as of June 30, 2008 is \$111,684.98.

Debt service requirements on serial bonds payable at June 30, 2008 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	\$ 1,111,684.98	\$ 538,998.83	\$ 1,650,683.81
2010	1,125,000.00	498,161.19	1,623,161.19
2011	1,175,000.00	451,755.00	1,626,755.00
2012	1,225,000.00	403,286.25	1,628,286.25
2013	1,275,000.00	352,755.00	1,627,755.00
2014-2018	<u>6,914,000.00</u>	<u>888,495.00</u>	<u>7,802,495.00</u>
	<u>\$ 12,825,684.98</u>	<u>\$ 3,133,451.27</u>	<u>\$ 15,959,136.25</u>

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)**

NOTE 7 – 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 \$2,629,255 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, 2008:

Fiscal Year Ending June 30,	Amount
2009	\$ 591,499.48
2010	232,245.55
2011	177,184.27
2012	73,272.00
Total minimum lease payments	1,074,201.30
Less amount representing interest	72,955.99
Present value of lease payments	\$ 1,001,245.31

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 cost 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, 2008 was \$3,539.99. The balance of deferred bond issuance costs at June 30, 2008 was \$35,339.84.

NOTE 9 – 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, 2008 were \$100,739.45. Future minimum lease payments are as follows:

Year Ending June 30,	Principal
2009	\$ 91,140.00
2010	91,140.00
2011	37,975.00
Total future minimum lease payments	\$ 220,255.00

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)**

NOTE 10 – 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.

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.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)**

NOTE 10 – PENSION PLANS - Continued

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% 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.

Three Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/08	\$ 239,932.00	100%	\$ -
06/30/07	132,742.80	100%	-
06/30/06	67,509.20	100%	-

Three Year Trend Information for TPAF (Paid on behalf of the District)

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/08	\$ 2,332,628.00	100%	\$ -
06/30/07	2,267,840.00	100%	-
06/30/06	1,118,856.00	100%	-

During the fiscal year ended June 30, 2008, the State of New Jersey made a contribution to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$1,258,059.06 during the year ended June 30, 2008 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB Statement No. 24.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)**

NOTE 11 – POST-RETIREMENT BENEFITS

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. As of June 30, 2007, there were 75,860 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 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve by one half of one percent of the active State payroll.

The State made post-retirement (PRM) contributions of \$592.7million for TPAF and \$224.3 million for PERS in fiscal year 2007.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$110.3 million toward Chapter 126 benefits for 11,747 eligible retired members in fiscal year 2007.

NOTE 12 – 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, 2008, there is no liability for compensated absences in the Enterprise Funds.

NOTE 13 – 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

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)**

NOTE 14 – 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, 2008, the District had actual interest earnings of \$2,020.27 and withdrew \$0 for projects. The balance in the capital reserve account at June 30, 2008 was \$75,039.74. The withdrawal from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

NOTE 15 – 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:

<u>Fiscal Year</u>	<u>Contributions</u>	<u>Interest on Investments</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007-2008	\$ 49,213.12	\$ 298.20	\$ 58,797.38	\$ 5,984.19
2006-2007	36,772.29	497.65	37,102.46	15,270.25
2005-2006	37,100.37	712.30	47,583.91	15,102.77

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)**

NOTE 16 – 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 17 – 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. In addition, the district settled a lawsuit during 2007-08 regarding a special education placement. The district paid \$500,000 from the 2007/08 budget. An additional \$250,000 has been included in the 2008-09 budget and \$250,000 will be included in the 2009-10 budget.

NOTE 18 – DEFERRED REVENUE

The District has deferred revenue reflected on the Statement of Net Assets in the Governmental Funds. Deferred revenue of \$236,896.38 in the special revenue fund is made up of grant proceeds on hand where the grant period overlaps the district's fiscal year and encumbrances payable at year end.

NOTE 19 – DEPOSITS PAYABLE AND RESERVE

The District has a capital lease reserve reflected on the governmental fund statements. The amount of \$10,544.47 represents proceeds of a 2007/08 capital lease for various purchases and improvements that were not completed or received by June 30th. This amount has been reflected in Net Assets for the District-Wide Financial Statements as Receivables, Net. Deposits Payable in the Performing Arts Center Fund of \$29,489.94 is made up of deposits for future shows and ticket sales at the Center where final settlement has not been made.

NOTE 20 – FUND BALANCE APPROPRIATED

General Fund - Of the \$2,944,121.70 General Fund fund balance at June 30, 2008, \$25,393.50 is reserved for encumbrances; \$2,126,006.60 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$1,327,098.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2008); \$75,039.74 has been reserved in the Capital Reserve Account; \$405,249.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2009 and \$312,432.86 is unreserved and undesignated.

Debt Service Fund - Of the \$5,579.44 Debt Service Fund fund balance at June 30, 2008, \$5,579.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2009 and \$.44 is unreserved and undesignated.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)**

NOTE 21 – 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, 2008 is \$798,908.60.

NOTE 22 – DEFICIT FUND BALANCE

The District has a deficit fund balance of \$122,640.00 in the Special Revenue Fund as of June 30, 2008 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 Special revenue fund in the GAAP fund statements is equal of \$122,640.00 is equal to the last state aid payment for that fund.

NOTE 23 – DEFICIT IN NET ASSETS – ENTERPRISE FUNDS

The Performing Arts Center Enterprise Fund has a cumulative deficit in net assets of \$258,306.54 as of June 30, 2008. This deficit will either be provided for in a future budget or made up through operations.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 20,040,111.00	\$ -	\$ 20,040,111.00	\$ 20,040,111.00	\$ -
Tuition	3,350,803.00		3,350,803.00	3,455,203.16	104,400.16
Transportation Fees from Other LEA's	100,000.00		100,000.00	60,670.31	(39,329.69)
Interest Earned on Capital Reserve	2,000.00		2,000.00	2,020.27	20.27
Interest Earned on Investments	110,000.00		110,000.00	107,935.35	(2,064.65)
Miscellaneous - Unrestricted	89,000.00		89,000.00	277,479.66	188,479.66
Total Local Sources	23,691,914.00	-	23,691,914.00	23,943,419.75	251,505.75
State Sources:					
Core Curriculum Standards Aid	7,101,953.00		7,101,953.00	7,101,953.00	-
Transportation Aid	1,133,882.00		1,133,882.00	1,133,882.00	-
Special Education Aid	2,568,868.00		2,568,868.00	2,568,868.00	-
Bilingual Education	12,884.00		12,884.00	12,884.00	-
Consolidated Aid	283,846.00		283,846.00	283,846.00	-
Kindergarten Supplement Aid	238,391.00		238,391.00	238,391.00	-
Additional Formula Aid	800,285.00		800,285.00	800,285.00	-
Nonpublic Transportation Aid				6,191.87	6,191.87
Teacher Mentoring				6,296.00	6,296.00
Extraordinary Aid	40,000.00		40,000.00	75,283.00	35,283.00
TPAF Pension Contribution (On-Behalf - Non-Budgeted)			-	1,242,851.00	1,242,851.00
TPAF Pension - Post Retirement Medical (On Behalf - Non-Budgeted)			-	1,089,777.00	1,089,777.00
TPAF Social Security (Reimbursed- Non-Budgeted)			-	1,258,059.06	1,258,059.06
Total State Sources	12,180,109.00	-	12,180,109.00	15,818,566.93	3,638,457.93
Federal Sources:					
Medicaid Reimbursement	-	-	-	6,180.83	6,180.83
Total Federal Sources	-	-	-	6,180.83	6,180.83
Total Revenues	35,872,023.00	-	35,872,023.00	39,768,167.51	3,896,144.51
EXPENDITURES:					
CURRENT EXPENSE					
REGULAR PROGRAMS - INSTRUCTION					
Kindergarten	16,210.00	-	16,210.00	16,210.00	-
Grades 1 - 5 Salaries of Teachers	3,523,590.00	(351,344.00)	3,172,246.00	3,007,269.23	164,976.77
Grades 6 - 8 Salaries of Teachers	2,222,796.00	(212,757.00)	2,010,039.00	2,007,815.38	2,223.62
Grades 9 - 12 Salaries of Teachers	3,866,506.00	(186,150.89)	3,680,355.11	3,679,430.68	924.43
Regular Programs - Home Instruction Salaries of Teachers	125,800.00	60,105.00	185,905.00	179,604.00	6,301.00
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	-	500,612.00	500,612.00	499,596.38	1,015.62
Purchased Professional - Educational Services	1,000.00	-	1,000.00	450.00	550.00
Purchased Technical Services	16,200.00	(7,500.00)	8,700.00	4,560.38	4,139.62
Other Purchased Services (400-500 series)	111,500.00	(17,100.00)	94,400.00	77,750.41	16,649.59
General Supplies	545,058.00	(10,391.48)	534,666.52	469,908.47	64,758.05
Textbooks	21,000.00	24,185.74	45,185.74	42,761.81	2,423.93
Other Objects	6,500.00	220.00	6,720.00	3,893.11	2,826.89
TOTAL REGULAR PROGRAMS - INSTRUCTION	10,456,160.00	(200,120.63)	10,256,039.37	9,989,249.85	266,789.52
SPECIAL EDUCATION - INSTRUCTION					
Visual Impairments					
Other Salaries for Instruction	23,247.00	(11,000.00)	12,247.00	11,328.00	919.00
Purchased Professional - Educational Services	13,500.00	(13,500.00)	-	-	-
Total Visual Impairments	36,747.00	(24,500.00)	12,247.00	11,328.00	919.00
Behavioral Disabilities					
Salaries of Teachers	134,818.00	6,817.00	141,635.00	138,096.14	3,538.86
Other Salaries for Instruction	36,477.00	(7,092.00)	29,385.00	29,277.75	107.25
Purchased Professional-Educational Services	43,391.00	(43,000.00)	391.00	-	391.00
General Supplies	6,000.00	-	6,000.00	5,032.83	967.17
Total Behavioral Disabilities	220,686.00	(43,275.00)	177,411.00	172,406.72	5,004.28

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Multiple Disabilities					
Salaries of Teachers	\$ 169,815.00	\$ 2,500.00	\$ 172,315.00	\$ 172,315.00	\$ -
Other Salaries for Instruction	74,167.00	(18,100.00)	56,067.00	54,880.35	1,186.65
Purchased Professional - Educational Services	45,000.00	-	45,000.00	40,719.83	4,280.17
General Supplies	3,850.00	(350.00)	3,500.00	1,925.26	1,574.74
Textbooks	600.00	-	600.00	592.82	7.18
Total Multiple Disabilities	<u>293,432.00</u>	<u>(15,950.00)</u>	<u>277,482.00</u>	<u>270,433.26</u>	<u>7,048.74</u>
Preschool Disabilities - Part Time					
Salaries of Teachers	-	-	-	-	-
Total Preschool Disabilities - Part Time	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Resource Room/Resource Center					
Salaries of Teachers	2,528,944.00	(16,640.00)	2,512,304.00	2,491,747.50	20,556.50
Other Salaries for Instruction	75,544.00	(18,425.00)	57,119.00	52,181.33	4,937.67
General Supplies	14,700.00	1,200.00	15,900.00	14,967.21	932.79
Textbooks	3,300.00	78.50	3,378.50	2,261.67	1,116.83
Total Resource Room/Resource Center	<u>2,622,488.00</u>	<u>(33,786.50)</u>	<u>2,588,701.50</u>	<u>2,561,157.71</u>	<u>27,543.79</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>3,173,353.00</u>	<u>(117,511.50)</u>	<u>3,055,841.50</u>	<u>3,015,325.69</u>	<u>40,515.81</u>
Bilingual Education - Instruction					
Salaries of Teachers	45,225.00	34,305.00	79,530.00	79,211.15	318.85
General Supplies	-	135.90	135.90	135.90	-
Total Bilingual Education - Instruction	<u>45,225.00</u>	<u>34,440.90</u>	<u>79,665.90</u>	<u>79,347.05</u>	<u>318.85</u>
School-Spon. Cocurricular Activities - Instruction					
Salaries	197,764.00	14,360.00	212,124.00	199,650.25	12,473.75
Purchased Services (300-500 series)	16,500.00	40.00	16,540.00	15,714.76	825.24
Supplies & Materials	9,000.00	1,205.42	10,205.42	9,793.34	412.08
Other Objects	7,000.00	(993.42)	6,006.58	4,865.69	1,140.89
Total School-Spon. Cocurricular Activities - Inst.	<u>230,264.00</u>	<u>14,612.00</u>	<u>244,876.00</u>	<u>230,024.04</u>	<u>14,851.96</u>
School-Spon. Cocurricular Athletics - Instruction					
Salaries	373,441.00	70,420.00	443,861.00	425,932.41	17,928.59
Purchased Services (300-500 series)	70,000.00	3,800.00	73,800.00	56,047.95	17,752.05
Supplies & Materials	88,500.00	(11,950.05)	76,549.95	72,655.29	3,894.66
Other Objects	14,500.00	1,000.00	15,500.00	14,417.26	1,082.74
Total School-Spon. Cocurricular Athletics - Inst.	<u>546,441.00</u>	<u>63,269.95</u>	<u>609,710.95</u>	<u>569,052.91</u>	<u>40,658.04</u>
Other Instructional Programs - Instruction					
Salaries	142,929.00	(24,750.00)	118,179.00	101,211.96	16,967.04
Purchased Services (300-500 series)	3,700.00	(1,000.00)	2,700.00	-	2,700.00
Supplies & Materials	15,500.00	-	15,500.00	6,575.46	8,924.54
Other Objects	2,000.00	-	2,000.00	-	2,000.00
Total Other Instructional Programs - Instruction	<u>164,129.00</u>	<u>(25,750.00)</u>	<u>138,379.00</u>	<u>107,787.42</u>	<u>30,591.58</u>
TOTAL INSTRUCTION	<u>14,615,572.00</u>	<u>(231,059.28)</u>	<u>14,384,512.72</u>	<u>13,990,786.96</u>	<u>393,725.76</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State-Regular	\$ 30,500.00	\$ (30,000.00)	\$ 500.00	\$ -	\$ 500.00
Tuition to Other LEAs Within the State-Special	-	500.00	500.00	446.25	53.75
Tuition to County Voc. School Dist. - Regular	1,126,997.00	15,000.00	1,141,997.00	1,127,000.00	14,997.00
Tuition to CSSD & Regional Day Schools	1,868,865.00	(384,866.00)	1,483,999.00	1,473,268.07	10,730.93
Tuition to Private Schools for the Disabled - Within State	633,692.00	(184,600.00)	449,092.00	375,586.90	73,505.10
Tuition to Private Schools for the Disabled & Other LEA - Spl. O/S St.	148,090.00	(105,110.00)	42,980.00	38,773.91	4,206.09
Tuition - State Facilities	309,488.00	60,110.00	369,598.00	369,593.30	4.70
Tuition-Other	20,000.00	-	20,000.00	11,317.24	8,682.76
Total Undistributed Expenditures - Instruction	4,137,632.00	(628,966.00)	3,508,666.00	3,395,985.67	112,680.33
Undistributed Expend. - Health Services					
Salaries	189,883.00	170.00	190,053.00	187,697.37	2,355.63
Purchased Professional and Technical Services	24,500.00	(260.00)	24,240.00	24,237.80	2.20
Purchased Services (400-500 series)	850.00	275.00	1,125.00	686.07	438.93
Supplies & Materials	12,850.00	(275.00)	12,575.00	9,680.76	2,894.24
Other Objects	400.00	-	400.00	44.00	356.00
Total Undistributed Expend. - Health Services	228,483.00	(90.00)	228,393.00	222,346.00	6,047.00
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	256,003.00	(6,330.00)	249,673.00	246,528.33	3,144.67
Total Undist. Expend. - Other Support Services Students - Extraordinary Services	256,003.00	(6,330.00)	249,673.00	246,528.33	3,144.67
Undist. Expend. - Other Support Serv. Students - Regular					
Salaries of Other Professional Staff	483,112.00	24,045.00	507,157.00	507,089.17	67.83
Salaries of Secretarial and Clerical Assistants	44,625.00	-	44,625.00	44,547.03	77.97
Other Purchased Services (400-500 series)	400.00	-	400.00	-	400.00
Supplies & Materials	6,875.00	1,794.00	8,669.00	8,509.29	159.71
Other Objects	500.00	(194.00)	306.00	-	306.00
Total Undist. Expend. - Other Support Services Students - Regular	535,512.00	25,645.00	561,157.00	560,145.49	1,011.51
Undist. Expend. - Other Support Serv. Students - Special					
Salaries of Other Professional Staff	796,912.00	(4,782.00)	792,130.00	786,978.50	5,151.50
Salaries of Secretarial and Clerical Assistants	67,339.00	12,500.00	79,839.00	61,888.19	17,950.81
Purchased Professional - Educational Services	23,100.00	124,125.00	147,225.00	147,216.62	8.38
Other Purchased Professional and Tech. Services	172,329.00	143,650.00	315,979.00	315,898.57	80.43
Residential Costs	573,828.00	(573,570.00)	258.00	-	258.00
Other Purchased Services (400-500 series)	15,750.00	4,936.00	20,686.00	20,485.60	200.40
Supplies & Materials	28,010.00	(1,000.00)	27,010.00	26,777.58	232.42
Other Objects	3,931.00	564.00	4,495.00	3,851.68	643.32
Total Undist. Expend. - Other Support Services Students - Special	1,681,199.00	(293,577.00)	1,387,622.00	1,363,096.74	24,525.26
Undist. Expend. - Improvement of Inst. Services					
Salaries of Supervisors of Instruction	90,840.00	3,089.00	93,929.00	93,928.92	0.08
Salaries of Other Professional Staff	37,500.00	(33,870.00)	3,630.00	3,630.00	-
Salaries of Secretarial and Clerical Assistants	44,722.00	(4,350.00)	40,372.00	40,215.42	156.58
Purchased Professional - Educational Services	3,250.00	-	3,250.00	2,706.74	543.26
Other Purchased Professional and Tech. Services	1,500.00	4,794.72	6,294.72	6,294.72	-
Other Purchased Services (400-500 series)	9,000.00	-	9,000.00	7,943.08	1,056.92
Supplies & Materials	4,000.00	5,465.28	9,465.28	9,362.81	102.47
Other Objects	6,000.00	(3,300.00)	2,700.00	2,141.36	558.64
Total Undist. Expend. - Improvement of Inst. Serv.	196,812.00	(28,171.00)	168,641.00	166,223.05	2,417.95

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 219,868.00	\$ (11,119.00)	\$ 208,749.00	\$ 204,416.55	\$ 4,332.45
Purchased Professional and Technical Services	16,250.00	(3,260.00)	12,990.00	10,609.18	2,380.82
Other Purchased Services (400-500 series)	1,000.00	2,560.00	3,560.00	2,939.00	621.00
Supplies & Materials	71,650.00	(4,260.00)	67,390.00	65,246.51	2,143.49
Total Undistributed Expenditures - Educational Media Services - School Library	308,768.00	(16,079.00)	292,689.00	283,211.24	9,477.76
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services	-	-	-	-	-
Other Purchased Professional and Tech. Services	-	43,714.91	43,714.91	41,364.91	2,350.00
Other Purchased Services (400-500 series)	-	260.00	260.00	260.00	-
Supplies & Materials	1,990.00	-	1,990.00	857.31	1,132.69
Total Undistributed Expenditures - Instructional Staff Training Services	1,990.00	43,974.91	45,964.91	42,482.22	3,482.69
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	230,693.00	13,750.00	244,443.00	236,232.28	8,210.72
Legal Services	70,500.00	45,190.00	115,690.00	115,687.26	2.74
Audit Fees	35,000.00	(30,000.00)	5,000.00	4,600.00	400.00
Other Purchased Professional Services	50,000.00	39,300.00	89,300.00	89,191.09	108.91
Purchased Technical Services	75,500.00	(23,400.00)	52,100.00	47,678.37	4,421.63
Communications/Telephone	142,000.00	15,000.00	157,000.00	148,750.32	8,249.68
BOE - Other Purchased Services	15,000.00	-	15,000.00	5,216.84	9,783.16
Other Purchased Services (400-500 series)	265,985.00	20,910.00	286,895.00	281,161.92	5,733.08
Supplies & Materials	8,650.00	(3,700.00)	4,950.00	3,910.44	1,039.56
BOE - In House Training/Meeting Supplies	5,000.00	-	5,000.00	1,161.66	3,838.34
Judgements Against the School District	100,000.00	495,495.00	595,495.00	584,468.80	11,026.20
Miscellaneous Expenditures	4,500.00	19,070.00	23,570.00	23,024.20	545.80
BOE Membership Dues and Fees	24,000.00	-	24,000.00	22,074.00	1,926.00
Total Undistributed Expenditures - Support Services - General Administration	1,026,828.00	591,615.00	1,618,443.00	1,563,157.18	55,285.82
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Assistant Principals	802,239.00	26,457.00	828,696.00	794,659.94	34,036.06
Salaries of Other Professional Staff	17,925.00	-	17,925.00	17,425.00	500.00
Salaries of Secretarial and Clerical Assistants	410,426.00	8,261.00	418,687.00	405,961.07	12,725.93
Other Salaries	15,000.00	-	15,000.00	15,000.00	-
Purchased Professional and Technical Services	3,250.00	500.00	3,750.00	1,700.00	2,050.00
Other Purchased Services (400-500 series)	36,200.00	(11,000.00)	25,200.00	15,590.81	9,609.19
Supplies & Materials	29,700.00	(2,200.00)	27,500.00	25,806.52	1,693.48
Other Objects	37,300.00	3,326.67	40,626.67	38,607.37	2,019.30
Total Undistributed Expenditures - Support Services - School Administration	1,352,040.00	25,344.67	1,377,384.67	1,314,750.71	62,633.96
Undist. Expend. - Central Services					
Salaries	379,944.00	9,730.00	389,674.00	358,918.16	30,755.84
Miscellaneous Purchased Services (400-500 series)	-	11,700.00	11,700.00	11,665.41	34.59
Sale/Leaseback Payments	313,622.00	(38,127.36)	275,494.64	273,156.29	2,338.35
Interest on Lease/Purchase Agreements	49,016.00	-	49,016.00	49,016.00	-
Total Undistributed Expenditures - Central Services	742,582.00	(16,697.36)	725,884.64	692,755.86	33,128.78
Undist. Expend. - Admin Info Tech					
Salaries	126,741.00	-	126,741.00	119,595.75	7,145.25
Purchased Technical Services	74,500.00	(500.00)	74,000.00	61,005.91	12,994.09
Other Purchased Services	1,500.00	-	1,500.00	477.73	1,022.27
Supplies and Materials	15,000.00	2,500.00	17,500.00	14,405.29	3,094.71
Other Objects	1,500.00	-	1,500.00	319.38	1,180.62
Total Undistributed Expenditures - Admin Info Tech	219,241.00	2,000.00	221,241.00	195,804.06	25,436.94

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	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	\$ -	\$ 15,000.00	\$ -	\$ 15,000.00
Cleaning, Repair and Maintenance Service	104,800.00	52,000.00	156,800.00	146,222.46	10,577.54
General Supplies	28,260.00	20,570.00	48,830.00	36,927.00	11,903.00
Total Undistributed Expenditures - Required Maintenance for School Facilities	148,060.00	72,570.00	220,630.00	183,149.46	37,480.54
Undist. Expend. - Other Oper. & Maint.of Plant					
Salaries	1,197,313.00	98,161.00	1,295,474.00	1,286,892.08	8,581.92
Purchased Professional and Technical Services	72,000.00	48,708.00	120,708.00	117,773.79	2,934.21
Cleaning, Repair and Maintenance Service	54,637.00	(6,495.00)	48,142.00	43,380.85	4,761.15
Other Purchased Property Services	93,950.00	50,240.00	144,190.00	140,829.24	3,360.76
Insurance	150,000.00	6,450.00	156,450.00	156,389.00	61.00
Miscellaneous Purchased Services	33,000.00	10,100.00	43,100.00	41,538.46	1,561.54
General Supplies	164,900.00	18,146.11	183,046.11	180,627.76	2,418.35
Energy(Energy and Electricity)	1,220,650.00	56,710.00	1,277,360.00	1,217,282.46	60,077.54
Other Objects	13,000.00	-	13,000.00	9,636.12	3,363.88
Total Undistributed Expenditures - Other Operations and Maintenance of Plant	2,999,450.00	282,020.11	3,281,470.11	3,194,349.76	87,120.35
Total Undistributed Expenditures Operations and Maintenance of Plant	3,147,510.00	354,590.11	3,502,100.11	3,377,499.22	124,600.89
Undist. Expend. - Student Transportation Serv.					
Sal.- Pup. Trans. (Bet. Home & School) - Reg.	808,318.00	311,010.00	1,119,328.00	1,119,071.91	256.09
Sal.- Pup. Trans: (Bet. Home & School) - Spc.	190,847.00	(34,330.00)	156,517.00	155,632.04	884.96
Sal.- Pup. Trans. (Other than Home & School)	142,000.00	(76,500.00)	65,500.00	64,936.78	563.22
Sal.- Pup. Trans. (Bet. Home/School) - NonPublic	169,205.00	(44,000.00)	125,205.00	124,233.71	971.29
Social Security Contributions	31,402.00	70,000.00	101,402.00	101,352.82	49.18
Workers Compensation	38,500.00	1,400.00	39,900.00	39,881.00	19.00
Health Benefits	276,569.00	(61,800.00)	214,769.00	214,297.55	471.45
Other Employee Benefits	-	-	-	-	-
Other Purchased Professional and Tech. Services	7,725.00	6,600.00	14,325.00	10,805.62	3,519.38
Cleaning, Repair and Maintenance Service	36,000.00	13,300.00	49,300.00	47,688.61	1,611.39
Rental Payments - School Buses	2,500.00	(2,500.00)	-	-	-
Lease Purchase Payments - School Buses	208,707.00	60,627.36	269,334.36	269,326.83	7.53
Contr. Serv. - (Spc Ed. Students) - Vendors	-	-	-	-	-
Contr. Serv. - (Spc Ed. Students) - Joint Agrmt	-	3,700.00	3,700.00	2,485.72	1,214.28
Contr. Serv. - (Spc Ed Students) - ESCs & CTSA	300,000.00	(85,550.00)	214,450.00	213,780.55	669.45
Contr. Serv. - Aid in Lieu Payments - NonPublic	5,000.00	(5,000.00)	-	-	-
Contr. Serv. - Aid in Lieu Payments - Charters	2,500.00	1,300.00	3,800.00	2,957.00	843.00
Misc. Purchased Service - Transportation	107,000.00	17,650.00	124,650.00	121,569.63	3,080.37
Supplies & Materials	371,500.00	10,750.00	382,250.00	369,800.08	12,449.92
Miscellaneous Expenditures	21,000.00	(4,163.00)	16,837.00	16,824.56	12.44
Total Undistributed Expenditures - Student Transportation Services	2,718,773.00	182,494.36	2,901,267.36	2,874,644.41	26,622.95
Undist. Expend. - Other Support Services					
Salaries	-	-	-	-	-
Miscellaneous Purchased Services (300-500 series)	13,900.00	-	13,900.00	11,730.06	2,169.94
Supplies & Materials	5,000.00	-	5,000.00	4,713.75	286.25
Miscellaneous Expenditures	3,900.00	200.00	4,100.00	3,982.42	117.58
Total Undistributed Expenditures - Business Other Support Services	22,800.00	200.00	23,000.00	20,426.23	2,573.77
Unallocated Benefits					
Social Security Contribution	512,011.00	(123,500.00)	388,511.00	388,348.78	162.22
Other Retirement Contributions - Regular	219,351.00	21,309.00	240,660.00	239,932.00	728.00
Unemployment Compensation	15,000.00	27,340.00	42,340.00	42,333.04	6.96
Workmen's Compensation	260,000.00	9,200.00	269,200.00	269,132.00	68.00
Health Benefits	3,912,053.00	(384,000.00)	3,528,053.00	3,511,479.83	16,573.17
Tuition Reimbursement	77,500.00	12,270.00	89,770.00	80,870.08	8,899.92
Other Employee Benefits	130,000.00	500,001.00	630,001.00	629,336.31	664.69
Total Unallocated Benefits	5,125,915.00	62,620.00	5,188,535.00	5,161,432.04	27,102.96

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
On-Behalf Contributions					
On-Behalf TPAF Pension Contribution (non-bud)	\$ -	\$ -	\$ -	\$ 1,242,851.00	\$ (1,242,851.00)
On-Behalf TPAF Pension - Post Retirement Medical Contribution (non-bud)			-	1,089,777.00	(1,089,777.00)
Reimbursed TPAF Social Security Cont.(non-bud)			-	1,258,059.06	(1,258,059.06)
Total On-Behalf Contributions	-	-	-	3,590,687.06	(3,590,687.06)
Total Personal Services - Employee Benefits	5,125,915.00	62,620.00	5,188,535.00	8,752,119.10	(3,563,584.10)
TOTAL UNDISTRIBUTED EXPENDITURES	21,702,088.00	298,573.69	22,000,661.69	25,071,175.51	(3,070,513.82)
TOTAL GENERAL CURRENT EXPENSE	36,317,660.00	67,514.41	36,385,174.41	39,061,962.47	(2,676,788.06)
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 6 - 8	5,000.00	(5,000.00)	-	-	-
Grades 9-12	10,000.00	(10,000.00)	-	-	-
School-Spon. Cocurricular		5,000.00	5,000.00	4,717.00	283.00
Undistributed Instruction		14,000.00	14,000.00	4,256.40	9,743.60
Undistributed Expenditures:					
Support Services - General Administration		2,700.00	2,700.00	2,287.00	413.00
Operation and Maintenance of Plant	37,899.00	(9,550.00)	28,349.00	19,950.00	8,399.00
Student Transportation Services	10,500.00	2,000.00	12,500.00	12,000.00	500.00
Total Equipment	63,399.00	(850.00)	62,549.00	43,210.40	19,338.60
Facilities Acquisition/Construction Services					
Construction Services	-	294,164.00	294,164.00	286,480.80	7,683.20
Total Facilities Acquisition/Construction Services	-	294,164.00	294,164.00	286,480.80	7,683.20
Assets Acquired Under Capital Lease (non-budget)					
Equipment:					
Undistributed Expenditures					
Instruction				58,579.82	(58,579.82)
Operation and Maintenance of Plant				146,145.71	(146,145.71)
School Buses - Regular				119,730.00	(119,730.00)
Total Assets Acquired Under Capital Lease (non-bud)	-	-	-	324,455.53	(324,455.53)
TOTAL CAPITAL OUTLAY	63,399.00	293,314.00	356,713.00	654,146.73	(297,433.73)
Transfer of Funds to Charter Schools	22,000.00	11,077.00	33,077.00	33,077.00	-
TOTAL EXPENDITURES	36,403,059.00	371,905.41	36,774,964.41	39,749,186.20	(2,974,221.79)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(531,036.00)	(371,905.41)	(902,941.41)	18,981.31	6,870,366.30
Other Financing Sources (Uses):					
Transfers to Special Revenue Fund - ECPA	(408,856.00)		(408,856.00)	(408,856.00)	-
Capital Leases (non-budget)				324,455.53	324,455.53
Total Other Financing Sources:	(408,856.00)	-	(408,856.00)	(84,400.47)	324,455.53

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Original Budget	Prior Year Encumbrances/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	\$ (939,892.00)	\$ (371,905.41)	\$ (1,311,797.41)	\$ (65,419.16)	\$ 7,194,821.83
Fund Balance July 1	3,503,440.86		3,503,440.86	3,503,440.86	
Fund Balance June 30	<u>\$ 2,563,548.86</u>	<u>\$ (371,905.41)</u>	<u>\$ 2,191,643.45</u>	<u>\$ 3,438,021.70</u>	<u>\$ 7,194,821.83</u>
Recapitulation:					
Reserve for Encumbrances				\$ 25,393.50	
Reserve for Excess Surplus				798,908.60	
Reserve for Excess Surplus - Designated in Subsequent Budget				1,327,098.00	
Capital Reserve				75,039.74	
Unrestricted Fund Balance - Designated in Subsequent Budget				405,249.00	
Unrestricted Fund Balance				<u>806,332.86</u>	
				3,438,021.70	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				493,900.00	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,944,121.70</u>	

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 500.00	\$ 7,730.85	\$ 8,230.85	\$ 2,063.29	\$ (6,167.56)
State Sources	2,492,201.00	169,214.04	2,661,415.04	2,644,747.95	(16,667.09)
Federal Sources	1,215,803.00	379,820.08	1,595,623.08	1,414,821.93	(180,801.15)
Total Revenues	3,708,504.00	556,764.97	4,265,268.97	4,061,633.17	(203,635.80)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,830,352.00	322,954.17	2,153,306.17	2,130,113.90	23,192.27
Other Salaries for Instruction	314,675.00	(165,000.00)	149,675.00	149,675.00	-
Purchased Professional - Educational Services		232,900.42	232,900.42	111,976.21	120,924.21
Purchased Professional - Technical Services	-	54,367.00	54,367.00	23,801.00	30,566.00
Other Purchased Services		8,622.00	8,622.00	8,622.00	-
Tuition	490,276.00	28,807.00	519,083.00	519,083.00	-
General Supplies	42,875.00	281,251.24	324,126.24	320,256.40	3,869.84
Textbooks	7,074.00	6,500.00	13,574.00	13,329.94	244.06
Other Objects					
Total Instruction	2,685,252.00	770,401.83	3,455,653.83	3,276,857.45	178,796.38
Support Services:					
Salaries of Supervisors of Instruction	58,101.00		58,101.00	58,101.00	-
Salaries of Principals/Assistant Principals	91,857.00	(91,857.00)	-	-	-
Salaries of Other Professional Staff	371,933.00	38,534.57	410,467.57	396,919.87	13,547.70
Other Salaries	9,560.00		9,560.00	8,054.76	1,505.24
Personal Services - Employee Benefits	747,828.00	(36,142.35)	711,685.65	709,149.31	2,536.34
Purchased Professional - Educational Services	68,047.00	(53,970.00)	14,077.00	11,590.00	2,487.00
Purchased Technical Services		3,501.00	3,501.00	1,032.00	2,469.00
Travel	1,000.00	325.31	1,325.31	303.13	1,022.18
Other Purchased Services (400-500 series)	80,282.00	(78,794.39)	1,487.61	1,231.54	256.07
Supplies & Materials					
Other Objects	3,500.00	(1,000.00)	2,500.00	1,484.11	1,015.89
Total Support Services	1,432,108.00	(219,402.86)	1,212,705.14	1,187,865.72	24,839.42

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES(cont'd):					
Facilities Acquisitions and Construction Services:					
Instructional Equipment	\$ -	\$ 5,766.00	\$ 5,766.00	\$ 5,766.00	\$ -
Noninstructional Equipment	-	-	-	-	-
Total Facilities Acquisitions and Const. Services:	<u>-</u>	<u>5,766.00</u>	<u>5,766.00</u>	<u>5,766.00</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfer in from General Fund	408,856.00		408,856.00	408,856.00	-
Total Other Financing Sources (Uses)	<u>408,856.00</u>	<u>-</u>	<u>408,856.00</u>	<u>408,856.00</u>	<u>-</u>
Total Outflows	<u>3,708,504.00</u>	<u>556,764.97</u>	<u>4,265,268.97</u>	<u>4,061,633.17</u>	<u>203,635.80</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0.00)</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, 2008

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] \$39,768,167.51	[C-2]	\$ 4,061,633.17
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized			(112,883.17)
Final State Aid payment was delayed until July 2007 is recorded as budgetary revenue but is not recognized under GAAP.	458,642.30		101,985.70
Final State Aid payment was delayed until July 2008 is recorded as budgetary revenue but is not recognized under GAAP.	(493,900.00)		(122,640.00)
	[B-2] <u>\$39,732,909.81</u>	[B-2]	<u>\$ 3,928,095.70</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$39,749,186.20	[C-2]	\$ 4,061,633.17
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.			(112,883.17)
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			408,856.00
	[B-2] <u>\$39,749,186.20</u>	[B-2]	<u>\$ 4,357,606.00</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, 2008

	Total Brought Forward (Ex. E-1a)	Demonstrably Effective Program Aid	Early Childhood Program Aid	Title V	Title V Carryover	Totals 2008
REVENUES:						
Local Sources	\$ 2,063.29	\$ -	\$ -	\$ -	\$ -	\$ 2,063.29
State Sources	448,534.91	596,053.23	1,600,159.81	4,989.00	3,633.00	2,644,747.95
Federal Sources	1,406,199.93					1,414,821.93
Total Revenues	1,856,798.13	596,053.23	1,600,159.81	4,989.00	3,633.00	4,061,633.17
EXPENDITURES:						
Instruction:						
Salaries of Teachers	557,708.86	494,650.23	1,077,754.81			2,130,113.90
Other Salaries for Instruction	-	-	149,675.00			149,675.00
Purchased Professional - Educational Services	111,976.21					111,976.21
Purchased Professional - Technical Services	23,801.00			4,989.00	3,633.00	23,801.00
Other Purchased Services	-					8,622.00
Tuition	519,083.00					519,083.00
General Supplies	320,256.40					320,256.40
Textbooks	13,329.94					13,329.94
Total Instruction	1,546,155.41	494,650.23	1,227,429.81	4,989.00	3,633.00	3,276,857.45
Support Services:						
Salaries of Supervisors of Instruction	-		58,101.00			58,101.00
Salaries of Principals/Assistant Principals	-					-
Salaries of Other Professional Staff	46,296.87		350,623.00			396,919.87
Other Salaries	8,054.76					8,054.76
Personal Services - Employee Benefits	234,884.31	101,403.00	372,862.00			709,149.31
Purchased Professional - Educational Services	11,590.00					11,590.00
Purchased Professional - Technical Services	1,032.00					1,032.00
Travel	303.13					303.13
Other Purchased Services (400-500 series)	1,231.54					1,231.54
Supplies & Materials	-					-
Other Objects	1,484.11					1,484.11
Total Support Services	304,876.72	101,403.00	781,586.00	-	-	1,187,865.72
Facilities Acquisition and Constr. Services:						
Instructional Equipment	5,766.00					5,766.00
Noninstructional Equipment	-					-
Total Facilities Acquisition and Constr. Services	5,766.00	-	-	-	-	5,766.00
Other Financing Sources (Uses)						
Transfer in from General Fund	-		408,856.00			408,856.00
Total Other Financing Sources (Uses)	-	-	408,856.00	-	-	408,856.00
Total Outflows	1,856,798.13	596,053.23	1,600,159.81	4,989.00	3,633.00	4,061,633.17
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, 2008

	Total Brought Forward (Ex. E-1b)	Title IV Drug Free Schools	Title IV Drug Free Schools Jul/Aug	Perkins Grant	REBEL Anti-Tobacco	Total Carried Forward
REVENUES:						
Local Sources	\$ 2,063.29	\$ -	\$ -	\$ -	\$ -	\$ 2,063.29
State Sources	442,777.41	-	-	-	5,757.50	448,534.91
Federal Sources	1,307,475.53	14,284.00	142.90	84,297.50	-	1,406,199.93
Total Revenues	1,752,316.23	14,284.00	142.90	84,297.50	5,757.50	1,856,798.13
EXPENDITURES:						
Instruction:						
Salaries of Teachers	544,188.96	9,877.00	142.90	-	3,500.00	557,708.86
Other Salaries for Instruction	-	-	-	-	-	-
Purchased Professional - Educational Services	111,976.21	-	-	-	-	111,976.21
Purchased Professional - Technical Services	23,801.00	-	-	-	-	23,801.00
Other Purchased Services	-	-	-	-	-	-
Tuition	519,083.00	-	-	72,699.50	2,257.50	519,083.00
General Supplies	245,299.40	-	-	-	-	320,256.40
Textbooks	13,329.94	-	-	-	-	13,329.94
Total Instruction	1,457,678.51	9,877.00	142.90	72,699.50	5,757.50	1,546,155.41
Support Services:						
Salaries of Supervisors of Instruction	-	-	-	-	-	-
Salaries of Principals/Assistant Principals	-	-	-	3,960.00	-	46,296.87
Salaries of Other Professional Staff	42,336.87	-	-	-	-	8,054.76
Other Salaries	8,054.76	-	-	840.00	-	234,884.31
Personal Services - Employee Benefits	229,637.31	4,407.00	-	-	-	11,590.00
Purchased Professional - Educational Services	11,590.00	-	-	1,032.00	-	1,032.00
Purchased Professional - Technical Services	-	-	-	-	-	303.13
Travel	303.13	-	-	-	-	1,231.54
Other Purchased Services (400-500 series)	1,231.54	-	-	-	-	-
Supplies & Materials	-	-	-	-	-	-
Other Objects	1,484.11	-	-	-	-	1,484.11
Total Support Services	294,637.72	4,407.00	-	5,832.00	-	304,876.72
Facilities Acquisition and Constr. Services:						
Instructional Equipment	-	-	-	5,766.00	-	5,766.00
Noninstructional Equipment	-	-	-	-	-	-
Total Facilities Acquisition and Constr. Services	-	-	-	5,766.00	-	5,766.00
Other Financing Sources (Uses)						
Transfer in from General Fund	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Total Outflows	1,752,316.23	14,284.00	142.90	84,297.50	5,757.50	1,856,798.13
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, 2008

	Total Brought Forward (Ex. E-1c)	Nonpublic Nurse	Nonpublic Examination & Classification	Nonpublic Textbooks	Nonpublic Technology	Total Carried Forward
REVENUES:						
Local Sources	\$ 2,063.29					\$ 2,063.29
State Sources	420,537.41	8,054.76	1,815.30	6,969.94	5,400.00	442,777.41
Federal Sources	1,307,475.53					1,307,475.53
Total Revenues	1,730,076.23	8,054.76	1,815.30	6,969.94	5,400.00	1,752,316.23
EXPENDITURES:						
Instruction:						
Salaries of Teachers	544,188.96					544,188.96
Other Salaries for Instruction	111,976.21					111,976.21
Purchased Professional - Educational Services	23,801.00					23,801.00
Other Purchased Services	519,083.00					519,083.00
Tuition	239,899.40				5,400.00	245,299.40
General Supplies	6,360.00			6,969.94		13,329.94
Textbooks						
Total Instruction	1,445,308.57			6,969.94	5,400.00	1,457,678.51
Support Services:						
Salaries of Supervisors of Instruction	-					-
Salaries of Principals/Assistant Principals	-					-
Salaries of Other Professional Staff	40,521.57	8,054.76	1,815.30			42,336.87
Other Salaries	-					8,054.76
Personal Services - Employee Benefits	229,637.31					229,637.31
Purchased Professional - Educational Services	11,590.00					11,590.00
Purchased Professional - Technical Services	-					-
Travel	303.13					303.13
Other Purchased Services (400-500 series)	1,231.54					1,231.54
Supplies & Materials	-					-
Other Objects	1,484.11					1,484.11
Total Support Services	284,767.66	8,054.76	1,815.30			294,637.72
Facilities Acquisition and Constr. Services:						
Instructional Equipment	-					-
Noninstructional Equipment	-					-
Total Facilities Acquisition and Constr. Services	-					-
Other Financing Sources (Uses)						
Transfer in from General Fund	-					-
Total Other Financing Sources (Uses)	-					-
Total Outflows	1,730,076.23	8,054.76	1,815.30	6,969.94	5,400.00	1,752,316.23
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, 2008

	Total Brought Forward (Ex. E-1d)	Title I	Title I Carryover	Title I SIA	Title I July/Aug	Total Carried Forward
REVENUES:						
Local Sources	\$ 2,063.29	\$ -	\$ -	\$ -	\$ -	\$ 2,063.29
State Sources	420,537.41					420,537.41
Federal Sources	768,325.63	410,080.86	41,113.67	6,965.00	80,990.37	1,307,475.53
Total Revenues	1,190,926.33	410,080.86	41,113.67	6,965.00	80,990.37	1,730,076.23
EXPENDITURES:						
Instruction:						
Salaries of Teachers	255,843.00	224,101.73	12,606.73	6,965.00	44,672.50	544,188.96
Other Salaries for Instruction						
Purchased Professional - Educational Services	31,761.14	51,708.13	28,506.94			111,976.21
Purchased Professional - Technical Services	824.00	22,977.00				23,801.00
Other Purchased Services	-					-
Tuition	519,083.00					519,083.00
General Supplies	239,899.40					239,899.40
Textbooks	6,360.00					6,360.00
Total Instruction	1,053,770.54	298,786.86	41,113.67	6,965.00	44,672.50	1,445,308.57
Support Services:						
Salaries of Supervisors of Instruction	-					-
Salaries of Principals/Assistant Principals	-					-
Salaries of Other Professional Staff	4,203.70				36,317.87	40,521.57
Other Salaries						
Personal Services - Employee Benefits	129,933.31	99,704.00				229,637.31
Purchased Professional - Educational Services	-	11,590.00				11,590.00
Purchased Professional - Technical Services						
Travel	303.13					303.13
Other Purchased Services (400-500 series)	1,231.54					1,231.54
Supplies & Materials						
Other Objects	1,484.11					1,484.11
Total Support Services	137,155.79	111,294.00	-	-	36,317.87	284,767.66
Facilities Acquisition and Constr. Services:						
Instructional Equipment	-					-
Noninstructional Equipment	-					-
Total Facilities Acquisition and Constr. Services	-	-	-	-	-	-
Other Financing Sources (Uses)						
Transfer in from General Fund	-					-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Total Outflows	1,190,926.33	410,080.86	41,113.67	6,965.00	80,990.37	1,730,076.23
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, 2008

	Total Brought Forward (Ex. E-1e)	I.D.E.A. Part B	I.D.E.A. Preschool	Matrix Grant Carryover	Targeted At-Risk Aid	Total Carried Forward
REVENUES:						
Local Sources	\$ 2,063.29	\$ -	\$ -	\$ -	\$ -	\$ 2,063.29
State Sources	10,948.00	-	-	-	409,591.41	420,537.41
Federal Sources	153,044.37	574,958.00	27,996.00	12,327.26	-	768,325.63
Total Revenues	166,053.66	574,958.00	27,996.00	12,327.26	409,591.41	1,190,926.33
EXPENDITURES:						
Instruction:						
Salaries of Teachers	86,171.00	67,097.00	-	75.00	102,500.00	255,843.00
Other Salaries for Instruction	-	-	-	-	-	-
Purchased Professional - Educational Services	-	-	-	-	31,761.14	31,761.14
Purchased Professional - Technical Services	824.00	-	-	-	-	824.00
Other Purchased Services	-	-	-	-	-	-
Tuition	-	491,087.00	27,996.00	-	-	519,083.00
General Supplies	11,288.00	-	-	12,252.26	216,359.14	239,899.40
Textbooks	-	-	-	-	6,360.00	6,360.00
Total Instruction	98,283.00	558,184.00	27,996.00	12,327.26	356,980.28	1,053,770.54
Support Services:						
Salaries of Supervisors of Instruction	-	-	-	-	-	-
Salaries of Principals/Assistant Principals	-	-	-	-	-	-
Salaries of Other Professional Staff	4,203.70	-	-	-	-	4,203.70
Other Salaries	-	-	-	-	-	-
Personal Services - Employee Benefits	63,566.96	16,774.00	-	-	49,592.35	129,933.31
Purchased Professional - Educational Services	-	-	-	-	-	-
Purchased Professional - Technical Services	-	-	-	-	-	-
Travel	-	-	-	-	303.13	303.13
Other Purchased Services (400-500 series)	-	-	-	-	1,231.54	1,231.54
Supplies & Materials	-	-	-	-	-	-
Other Objects	-	-	-	-	1,484.11	1,484.11
Total Support Services	67,770.66	16,774.00	-	-	52,611.13	137,155.79
Facilities Acquisition and Constr. Services:						
Instructional Equipment	-	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-	-
Total Facilities Acquisition and Constr. Services	-	-	-	-	-	-
Other Financing Sources (Uses)						
Transfer in from General Fund	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Total Outflows	166,053.66	574,958.00	27,996.00	12,327.26	409,591.41	1,190,926.33
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, 2008

	Total Brought Forward (Ex. E-1f)	Eisenhower Title IIA	Eisenhower Title IIA Carryover	Title IID	Title IID Carryover	Total Carried Forward
REVENUES:						
Local Sources	\$ 2,063.29	\$ -	\$ -	\$ -	\$ -	\$ 2,063.29
State Sources	10,946.00	-	-	-	-	10,946.00
Federal Sources	-	139,889.54	9,807.83	824.00	2,523.00	153,044.37
Total Revenues	13,009.29	139,889.54	9,807.83	824.00	2,523.00	166,053.66
EXPENDITURES:						
Instruction:						
Salaries of Teachers	9,086.00	76,501.88	583.12	-	-	86,171.00
Other Salaries for Instruction	-	-	-	-	-	-
Purchased Professional - Educational Services	-	-	-	824.00	-	824.00
Purchased Professional - Technical Services	-	-	-	-	-	-
Other Purchased Services	-	-	-	-	-	-
Tuition	-	-	-	-	-	-
General Supplies	2,063.29	-	9,224.71	-	-	11,288.00
Textbooks	-	-	-	-	-	-
Total Instruction	11,149.29	76,501.88	9,807.83	824.00	-	98,283.00
Support Services:						
Salaries of Supervisors of Instruction	-	-	-	-	-	-
Salaries of Principals/Assistant Principals	-	-	-	-	-	-
Salaries of Other Professional Staff	1,860.00	-	-	-	2,343.70	4,203.70
Other Salaries	-	-	-	-	-	-
Personal Services - Employee Benefits	-	63,387.66	-	-	179.30	63,566.96
Purchased Professional - Educational Services	-	-	-	-	-	-
Purchased Professional - Technical Services	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-	-
Supplies & Materials	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-
Total Support Services	1,860.00	63,387.66	-	-	2,523.00	67,770.66
Facilities Acquisition and Constr. Services:						
Instructional Equipment	-	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-	-
Total Facilities Acquisition and Constr. Services	-	-	-	-	-	-
Other Financing Sources (Uses)						
Transfer in from General Fund	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Total Outflows	13,009.29	139,889.54	9,807.83	824.00	2,523.00	166,053.66
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, 2008

	Middle Twp Foundation for Culture	Cape Education Fund	Nonpublic Supplemental Instruction	Nonpublic Corrective Speech	Total Carried Forward
REVENUES:					
Local Sources	\$ 1,563.29	\$ 500.00	\$ -	\$ -	\$ 2,063.29
State Sources			9,086.00	1,860.00	10,946.00
Federal Sources					-
Total Revenues	1,563.29	500.00	9,086.00	1,860.00	13,009.29
EXPENDITURES:					
Instruction:					
Salaries of Teachers			9,086.00		9,086.00
Other Salaries for Instruction					-
Purchased Professional - Educational Services					-
Purchased Professional - Technical Services					-
Other Purchased Services					-
Tuition	1,563.29	500.00			2,063.29
General Supplies					-
Textbooks					-
Total Instruction	1,563.29	500.00	9,086.00	-	11,149.29
Support Services:					
Salaries of Supervisors of Instruction					-
Salaries of Principals/Assistant Principals					-
Salaries of Other Professional Staff				1,860.00	1,860.00
Other Salaries					-
Personal Services - Employee Benefits					-
Purchased Professional - Educational Services					-
Purchased Professional - Technical Services					-
Travel					-
Other Purchased Services (400-500 series)					-
Supplies & Materials					-
Other Objects					-
Total Support Services	-	-	-	1,860.00	1,860.00
Facilities Acquisition and Constr. Services:					
Instructional Equipment					-
Noninstructional Equipment					-
Total Facilities Acquisition and Constr. Services	-	-	-	-	-
Other Financing Sources (Uses)					
Transfer in from General Fund					-
Total Other Financing Sources (Uses)	-	-	-	-	-
Total Outflows	1,563.29	500.00	9,086.00	1,860.00	13,009.29
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Demonstrably Effective Aid Schedule of Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2008

<u>District-wide Total</u>	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 494,650.23	\$ 494,650.23	\$ -
Total Instruction	<u>494,650.23</u>	<u>494,650.23</u>	<u>-</u>
Support Services:			
Personal Services - Employee Benefits	101,403.00	101,403.00	-
Purchased Professional - Educational Services	1,877.00	-	1,877.00
Total Support Services	<u>103,280.00</u>	<u>101,403.00</u>	<u>1,877.00</u>
Total Expenditures	<u>\$ 597,930.23</u>	<u>\$ 596,053.23</u>	<u>\$ 1,877.00</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2007-08 DEPA Allocation	\$ 564,636.00
Adjustments	-
Actual DEPA Carryover June 30, 2007	<u>33,294.23</u>
	597,930.23
Less: 2007-08 Budgeted DEPA (Including prior year budgeted carryover)	<u>(597,930.23)</u>
Available & Unbudgeted DEPA Funds as of June 30, 2008	-
Add: 2007-08 Unexpended DEPA	1,877.00
2007-08 Actual Carryover - DEPA	<u>\$ 1,877.00</u>
2007-08 DEPA Carryover Budgeted in 2008-09	<u>\$ -</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Demonstrably Effective Aid Schedule of Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2008

Elementary #1

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 168,258.23	\$ 168,258.23	\$ -
Total Instruction	<u>168,258.23</u>	<u>168,258.23</u>	<u>-</u>
Support Services:			
Personal Services - Employee Benefits	19,733.00	19,733.00	-
Purchased Professional - Educational Services			-
Total Support Services	<u>19,733.00</u>	<u>19,733.00</u>	<u>-</u>
Total Expenditures	<u>\$ 187,991.23</u>	<u>\$ 187,991.23</u>	<u>\$ -</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2007-08 DEPA Allocation	\$ 154,697.00
Adjustments	3,138.81
Actual DEPA Carryover June 30, 2007	<u>30,155.42</u>
	187,991.23
Less: 2007-08 Budgeted DEPA (Including prior year budgeted carryover)	<u>(187,991.23)</u>
Available & Unbudgeted DEPA Funds as of June 30, 2008	-
Add: 2007-08 Unexpended DEPA	-
2007-08 Actual Carryover - DEPA	<u>\$ -</u>
2007-08 DEPA Carryover Budgeted in 2008-09	<u>\$ -</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Demonstrably Effective Aid Schedule of Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2008

Elementary #2

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 188,175.00	\$ 188,175.00	\$ -
Total Instruction	<u>188,175.00</u>	<u>188,175.00</u>	<u>-</u>
Support Services:			
Personal Services - Employee Benefits	43,261.00	43,261.00	-
Purchased Professional - Educational Services	1,877.00		1,877.00
Total Support Services	<u>45,138.00</u>	<u>43,261.00</u>	<u>1,877.00</u>
Total Expenditures	<u>\$ 233,313.00</u>	<u>\$ 231,436.00</u>	<u>\$ 1,877.00</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2007-08 DEPA Allocation	\$ 233,313.00
Adjustments	(6,030.73)
Actual DEPA Carryover June 30, 2007	6,030.73
	<u>233,313.00</u>
Less: 2007-08 Budgeted DEPA (Including prior year budgeted carryover)	<u>(233,313.00)</u>
Available & Unbudgeted DEPA Funds as of June 30, 2008	-
Add: 2007-08 Unexpended DEPA	1,877.00
2007-08 Actual Carryover - DEPA	\$ <u>1,877.00</u>
2007-08 DEPA Carryover Budgeted in 2008-09	<u>\$ -</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Demonstrably Effective Aid Schedule of Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2008

Elementary #4 - Middle School

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 138,217.00	\$ 138,217.00	\$ -
Total Instruction	<u>138,217.00</u>	<u>138,217.00</u>	<u>-</u>
Support Services:			
Personal Services - Employee Benefits	38,409.00	38,409.00	-
Purchased Professional - Educational Services			-
Total Support Services	<u>38,409.00</u>	<u>38,409.00</u>	<u>-</u>
Total Expenditures	<u>\$ 176,626.00</u>	<u>\$ 176,626.00</u>	<u>\$ -</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2007-08 DEPA Allocation	\$ 176,626.00
Adjustments	2,891.92
Actual DEPA Carryover June 30, 2007	<u>(2,891.92)</u>
	176,626.00
Less: 2007-08 Budgeted DEPA (Including prior year budgeted carryover)	<u>(176,626.00)</u>
Available & Unbudgeted DEPA Funds as of June 30, 2008	-
Add: 2007-08 Unexpended DEPA	-
2007-08 Actual Carryover - DEPA	<u>\$ -</u>
2007-08 DEPA Carryover Budgeted in 2008-09	<u>\$ -</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Early Childhood Program Aid Schedule of Expenditures
Budgetary Basis
For the Year Ended June 30, 2008

<u>District-wide Total</u>	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 1,077,754.81	\$ 1,077,754.81	\$ -
Other Salaries for Instruction	149,675.00	149,675.00	-
General Supplies	-	-	-
Total Instruction	<u>1,227,429.81</u>	<u>1,227,429.81</u>	<u>-</u>
Support Services:			
Salaries of Supervisors of Instruction	58,101.00	58,101.00	-
Salaries of Principals/Assistant Principals	-	-	-
Salaries of Other Professional Staff	350,623.00	350,623.00	-
Salaries of Secr. And Clerical Assistants	-	-	-
Personal Services - Employee Benefits	372,862.00	372,862.00	-
Total Support Services	<u>781,586.00</u>	<u>781,586.00</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>\$ 2,009,015.81</u>	<u>\$ 2,009,015.81</u>	<u>\$ -</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2007-08 ECPA Allocation	\$ 1,474,902.00
Adjustments	-
Actual Early Childhood Program Aid Carryover June 30, 2007	125,257.81
Add: Budget transfer from General Fund	408,856.00
	<u>2,009,015.81</u>
Less: 2007-08 Budgeted ECPA Aid (Including prior year budgeted carryover)	<u>(2,009,015.81)</u>
Available & Unbudgeted ECPA Funds as of June 30, 2008	-
Add: 2007-08 Unexpended ECPA	-
2007-08 Actual Carryover - ECPA	<u>\$ -</u>
2007-08 ECPA Carryover Budgeted in 2008-09	<u>\$ -</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Early Childhood Program Aid Schedule of Expenditures
Budgetary Basis
For the Year Ended June 30, 2008

<u>Program: Preschool</u>	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 428,964.00	\$ 428,964.00	\$ -
Other Salaries for Instruction	83,901.00	83,901.00	-
General Supplies	-		-
Total Instruction	<u>512,865.00</u>	<u>512,865.00</u>	<u>-</u>
Support Services:			
Salaries of Supervisors of Instruction	23,269.00	23,269.00	-
Salaries of Principals/Assistant Principals	-	-	-
Salaries of Other Professional Staff	140,422.00	140,422.00	-
Salaries of Secr. And Clerical Assistants			-
Personal Services - Employee Benefits	147,815.00	147,815.00	-
Total Support Services	<u>311,506.00</u>	<u>311,506.00</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>\$ 824,371.00</u>	<u>\$ 824,371.00</u>	<u>\$ -</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Early Childhood Program Aid Schedule of Expenditures
Budgetary Basis
For the Year Ended June 30, 2008

<u>Program: Kindergarten</u>	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 648,790.81	\$ 648,790.81	\$ -
Other Salaries for Instruction	65,774.00	65,774.00	-
General Supplies	-		-
Total Instruction	<u>714,564.81</u>	<u>714,564.81</u>	<u>-</u>
Support Services:			
Salaries of Supervisors of Instruction	34,832.00	34,832.00	-
Salaries of Principals/Assistant Principals	-	-	-
Salaries of Other Professional Staff	210,201.00	210,201.00	-
Salaries of Secr. And Clerical Assistants			
Personal Services - Employee Benefits	225,047.00	225,047.00	-
Total Support Services	<u>470,080.00</u>	<u>470,080.00</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>\$ 1,184,644.81</u>	<u>\$ 1,184,644.81</u>	<u>\$ -</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Schedule of Targeted At-Risk (TARA) Aid
Budgetary Basis
For the Year Ended June 30, 2008

<u>District-Wide Total</u>	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 102,500.00	\$ 102,500.00	\$ -
Other Salaries for Instruction	-	-	-
Purchased Professional and Technical Services	31,856.43	31,761.14	95.29
General Supplies	217,997.46	216,359.14	1,638.32
Textbooks	6,500.00	6,360.00	140.00
Total Instruction	<u>358,853.89</u>	<u>356,980.28</u>	<u>1,873.61</u>
Support Services:			
Personal Services - Employee Benefits	49,592.35	49,592.35	-
Travel	816.15	303.13	513.02
Other Purchased Services (400-500 series)	1,487.61	1,231.54	256.07
Other Objects	2,500.00	1,484.11	1,015.89
Total Support Services	<u>54,396.11</u>	<u>52,611.13</u>	<u>1,784.98</u>
Facilities acquisition and const. services:			
Instructional Equipment	-	-	-
Total Facilities acquisition and const. services	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 413,250.00</u>	<u>\$ 409,591.41</u>	<u>\$ 3,658.59</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2007-08 TARA Allocation	\$ 413,250.00
Less TARA Transferred to General Fund - Tax Relief	-
Total TARA Funds Available for 2007-08 Budget	<u>413,250.00</u>
2007-08 TARA Obligated/Expended	<u>(409,591.41)</u>
2007-08 Actual Carryover - TARA	3,658.59
2007-08 TARA Carryover Budgeted as Unrestricted General Fund Revenue for 2008-09	<u>\$ -</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Schedule of Targeted At-Risk (TARA) Aid
Budgetary Basis
For the Year Ended June 30, 2008

	Total		
	Budgeted	Actual	Variance
Program: K-8 Math and/or Language Arts			
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 102,500.00	\$ 102,500.00	\$ -
Other Salaries for Instruction	-	-	-
Purchased Professional and Technical Services	31,856.43	31,761.14	95.29
General Supplies	217,997.46	216,359.14	1,638.32
Textbooks	6,500.00	6,360.00	140.00
Total Instruction	358,853.89	356,980.28	1,873.61
Support Services:			
Personal Services - Employee Benefits	49,592.35	49,592.35	-
Travel	816.15	303.13	513.02
Other Purchased Services (400-500 series)	1,487.61	1,231.54	256.07
Other Objects	2,500.00	1,484.11	1,015.89
Total Support Services	54,396.11	52,611.13	1,784.98
Facilities acquisition and const. services:			
Instructional Equipment	-	-	-
Total Facilities acquisition and const. services	-	-	-
Total Expenditures	\$ 413,250.00	\$ 409,591.41	\$ 3,658.59

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, 2008

	Unemployment Compensation Trust	Private Purpose Trust	Agency Funds	Totals
ASSETS				
Cash and Cash Equivalents	\$ 15,336.72	\$ 52,807.36	\$ 1,353,119.07	\$ 1,421,263.15
Payroll Deductions Advanced			-	-
Total Assets	15,336.72	52,807.36	1,353,119.07	1,421,263.15
LIABILITIES				
Accounts Payable	9,352.53		-	9,352.53
Payable to Teachers Association			8,616.44	8,616.44
Payable to Teachers - Summer Pay			933,523.19	933,523.19
Payable to Student Groups			259,183.85	259,183.85
Payroll Deductions & Withholdings			151,795.59	151,795.59
Total Liabilities	9,352.53	-	1,353,119.07	1,362,471.60
NET ASSETS				
Held in Trust for Unemployment Claims and Other Purposes	\$ 5,984.19			5,984.19
Reserve for Scholarships		\$ 52,807.36		52,807.36
Total Net Assets				58,791.55
Total Liabilities and Net Assets				\$ 1,421,263.15

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2008

	Unemployment Compensation Trust	Private Purpose Trust	Totals
ADDITIONS			
Contributions:			
Plan Member	\$ 49,213.12	\$	\$ 49,213.12
Scholarships Donations to District		1,200.00	1,200.00
Total Contributions	<u>49,213.12</u>	<u>1,200.00</u>	<u>50,413.12</u>
Investments Earnings:			
Interest	298.20	2,020.49	2,318.69
Net Investment Earnings	<u>298.20</u>	<u>2,020.49</u>	<u>2,318.69</u>
Total Additions	<u>49,511.32</u>	<u>3,220.49</u>	<u>52,731.81</u>
Deductions			
Unemployment Claims	58,797.38		58,797.38
Scholarships and Awards		305.50	305.50
Total Deductions	<u>58,797.38</u>	<u>305.50</u>	<u>59,102.88</u>
Change in Net Assets	(9,286.06)	2,914.99	(6,371.07)
Net Assets - Beginning of the Year	<u>15,270.25</u>	<u>49,892.37</u>	<u>65,162.62</u>
Net Assets - End of the Year	<u>\$ 5,984.19</u>	<u>\$ 52,807.36</u>	<u>\$ 58,791.55</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Elementary #1 School	\$ 16,124.51	\$ 5,291.71	\$ 9,693.55	\$ 11,722.67
Elementary #2 School	13,067.19	23,335.46	28,520.64	7,882.01
Elementary #4 School	56,819.95	138,715.61	129,906.74	65,628.82
High School	133,155.48	364,252.35	323,457.48	173,950.35
Total Assets	<u>\$ 219,167.13</u>	<u>\$ 531,595.13</u>	<u>\$ 491,578.41</u>	<u>\$ 259,183.85</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
ASSETS:				
Cash and Cash Equivalents	\$ 880,111.72	\$ 26,517,087.35	\$ 26,303,263.85	\$ 1,093,935.22
Payroll Deductions Advanced	152.01	-	152.01	-
Total Assets	\$ <u>880,263.73</u>	\$ <u>26,517,087.35</u>	\$ <u>26,303,415.86</u>	\$ <u>1,093,935.22</u>
LIABILITIES:				
Payroll Deductions & Withholding	\$ -	\$ 11,522,124.15	\$ 11,370,328.56	\$ 151,795.59
Accounts Payable	-	6,245.49	6,245.49	-
Payable to Teachers - Summer	867,641.47	933,523.19	867,641.47	933,523.19
Due to Teachers Association	12,622.26	10,958.59	14,964.41	8,616.44
Net Pay	-	14,044,235.93	14,044,235.93	-
Total Liabilities	\$ <u>880,263.73</u>	\$ <u>26,517,087.35</u>	\$ <u>26,303,415.86</u>	\$ <u>1,093,935.22</u>

LONG-TERM DEBT SCHEDULES

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of General Serial Bonds and Loans
As of June 30, 2008

Improvement Description	Date of Issue	Amount of Original Issue	Date	Maturities of Bonds Outstanding June 30, 2008			Interest Rate	Balance June 30, 2007	Increased	Decreased	Balance June 30, 2008
				Amount	June 30, 2008	Amount					
Middle Twp. School Bonds	7/15/89	\$ 14,970,000		\$			\$ 1,170,000.00	\$	1,170,000.00	\$	-
New Jersey Economic Development Authority Public School Facilities Loan Program	8/18/93	1,563,590	7/15/2008	111,684.98			1.50%	223,369.98	111,685.00		111,684.98
Middle Twp. School Bonds	7/1/02	13,039,000					Variable	12,939,000.00	225,000.00		12,714,000.00
			2/1/09	1,000,000.00							
			2/1/10	1,125,000.00							
			2/1/11	1,175,000.00							
			2/1/12	1,225,000.00							
			2/1/13	1,275,000.00							
			2/1/14	1,350,000.00							
			2/1/15	1,425,000.00							
			2/1/16	1,500,000.00							
			2/1/17	1,500,000.00							
			2/1/18	1,139,000.00							
								\$	14,332,369.98	\$	1,506,685.00
								\$	-	\$	12,825,684.98

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of Obligations Under Capital Lease
As of June 30, 2008

Description	Amount of Original Issue	Balance July 1, 2007	Issued Current Year	Retired Current Year	Balance June 30, 2008
Various Equipment and Copiers, Textbooks	\$ 365,000.00	\$ 251,741.08	\$	\$ 72,281.74	\$ 179,459.34
Five (5) 54-passenger 2006 School Buses	225,522.44	117,401.70		57,492.47	59,909.23
Five (5) 54-passenger 2007 School Buses	296,900.00	232,191.44		52,004.06	180,187.38
Six (6) 54-passenger School Buses, HVAC Improvements, Technology Improvements, Telephone System, and Textbooks	1,353,205.00	565,263.68		278,003.09	287,260.59
One (1) Handicapped Bus	52,432.00	40,934.53	-	9,429.76	31,504.77
Two (2) School Buses, Security System and Fire Alarms	336,196.00		336,196.00	73,272.00	262,924.00
		<u>\$ 1,207,532.43</u>	<u>\$ 336,196.00</u>	<u>\$ 542,483.12</u>	<u>\$ 1,001,245.31</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,613,407.00	\$ -	\$ 1,613,407.00	\$ 1,613,407.00	\$ -
Miscellaneous	-	-	-	-	-
Total Local Sources	<u>1,613,407.00</u>	<u>-</u>	<u>1,613,407.00</u>	<u>1,613,407.00</u>	<u>-</u>
State Sources:					
Debt Service Aid Type II	483,903.00	-	483,903.00	483,903.00	-
Total Revenues	<u>2,097,310.00</u>	<u>-</u>	<u>2,097,310.00</u>	<u>2,097,310.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	590,625.00	-	590,625.00	590,624.18	0.82
Redemption of Principal	1,506,685.00	-	1,506,685.00	1,506,685.00	-
Total Regular Debt Service	<u>2,097,310.00</u>	<u>-</u>	<u>2,097,310.00</u>	<u>2,097,309.18</u>	<u>0.82</u>
Total Expenditures	<u>2,097,310.00</u>	<u>-</u>	<u>2,097,310.00</u>	<u>2,097,309.18</u>	<u>0.82</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.82</u>	<u>(0.82)</u>
Other Financing Sources(Uses):					
Operating Transfers In:					
Interest Earned in Capital Projects Fund	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.82</u>	<u>(0.82)</u>
Fund Balance, July 1	5,578.62	-	5,578.62	5,578.62	-
Fund Balance, June 30	<u>\$ 5,578.62</u>	<u>\$ -</u>	<u>\$ 5,578.62</u>	<u>\$ 5,579.44</u>	<u>\$ (0.82)</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.82</u>	<u>\$ (0.82)</u>

Statistical Section

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

Exhibit J-1

	Fiscal Year Ending June 30,					
	2003	2004	2005	2006	2007	2008
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
Restricted	98,540.44	1,103,587.39	2,518,255.26	2,176,145.21	2,350,435.99	2,007,017.61
Unrestricted	31,336.56	187,411.37	(514,783.67)	(863,378.81)	(809,604.47)	(410,356.95)
Total governmental activities net assets	<u>\$ 16,154,783.08</u>	<u>\$ 17,560,784.84</u>	<u>\$ 18,244,446.93</u>	<u>\$ 17,907,275.92</u>	<u>\$ 18,535,318.75</u>	<u>\$ 19,150,534.92</u>
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
Restricted	-	(47,828.81)	(161,517.37)	(300,297.85)	(229,281.14)	(216,640.31)
Unrestricted	(13,735.60)	1,109.87	(117,173.30)	(257,735.01)	(193,882.55)	(183,269.61)
Total business-type activities net assets	<u>\$ 27,989.69</u>	<u>\$ 1,109.87</u>	<u>\$ (117,173.30)</u>	<u>\$ (300,297.85)</u>	<u>\$ (193,882.55)</u>	<u>\$ (183,269.61)</u>
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
Restricted	98,540.44	1,103,587.39	2,518,255.26	2,176,145.21	2,350,435.99	2,007,017.61
Unrestricted	17,600.96	139,582.56	(676,301.04)	(1,163,676.66)	(1,038,885.61)	(626,997.26)
Total district net assets	<u>\$ 16,182,772.77</u>	<u>\$ 17,561,894.71</u>	<u>\$ 18,127,273.63</u>	<u>\$ 17,649,540.91</u>	<u>\$ 18,341,436.20</u>	<u>\$ 18,967,265.31</u>

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,					
	2003	2004	2005	2006	2007	2008
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
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
Other instruction	719,469.23	806,762.17	840,748.45	1,040,250.67	1,045,642.35	1,364,437.44
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
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
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
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
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
Pupil transportation	1,962,293.04	2,066,780.26	2,260,048.30	2,379,195.91	2,808,143.27	2,650,149.63
Charter Schools	42,289.00	35,165.00	22,029.02	5,305.94	27,445.00	33,077.00
Interest on long-term debt	1,018,471.31	912,071.88	824,712.98	738,330.70	640,480.96	548,568.85
Unallocated depreciation and amortization	984,573.54	1,945,032.31	1,624,806.17	1,695,660.28	1,545,202.60	1,571,198.60
Total governmental activities expenses	34,302,830.47	36,730,233.91	39,041,254.23	41,034,678.93	43,404,294.50	45,143,099.14

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

Exhibit J-2

	Fiscal Year Ending June 30,					
	2003	2004	2005	2006	2007	2008
Business-type activities:						
Food service	\$ 804,476.62	\$ 872,453.22	\$ 1,001,145.52	\$ 1,067,763.21	\$ 1,029,494.40	\$ 1,163,948.89
Performing arts center	73,396.21	90,681.46	173,186.62	165,249.89	60,993.54	55,656.30
Total business-type activities expenses	877,872.83	963,134.68	1,174,332.14	1,233,013.10	1,090,487.94	1,219,605.19
Total district expenses	\$ 35,180,703.30	\$ 37,693,368.59	\$ 40,215,586.37	\$ 42,267,692.03	\$ 44,494,782.44	\$ 46,362,704.33
Program Revenues						
Governmental activities:						
Charges for services:	\$ 309,621.29	\$ 273,991.00	\$ 335,661.00	\$ 332,629.00	\$ 254,512.76	\$ 267,182.00
Instruction (resource room)			19,006.00	10,573.00	52,400.00	76,276.86
Pupil transportation			6,058.93	6,902.85	13,751.98	9,040.37
Plant operations - custodial fees	9,805,672.99	10,126,255.00	10,194,930.64	9,814,381.00	10,401,976.47	11,677,576.99
Operating grants and contributions	7,137,974.00					
Capital grants and contributions	17,253,268.28	10,400,246.00	10,555,656.57	10,164,485.85	10,722,641.21	12,030,076.22
Total governmental activities program revenues						
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
Performing arts center	85,039.26	52,002.05	66,892.36	61,943.04	82,062.77	71,518.66
Operating grants and contributions	340,772.86	362,718.25	384,669.24	389,267.81	418,879.29	489,675.15
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
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

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

	Fiscal Year Ending June 30,					
	2003	2004	2005	2006	2007	2008
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)
Business-type activities	26,674.34	(27,455.55)	(118,905.84)	(143,628.67)	60,413.30	7,390.65
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)
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
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
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
Tuition	2,812,088.24	3,275,709.24	3,098,027.68	3,049,543.00	2,880,333.81	3,188,021.16
Investment earnings	154,377.66	35,717.97	63,040.48	141,613.35	186,581.63	109,955.62
Miscellaneous income	249,915.32	176,068.19	109,444.13	91,487.82	122,540.53	258,599.33
Transfers						
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
Business-type activities:						
Investment earnings		575.73	622.67	3,066.96	3,439.16	3,222.29
Transfers						
Total business-type activities	-	575.73	622.67	3,066.96	3,439.16	3,222.29
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
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
Business-type activities	26,674.34	(26,879.82)	(118,283.17)	(140,561.71)	63,852.46	10,612.94
Total district	\$ 7,984,450.71	\$ 1,888,376.89	\$ 565,378.92	\$ (477,732.72)	\$ 691,895.28	\$ 625,829.31

Source: CAFR Schedule A-2

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

Exhibit J-3

	Fiscal Year Ending June 30,					
	2003	2004	2005	2006	2007	2008
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
Unreserved	1,179,229.28	1,268,589.72	563,365.23	299,972.40	432,884.19	717,681.86
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>
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)
Capital projects fund	259,741.19	5,537.05	15,993.54	15,993.54	-	-
Debt service fund	73,508.71	52,749.45	31,911.57	5,334.58	5,578.62	5,579.44
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>

Source: CAFR Schedule B-1

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

Exhibit J-4

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Tax Levy	\$ 11,547,433	\$ 11,703,763	\$ 12,457,662	\$ 13,046,382	\$ 14,799,728	\$ 17,352,530	\$ 17,973,662	\$ 19,024,668	\$ 21,011,257	\$ 21,653,518
Tuition charges	2,273,052	2,104,479	2,055,501	2,040,358	2,812,088	3,549,700	3,433,689	3,382,172	3,134,847	3,455,203
Interest earnings	73,572	94,983	286,734	261,571	155,240	64,344	65,653	141,614	186,582	109,956
Miscellaneous	153,662	493,123	471,678	674,804	602,968	147,442	136,678	113,690	193,900	345,970
State sources	13,664,172	14,779,849	15,262,685	17,367,532	22,239,097	16,000,378	16,376,706	16,529,363	17,828,032	18,772,665
Federal sources	574,908	864,614	860,679	1,124,193	1,693,544	1,531,096	1,742,157	1,505,800	1,673,408	1,421,003
Total revenue	28,286,819	30,040,811	31,394,939	34,514,840	42,292,665	38,645,490	39,728,765	40,697,507	44,028,026	45,758,315
Expenditures										
Instruction:										
Regular instruction	9,632,538	10,451,372	11,241,210	11,474,167	11,885,883	11,405,986	12,084,883	12,286,162	12,691,184	13,159,071
Special education instruction	1,686,566	1,771,253	2,068,921	2,298,780	2,407,920	2,518,494	2,656,409	2,916,050	2,916,174	3,015,326
Other instruction	506,482	525,488	589,925	593,803	594,031	660,951	662,713	806,151	789,675	986,211
Support Services:										
Tuition	2,147,071	2,526,354	2,054,474	2,163,622	2,526,089	2,923,124	3,707,144	3,627,068	3,394,887	3,395,986
Student & instruction related services	2,193,340	2,820,203	2,911,102	3,184,714	3,448,213	3,641,874	3,775,179	3,902,315	4,176,937	4,066,052
General administrative services	609,474	650,001	706,975	661,211	736,727	742,197	801,213	979,884	733,953	1,563,157
Business administrative services	253,987	262,279	274,753	416,188	432,531	1,484,396	743,930	754,618	923,608	908,986
School administrative services	1,028,325	1,044,794	1,019,819	1,082,865	1,075,841	1,105,671	1,163,901	1,285,371	1,377,193	1,314,751
Plant operations and maintenance	1,894,838	1,900,061	1,960,304	2,034,934	2,222,554	2,635,317	2,833,867	2,945,293	3,620,738	3,377,459
Pupil transportation	1,205,794	1,309,867	1,506,114	1,582,594	1,786,825	1,939,422	2,330,553	2,471,466	2,946,292	2,874,644
Unallocated employee benefits	4,323,730	3,862,214	4,305,156	4,236,659	5,129,034	5,771,676	5,782,223	6,459,833	7,755,169	8,752,119
Special schools			15,646	23,726	42,289	35,165	22,029	5,306	27,445	33,077
Charter Schools	839,541	1,192,143	1,654,637	2,069,918	2,718,928	802,111	1,418,746	1,363,781	396,328	659,913
Capital outlay										
Debt service:										
Principal	1,239,685	1,171,685	1,171,685	1,181,685	1,281,685	1,326,685	1,326,685	1,536,685	1,528,685	1,506,685
Interest and other charges	769,339	693,479	621,684	909,666	966,213	945,402	864,272	775,919	680,521	590,624
Total Expenditures	28,330,730	30,181,193	32,082,405	52,550,532	37,256,763	37,938,474	40,173,747	42,085,902	43,958,189	46,204,101
Excess (Deficiency) of revenues over (under) expenditures	(43,911)	(140,382)	(687,466)	(18,035,692)	5,035,902	707,016	(444,982)	(1,398,395)	69,837	(445,786)
Other Financing Sources (Uses)										
Capital leases										
Bond proceeds		100,000	411,902	318,679	382,500	359,726	1,113,284	887,422	193,004	324,456
Other					13,039,000					
Transfers in	39,651		225,083	276,510	5,239	19,493	2,812	1,050	4,312	-
Transfers (out)	(39,651)		(225,083)	(276,510)	(37,297)	(19,493)	(2,812)	(1,050)	(31,353)	-
Total other financing sources (uses)	-	100,000	411,902	318,679	13,389,442	359,726	1,113,284	887,422	197,316	324,456
Net change in fund balances	\$ (43,911)	\$ (40,382)	\$ (275,564)	\$ (17,717,013)	\$ 18,425,344	\$ 1,066,742	\$ 668,302	\$ (510,973)	\$ 267,153	\$ (121,330)
Debt service as a percentage of noncapital expenditures	7.31%	6.43%	5.89%	6.57%	6.51%	6.12%	5.65%	5.68%	5.07%	4.60%

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	Rentals	Custodial Fees	Admissions	Sale of Assets	Premium on Notes	Miscellaneous	Totals
1999	\$ 73,571.57	\$ 2,095,701.00	\$ -	\$ 177,350.63	\$ 16,490.00	\$ -	\$ 13,033.85	\$ -	\$ 14,208.00	\$ -	\$ -	\$ 91,149.78	\$ 2,481,504.83
2000	94,962.60	2,129,749.02	-	247,966.96	17,525.00	-	15,237.79	-	17,054.00	-	-	161,858.04	2,684,373.41
2001	109,160.78	2,055,501.32	-	256,486.00	17,000.00	-	12,567.13	-	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	1,250.00	-	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	30,485.00	16,060.01	3,710,490.06
2005	62,568.32	3,098,027.68	19,006.00	335,661.00	26,400.00	-	15,987.79	6,058.83	19,434.00	400.00	13,090.00	13,889.56	3,610,854.28
2006	139,563.62	3,049,543.00	10,573.00	332,629.00	27,160.00	-	31,246.81	6,902.65	17,075.00	-	7,816.35	8,189.56	3,630,698.29
2007	171,192.04	2,880,333.81	77,142.61	254,512.76	30,860.00	-	19,025.00	13,751.96	20,866.00	-	-	26,224.26	3,493,828.46
2008	109,955.62	3,188,021.16	76,276.86	267,182.00	27,175.00	61,380.70	21,850.00	9,040.37	16,472.00	-	-	125,955.04	3,903,308.75

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
1999	\$ 74,268,700	\$ 559,055,100	\$ 6,175,000	\$ 947,000	\$ 213,872,100	\$ 2,712,000	\$ 2,117,200	\$ 859,147,100	\$ 859,147,100	\$ 9,821,699	\$ 866,968,799	1.347	\$ 868,252,301
2000	70,305,700	587,230,700	6,219,800	952,800	225,157,000	2,712,000	2,117,200	894,695,200	894,695,200	7,140,039	901,835,239	1.382	924,949,771
2001	66,515,100	614,757,600	6,456,700	948,600	231,482,100	2,712,000	2,117,200	924,989,300	924,989,300	6,865,753	931,855,053	1.403	986,416,301
2002	63,551,300	636,085,100	6,334,500	908,900	244,436,000	2,381,000	2,117,200	955,812,000	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	964,321,300	964,321,300	6,174,317	990,495,617	1.752	1,222,784,468
2004	76,846,900	689,059,300	5,885,400	862,200	242,031,300	2,381,000	2,117,200	1,018,883,300	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	1,071,039,800	4,165,949	1,075,205,749	1.770	1,844,622,587
2006	73,726,900	776,268,400	5,750,800	845,400	272,075,800	2,381,000	2,159,100	1,133,207,200	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	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	3,237,704,000	7,224,631	3,244,928,631	0.683	3,094,957,900

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

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

Fiscal Year Ended June 30,	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
1999	1.203	0.144	1.347	0.420	0.011	0.031		0.521	2.330
2000	1.262	0.120	1.382	0.426	0.011	0.031		0.530	2.380
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	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

Source: District Records and Municipal Tax Collector

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

Exhibit J-8

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

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Delco, LLC	\$ 43,622,500	1	1.36%	\$ -		
Shelvin Two	19,129,300	2	0.60%	7,747,200	4	0.91%
Cape May Grocery Owners. LLC	18,234,600	3	0.57%			
Beazer Homes Corp	14,654,000	4	0.46%			
Erm- Sandbairren, LLC	12,921,100	5	0.40%			
Rio Grande Associates	12,603,500	6	0.39%	8,190,900	2	0.97%
Rio Mall, LLC.	11,464,400	7	0.36%			
Landsource Holding Company LLC.	11,100,000	8	0.35%			
FMH Properties, LLC	10,635,400	9	0.33%	5,016,100	5	0.59%
Cape Savings Bank, SLA	9,914,700	19	0.31%	4,624,200	6	0.55%
Starn's Markets, Inc.						
Ocean Drive Cleavelander, Inc						
Crown Golf Realty, LLC						
New Jersey Bell				11,809,153	1	1.39%
Great A&P Tea Company				8,082,200	3	0.95%
Rio Grande Venture (K-Mart)				4,207,200	7	0.50%
Cascade Corporation				3,678,900	8	0.43%
RRS Social Services LP				3,675,000	9	0.43%
Garden Lake (Kapp)				3,432,200	10	0.40%
Totals	\$ 164,279,500		5.12%	\$ 60,463,053		7.13%
						\$ 848,172,377

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	
1999	\$ 11,547,433.00	\$ 11,547,433.00	100%	-
2000	11,703,763.00	11,703,763.00	100%	-
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%	-

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Bond/Grant Anticipation Notes (BANs)	Business-Type Activities		Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Capital Leases			Capital Leases				
1999	\$ 11,818,850	\$ -	\$ 156,186		\$ -	\$ -	\$ 11,975,036	0.25%	\$ 29,610	
2000	10,647,165		100,000				10,747,165	0.29%	31,662	
2001	9,475,480		466,332	9,000,000			18,941,812	0.18%	33,265	
2002	8,293,795		599,957	13,039,719			21,933,471	0.16%	34,482	
2003	20,051,110		761,679	6,500,000			27,312,789	0.13%	34,900	
2004	18,724,425		60,797	2,750,000			21,535,222	0.17%	37,398	
2005	17,397,740		1,129,089	1,605,000			20,131,829	0.19%	39,059	
2006	15,861,055		1,624,527	1,605,000			19,090,582	0.22%	41,068	
2007	14,332,370		1,207,532				15,539,902	Not available	Not available	
2008	12,825,685		1,001,245				13,826,930	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			Percentage of Actual Taxable Value of Property	Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
1999	\$ 11,818,850	\$ -	\$ 11,818,850	1.36%	\$ 29,610
2000	10,647,165	-	10,647,165	1.18%	31,662
2001	9,475,480	-	9,475,480	1.02%	33,265
2002	8,293,795	-	8,293,795	0.86%	34,482
2003	20,051,110	-	20,051,110	2.02%	34,900
2004	18,724,425	-	18,724,425	1.83%	37,398
2005	17,397,740	-	17,397,740	1.62%	39,059
2006	15,861,055	-	15,861,055	1.40%	41,068
2007	14,332,370	-	14,332,370	0.45%	Not available
2008	12,825,685	-	12,825,685	0.40%	Not available

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt,
As of December 31, 2007

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Middle	\$ 10,028,196.80	100.00%	\$ 10,028,196.80
Other debt			
Township of Middle Sewer Utility	15,778,630.60	100.00%	15,778,630.60
County of Cape May	71,941,477.00	5.39%	3,877,645.61
Cape May County Bridge Commission	16,315,000.00	5.39%	879,378.50
Cape May County Municipal Utilities Authority	123,527,250.00	5.39%	6,658,118.78
Subtotal, overlapping debt			37,221,970.29
Township of Middle School District Direct Debt			<u>13,050,684.98</u>
Total direct and overlapping debt			<u>\$ 50,272,655.27</u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation.
Debt outstanding data provided by each governmental unit.

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

Exhibit J-13

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 32,698,314	\$ 33,713,344	\$ 35,269,536	\$ 38,283,703	\$ 42,279,855	\$ 47,979,166	\$ 57,255,835	\$ 71,861,355	\$ 90,175,843	\$ 107,513,105
Total net debt applicable to limit	11,818,850	10,647,165	9,475,480	8,293,795	20,051,110	18,724,425	17,397,740	15,861,055	14,332,370	12,825,685
Legal debt margin	\$ 20,879,464	\$ 23,066,179	\$ 25,794,056	\$ 29,989,908	\$ 22,228,745	\$ 29,254,741	\$ 39,858,095	\$ 56,000,300	\$ 75,843,473	\$ 94,687,420
Total net debt applicable to the limit as a percentage of debt limit	36.15%	31.58%	26.87%	21.66%	47.42%	39.03%	30.39%	22.07%	15.89%	11.93%

Equalized valuation basis	
2007	\$ 3,046,452,859
2006	\$ 2,744,507,629
2005	2,272,522,385
	<u>\$ 8,063,482,873</u>

Average equalized valuation of taxable property	
	\$ 2,687,827,624
Debt limit (4% of average)	107,513,104.97
Net bonded school debt	12,825,685
Legal debt margin	<u>\$ 94,687,420</u>

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

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

Exhibit J-14

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	* Per Capita Personal Income		Unemployment Rate
			Personal Income	Per Capita Personal Income	
1999	15,989	\$ 473,434,290	\$	29,610	10.7%
2000	16,422	519,953,364		31,662	9.1%
2001	16,430	546,543,950		33,265	8.7%
2002	16,547	570,573,654		34,482	10.2%
2003	16,688	582,411,200		34,900	10.5%
2004	16,598	620,732,004		37,398	7.2%
2005	16,513	644,981,267		39,059	5.7%
2006	16,361	671,913,548		41,068	6.0%
2007	16,174	Not available		Not available	5.7%
2008	13,826,930	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

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

Exhibit J-15

Employer	2008			1999		
	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	1,123	2	Not available
Middle Township Board of Educ.	453	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	274	7	Not available
Wal Mart	288	6				
Township of Middle	254	7	Not available	245	8	Not available
Shop Rite Supermarket	210	8	Not available	280	5	Not available
Home Depot	160	9	Not available			
Lowes	150	10	Not available			
Acme Supermarket						
Cape May County Special Services				180	9	Not available
Superfresh Market				280	6	Not available
Cape May Cannery				165	10	Not available
Totals	4,418			4,355		

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

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

Exhibit J-16

Function/Object	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
100 101 Teachers - General Fund	208.0	208.0	228.0	232.0	215.0	193.0	197.0	209.0	211.0	214.0
100 101 Teachers - Special Revenue Funds	6.0	6.0	28.0	28.0	44.0	49.0	45.0	38.0	39.0	37.0
100 106 Classroom Aides - General Fund	1.0	1.0	12.0	12.0	16.0	15.0	25.0	13.0	13.0	13.0
100 106 Classroom Aides - Special Revenue Funds	4.0	4.0	10.0	10.0	14.0	2.0	2.0	17.0	13.0	17.0
211 100 Attendance & Social Work										
213 100 Health Services	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
216 100 Related Services										
217 100 Extraordinary Services	5.0	5.0	10.0	10.0	13.0	8.0	19.0	17.0	17.0	18.0
218 104 Guidance - Professional	6.0	6.0	8.0	8.0	8.0	6.0	7.0	9.0	9.0	9.0
218 105 110 Guidance - Support	2.0	2.0	2.0	2.0	3.0	2.0	2.0	2.0	2.0	2.0
219 104 Child Study Team	8.0	8.0	11.0	11.0	11.0	10.0	12.0	12.0	12.0	12.0
219 105 110 Child Study Team - Support	1.0	1.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
221 102 104 Supervisors & Other Professionals			1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
221 105 110 Improvement of Instruction - Support										
222 100 Media Services/Technology	5.0	5.0	4.0	4.0	5.0	4.0	5.0	5.0	5.0	5.0
223 102 104 Professional Development - Professionals										
223 105 110 Professional Development - Support	3.0	3.0	3.0	3.0	1.0	1.0	1.0	1.0	1.0	1.0
230 100 General District Administrators										
230 100 Gen. Administration - Professionals	4.0	4.0	2.0	2.0	3.0	1.0	11.0	1.0	1.0	1.0
230 100 Gen. Administration - Support	8.0	8.0	9.0	9.0	9.0	9.0	9.0	10.0	10.0	10.0
240 103 Principals/Assistant Principals										
240 104 School Admin. - Other Professionals	13.0	13.0	15.0	15.0	14.0	15.0	15.0	16.0	16.0	16.0
240 105 110 School Admin. - Support										
251 100 Central Services - Administrators										
251 100 Central Services - Professionals										
251 100 Central Services - Support										
252 100 Admin. Information Technology Services										
26X 100 Oper. & Maint. - Security Guards	28.0	28.0	29.0	30.0	36.0	35.0	33.0	33.0	33.0	33.0
26X 100 Operation & Maintenance - Other	46.0	46.0	47.0	49.0	49.0	50.0	50.0	51.0	50.0	50.0
270 160 163 Transportation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
290 100 Other Support - Administrators										
290 100 Other Support - Professionals	5.0	5.0	4.0	4.0	4.0	6.0	7.0	6.0	6.0	6.0
290 100 Other Support - Support	5.5	5.5				5.0	5.0	5.0	5.0	5.0
200 102 104 Sup. & Other Prof. Staff - Special Revenue						2.0	2.0	2.0	2.0	2.0
200 105 110 Support - Special Revenue										
200 103 Directors - Special Revenue										
Various - Other					2.0					
	363.5	367.5	436.0	443.0	451.0	430.0	462.0	455.0	453.0	458.0

Source: District Personnel Records

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

Fiscal Year Ended June 30,	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				
1999	\$ 25,482,165	\$ 9,020	10.31%	Not available	Not available	Not available	2,825	2,641	-0.31%	93.50%	
2000	27,123,886	9,885	9.58%	Not available	Not available	Not available	2,803	2,623	-0.77%	93.58%	
2001	28,634,399	9,925	0.41%	Not available	Not available	Not available	2,874	2,682	2.50%	93.33%	
2002	29,763,263	10,309	3.87%	Not available	Not available	Not available	2,881	2,695	0.25%	93.54%	
2003	32,287,937	11,009	6.78%	223	1:13.8	1:13.1	2,987	2,772	3.68%	92.82%	
2004	34,864,276	11,887	7.98%	231	1:12.2	1:12.2	2,850	2,649	-4.58%	92.95%	
2005	36,564,044	12,753	7.29%	180	1:17.1	1:20.5	2,876	2,675	0.93%	93.01%	
2006	38,419,517	13,561	6.34%	217	1:11.8	1:16.7	2,839	2,641	-1.29%	93.02%	
2007	41,352,655	14,414	6.28%	211	1:12.8	1:12.5	2,839	2,652	-0.01%	93.41%	
2008	43,446,879	14,864	3.12%	214	1:12.3	1:14.6	2,897	2,670	2.04%	92.16%	

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
District Buildings										
Elementary										
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	536	536	511	NA	530	532	659	645	679	685
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	626	626	619	NA	592	557	575	546	541	594
Middle School										
Square Feet	68,369	68,369	68,369	88,369	88,369	88,369	88,369	88,369	88,369	88,369
Capacity (students)	634	634	637	617	669	617	617	617	617	617
Enrollment	634	634	637	NA	669	618	607	612	587	610
High School										
Square Feet	116,380	116,380	116,380	116,380	176,891	176,891	176,891	176,891	176,891	176,891
Capacity (students)	NA	NA	NA	NA	1,116	1,116	1,116	1,116	1,116	1,116
Enrollment	1,025	946	978	NA	1,089	1,028	1,091	1,087	1,032	1,034
Other										
Administration	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760
Square Feet	900	900	900	900	900	900	900	900	900	900
Transportation Office	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Square Feet										
Transportation Garage										
Square Feet										

Number of Schools at June 30, 2008

- 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 Eight Fiscal Years
 (Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

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

Source: District Records

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Insurance Schedule
For the Fiscal Year Ended June 30, 2008
(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	\$ 150,000,000	\$ 200,000
	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	500,000	500
	Boiler and Machinery	100,000,000	1,000
	School Board Legal Liability	10,000,000	None
	Workers' Compensation	Statutory	None
	General and Automobile Liability	10,000,000	None
	Officials' Bonds		
	Walter F. Landgraf - 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

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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, 2008, and have issued our report thereon dated October 22, 2008. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the separate Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance dated October 22, 2008 as item 08-1 to be a significant deficiency in internal control over financial reporting

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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. However, 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 October 22, 2008.

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

October 22, 2008



FORD - SCOTT

& ASSOCIATES, L.L.C.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO 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 are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008. 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, 2008. 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 items 08-2, 08-3 and 08-5.

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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or a state program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

October 22, 2008

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2007	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2008	Due to Grantor
83.778		7/1/2007	6,180.83	\$	\$	6,180.83	(6,180.83)		\$	\$	\$	\$
U.S. Department of Education												
General Fund:												
Medical Assistance Program												
Total General Fund												
U.S. Department of Education												
Passed-Through State												
Department of Education												
Special Revenue Fund:												
84.010A		9/1/2004	639,764.00	20,242.00					(20,242.00)			
84.010A		9/1/2006	639,342.00	42,478.85	(128,776.27)				(42,478.85)			
84.010A		9/1/2006	613,979.00	126,652.09	128,776.27		(122,104.04)	(A)				6,672.23
84.010A		9/1/2006	6,965.00	6,965.00	6,965.00		(6,965.00)					
84.010A		9/1/2006	6,965.00	6,965.00	6,965.00		(410,060.86)					
84.010A		9/1/2007	493,553.00	493,553.00		493,553.00						
84.010A		9/1/2007	14,911.00	14,911.00		14,911.00						
84.010A		9/1/2007	490,802.00	490,802.00		490,802.00						
84.027A		9/1/2006	574,110.00	574,110.00		574,110.00			(1,923.91)			83,472.14
84.027A		9/1/2007	593,701.00	593,701.00		593,701.00						14,911.00
84.173A		9/1/2006	18,037.00	18,037.00		18,037.00						
84.173A		9/1/2007	27,996.00	27,996.00		27,996.00			(739.00)			18,743.00
84.281A		9/1/2006	143,185.00	143,185.00	(9,807.83)	143,185.00	(9,807.83)					
84.281A		9/1/2007	143,185.00	143,185.00	9,807.83	143,185.00	(139,889.54)					
84.281D		9/1/2007	140,022.00	140,022.00		140,022.00						
84.281D		9/1/2006	16,416.00	16,416.00		16,416.00			(100.00)			
84.281D		9/1/2006	654.27	654.27		654.27			(654.27)			
84.281D		9/1/2006	2,523.00	2,523.00		2,523.00			(2,551.24)			
84.281D		9/1/2006	10,199.00	10,199.00	(2,523.00)	10,199.00	(2,523.00)					
84.281D		9/1/2006	2,523.00	2,523.00	2,523.00	2,523.00						
84.281D		9/1/2007	3,293.00	3,293.00		3,293.00						
84.186A		9/1/2006	14,285.00	14,285.00	(142.90)	14,285.00	(142.90)					
84.186A		9/1/2007	14,284.00	14,284.00	142.90	14,284.00	(14,284.00)					
84.340A		9/1/2006	3,633.00	3,633.00	(3,633.00)	3,633.00						
84.340A		9/1/2007	3,633.00	3,633.00	3,633.00	3,633.00						
84.048		7/1/2005	49.99	49.99		49.99			(49.99)			
84.048		7/1/2006	3,077.36	3,077.36		3,077.36			(3,077.36)			
84.048		7/1/2007	64,435.00	64,435.00	(64,297.50)	64,435.00	(64,297.50)					137.50
84.318X		11/1/2006	112,613.00	(4,959.00)	(12,795.26)	33,122.00		4,659.00 (B)				
84.318X		11/1/2006	140,000.00	(20,794.74)	12,726.26	33,122.00		399.00				
84.318X		11/1/2006	140,000.00	140,000.00		140,000.00						
84.318X		7/1/2004	240,000.00	809.74		240,000.00			(809.74)			
Total Special Revenue Fund												
U.S. Department of Agriculture												
Passed-Through State												
Department of Education												
Enterprise Fund:												
10.550		7/1/2007	71,621.53	71,621.53		71,621.53						
10.553		6/30/2007	60,714.06	(3,335.98)		3,335.98						
10.553		6/30/2008	63,824.43	63,824.43		63,824.43						(3,357.67)
10.555		7/1/2006	284,810.13	(13,779.25)		13,779.25						
10.555		7/1/2007	329,612.53	313,375.71		313,375.71						
Total Enterprise Fund												
Total Federal Financial Awards												
\$ 181,788.90 \$ 4,969.00 \$ 1,574,076.66 \$ (1,986,061.25) \$ 5,162.18 \$ (72,626.36) \$ (19,594.49) \$ 7,216.02												

(A) Prior year encumbrance cancelled
(B) Transfer to General Fund

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2008

State Grant/Program Title	Grant or State Project Number	Grant Period	Program or Award Amount	Deferred Revenue (Acct. Receivable)	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment/ Reapportionment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2008	Delivered Revenue/Interfund	Due to Grantor	Budgetary Receivable	MEMO	
															Cumulative Total	Expenditures
State Department of Education																
General Fund																
Core Curriculum Standards Aid	06-695-034-5120-022	7/1/2007	7,101,953.00	\$	\$	\$	7,101,953.00	(7,101,953.00)	\$	\$	\$	\$	\$	268,930.82	\$	7,101,953.00
Special Education Aid	06-695-034-5120-014	7/1/2007	1,133,862.00				1,133,862.00	(1,133,862.00)						46,130.15		1,133,862.00
Special Education Aid	06-695-034-5120-011	7/1/2007	2,568,868.00				2,568,868.00	(2,568,868.00)						104,510.22		2,568,868.00
Bilingual Education	06-695-034-5120-008	7/1/2007	12,884.00				12,884.00	(12,884.00)						524.16		12,884.00
Consolidated Aid	06-695-034-5120-057	7/1/2007	283,846.00				283,846.00	(283,846.00)						11,547.81		283,846.00
Additional Formula Aid	06-695-034-5120-058	7/1/2007	800,265.00				800,265.00	(800,265.00)						32,559.28		800,265.00
Full Time Kindergarten Supplement Aid	06-695-034-5120-074	7/1/2007	238,391.00				238,391.00	(238,391.00)						9,898.55		238,391.00
Extraordinary Aid	06-100-034-5120-473	7/1/2007	75,263.00				75,263.00	(75,263.00)						75,263.00		75,263.00
Non-Public Transportation	06-100-034-5120-014	7/1/2007	6,191.87				6,191.87	(6,191.87)						6,191.87		6,191.87
Teacher Mentoring	06-695-034-5120-052	7/1/2007	6,296.00				6,296.00	(6,296.00)						-		6,296.00
Reimbursed TPAF Social Security Contributors	07-495-034-5095-002	7/1/2008	1,252,131.95	(5,231.02)			5,231.02									
Reimbursed TPAF Social Security Contributors	06-495-034-5095-002	7/1/2007	1,252,131.95	(5,231.02)			1,252,131.95	(1,252,059.09)		(4,645.55)				463,900.00		1,251,059.06
Total General Fund							13,465,524.40	(13,465,524.95)		(4,645.55)				463,900.00		13,465,524.95
Special Revenue Fund																
Demonstrably Effective Program Aid	06-695-034-5064-002	7/1/2007	564,636.00				564,636.00	(564,636.00)						28,231.80		564,636.00
Demonstrably Effective Program Aid	06-695-034-5064-002	7/1/2006	564,636.00				564,636.00	(564,636.00)						73,745.70		2,009,015.81
Early Childhood Program Aid	07-495-034-5120-025	7/1/2007	1,474,902.00				1,474,902.00	(2,009,015.81)	408,856.00							
Targeted At Risk Aid	06-695-034-5120-005	7/1/2007	413,250.00				413,250.00	(409,591.41)						20,662.50		409,591.41
Distance Learning Network Aid	03-100-034-5120-348	7/1/2006	-				-	-						74.75		-
Distance Learning Network Aid	03-100-034-5120-348	7/1/2007	-				-	-						74.75		-
NJ Nonpublic Aid	06-100-034-5120-064	7/1/2007	7,545.00				7,545.00	(6,969.94)	506.42							6,969.94
Textbook Aid	07-100-034-5120-064	7/1/2006	9,432.00				9,432.00	-						576.06		-
Handicapped Services	06-100-034-5120-066	7/1/2007	15,363.00				15,363.00	(1,815.30)						13,547.70		1,815.30
Examination & Classification	06-100-034-5120-066	6/30/2006	1,860.00				1,860.00	(1,860.00)						-		1,860.00
Corrective Speech	07-100-034-5120-066	7/1/2006	6,510.00		4,650.00		-	-	(4,650.00)					-		-
Auxiliary Services																
Supplemental Instruction	06-100-034-5120-067	7/1/2007	9,086.00				9,086.00	(9,086.00)						-		-
Supplemental Instruction	07-100-034-5120-067	7/1/2006	9,086.00				9,086.00	-						576.06		-
Nursing Aid	06-100-034-5120-070	7/1/2007	10,422.00		1,242.56		-	-	(1,242.56)					-		-
Nursing Aid	07-100-034-5120-070	7/1/2006	12,548.00		852.80		-	-	(852.80)					-		-
Technology Initiative	06-100-034-5120-373	7/1/2007	5,400.00				5,400.00	(5,400.00)						2,367.24		-
Technology Initiative	07-100-034-5120-373	7/1/2006	6,780.00				6,780.00	-						-		-
Technology Initiative	N/A	7/1/2005	4,000.00		61.24		-	-	(61.24)					-		-
LD EAS Grant	05-495-034-5120-052	7/1/2004	4,637.00		739.00		-	-	(739.00)					-		-
Teacher Mentoring Grant	06-695-034-5120-052	7/1/2005	7,596.00		1,142.00		-	-	(1,142.00)					-		-
Teacher Mentoring Grant	06-695-034-5120-052	7/1/2006	7,596.00		7,596.00		-	-	(7,596.00)					-		-
Character Education Aid	06-100-034-5120-373	7/1/2005	7,490.00		5,675.60		-	-	(5,675.60)					-		-
Character Education Aid	05-100-034-5120-373	7/1/2004	7,490.00		1,897.05		-	-	(1,897.05)					-		-
State Department of Health and Senior Services																
(Pass Thru Cape Assist)																
REBEL Tobacco Initiative	N/A	7/1/2006	6,000.00		1,539.59		-	-	(1,539.59)					-		-
REBEL Tobacco Initiative	N/A	7/1/2007	6,000.00				6,000.00	(5,757.50)						243.50		5,757.50
Total Special Revenue Fund							2,506,464.00	(3,053,603.95)						17,238.97		3,053,603.95
Debt Service Fund																
Debt Service Ad Type II	06-495-034-5120-017	7/1/2007	483,903.00				483,903.00	(483,903.00)						-		483,903.00

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2008
(Continued)

State Grantor/Program Title	Grant or State Project Number	Grant Period	Program or Award Amount	Deferred Revenue (Accts Receivable)	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Years' Balances	(Accounts Receivable)	Balance June 30, 2008	MEMO	
												Deferred Revenue/Interest	Due to Grantor
State Department of Agriculture Enterprise Fund													
National School Lunch Program (State Share)	06-100-010-3360-067	7/1/2007	18,880.16	\$	\$	\$	17,970.74	(18,860.16)		(909.42)	\$	\$	\$
National School Lunch Program (State Share)	07-100-010-3360-067	7/1/2006	16,229.00	(618.90)			618.90						
National School Breakfast Program (State Share)	06-100-010-3360-066	7/1/2007	5,736.50				5,426.40	(5,736.50)		(308.10)			
National School Breakfast Program (State Share)	07-100-010-3360-066	7/1/2006	4,319.00	(308.10)			308.10						
Total Enterprise Fund				(1,127.00)			24,526.14	(24,616.66)		(1,217.52)			
Total State Financial Assistance				\$ 152,268.77	\$ 25,485.84	\$	\$ 16,503,417.54	\$ (17,048,062.54)	\$ 303,876.58	\$ (6,863.07)	\$ 5,610.34	\$ 17,298.92	\$ 17,048,062.54

(B) Expenditures for grant recognized in full at time District signed Grant Agreements - District awarded contracts on all projects prior to June 30, 2004.

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Notes to the Schedules of Financial Assistance
June 30, 2008

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 (\$35,257.70) for the general fund and (\$133,537.47) for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>TPAF Pension</u>	<u>Total</u>
General Fund	\$ 6,180.83	\$ 15,783,309.23	\$ (2,332,628.00)	\$ 13,456,862.06
Special Revenue Fund	1,414,821.93	2,511,210.48		3,926,032.41
Debt Service Fund		483,903.00		483,903.00
Food Service Fund	<u>465,058.49</u>	<u>24,616.66</u>		<u>489,675.15</u>
	<u>\$ 1,886,061.25</u>	<u>\$ 18,803,039.37</u>	<u>\$ (2,332,628.00)</u>	<u>\$ 18,356,472.62</u>

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Notes to the Schedules of Financial Assistance
June 30, 2008
(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, 2007. 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, 2007.

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.

Federal:

Various Grants - \$5,182.18

State:

Various Grants – \$409,362.42 (\$408,856.00 is the local contribution to the ECPA Grant.)

**MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2008**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: An Unqualified Opinion issued on the Basic Financial Statements, dated October 22, 2008.

Internal control over financial reporting:

- | | |
|---|-----|
| 1) Material weakness identified? | No |
| 2) Significant Deficiencies identified that are not considered to be a material weakness? | Yes |

Noncompliance material to basic financial statements noted?	No
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**MIDDLE TOWNSHIP SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2008
 (Continued)**

I. SUMMARY OF AUDITOR'S RESULTS - CONTINUED

Federal Awards

Internal control over major programs:

- 1) Material weakness identified? No
- 2) Significant Deficiencies identified that are not considered to be a material weakness? No

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

An Unqualified Opinion was issued on compliance for major programs, dated October 22, 2008.

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 Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I
84.027A	I.D.E.A.
10.555	National School Lunch Program

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

\$300,000

Auditee qualified as low-risk auditee?

No

**MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2008
(Continued)**

I. SUMMARY OF AUDITOR'S RESULTS - CONTINUED

State Awards

Dollar threshold used to distinguish between type A and Type B Programs:	\$511,442
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 October 22, 2008.
Internal Control over major programs:	
1) Material weakness identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?	Yes
Identification of major programs:	

<u>GMIS Numbers</u>	<u>Name of State Program</u>
08-495-034-5120-022	Core Curriculum Standards Aid
08-495-034-5120-057	Consolidated Aid
08-495-034-5120-058	Additional Formula Aid
08-495-034-5120-074	Kindergarten Supplement Aid
08-495-034-5120-008	Bilingual Education
08-495-034-5120-014	Transportation Aid
08-495-034-5120-011	Special Education Aid
08-495-034-5120-005	Targeted At Risk Aid

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

Finding 08-1:

The district did not analyze the balance in the payroll agency account.

Criteria:

The district has a fiduciary responsibility to analyze and remit payroll deductions for employees.

Condition:

The district began using an outside vendor for payroll processing beginning January 1, 2008. No analysis of payroll deductions and payments was made from that time to year end.

MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2008
(Continued)

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

Context:

At year end, there are unidentified funds of \$27,374.54 in the payroll agency account.

Effect:

The funds in the account are either deductions due to agencies or funds in the account and improperly charged to a budgetary line item.

Cause:

The district discontinued analyzing agency transactions once the outside vendor began processing payroll.

Recommendation:

The district must analyze the balance in the payroll agency account.

Planned corrective action:

A corrective action plan will be filed by the district to address this audit finding.

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

FEDERAL AWARDS:

Finding 08-3:

The adjusted Title I budget for the 2007/08 school year entered in the district's budgetary accounting system had the Title I summer program entered twice.

Information on Program

Title I – CFDA No. 84.027A

Criteria:

The final adjusted program budget for the school year must agree with approved budget breakdown in the EWEG (Electronic Web-Enabled Grant) System.

Condition:

The district inadvertently entered the Title I summer program twice.

Questioned Costs:

There are no questioned costs related to this finding because the district charged the grant as if the budget was entered properly.

Context:

The district's budgetary accounting records did not agree to final approved budget for the program.

MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2008
(Continued)

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

FEDERAL AWARDS:

Title I – CFDA No. 84.010 (Continued)

Effect:

District did not comply with program requirements that require the established budget in the accounting system to agree with the final approved budget.

Cause:

The Title I summer program was incorrectly entered twice and not detected by district personnel.

Recommendation:

The final grant budget amounts and line items entered into the district's accounting system must agree with final approved program budgets.

Management Response:

A corrective action plan will be filed by the district to address this audit finding.

Finding 08-5:

The adjusted I.D.E.A. Part B budget for the 2007/08 school year entered in the district's budgetary accounting system did not break out the budget in the same manner as the budget entered and approved in the EWEG (Electronic Web- Enabled Grant) System.

Information on Program

IDEA – Part B – CFDA No. 84.010

Criteria:

The final adjusted program budget for the school year must agree with approved budget breakdown in the EWEG (Electronic Web-Enabled Grant) System.

Condition:

The district did not break down the public and nonpublic portion of the grant in the accounting system.

Questioned Costs:

There are no questioned costs related to this finding because the district charged the grant as if the budget was entered properly.

Context:

The district's budgetary accounting records did not agree to final approved budget for the program.

Effect:

District did not comply with program requirements that require the established budget in the accounting system to agree with the final approved budget.

Cause:

Final budget was not entered into accounting system properly.

**MIDDLE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2008
(Continued)**

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

FEDERAL AWARDS:

IDEA – Part B – CFDA No. 84.010 (Continued)

Recommendation:

The final grant budget amounts and line items entered into the district's accounting system must agree with final approved program budgets.

Management Response:

A corrective action plan will be filed by the district to address this audit finding.

STATE AWARDS:

Finding 08-2:

The district does not currently participate in the E-Rate program.

Information on Program

State Aid – Public – Various Accounts Numbers

Criteria:

As a condition of receiving state aid, P.L. 2007, c. 53 requires school districts to implement a number of efficiency standards including taking steps to maximize the district's participation in the federal Universal Service Program (E-Rate).

Condition:

The district is in the process of implementation of a program.

Questioned Costs:

The questioned costs to this finding are not known.

Context:

This efficiency standard is in the process of implementation by the district.

Effect:

District did not fully meet state aid compliance requirements.

Cause:

District was not able to implement during the year.

Recommendation:

The District should maximize participation in the federal Universal Service Program (E-Rate).

Management Response:

A corrective action plan will be filed by the district to address this audit 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, 2008**

STATUS OF PRIOR YEAR FINDINGS

Federal:

None

State:

None