

**SCHOOL DISTRICT OF
MEDFORD TOWNSHIP**

MEDFORD BOARD OF EDUCATION

Medford, New Jersey

County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MEDFORD TOWNSHIP BOARD OF EDUCATION

MEDFORD, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by

**Medford Township Board of Education
Finance Department**

OUTLINE OF CAFR – GASB 34

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION	
Independent Auditor's Report	9

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis	11
--------------------------------------	----

BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements:	
A-1 Statement of Net Assets	18
A-2 Statement of Activities	19
B. Fund Financial Statements:	
B-1 Balance Sheet	21
B-2 Statement of Revenues, Expenditures & Changes in Fund Balances	22
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Funds:	
B-4 Statement of Net Assets	24
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Assets	25
B-6 Statement of Cash Flows	26
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	27
B-8 Statement of Changes in Fiduciary Net Assets	28
Notes to Financial Statements	29

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	52
C-1a Combining Schedule of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b Education Jobs Fund Program – Budget & Actual	64
C-2 Budgetary Comparison Schedule – Special Revenue Fund	65

(continued)

OUTLINE OF CAFR – GASB 34 (continued):

	PAGE
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	66
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures Special Revenue Fund – Budgetary Basis	67
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	71
F-2a Schedule of Revenues, Expenditures Project Balance & Project Status – Project Status – South Route 70 Elementary School	72
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Comparative Combining Schedule of Net Assets	73
G-2 Comparative Combining Schedule of Revenues, Expenses & Changes in in Fund Net Assets	74
G-3 Comparative Combining Schedule of Cash Flows	75
Internal Service Fund –	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	76
H-2 Combining Statement of Changes in Fiduciary Net Assets	77
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	78
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	78
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	79
I-2 Schedule of Obligations Under Capital Leases	80
I-3 Debt Service Fund Budgetary Comparison Schedule	81
I-4 Schedule of Compensated Absences	82

(continued)

OUTLINE OF CAFR – GASB 34 (continued):

STATISTICAL SECTION (unaudited)

	PAGE
Financial Trends:	
J-1 Net Assets by Component	83
J-2 Changes in Net Assets	84
J-3 Fund Balances – Governmental Funds	87
J-4 Changes in Fund Balances – Governmental Funds	88
J-5 General Fund Other Local Revenue by Source	89
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	90
J-7 Direct & Overlapping Property Tax Rates	91
J-8 Principal Property Taxpayers	92
J-9 Property Tax Levies & Collections	93
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	93
J-11 Ratios of General Bonded Debt Outstanding	94
J-12 Direct & Overlapping Governmental Activities Debt	94
J-13 Legal Debt Margin Information	95
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	96
J-15 Principal Employers	96
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	97
J-17 Operating Statistics	98
J-18 School Building Information	99
J-19 Schedule of Required Maintenance	100
J-20 Insurance Schedule	101
K SINGLE AUDIT SECTION	
K-1 Report on Compliance and on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	102
K-2 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 Letter 04-04	104
K-3 Schedule of Expenditures of Federal Awards, Schedule A	106
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	107
K-5 Notes to Schedules of Awards and Financial Assistance	108
K-6 Schedule of Findings and Questioned Costs	110
K-7 Summary Schedule of Prior Audit Findings	113
	(concluded)

INTRODUCTORY SECTION



Medford Township Public Schools

137 Hartford Road, Medford, New Jersey 08055
609-654-6416 Fax 609-654-7436

September 24, 2012

Honorable President and
Members of the Board of Education
Township of Medford School District
County of Burlington
Medford, NJ 08055

The comprehensive annual financial report of the Medford Township School District (District) for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness, and fairness of the representation, including all disclosures, rests with management of the Board of Education (Board). To the best of our knowledge and belief, the data is 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 and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes the 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 Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Government and Non-Profit Organizations", and the state Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133, are included in the single audit section of this report.

- 1) Reporting Entity And Its Services: Medford Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Medford Township Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre K through 8. These include regular, as well as special education for handicapped youngsters. The District completed the 2011-2012 fiscal year with an average daily enrollment of 3,013 students, which is 56 students below the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last Ten years.

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	3,013.0	-1.836%
2010-2011	3,069.4	-1.562%
2009-2010	3,118.1	1.106%
2008-2009	3,083.0	.0079%
2007-2008	3,059.0	-1.07%
2006-2007	3,092.0	.0012%
2005-2006	3,095.7	1.65%
2004-2005	3,045.6	1.67%
2003-2004	2,995.6	.41%
2002-2003	2,983.5	.73%
2001-2002	2,962.0	4.74%

- 2) Economic Condition And Outlook: Medford Township has adopted a stance on growth, attempting to establish new development at a ratio of 60% commercial and 40% residential. Municipal utilities are taxed at the current time and there is very little sewer capacity available for new growth.

Due to the fiscal crisis at the State level, the State of New Jersey has significantly reduced its financial commitment to the Medford Township Schools and thus, the Medford Township taxpayers. In February 2010, the State of New Jersey arbitrarily withheld \$1,647,000 of state funding promised by statute, to the Medford Township Schools. In addition, the State of New Jersey reduced educational funding to the Medford Township Schools by 40% (\$2,300,000) for the 2010-11 fiscal year. Thus, the Medford Township Schools were placed in a situation to reduce thirty-seven (37) staff members and request a tax increase of \$1,580,000 from its residents. The 2010-11 budget was narrowly defeated and was forwarded to the Township Council for resolution. Subsequently, due to the severe economic downturn in the State and the nation, the Medford Township Council reduced the School budget by an additional \$1,000,000. Therefore, in a three month period during 2010, the Medford Township Public Schools lost \$5,000,000 or 11% of its budget. Unfortunately, the financial outlook for the near future is grim, at best, with further reductions coupled with new sources of revenue, needed to sustain fiscal stability.

The majority of employment for residents is outside of the township creating a sense that Medford is, in many respects, a bedroom community. The Board of Education is one the largest employers in the township.

Medford is primarily a middle-class community with few minorities. Most housing is single-family units, and most are within identified subdivisions. There are relatively few apartments and townhouses, although recent development has included low income, COAH Housing, with the addition of the Creekside at Medford and Medford Heights Apartments.

It is a family oriented community with many activities being offered under the auspices of both the municipal recreation council and the Medford Youth Athletic Association. In addition, each of the subdivisions has its own homeowners association and provides social and recreational activities for the development. In addition, there has been much discussion at the local government level to embark on a new community expansion program that will include a combination of commercial properties, residential single family homes, townhomes and apartments.

- 3) Major Initiatives: The 2011-2012 budget provided for maintenance of the existing curriculum with the following three initiatives: (A) Implementation of the comprehensive elementary Language Arts Literacy program; (B) Differentiated Instruction Staff Development at the Middle School Level; (C) Implemented K-5 Benchmark Assessments for Reading; (D) Implemented a newly aligned K-8 Science Curriculum. Continued staff instruction on Inclusion Strategies and a wide variety of topics designed to keep performance high on standardized test scores as our population changes, and new staff members become familiar with the expectations and culture of our town. We continued to improve upon the development of staff training materials and courses to educate all teachers on the use of the Internet throughout curricular areas in spite of significant budgetary reductions.
- 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 statement in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2012.

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

- 7) 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, 2012 and the amount and percentages of increase or decrease in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2011</u>	<u>Percent Increase (Decrease)</u>
Local Sources				
Local Tax Levy	\$39,765,957	80.23%	\$ 635,960	1.63%
Miscellaneous	682,180	1.38%	(66,106)	(8.83)%
State Sources	8,097,046	16.34%	1,252,040	18.29%
Federal Sources	<u>1,015,262</u>	<u>2.05%</u>	<u>212,629</u>	26.49%
Total	<u>\$49,560,445</u>	<u>100.00%</u>	<u>\$2,034,523</u>	

The increase in state sources was attributed to an increase in State Equalization Aid. The increase in federal sources was specifically due to receipt of Education Jobs Funds.

The following schedule presents a summary of general fund, capital outlay, summer school and debt service fund expenditures for the fiscal year ended June 30, 2012 including the percentages of increase or decrease in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2011</u>	<u>Percent Increase (Decrease)</u>
Current Expense:				
Instruction	\$17,822,651	36.38%	\$ 629,878	3.66%
Undistributed Expenditures	26,213,499	53.51%	125,426	.48%
Capital Outlay	1,506,711	3.08%	731,337	94.32%
Special School	77,077	0.16%	43,094	126.81%
Debit Service:				
Principal	2,045,000	4.17%	120,000	6.23%
Interest	<u>1,324,450</u>	<u>2.70%</u>	<u>(83,600)</u>	<u>(5.94%)</u>
Total	<u>\$48,989,388</u>	<u>100.00%</u>	<u>\$1,566,135</u>	

- 8) Debt Administration: At June 30, 2011 the District's outstanding debt issues included \$29,260,000 of general obligation bonds and \$1,194,743 of Capital Lease obligations.
- 9) Cash Management: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit 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 public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 10) Risk Management: The Board 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. In addition, the District's long

standing participation in the Burlington County Insurance Pool Joint Insurance Fund (BCIPJIF) has resulted in continued premium savings through enhanced Risk Management emphasis, policies and practices adopted by the JIF.

- 11) Other Information: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman & Frenia, P.C., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirement of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04. The auditor's report on the basic 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 section of this report.

- 12) Acknowledgements: We would like to express our appreciation to the members of the Medford Township Board of Education for their concern and guidance in providing fiscal accountability to the citizens and taxpayers of the Medford School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectively submitted,

Joseph J. Del Rossi

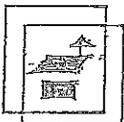
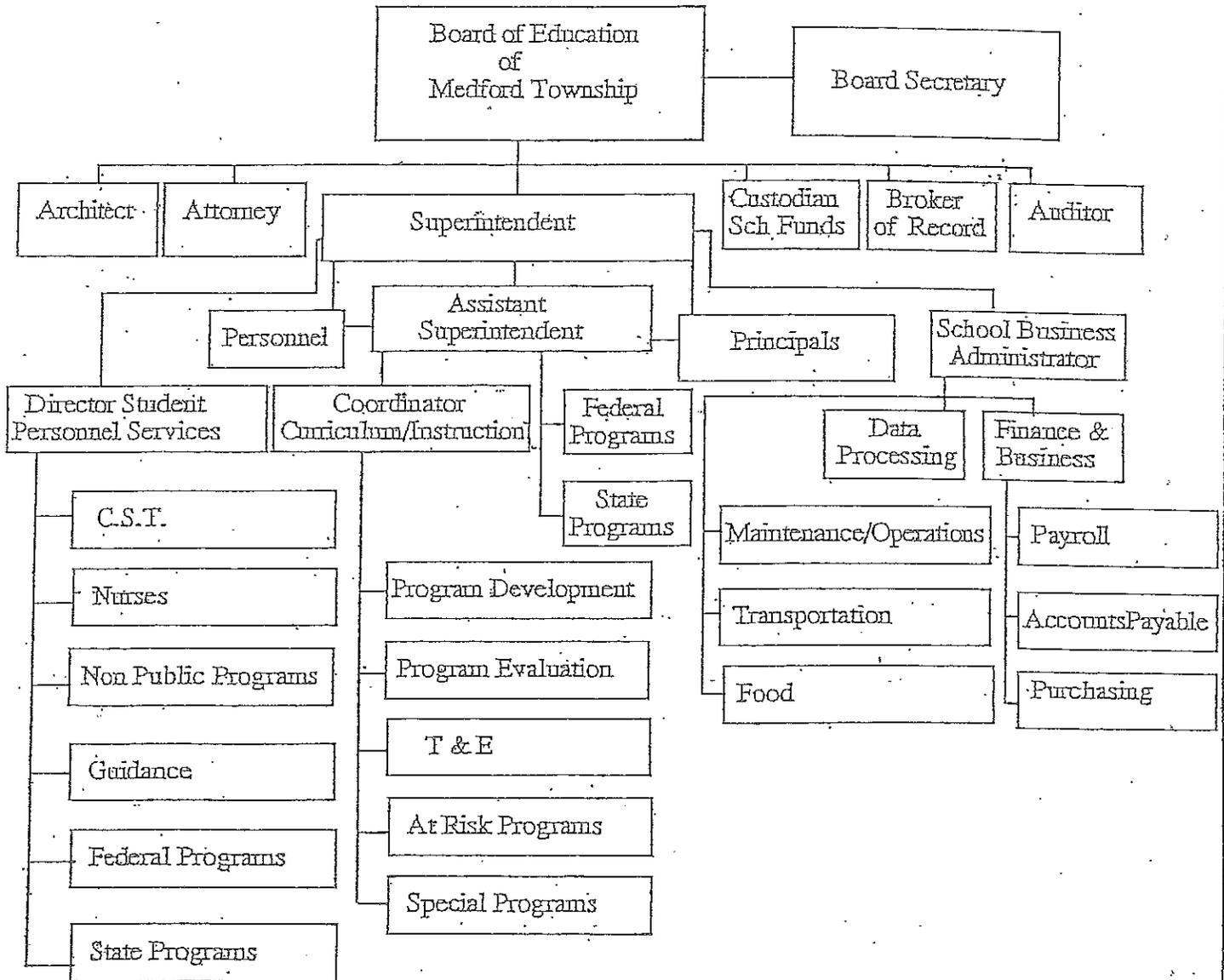
Dr. Joseph J. Del Rossi
Superintendent

Chad Fires

Chad Fires,
Business Administrator

Organizational Chart

1110 ORGANIZATIONAL CHART



MEDFORD TOWNSHIP PUBLIC SCHOOLS

137 Hartford Road
Medford, New Jersey 08055

ROSTER OF OFFICIALS

June 30, 2012

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Michael Etter, President	2013
Trudy Cole, Vice President	2013
Katherine Busca	2012
Kathleen Chang	2012
Janet Law Clancy	2012
Ann Davidson	2014
Amy Duca	2014
Michelle Hammel	2012
Katherine Santamore	2014

OTHER OFFICIALS

Dr. Joseph J. Del Rossi, Superintendent of Schools

Bryan C. McGair, Assistant Superintendent for Finance and Support Services

N. Janet Cooper, Treasurer

Parker McCay, Solicitor

MEDFORD TOWNSHIP PUBLIC SCHOOLS

137 Hartford Road
Medford, New Jersey 08055

CONSULTANTS AND ADVISORS

ARCHITECT

Regan Young England Butera
456 High Street
Mt. Holly, New Jersey 08060

AUDIT FIRM

Holman & Frenia, P.C.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Parker McCay
3 Greentree Center
7001 Lincoln Drive, West
P.O. Box 974
Marlton, New Jersey 08053

OFFICIAL DEPOSITORY

Beneficial Bank
200 Tuckerton Road
Medford, New Jersey 08055

FINANCIAL SECTION



Certified Public Accountants & Consultants

Administrative Office:
10 Allen Street, Ste. 2B, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090
holmanfrenia.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Medford Township
County of Burlington
Medford, New Jersey 08055

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 Medford Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's financial statements as listed in the table of contents. These financial statements are the responsibility of the Medford Township 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; and the standards applicable to financial audits contained in *Governmental 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, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Medford Township School District, County of Burlington, State of New Jersey, as of June 30, 2012, 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 September 24, 2012, on our consideration of the Medford Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

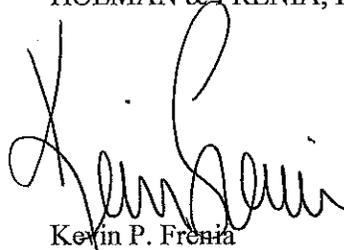
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11 through 17 and 52 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the

basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Medford Township Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the financial statements. The combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of federal awards and state financial assistance 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 information 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.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia
Certified Public Accountant
Public School Accountant
No. 1011

Medford, New Jersey
September 24, 2012

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

MEDFORD TOWNSHIP BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2012

UNAUDITED

This section of the Medford Township Board of Education's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements - Management's Discussion and Analysis for State and Local Governments* issued in June 1999 that is required by the New Jersey State Department of Education. Comparative information between the completed fiscal year (2011 -2012) and the prior fiscal year (2010-2011) is required and is presented in the MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements

The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets (A-1) presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities (A-2) presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The district-wide financial statements can be found as Exhibits A-1 and A-2 in this report.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of

the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Government funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near term financing requirements.

Because of the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decision. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund, debt service fund and permanent fund, all of which are considered to be major funds.

The general and special revenue funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibit B-1 through B-3 in this report.

Proprietary Funds

The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods or services be financed through user charges. The food services enterprise fund provides for the operation of food services in all schools, within the District. The proprietary fund has been included within the business-type activities in the district-wide financial statements.

The food services fund detail financial statements can be found as Exhibits B-4 through B-6 in this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government entity. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses trust and agency funds to account for resources held for student activities and groups, for payroll transactions, and for the District's unemployment trust fund. The basic fiduciary fund financial statements can be found as Exhibits B-7 and B-8 in this report.

Notes to the financial statements

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

Other Information

The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2011-12 fiscal year include the following:

- The unassigned General Fund balance decreased by \$6,042 from the prior fiscal year due to district fiscal constraints, budget freeze and revenue generation initiatives. At the conclusion of the fiscal year, the District's unassigned fund balance was \$1,008,487, which is within the State imposed restrictions set forth in statute.
- The district awarded a PPA (Power Purchase Agreement) for a solar array installation at all district facilities to significantly reduce electrical costs into the future. The PPA allows our district to complete this project at no expense to the taxpayers for either the installation or the operational costs moving forward. The project began to be installed in July 2010 and has been fully completed and on-line of August 2011. The district anticipates a savings of approximately \$150,000 per year in its' electrical costs through this project.

District-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net assets.

	Governmental Activities	Business-type Activities	Total
Current & Other Assets	\$ 7,119,150	\$194,843	\$ 7,313,993
Capital Assets, Net	<u>65,743,285</u>	<u>25,434</u>	<u>65,768,719</u>
Total Assets	<u>72,862,435</u>	<u>220,277</u>	<u>73,082,712</u>
Long-Term Liabilities Outstanding	29,478,695	-	29,478,695
Other Liabilities	<u>4,228,184</u>	<u>56,543</u>	<u>4,284,727</u>
Total Liabilities	<u>33,706,879</u>	<u>56,543</u>	<u>33,763,422</u>
Net assets:			
Investment in Capital Assets, Net of Related Debt	35,288,542	25,434	35,313,976
Restricted	3,941,654	-	3,941,654
Unrestricted	<u>(74,640)</u>	<u>138,300</u>	<u>63,660</u>
Total net assets	<u>\$39,155,556</u>	<u>\$163,734</u>	<u>\$ 39,319,290</u>

The District's net assets increased from the previous year. Restricted assets represent resources that are subject to external restrictions on how they may be used. Within this category, the largest balance is the \$3,887,506 utilized for other purposes such as tax relief when available.

The unrestricted net assets may be used to meet the District's ongoing obligations to students, employees, and creditors. The unrestricted net assets include the amount of long-term obligations that are not invested in capital assets, such as compensated absences.

At the end of the current fiscal year, the District is able to report a positive balance in total net assets. The same situation held true for the prior fiscal year.

The following table provides a summary of revenues and expenses for the District's governmental and business-type activities and the change in net assets from the prior year:

	Governmental Activities	Business-type Activities	Total
Revenues:			
General Revenues:			
Property Taxes	\$ 39,765,957		\$ 39,765,957
Federal & State Aid Not Restricted to Specific Purposes	8,154,002	\$163,583	8,317,585
Miscellaneous (Includes Interest, Tuition & Facility Rental)	682,395	714,617	1,397,012
Amortization of Gain on ER Debt	<u>34,618</u>		<u>34,618</u>
Total Revenue	<u>48,636,972</u>	<u>878,200</u>	<u>49,515,172</u>
Expenses:			
Instructional Services	17,111,218		17,111,218
Support Services/Food Service	16,120,310	894,710	17,015,020
Unallocated Benefits	10,094,703		10,094,703
Interest on Long-Term Debt	1,358,396		1,358,396
Special Schools	77,077		77,077
Amortization of Bond Issuance Cost	14,114		14,114
Reduction of Capital Leases	(361,675)		(361,675)
Amortization of Early Debt Retirement	33,218		33,218
Unallocated Comp. Absences	12,579		12,579
Unallocated Depreciation	<u>2,133,778</u>		<u>2,133,778</u>
Total Expenses	<u>46,593,718</u>	<u>894,710</u>	<u>47,488,428</u>
Increase/(Decrease) in Net Assets Before Transfers			
Change in Net Assets	2,043,254	(16,459)	2,026,795
Net Assets July 1	<u>37,112,302</u>	<u>180,193</u>	<u>37,292,495</u>
Net Assets – Ending	<u>\$39,155,556</u>	<u>\$163,734</u>	<u>\$39,319,290</u>

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unreserved fund a balance is divided between designated balances and undesignated balances. The capital projects fund is restricted by state law to be spent for the purpose of the fund and is not available for spending at the District's discretion.

Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, special revenue fund, debt service fund and permanent fund revenues for the fiscal year ended June 30, 2012 and the amount and percentage of increases and (decreases) in relation to prior year revenues. The Capital Projects Fund has been excluded as amounts vary substantially from year to year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2011</u>	<u>Percent Increase (Decrease)</u>
Local Sources				
Local Tax Levy	\$39,765,957	80.23%	\$635,960	1.63%
Miscellaneous	682,180	1.38%	(66,106)	(8.83%)
State Sources	8,097,046	16.34%	1,252,040	18.29%
Federal Sources	<u>1,015,262</u>	<u>2.05%</u>	<u>212,629</u>	<u>26.49%</u>
Total	<u>\$49,560,445</u>	<u>100.00%</u>	<u>\$2,034,523</u>	

The increase in state sources was attributed to an increase in State Equalization Aid. The increase in federal sources was specifically due to receipt of Education Jobs Funds.

The following schedule presents a summary of general fund, special revenue fund, capital projects fund, debt service fund and permanent fund expenditures for the fiscal year ended June 30, 2012 and the percentage of increases and (decreases) in relation to prior year amounts.

	<u>Expenditure</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2011</u>	<u>Percent Increase (Decrease)</u>
Current Expense:				
Instruction	\$17,822,651	36.38%	\$ 629,878	3.66%
Undistributed Expenditures	26,213,499	53.51%	125,426	0.48%
Capital Outlay	1,506,711	3.08%	731,337	94.32%
Special School	77,077	0.16%	43,094	126.81%
Debit Service:				
Principal	2,045,000	4.17%	120,000	6.23%
Interest	<u>1,324,450</u>	<u>2.70%</u>	<u>(83,600)</u>	<u>(5.94%)</u>
Total	<u>\$48,989,388</u>	<u>100.00%</u>	<u>\$ 1,566,135</u>	

General Fund Budgetary 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 modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2012, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

While the District's final budget for the general fund anticipated that revenues and expenditures would be equal, the actual results for the year show a surplus.

Proprietary Funds

The District's proprietary fund provides the same type of information found in the district-wide financial statements, but in more detail.

The Food Service Enterprise Fund experienced a net change in assets of \$(16,459). Considering the severe economic climate and the impact on families in our community, the net loss in our food service operation is a credit to quality of program and service that is provided. The food service program continues to be self-sustaining, and does not require any appropriation of funds from the District's general fund budget. It is anticipated that when the economy begins to revive itself, the lunch program will once again, begin to show an increase in profit.

Capital Assets

At June 30, 2012 the District has capital assets of \$65,768,719 net of depreciation, which includes land, building improvements, machinery and equipment, vehicles, and construction in progress.

The following provides a summary of the capital assets held by the District:

	Governmental Activities	Business-Type Activities
Land	\$ 5,708,019	
Buildings/Building Improvement	71,390,786	
Machinery and Equipment	5,983,583	\$ 375,049
Vehicles	4,678,157	
Construction in Progress		
Less Accumulated Depreciation	<u>(22,017,260)</u>	<u>(349,615)</u>
Total	<u>\$65,743,285</u>	<u>\$ 25,434</u>

Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

Debt Administration and Other Obligations

At June 30, 2012, the District's outstanding debt issues included \$29,260,000 of general obligation bonds, \$1,194,743 of capital leases; and \$1,619,407 in compensated absences payable.

Additional information on the District's debt administration and other obligations can be found in Note 5 and Note 17 to the basic financial statements.

Economic Factors and Next Year's Budget

- The District anticipates that the approved 2012-13 budget will be adequate to satisfy all 2012-13 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.

Requests for Information

This financial report is designed to provide a general overview of the Medford Township School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator/Board Secretary's Office, Medford Township Board of Education, 137 Hartford Road, Medford, NJ 08055.

BASIC FINANCIAL STATEMENTS

A. District-Wide Financial Statements

MEDFORD TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTALS	
			JUNE 30, 2012	JUNE 30, 2011 <small>(MEMORANDUM ONLY)</small>
Cash & Cash Equivalents	\$5,645,592	175,786	5,821,378	3,999,762
Receivables, Net	575,911	5,224	581,135	538,345
Inventory		13,833	13,833	16,841
Unamortized Bond Issuance Costs	77,393		77,393	91,507
Unamortized Loss on Early Retirement of Debt	498,272		498,272	531,490
Restricted Assets:				
Restricted Cash & Cash Equivalents	321,982		321,982	317,039
Capital Assets, Net (Note 4)	65,743,285	25,434	65,768,719	66,714,076
Total Assets	72,862,435	220,277	73,082,712	72,209,060
LIABILITIES				
Accounts Payable	1,136,983	34,234	1,171,217	684,392
Accrued Interest on Bonds	423,510		423,510	451,531
Unamortized Gain on Early Retirement of Debt	69,236		69,236	103,854
Deferred Revenue	3,000	22,309	25,309	36,824
Noncurrent Liabilities (Note 5):				
Due Within One Year	2,595,455		2,595,455	2,266,709
Due Beyond One Year	29,478,695		29,478,695	31,373,255
Total Liabilities	33,706,879	56,543	33,763,422	34,916,565
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	35,288,542	25,434	35,313,976	35,409,076
Restricted For:				
Debt Service	(411,108)		(411,108)	(417,966)
Other Purposes	4,352,762		4,352,762	3,970,383
Unrestricted	(74,640)	138,300	63,660	(1,668,998)
Total Net Assets	\$39,155,556	163,734	39,319,290	37,292,495

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

**MEDFORD TOWNSHIP BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
						JUNE 30, 2012	JUNE 30, 2011
Governmental Activities:							
Instruction:							
Regular	\$12,409,724		711,433	(11,698,291)		(11,698,291)	(11,808,677)
Special Education	5,033,439			(5,033,439)		(5,033,439)	(4,845,628)
Other Special Instruction	337,313			(337,313)		(337,313)	(304,690)
Other Instruction	42,175			(42,175)		(42,175)	(13,496)
Support Services & Undistributed Costs:							
Tuition	1,502,954			(1,502,954)		(1,502,954)	(1,380,735)
Attendance & Social Work Services	13,830			(13,830)		(13,830)	(4,914)
Health Services	520,812			(520,812)		(520,812)	(516,355)
Student & Instruction Related Services	2,791,267		246,873	(2,544,394)		(2,544,394)	(2,386,542)
Educational Media Services/School Library	354,003			(354,003)		(354,003)	(373,335)
Instructional Staff Training	575,670			(575,670)		(575,670)	(553,037)
School Administrative Services	999,195			(999,195)		(999,195)	(980,190)
Other Administrative Services	2,700,993			(2,700,993)		(2,700,993)	(2,453,549)
Plant Operations & Maintenance	3,502,879			(3,502,879)		(3,502,879)	(3,849,537)
Pupil Transportation	3,405,580			(3,405,580)		(3,405,580)	(3,202,868)
Unallocated Benefits	10,094,703			(10,094,703)		(10,094,703)	(9,943,646)
Interest on Long-Term Debt	1,358,396			(1,358,396)		(1,358,396)	(1,484,245)
Special Schools	77,077			(77,077)		(77,077)	(33,983)
Amortization of Bond Issuance Costs	14,114			(14,114)		(14,114)	(14,114)
Amortization of Loss on Early Retirement of Debt	33,218			(33,218)		(33,218)	(33,218)
Unallocated Compensated Absences	12,579			(12,579)		(12,579)	(101,508)
Reduction of of Capital Leases	(361,675)			361,675		361,675	331,829
Unallocated Depreciation	2,133,778			(2,133,778)		(2,133,778)	(2,133,778)
Total Governmental Activities	47,552,024		958,306	(46,593,718)		(46,593,718)	(46,086,216)

**MEDFORD TOWNSHIP BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
						(MEMORANDUM ONLY)	
					JUNE 30, 2012	JUNE 30, 2011	
Business-Type Activities:							
Food Service	894,710	711,617	163,583		(19,510)	(19,510)	(3,756)
Total Business-Type Activities	894,710	711,617	163,583		(19,510)	(19,510)	(3,756)
Total Primary Government	<u>\$48,446,734</u>	<u>711,617</u>	<u>1,121,889</u>	<u>(46,593,718)</u>	<u>(19,510)</u>	<u>(46,613,228)</u>	<u>(46,089,972)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				\$36,417,885		36,417,885	36,046,947
Taxes Levied for Debt Service				3,348,072		3,348,072	3,083,050
Federal & State Aid Not Restricted				8,154,002		8,154,002	6,723,025
Investment Earnings					3,051	3,051	2,953
Miscellaneous Income				682,395		682,395	750,773
Amortization of Gain on Early Retirement of Debt				34,618		34,618	34,619
Total General Revenues, Special Items, Extraordinary Items & Transfers				<u>48,636,972</u>	<u>3,051</u>	<u>48,640,023</u>	<u>46,641,367</u>
Change In Net Assets				2,043,254	(16,459)	2,026,795	551,395
Net Assets July 1				<u>37,112,302</u>	<u>180,193</u>	<u>37,292,495</u>	<u>36,741,100</u>
Net Assets - Ending				<u>\$39,155,556</u>	<u>163,734</u>	<u>39,319,290</u>	<u>37,292,495</u>

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

B. Fund Financial Statements

Governmental Funds

**MEDFORD TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS	
					(MEMORANDUM ONLY)	
					JUNE 30, 2012	JUNE 30, 2011
Assets:						
Cash & Cash Equivalents	\$5,633,393	12,199	17,254		5,662,846	3,878,824
Due From Other Funds	4,852			12,402	17,254	60,804
Receivables From Other Governments	567,756	11,230			578,986	548,915
Restricted Cash & Cash Equivalents	304,728				304,728	300,000
Total Assets	\$6,510,729	23,429	17,254	12,402	6,563,814	4,788,543
Liabilities & Fund Balances:						
Liabilities:						
Accounts Payable	\$1,116,554	8,417			1,124,971	674,070
Intergovernmental - Accounts Payable		12,012			12,012	10,322
Interfund Payable	3,075		17,254		20,329	85,191
Deferred Revenue		3,000			3,000	15,012
Total Liabilities	1,119,629	23,429	17,254		1,160,312	784,595
Fund Balances:						
Restricted for:						
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	1,038,338				1,038,338	
Excess Surplus - Current Year	1,592,412				1,592,412	1,038,338
Capital Reserve Account	304,728				304,728	300,000
Assigned to:						
Other Purposes	202,781				202,781	76,336
Designated by the BOE for Subsequent Year's Expenditures	1,244,354				1,246,841	1,572,258
Debt Service Fund				2,487 9,915	9,915	2,487
Unassigned:						
General Fund	1,008,487				1,008,487	1,014,529
Total Fund Balances	5,391,100			12,402	5,403,502	4,003,948
Total Liabilities & Fund Balances Balances	\$6,510,729	23,429	17,254	12,402		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$87,760,545 and the accumulated depreciation is \$22,017,260.	65,743,285	66,680,706
Unamortized Bond Issuance Costs	77,393	91,507
Unamortized Loss on Early Retirement of Debt	498,272	531,490
Unamortized Gain on Early Retirement of Debt	(69,236)	(103,854)
Accrued Interest not recorded in current financial statements	(423,510)	(451,531)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Illustrative Note5)	(32,074,150)	(33,639,964)
Net assets of Governmental Activities	\$39,155,556	37,112,302

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

**MEDFORD TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	GOVERNMENTAL FUND TYPES			TOTALS	
				(MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE PROJECTS	CAPITAL DEBT SERVICE	JUNE 30, 2012	JUNE 30, 2011
Revenues:					
Local Sources:					
Local Tax Levy	\$36,417,885		3,348,072	39,765,957	39,129,997
Miscellaneous	682,180	215		682,395	750,773
Total Revenues - Local Sources	37,100,065	215	3,348,072	40,448,352	39,880,770
State Sources	7,961,235	135,811		8,097,046	6,845,006
Federal Sources	192,767	822,495		1,015,262	802,633
Total Revenues	45,254,067	958,306	215 3,348,072	49,560,660	47,528,409
Expenditures:					
Current Expense:					
Instruction	17,111,218	711,433		17,822,651	17,192,773
Undistributed Expenditures	25,966,626	246,873		26,213,499	26,088,073
Capital Outlay	1,506,711			1,506,711	775,374
Special Schools	77,077			77,077	33,983
Debt Service			3,369,450	3,369,450	3,333,050
Total Expenditures	44,661,632	958,306	3,369,450	48,989,388	47,423,253
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	592,435		215 (21,378)	571,272	105,156
Other Financing Sources/(Uses):					
Operating Transfers (Out)/In			(215) 215		
Capital Leases (Nonbudget)	828,282			828,282	209,307
Total Other Financing Sources/ (Uses)	828,282		(215) 215	828,282	209,307
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures	1,420,717		(21,163)	1,399,554	314,463
Fund Balances July 1	3,970,383		33,565	4,003,948	3,689,485
Fund Balances June 30	\$5,391,100	-	- 12,402	5,403,502	4,003,948

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

**MEDFORD TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$1,399,554

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 by which capital outlays exceeded depreciation in the period:

Depreciation Expense	(\$2,133,778)	
Capital Outlays	<u>1,196,357</u>	(937,421)

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. 2,045,000

Bond issuance cost are reported in the Governmental Funds as Expenditures in the year of issuance. On the Statement of activities: Issuing Debt Increases Long-Term Liabilities:

Amortization of Bond Issuance Costs	(14,114)	
Amortization of Gain on Bond Refinancing	34,618	
Amortization of Loss on Bond Refinancing	<u>(33,218)</u>	(12,714)

Repayment of capital lease 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. 361,675

Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.

Prior year	451,531	
Current Year	<u>(423,510)</u>	28,021

Proceeds from a Capital Lease are reflected as a Funding Source in the Governmental Funds (828,282)

Increase of compensated absences 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. (12,579)

Change in Net Assets of Governmental Activities \$2,043,254

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

Proprietary Funds

MEDFORD TOWNSHIP BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

ASSETS	BUSINESS-TYPE	TOTALS	
	ACTIVITIES - ENTERPRISE FUNDS	(MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2012	JUNE 30, 2011
Current Assets:			
Cash & Cash Equivalents	\$175,786	175,786	137,977
Due from Other Governments	5,224	5,224	8,520
Interfunds Receivable			5,297
Inventories	13,833	13,833	16,841
Total Current Assets	194,843	194,843	168,635
Noncurrent Assets:			
Furniture, Machinery & Equipment	375,049	375,049	375,049
Less: Accumulated Depreciation	(349,615)	(349,615)	(341,679)
Total Noncurrent Assets	25,434	25,434	33,370
Total Assets	220,277	220,277	202,005
LIABILITIES			
Prepaid Meals	22,309	22,309	21,812
Accounts Payable	34,234	34,234	
Total Liabilities	56,543	56,543	21,812
NET ASSETS			
Investment in Capital Assets	25,434	25,434	33,370
Unrestricted	138,300	138,300	146,823
Total Net Assets	\$163,734	163,734	180,193

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

MEDFORD TOWNSHIP BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE		
	FUNDS	TOTALS	
	FOOD SERVICE	JUNE 30, 2012	JUNE 30, 2011
		(MEMORANDUM ONLY)	
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$377,103	377,103	383,603
Daily Sales - Nonreimbursable Programs	334,514	334,514	328,195
Total Operating Revenues	711,617	711,617	711,798
Operating Expenses:			
Salaries	405,466	405,466	343,350
Supplies & Materials	60,739	60,739	49,324
Liability Insurance	23,412	23,412	13,189
Miscellaneous	15,882	15,882	34,197
Equipment Maintenance			3,501
Management Fee	50,471	50,471	40,772
Depreciation Expense	7,936	7,936	9,183
Cost of Sales	330,804	330,804	374,314
Total Operating Expenses	894,710	894,710	867,830
Operating Income/Loss)	(183,093)	(183,093)	(156,032)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	7,820	7,820	8,657
Federal Sources:			
National School Lunch Program	110,497	110,497	97,377
Special Milk Program	1,956	1,956	1,544
Food Distribution Program	43,310	43,310	44,698
Interest Revenue	3,051	3,051	2,953
Total Nonoperating Revenues/(Expenses)	166,634	166,634	155,229
Change in Net Assets	(16,459)	(16,459)	(803)
Total Net Assets - Beginning	180,193	180,193	180,996
Total Net Assets - Ending	\$163,734	163,734	180,193

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

**MEDFORD TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2012
 (With Comparative Totals for June 30, 2011)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS	
		(MEMORANDUM ONLY)	
		JUNE 30, 2012	JUNE 30, 2011
Cash Flows From Operating Activities:			
Receipts from Customers	\$717,411	717,411	710,019
Payments to Suppliers	(849,532)	(849,532)	(881,687)
Net Cash Provided/(Used) by Operating Activities	(132,121)	(132,121)	(171,668)
Cash Flows From Noncapital Financing Activities:			
State Sources	8,587	8,587	8,288
Federal Sources	158,292	158,292	143,853
Net Cash Provided/(Used) by Noncapital Financing Activities	166,879	166,879	152,141
Cash Flows From Investing Activities:			
Interest Earnings	3,051	3,051	2,953
Net Cash Provided/(Used) by Investing Activities	3,051	3,051	2,953
Net Increase/(Decrease) in Cash & Cash Equivalents	37,809	37,809	(16,574)
Balances - Beginning of Year	137,977	137,977	154,551
Balances - End of Year	\$175,786	175,786	137,977

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	(\$183,093)	(183,093)	(156,032)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	7,936	7,936	9,183
(Increase)/Decrease in Interfund Receivable	5,297	5,297	(5,297)
Increase/(Decrease) in Prepaid	497	497	3,518
(Increase)/Decrease in Inventory	3,008	3,008	1,871
(Increase)/Decrease in Accounts Payable	34,234	34,234	(24,911)
Total Adjustments	50,972	50,972	(15,636)
Net Cash Provided/(Used) by Operating Activities	(\$132,121)	(132,121)	(171,668)

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

Fiduciary Fund



MEDFORD TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

ASSETS	PRIVATE PURPOSE				TOTALS	
	UNEMPLOYMENT		AGENCY		(MEMORANDUM ONLY)	
	COMPENSATION TRUST	SCHOLARSHIP FUND	STUDENT PAYROLL ACTIVITY	AGENCY	JUNE 30, 2012	JUNE 30, 2011
Cash & Cash Equivalents	\$66,356	15,256	292,553	286,423	660,588	678,146
Interfund Receivable				3,075	3,075	35,220
Total Assets	66,356	15,256	292,553	289,498	663,663	713,366
LIABILITIES						
Interfund Payables						16,130
Payroll Deductions & Withholdings				289,498	289,498	215,611
Due to Student Groups			292,553		292,553	322,898
Total Liabilities			292,553	289,498	582,051	554,639
NET ASSETS						
Held in Trust for Unemployment Claims & Other Purposes	66,356				66,356	142,592
Reserved for Scholarships		15,256			15,256	16,135
Total Net Assets	\$66,356	15,256	-	-	81,612	158,727

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

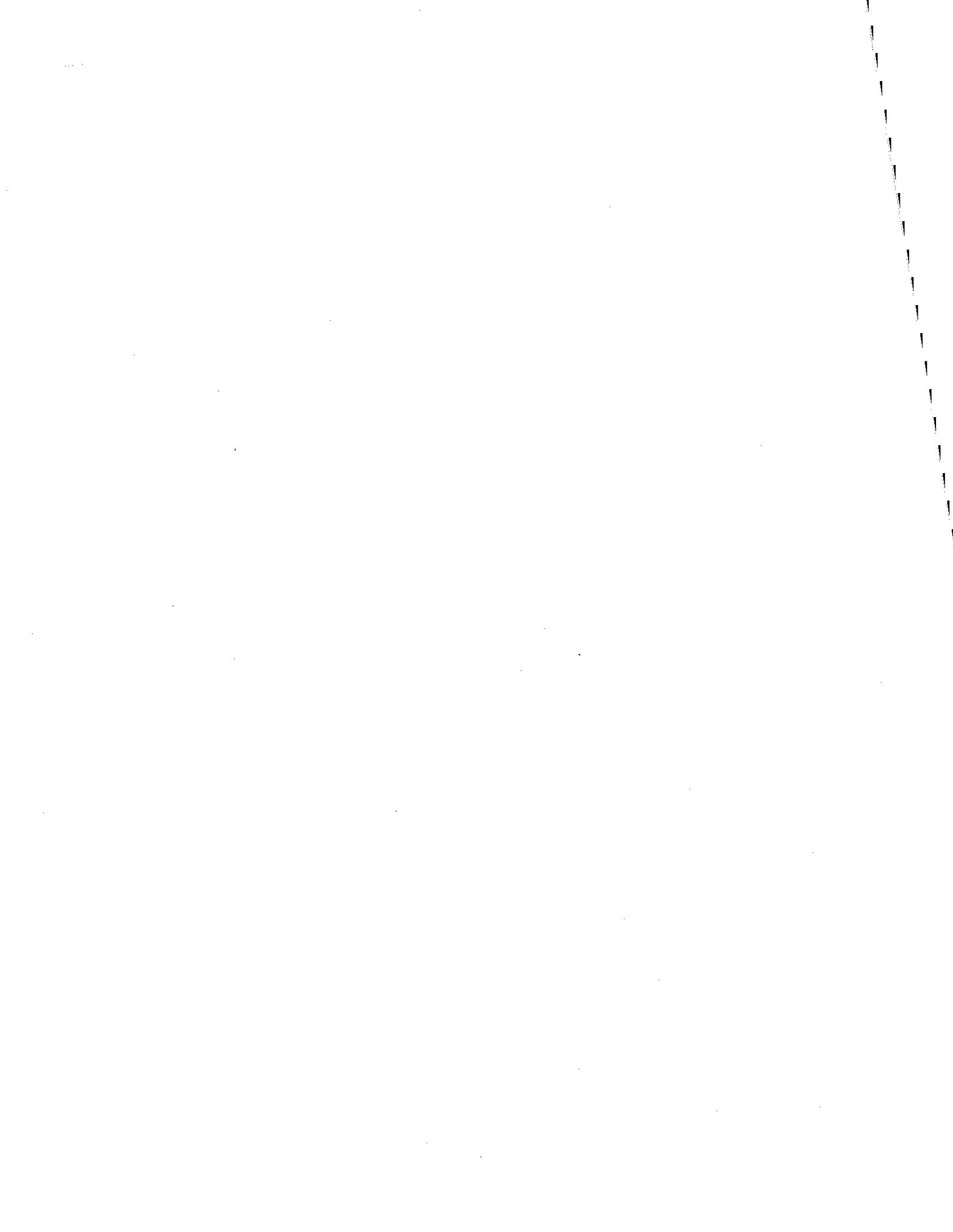
**MEDFORD TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

ADDITIONS	PRIVATE PURPOSE		TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND	JUNE 30, 2012	(MEMORANDUM ONLY) JUNE 30, 2011
Contributions:				
Other	\$40,327		40,327	38,664
Total Contributions	40,327		40,327	38,664
Investment Earnings:				
Interest	1,589	221	1,810	2,847
Net Investment Earnings	1,589	221	1,810	2,847
Total Additions	41,916	221	42,137	41,511
DEDUCTIONS				
Quarterly Contribution Reports				
Unemployment Claims	118,152		118,152	165,654
Scholarships		1,100	1,100	1,100
Total Deductions	118,152	1,100	119,252	166,754
Change in Net Assets	(76,236)	(879)	(77,115)	(125,243)
Net Assets - Beginning of the Year	142,592	16,135	158,727	283,970
Net Assets - End of the Year	\$66,356	15,256	81,612	158,727

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

**MEDFORD TOWNSHIP
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**



MEDFORD TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Medford Township Board of Education have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District has implemented these standards for the fiscal year-ending June 30, 2003. With the implementation of GASB Statement 34, the District has prepared required supplementary information titled *Management’s Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 - *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures*, Statement 44 – *Economic Condition Reporting – The Statistical Section* and Statement 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2012 and for the year then ended with comparative totals as of and for the year ended June 30, 2011 (Memorandum Only).

A. Reporting Entity:

The Medford Township Board of Education is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The operations of the District include five elementary schools located in Medford Township. The Medford Township Board of Education has an approximate enrollment at June 30, 2012 of 3,017 students.

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

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the District holds the corporate powers of the organization;
- ◆ the District appoints a voting majority of the organization’s board;

MEDFORD TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 1. Summary of Significant Accounting Policies (continued):

- ◆ the District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District.

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

B. District-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-Wide Financial Statements – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MEDFORD TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies (continued):

Governmental Fund Financial Statements – 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 current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

D. Fund Accounting:

The accounts of the Medford Township Board of Education are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into seven fund types within three broad fund categories.

Governmental Funds

General Fund - The general fund is the general operating fund of the Medford Township Board of Education and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education Medford Township Board of Education 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, interest earnings 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

MEDFORD TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 1. Summary of Significant Accounting Policies (continued):

D. Fund Accounting (continued):

and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations 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).

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 Fund

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

Enterprise - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

MEDFORD TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies (continued):

D. Fund Accounting (continued):

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line-method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	5 Years
Light Trucks & Vehicle	5 Years
Heavy Trucks & Vehicle	5 Years

Fiduciary Fund

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency funds

Private Purpose Trust Funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains an Unemployment Trust Fund as a private purpose trust.

Agency Funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity's own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

E. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

MEDFORD TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies (continued):

E. Basis of Accounting (continued):

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, private purpose trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the Medford Township Board of Education follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Medford Township Board of Education's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and private purpose trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

F. 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 and are voted upon at the annual school election on the third Tuesday in April. Effective January 17, 2012, P.L.2011 c.202 eliminated the annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6:20-2A(m)1*. All budget amendments must be approved by School Board resolution.

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.

MEDFORD TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies (continued):

F. Budgets/Budgetary Control (continued):

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.

The budget, as detailed on Exhibit C-1, includes all amendments to the adopted budget, if any.

The following presents a reconciliation of the special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types:

**Notes to Required Supplementary Information
Budgetary Comparison Schedule**

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$45,343,145	\$958,306
Difference – Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	273,939	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>(363,017)</u>	<u> </u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$45,254,067</u>	<u>\$958,306</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$44,661,632</u>	<u>\$958,306</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$44,661,632</u>	<u>\$958,306</u>

MEDFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies (continued):

G. Encumbrances

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 Medford Township Board of Education 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.

H. Cash and Cash Equivalents

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.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 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.

MEDFORD TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 1. Summary of Significant Accounting Policies (continued):

I. Tuition Receivable/Payable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2012, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2009-2010 & 2010-2011 have been established. According to the School District's records, these amounts of adjustments are immaterial to the financial statements.

J. Inventories & Prepaid Expenses

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditures during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

K. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Medford Township Board of Education and that are due within one year.

L. Fixed Assets:

General fixed assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Fixed assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed were valued by an independent appraisal company. General fixed assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital

MEDFORD TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 1. Summary of Significant Accounting Policies (continued):

assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Machinery & Equipment	3 – 20 Years
Building & Other Improvements	7 – 60 Years

M. Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2012 for such salaries.

N. Compensated Absences

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

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

O. Deferred Revenue

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned.

P. Long-term Obligations

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

Q. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

MEDFORD TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 1. Summary of Significant Accounting Policies (continued):

R. Subsequent Events

Medford Township Board of Education has evaluated subsequent events occurring after June 30, 2012 through the date of September 24, 2012, which is the date the financial statements were available to be issued.

In accordance with State of New Jersey statutes, the fund balance to be utilized in the subsequent year budget is not legally restricted and therefore has been classified as fund balance designated for subsequent year's expenditures and is not reserved.

Note 2. Cash and Cash Equivalents

The District is governed by the deposit limitations of New Jersey state law. The Deposits held at June 30, 2012 and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$6,803,948</u>
Total Deposits	<u>\$6,803,948</u>
The District's Cash & Cash Equivalents are Reported as Follows:	
Governmental Activities	\$5,967,574
Business-Type Activities	175,786
Fiduciary Fund	<u>660,588</u>
Total Cash & Cash Equivalents	<u>\$6,803,948</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does have a deposit policy for custodial credit risk. As of June 30, 2012, the District's bank balance of \$7,264,909 was insured or collateralized as follows:

Insured	\$ 260,113
Collateralized in the District's Name Under GUDPA (See Note 3)	<u>7,004,796</u>
Total	<u>\$7,264,909</u>

MEDFORD TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The District has deposited cash in 2012 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding

valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the

MEDFORD TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):

Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The District should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

Note 4. Fixed Assets

The following schedule is a summarization of the general fixed assets by source for the fiscal year ended June 30, 2012:

	June 30, 2011	Additions	Transfer	June 30, 2012
Land	\$ 5,708,019		\$ -	\$ 5,708,019
Buildings & Building Improvements	71,390,786			71,390,786
Vehicles	4,678,157			4,678,157
Machinery & Equipment	4,787,226	\$1,196,357		<u>5,983,583</u>
Subtotal	86,564,188	1,196,357		87,760,545
Accumulated Depreciation	<u>(19,883,482)</u>	<u>(2,133,778)</u>		<u>(22,017,260)</u>
Total	<u>\$66,680,706</u>	<u>\$ (937,421)</u>	<u>\$ -</u>	<u>\$65,743,285</u>

The following schedule is a summarization of the proprietary fund fixed assets recorded at historical cost by source for the fiscal year ended June 30, 2012:

	June 30, 2011	Additions	Deletions	June 30, 2012
Machinery & Equipment	\$375,049		\$ -	\$375,049
Less: Accumulated Depreciation	<u>(341,679)</u>	<u>\$(7,936)</u>		<u>(349,615)</u>
Net Fixed Assets	<u>\$ 33,370</u>	<u>\$(7,936)</u>	<u>\$ -</u>	<u>\$ 25,434</u>

MEDFORD TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 5. Long-Term Debt

During the fiscal year-ended June 30, 2012 the following changes occurred in liabilities reported as long-term debt:

	Balance 6/30/11	Issued	Retired	Balance 6/30/12	Due Within One Year
Compensated Absences Payable	\$ 1,606,828	\$ 12,579		\$ 1,619,407	
Capital Leases Payable	728,136	828,282	\$ (361,675)	1,194,743	\$ 400,455
Bonds Payable	<u>31,305,000</u>		<u>(2,045,000)</u>	<u>29,260,000</u>	<u>2,195,000</u>
 Total	 <u>\$33,639,964</u>	 <u>\$840,861</u>	 <u>\$(2,406,675)</u>	 <u>\$32,074,150</u>	 <u>\$2,595,455</u>

A. Bonds Payable:

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The Board of Education currently has no outstanding bonds.

Principal and Interest due on the outstanding bonds is as follows:

Year-Ending June 30,	Principal	Interest	Total
2013	\$ 2,195,000	\$ 1,246,287	\$ 3,441,287
2014	2,250,000	1,144,112	3,394,112
2015	2,290,000	1,039,513	3,329,513
2016	1,690,000	928,287	2,618,287
2017	1,770,000	852,237	2,622,237
2018-2022	9,590,000	3,151,388	12,741,388
2023-2027	<u>9,475,000</u>	<u>1,198,753</u>	<u>10,673,753</u>
 Total	 <u>\$29,260,000</u>	 <u>\$ 9,560,577</u>	 <u>\$38,820,577</u>

At June 2012, bonds payable consisted of the following individual issues:

Purpose	Maturities	Interest Rate	Balance
2006-Refunding Bond Issue	3/1/2012-27	4.50%-5.0%	\$27,255,000
2008-Refund Bond Issue	2/1/2010-15	4.0%-5.0%	<u>2,005,000</u>
 Total			 <u>\$29,260,000</u>

MEDFORD TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 5. Long-Term Debt (continued):

2006 Bond Refunding

\$28,710,000 of Refunding Bond, Series 2006, dated February 7, 2006 were issued to provide funds to 1) advance refund and redeem on March 1, 2011, \$27,896,000 of School District callable School Bonds,

Series 2002, maturing March 1, 2012 through March 1, 2027 and pay costs and expenses related to the issuance. The refunding program will save the School District \$1,350,096 in debt services over the life of the Refunding Bonds. This is the equivalent of \$966,173 in net present value savings or 3.47% of the outstanding principal of the refunded bonds.

2008 Refunding Issue

\$4,380,000 of Refunding Bonds, Series 2008, dated January 24, 2008 were issued to advance refund \$5,745,000 of prior bonds, Series of 1998, dated May 1, 1998. The refunding program will save the School District \$239,775 in debt services over the life of the Refunding Bonds. This is the equivalent of \$209,161 in net present value savings or 3.064% of the outstanding principal of the refunded bonds.

B. Bonds Authorized But Not Issued:

As of June 30, 2012, the Board had no authorized but not issued bonds.

C. Obligations Under Capital Leases

The District is leasing capital items and equipment under capital leases. All capital leases are for terms of three to five years. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2012:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 400,455	\$37,560	\$ 438,015
2014	415,232	21,939	437,171
2015	217,499	9,415	226,914
2016	128,769	3,030	131,799
2017	<u>32,788</u>	<u>161</u>	<u>32,949</u>
Total	<u>\$1,194,743</u>	<u>\$72,105</u>	<u>\$1,266,848</u>

MEDFORD TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

Note 5. Long-Term Debt (continued):

Lease Obligations – At June 30, 2012, the Board of Education had lease agreements in effect for the following:

Capital:

Copy Machines
Computers

Document Storage System
Buses

Note 6. Pension Plans

Plan Descriptions - 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, P.O. Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established in January 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 noncontributing 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 in January 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 of 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 55 and are generally determined to be 1/55 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

MEDFORD TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

Note 6. Pension Plans (continued):

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.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Significant Legislation below.

Significant Legislation – During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) 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 ½ 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 District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

MEDFORD TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 6. Pension Plans (continued):

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

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 6.5%, effective October 1, 2011, of employees' annual compensation, as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$691,624	100%	\$ -0-
6/30/11	650,996	100%	-0-
6/30/10	567,812	100%	-0-

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
6/30/12	\$1,815,519	100%	\$ -0-
6/30/11	1,237,018	100%	-0-
6/30/10	1,221,025	100%	-0-

During the year ended June 30, 2012 the State of New Jersey contributed \$1,815,519 to the TPAF for normal 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 \$1,352,201 for the year ended June 30, 2012 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 basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

MEDFORD TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

Note 7. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 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 prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

Note 8. 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, student accident 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 their 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 School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District's expendable trust fund for the current and previous two years:

Fiscal Year	District Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2011-2021	\$40,327	\$1,589	\$118,152	\$ 66,356
2010-2011	38,664	2,599	171,803	142,592
2009-2010	43,834	3,368	50,442	266,983

MEDFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

Note 9. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2012 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Note 10. Economic Dependency

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

Note 11. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2012:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 4,852	\$ 3,075
Debt Service	12,402	
Capital Projects		17,254
Trust & Agency Fund	<u>3,075</u>	<u> </u>
Total	<u>\$20,329</u>	<u>\$20,329</u>

The purpose of interfunds are for short-term borrowings.

Note 12. GASB #54 -- Fund Balance Disclosures

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Medford Township School District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.

MEDFORD TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 12. GASB #54 – Fund Balance Disclosures (continued):

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

General Fund – of the \$5,391,100 General Fund fund balance at June 30, 2012, \$304,728 has been restricted for the Capital Reserve Account; \$1,038,338 is restricted for excess surplus designated for subsequent years expenditures; \$1,592,412 is restricted for excess surplus; \$1,244,354 is assigned to designated by the Board of Education for subsequent year’s expenditures, \$202,781 is assigned to other purposes and \$1,008,487 is unassigned.

Note 13. Deferred Compensation

The Board offers its employees a choice of the following deferred compensation plans 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:

Lincoln Investment	American Express
Vanguard Fiduciary	The Equitable

Note 14. Compensated Absences

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave

MEDFORD TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 14. Compensated Absences (continued):

benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2012 is \$1,619,407.

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, 2012 no liability existed for compensated absences in the proprietary fund types.

Note 15. Joint Insurance Fund

The District participates in the Burlington County Insurance Pool Joint Insurance Fund (BCIPJIF), public entity risk pool. Coverage under this joint plan offers workers' compensation, boiler and machinery, automobile liability, general liability, property, crime and school board legal liability coverage. The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies.

No contingency provision has been made in these financial statements as no deficiencies occurred as of June 30, 2012 for the joint insurance pool.

Note 16. 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 Restricted Fund Balance – Excess Surplus – Current Year is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$1,592,412.

Note 17. Deferred Bond Issuance Cost

In governmental funds, bond issuance costs and the loss or gain on refinancing are recognized in the current period. For district-wide financial statements, debt issuance and refinancing costs are amortized over the life of the original issue or refunding issue, whichever is larger. The cost associated with the

MEDFORD TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

Note 17. Deferred Bond Issuance Cost (continued):

2006 Refunding Issue was \$83,201 and the loss on the Refunding was \$730,799. Amortized costs for the 2010-2011 school year were \$3,782 and \$33,218 respectively. The cost associated with the 2008 Refunding Issue was \$72,327 and the gain on the Refunding was \$242,327. Amortized costs for the 2011-2012 school year was \$10,332. The amortized gain for the 2011-2012 school year was \$34,618.

Note 18. Capital Reserve

A capital reserve account was established by the Medford Township Board of Education by the transfer of \$300,000 from General Fund fund balance in June of 2011 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 *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$300,000
Interest Earnings	<u>4,728</u>
Ending Balance, June 30, 2012	<u>\$304,728</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects at June 30, 2012 is \$9,455,000.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

**MEDFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE (NEGATIVE)	JUNE 30, 2011				POSITIVE (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Revenues:											
Local Sources:											
Local Tax Levy	10-121-000-000	\$36,417,885		36,417,885	36,417,885		36,046,947		36,046,947	36,046,947	
Miscellaneous	10-100-000-000	667,245		667,245	682,180	14,935	647,245		647,245	748,286	101,041
Total Local Sources		37,085,130		37,085,130	37,100,065	14,935	36,694,192		36,694,192	36,795,233	101,041
State Sources:											
Categorical Special Education Aid	10-313-000-000	1,580,619		1,580,619	1,580,619		735,521	845,098	1,580,619	1,580,619	
Equalization Aid	10-317-600-000	2,286,885		2,286,885	2,688,221	401,336	2,688,221	(845,098)	1,843,123	1,843,123	
Security Aid	10-317-700-000				42,425	42,425					
Non-Public Transportation Aid	10-3xx				8,178	8,178				8,058	8,058
Extraordinary Aid	10-3190				550,013	550,013				473,522	473,522
Other State Aid:											
Homeless Reimbursement	10-3xx				9,565	9,565					
Anti-Bullying	10-3xx				3,572	3,572					
Nonbudgeted:											
On-Behalf TPAF Pension Contributions					1,815,519	1,815,519				1,237,018	1,237,018
Reimbursed TPAF Social Security Contributions					1,352,201	1,352,201				1,374,879	1,374,879
Total State Sources		3,867,504		3,867,504	8,050,313	4,182,809	3,423,742		3,423,742	6,517,219	3,093,477
Federal Sources:											
Education Jobs Fund	18-4522	186,911	5,856	192,767	192,767						
Total Federal Sources		186,911	5,856	192,767	192,767						
Total Revenues		41,139,545	5,856	41,145,401	45,343,145	4,197,744	40,117,934		40,117,934	43,312,452	3,194,518

52

**MEDFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE	JUNE 30, 2011				POSITIVE
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	(NEGATIVE) FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	(NEGATIVE) FINAL TO ACTUAL
Current Expense:											
Instruction - Regular Programs:											
Salaries of Teachers:											
Preschool/Kindergarten	11-110-100-101	404,261	(137,000)	267,261	266,917	344	360,258	40,000	400,258	355,978	44,280
Grades 1 - 5	11-120-100-101	6,735,609	(91,237)	6,644,372	6,611,320	33,052	6,793,267	102,000	6,895,267	6,834,135	61,132
Grades 6 - 8	11-130-100-101	4,386,859	(74,064)	4,312,795	4,295,854	16,941	4,596,034	(253,600)	4,342,434	4,239,581	102,853
Home Instruction:											
Salaries of Teachers	11-150-100-101	1,000		1,000	540	460	2,000		2,000		2,000
Regular Programs - Undistributed Instruction:											
Other Salaries for Instruction	11-190-100-106	45,000	2,000	47,000	46,649	351	102,580	(70,000)	32,580	14,151	18,429
Purchased Professional - Educational Services	11-190-100-320		2,267	2,267		2,267		20,600	20,600	18,334	2,266
Other Purchased Services	11-190-100-500	38,640	(5,657)	32,983	24,531	8,452	45,480	(5,000)	40,480	16,052	24,428
General Supplies	11-190-100-610	510,320	(7,703)	502,617	434,800	67,817	605,623	(13,056)	592,567	305,024	287,543
Textbooks	11-190-100-640	15,340	(664)	14,676	12,637	2,039	7,540	56	7,596	1,377	6,219
Other Objects	11-190-100-800	27,250	7,101	34,351	5,043	29,308	61,075	(17,388)	43,687	24,045	19,642
Total Regular Programs		12,164,279	(304,957)	11,859,322	11,698,291	161,031	12,573,857	(196,388)	12,377,469	11,808,677	568,792
Special Education:											
Learning and/or Language Disabilities:											
Salaries of Teachers	11-204-100-101	856,800	30,000	886,800	856,603	30,197	792,303	85,986	878,289	878,289	
Other Salaries for Instruction	11-204-100-106	440,758	80,000	520,758	508,176	12,582	395,758	74,112	469,870	469,870	
General Supplies	11-204-100-610						1,000		1,000		1,000
Total Learning and/or Language Disabilities		1,297,558	110,000	1,407,558	1,364,779	42,779	1,189,061	160,098	1,349,159	1,348,159	1,000
Multiple Disabilities:											
Salaries of Teachers	11-212-100-101	401,956	104,644	506,600	499,916	6,684	397,976	27,294	425,270	425,270	
Other Salaries for Instruction	11-212-100-106	253,670	80,356	334,026	327,442	6,584	278,670	(1,094)	277,576	274,458	3,118
General Supplies	11-212-100-610	500		500		500					
Textbooks	11-212-100-640						500		500		500

53

**MEDFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE (NEGATIVE)	JUNE 30, 2011				POSITIVE (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Total Multiple Disabilities:	656,126	185,000	841,126	827,358	13,768	677,146	26,200	703,346	699,728	3,618	
Resource Room:											
Salaries of Teachers	11-213-100-101	1,455,363	15,000	1,470,363	1,463,054	7,309	1,433,855	(65,636)	1,368,219	1,352,288	15,931
Other Salaries for Instruction	11-213-100-106	611,360	85,190	696,550	692,198	4,352	804,291	(119,524)	684,767	665,516	19,251
Purchased Professional - Educational Services	11-213-100-320	261,400	215,310	476,710	418,562	58,148	260,000	277,038	537,038	537,038	
General Supplies	11-213-000-610	4,275		4,275	2,762	1,513	5,325	350	5,675	3,221	2,454
Total Resource Room		2,332,398	315,500	2,647,898	2,576,576	71,322	2,503,471	92,228	2,595,699	2,558,063	37,636
Preschool Handicapped - Part-Time:											
Salaries of Teachers	11-215-100-101	178,271	4,117	182,388	182,044	344	174,775	595	175,370	175,370	
Other Salaries for Instruction	11-215-100-106	44,100	35,000	79,100	77,299	1,801	66,491	(595)	65,896	64,010	1,886
General Supplies	11-215-100-600						2,000	(2,000)			
Other Objects	11-215-100-800		5,383	5,383	5,383		1,700	(1,402)	298	298	
Total Preschool Handicapped -Part-Time		222,371	44,500	266,871	264,726	2,145	244,966	(3,402)	241,564	239,678	1,886
Home Instruction:											
Purchased Professional - Educational Services	11-219-100-320						3,300	(3,300)			
Total Home Instruction							3,300	(3,300)			
Total Special Education		4,508,453	655,000	5,163,453	5,033,439	130,014	4,617,944	271,824	4,889,768	4,845,628	44,140
Basic Skills/Remedial:											
Salaries of Teachers	11-230-100-101	275,400	59,500	334,900	327,081	7,819	345,395	(45,589)	299,806	295,556	4,250
General Supplies	11-230-100-610	11,825	841	12,666	10,232	2,434	16,075		16,075	9,134	6,941
Total Basic Skills/Remedial		287,225	60,341	347,566	337,313	10,253	361,470	(45,589)	315,881	304,690	11,191
School Sponsored Cocurricular Activities:											
Salaries	11-401-100-100	33,868	19,034	52,902	16,585	36,317	21,114	1,000	22,114		22,114
Supplies and Materials	11-401-100-600	3,000	(2,150)	850		850	4,500		4,500	1,021	3,479

54

**MEDFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE (NEGATIVE)	JUNE 30, 2011				POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Total School Sponsored Cocurricular Activities	36,868	16,884	53,752	16,585	37,167	25,614	1,000	26,614	1,021	25,593
School Sponsored Athletics - Instruction:										
Salaries 11-402-100-100	20,156	21,200	41,356	12,742	28,614	17,578		17,578		17,578
Purchased Services 11-402-100-500	10,000	(200)	9,800	9,666	134	10,000		10,000	1,758	8,242
Supplies and Materials 11-402-100-600	6,500	(2,800)	3,700	2,882	818	9,000		9,000	5,897	3,103
Total School Sponsored Athletics - Instruction	36,656	18,200	54,856	25,290	29,566	36,578		36,578	7,655	28,923
Other Instructional Programs										
Salaries 11-4xx-100-100	15,614	(10,084)	5,530		5,530	17,205		17,205	820	16,385
Supplies and Materials 11-4xx-100-600	7,500	(4,500)	3,000	300	2,700	7,500	(1,000)	6,500	4,000	2,500
Total Other Instructional Programs	23,114	(14,584)	8,530	300	8,230	24,705	(1,000)	23,705	4,820	18,885
Total - Instruction	17,056,595	430,884	17,487,479	17,111,218	376,261	17,640,168	29,847	17,670,015	16,972,491	697,524
Undistributed Expenditures:										
Tuition										
Tuition to Other LEA'S Within State - Special 11-000-100-562	2,500	100,138	102,638	95,976	6,662	133,500	(130,191)	3,309	3,309	
Tuition to CSSD & Regular Day Schools 11-000-100-565	965,255	(73,071)	892,184	890,850	1,334	445,000	502,071	947,071	933,963	13,108
Tuition to Private School for Handicapped - State 11-000-100-566	662,235	(172,841)	489,394	455,374	34,020	689,265	(273,378)	415,887	414,113	1,774
Tuition to Private School for Handicapped - Outside State 11-000-100-567	37,835	(2,670)	35,165	30,750	4,415	41,275	(11,925)	29,350	29,350	
Tuition - Other 11-000-100-569		30,059	30,059	30,004	55	4,500	(4,500)			
Total Tuition	1,667,825	(118,385)	1,549,440	1,502,954	46,486	1,313,540	82,077	1,395,617	1,380,735	14,882
Attendance & Social Work Services:										
Salaries 11-000-211-100	5,585	8,250	13,835	13,830	5	6,356	(1,000)	5,356	4,914	442

55

**MEDFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE (NEGATIVE)	JUNE 30, 2011				POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Total Attendance & Social Work Services	5,585	8,250	13,835	13,830	5	6,356	(1,000)	5,356	4,914	442
Health Services:										
Salaries	507,037	6,348	513,385	513,385		513,550	(2,925)	510,625	507,697	2,928
Purchased Professional & Technical Services	600		600	595	5	600	(5)	595	595	
Other Purchased Services		473	473	473		1,900	(1,480)	420	420	
Supplies and Materials	10,000	(1,870)	8,130	6,359	1,771	12,000	(4,356)	7,644	7,643	1
Total Health Services	517,637	4,951	522,588	520,812	1,776	528,050	(8,766)	519,284	516,355	2,929
Other Support Services - Students - Related Services:										
Salaries	552,687	(1,120)	551,567	547,662	3,905	547,215	(1,257)	545,958	541,027	4,931
Purchased Technical Services	260,000	139,778	399,778	375,110	24,668	284,800	59,403	344,203	342,649	1,554
Supplies and Materials						3,000	(3,000)			
Other Objects						1,600	(1,600)			
Total Other Support Services - Students - Related Services	812,687	138,658	951,345	922,772	28,573	836,615	53,546	890,161	883,676	6,485
Other Support Services - Students - Regular:										
Salaries of Other Professional Staff	599,634	31,500	631,134	614,925	16,209	611,634	(15,000)	596,634	596,271	363
Other Purchased Professional & Technical Services	8,500	671	9,171	8,920	251	8,500	301	8,801	5,405	3,396
Other Purchased Services						1,800	(1,800)			
Supplies and Materials	8,275	(777)	7,498	3,295	4,203	9,670	(6,255)	3,415	1,830	1,585
Total Other Support Services - Students - Special Services	616,409	31,394	647,803	627,140	20,663	631,604	(22,754)	608,850	603,506	5,344

56

**MEDFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE (NEGATIVE)		JUNE 30, 2011				POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Other Support Services - Students - Special Services:											
Salaries of Other Professional Staff	11-000-219-104	952,293	40,798	993,091	888,704	104,387	956,543	(52,130)	904,413	860,004	44,409
Other Purchased Educational Services	11-000-219-320	50,000	54,762	104,762	96,286	8,476	80,500	(42,730)	37,770	35,515	2,255
Supplies and Materials	11-000-219-600	7,500	2,000	9,500	9,492	8	10,000	(5,984)	4,016	3,841	175
Total Other Support Services - Students - Special Services		1,009,793	97,560	1,107,353	994,482	112,871	1,047,043	(100,844)	946,199	899,360	46,839
Improvement of Instruction Services/Other Support Services - Instruction Staff:											
Salaries of Supervisors of Instruction	11-000-221-102	530,586	(31,332)	499,254	462,868	36,386	455,317	77,880	533,197	529,725	3,472
Other Salaries	11-000-221-110	6,800	33,132	39,932	39,537	395	24,000	(10,000)	14,000	11,849	2,151
Other Purchased Educational Services	11-000-221-320		66,646	66,646	66,646						
Other Purchased Services	11-000-221-500	9,850	(2,855)	6,995	5,656	1,339	23,575	(1,298)	22,277	9,135	13,142
Total Improvement of Instruction Services/Other Support Services Instructional Staff		547,236	65,591	612,827	574,707	38,120	502,892	66,582	569,474	550,709	18,765
Educational Media Services/School Library:											
Salaries	11-000-222-100	318,690		318,690	307,857	10,833	325,535	(10,000)	315,535	307,559	7,976
Supplies and Materials	11-000-222-600	48,950	338	49,288	46,146	3,142	65,532	19,662	85,194	65,776	19,418
Total Educational Media Services/School Library		367,640	338	367,978	354,003	13,975	391,067	9,662	400,729	373,335	27,394
Instructional Staff Training Services:											
Salaries of Supervisors of Instruction	11-000-223-102	3,000		3,000	963	2,037	5,000	(2,000)	3,000	2,328	672
Total Instructional Staff Training Services		3,000		3,000	963	2,037	5,000	(2,000)	3,000	2,328	672

57

**MEDFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE (NEGATIVE)	JUNE 30, 2011				POSITIVE (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Support Services General Administration:											
Salaries	11-000-230-100	336,187	(4,185)	332,002	302,881	29,121	360,900		360,900	324,775	36,125
Legal Services	11-000-230-331	45,000	47,000	92,000	90,811	1,189	45,000	16,787	61,787	61,787	
Audit fees	11-000-230-332	29,500		29,500	26,800	2,700	29,500		29,500	26,100	3,400
Architectural/Engineering Services	11-000-230-334	25,000	(23,979)	1,021		1,021	35,000	(16,187)	18,813	2,612	16,201
Other Purchased Professional Services	11-000-230-339	31,450	13,977	45,427	34,685	10,742	39,000	6,400	45,400	36,079	9,321
Communications/Telephone	11-000-230-530	185,000	9,608	194,608	194,123	485	185,000	10,000	195,000	189,077	5,923
Travel	11-000-230-585	1,000		1,000	89	911	2,500		2,500	6	2,494
Other Purchased Services	11-000-230-590	63,548	8,454	72,002	67,399	4,603	62,390	(17,000)	45,390	35,413	9,977
Supplies and Materials	11-000-230-610	16,693	76	16,769	8,397	8,372	26,350		26,350	10,779	15,571
In House Training Supplies	11-000-230-630	1,325		1,325	241	1,084	2,850		2,850		2,850
Miscellaneous Expenditures	11-000-230-890	36,224	(25,475)	10,749	4,697	6,052	36,500	(6,000)	30,500	11,910	18,590
BOE Membership Dues	11-000-230-895	24,036	(3,000)	21,036	20,685	351	23,565		23,565	20,685	2,880
Total Support Services General Administration		794,963	22,476	817,439	750,808	66,631	848,555	(6,000)	842,555	719,223	123,332
Support Services School Administration:											
Salaries of Principals & Assistant Principals	11-000-240-103	900,845	66,500	967,345	954,747	12,598	919,260		919,260	906,974	12,286
Salaries of Secretarial & Clerical Assistants	11-000-240-105	676,549	78,867	755,416	755,416		696,549		696,549	641,641	54,908
Purchased Professional & Technical Services	11-000-240-300	10,575		10,575	4,905	5,670	9,500		9,500	4,690	4,810
Other Purchased Services	11-000-240-500	45,200	49,325	94,525	24,342	70,183	78,825	(40,364)	38,461	31,482	6,979
General Supplies	11-000-240-600	75,750	(1,176)	74,574	51,470	23,104	91,275	(9,195)	82,080	33,859	48,221
Other Objects	11-000-240-800	9,400	734	10,134	9,536	598	9,300	90	9,390	8,709	681
Total Support Services School Administration		1,718,319	194,250	1,912,569	1,800,416	112,153	1,804,709	(49,469)	1,755,240	1,627,355	127,885
Central Services:											
Salaries	11-000-251-100	544,541	24,000	568,541	559,269	9,272	579,160	(10,000)	569,160	535,851	33,309
Purchased Professional Services	11-000-251-330	14,250		14,250	8,700	5,550	14,250		14,250	8,450	5,800
Other Purchased Services	11-000-251-592	9,375		9,375	4,633	4,742	14,150		14,150	6,052	8,098
General Supplies	11-000-251-600	53,900	(13,736)	40,164	20,408	19,756	54,250		54,250	17,294	36,956
Miscellaneous Expenditures	11-000-251-890	6,125		6,125	3,662	2,463	10,375		10,375	1,250	9,125

58

**MEDFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE (NEGATIVE)	JUNE 30, 2011				POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Total Central Services	628,191	10,264	638,455	596,672	41,783	672,185	(10,000)	662,185	568,897	93,288
Administrative Information Technology:										
Salaries	241,070		241,070	215,196	25,874	241,070		241,070	212,893	28,177
Purchased Professional Services	30,500	17,000	47,500	35,744	11,756	30,500	(4,000)	26,500	16,832	9,668
Purchased Technical Services	18,000	(18,000)				20,000		20,000		20,000
Other Purchased Services	55,000	(18,371)	36,629	33,365	3,264	55,000		55,000	25,536	29,464
General Supplies	25,000		25,000	19,600	5,400	25,000	215	25,215	2,036	23,179
Total Administrative Information Technology	369,570	(19,371)	350,199	303,905	46,294	371,570	(3,785)	367,785	257,297	110,488
Maintenance for School Facilities:										
Salaries	381,187	2,000	383,187	357,729	25,458	491,998	(112,000)	379,998	349,634	30,364
Cleaning, Repair & Maintenance	223,850	32,249	256,099	183,876	72,223	226,140	1,987	228,127	67,719	160,408
General Supplies	208,500	(36,530)	171,970	106,520	65,450	212,500		212,500	212,500	
Total Maintenance for School Facilities	813,537	(2,281)	811,256	648,125	163,131	930,638	(110,013)	820,625	629,853	190,772
Custodial Services:										
Salaries	1,245,986	(78,000)	1,167,986	1,019,467	148,519	1,080,237	356,100	1,436,337	1,360,115	76,222
Salaries of Noninstructional Aides	472,753	83,500	556,253	553,273	2,980	360,953		360,953	360,953	
Cleaning, Repair & Maintenance Services	253,890	(82,127)	171,763	132,936	38,827	380,400	(114,795)	265,605	190,031	75,574
Other Purchased Property Services	100,000	36,297	136,297	136,297		100,000	10,000	110,000	109,898	102
Insurance	48,625		48,625	48,625		57,500	(21,301)	36,199	35,000	1,199
General Supplies	50,000	(15,278)	34,722	16,767	17,955	75,000	(25,086)	49,914	6,824	43,090
Energy (Heat & Electricity)	610,000	210,000	820,000	674,403	145,597	725,000	125,208	850,208	800,182	50,026
Energy (Natural Gas)	150,000	(50,000)	100,000	76,299	23,701	150,000		150,000	150,000	
Other Objects	7,500		7,500	3,697	3,803	7,500		7,500	2,310	5,190
Total Custodial Services	2,938,754	104,392	3,043,146	2,661,764	381,382	2,936,590	330,126	3,266,716	3,015,313	251,403

59

**MEDFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012					POSITIVE (NEGATIVE)	JUNE 30, 2011				POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Care & Upkeep of Grounds:											
Salaries	11-000-263-100	55,650		55,650	55,283	367	55,650		55,650	33,579	22,071
Cleaning, Repair & Maintenance Services	11-000-263-420	110,000	(10,000)	100,000	83,523	16,477	107,500		107,500	107,500	
General Supplies	11-000-263-610	25,000	(9,000)	16,000	12,530	3,470	25,000		25,000	25,000	
Total Care & Upkeep of Grounds		190,650	(19,000)	171,650	151,336	20,314	188,150		188,150	166,079	22,071
Security:											
Cleaning, Repair & Maintenance Services	11-000-266-420	50,000		50,000	41,654	8,346	50,000		50,000	33,292	16,708
General Supplies	11-000-266-610	20,000	(20,000)				25,000	(20,000)	5,000	5,000	
Total Security		70,000	(20,000)	50,000	41,654	8,346	75,000	(20,000)	55,000	38,292	16,708
Total Other Operating & Maintenance of Plant Services		4,012,941	63,111	4,076,052	3,502,879	573,173	4,130,378	200,113	4,330,491	3,849,537	480,954
Student Transportation Services:											
Salaries for Non-Instructional Aides	11-000-270-107	78,250	(78,250)				113,250	(25,000)	88,250	88,250	
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	1,168,696	197,153	1,365,849	1,323,297	42,552	1,167,468		1,167,468	1,059,252	108,216
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	409,158	(138,403)	270,755	257,522	13,233	407,005	2,153	409,158	323,241	85,917
Salaries for Pupil Transportation - (Other than Home & School)	11-000-270-162	65,307	41,683	106,990	106,990		65,307		65,307	45,421	19,886
Purchased Professional & Technical Services	11-000-270-390	26,000		26,000	21,337	4,663	24,000	6,500	30,500	27,863	2,637
Lease Purchase Payments - Buses	11-000-270-443	375,000	(170,000)	205,000	198,281	6,719	315,000	(68,611)	246,389	244,077	2,312
Contracted Services ESC & CTSA	11-000-270-503	175,095	115,000	290,095	282,503	7,592	109,500	106,594	216,094	209,652	6,442
Miscellaneous Purchased Services	11-000-270-593	67,500	(2,000)	65,500	58,085	7,415	74,500	(19,428)	55,072	51,507	3,565
Transportation Supplies	11-000-270-615	531,800	(58,000)	473,800	424,650	49,150	532,358	(74,961)	457,397	434,630	22,767
Miscellaneous Expenditures	11-000-270-800	4,650		4,650	2,670	1,980	4,650		4,650	3,235	1,415

**MEDFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE (NEGATIVE)	JUNE 30, 2011				POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Total Student Transportation Services	2,901,456	(92,817)	2,808,639	2,675,335	133,304	2,813,038	(72,753)	2,740,285	2,487,128	253,157
Student Transportation Services - Employee Benefits:										
Health Benefits 11-000-270-270	730,794		730,794	730,245	549	715,740		715,740	715,740	
Total Student Transportation Services - Employee Benefits	730,794		730,794	730,245	549	715,740		715,740	715,740	
Unallocated Benefits - Employee Benefits:										
Social Security Contributions 11-000-291-220	615,830	(167,894)	447,936	447,936		715,105	(76,401)	638,704	636,846	1,858
Other Retirement Contributions										
PERS 11-000-291-241	744,800	(51,055)	693,745	691,624	2,121	615,240	46,956	662,196	650,996	11,200
Unemployment Compensation 11-000-291-250	100,000	(50,000)	50,000		50,000	30,000		30,000	30,000	
Workmen's Compensation 11-000-291-260	223,805		223,805	223,228	577	205,450	(1,000)	204,450	204,044	406
Health Benefits 11-000-291-270	6,002,230	(326,407)	5,675,823	5,300,159	375,664	5,804,721	51,436	5,856,157	5,594,295	261,862
Tuition Reimbursement 11-000-291-280	92,152	(50,000)	42,152	37,876	4,276	92,152	(75,306)	16,846		16,846
Other Employee Benefits 11-000-291-290	338,150	(110,000)	228,150	226,160	1,990	301,254	(45,685)	255,569	215,568	40,001
Total Unallocated Benefits	8,116,967	(755,356)	7,361,611	6,926,983	434,628	7,763,922	(100,000)	7,663,922	7,331,749	332,173
Nonbudgeted:										
On-Behalf TPAF Pension Contributions				1,815,519	(1,815,519)				1,237,018	(1,237,018)
Reimbursed TPAF Social Security Contributions				1,352,201	(1,352,201)				1,374,879	(1,374,879)
Total Undistributed Expenditures	24,821,013	(349,086)	24,471,927	25,966,626	(1,494,699)	24,382,264	34,609	24,416,873	25,383,741	(966,868)
Total Expenditures - Current Expense	41,877,608	81,798	41,959,406	43,077,844	(1,118,438)	42,022,432	64,456	42,086,888	42,356,232	(269,344)
Capital Outlay - Equipment:										
Grade 6 - 8 12-130-100-730	2,000	(2,000)				1,000		1,000		1,000
Undistributed Expenditures:										
Instruction 12-000-100-730	176,360	(3,606)	172,754	159,245	13,509	170,160	7,200	177,360	135,492	41,868
Support Services - Students - Regular 12-000-210-730	5,000	(5,000)				15,000	(7,200)	7,800		7,800

**MEDFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE (NEGATIVE)	JUNE 30, 2011				POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Capital Outlay - Equipment (continued):										
Undistributed Expenditures (continued):										
General Administration	12-000-230-730						5,000		5,000	5,000
School Administration	12-000-240-730						1,230		1,230	1,230
Required Maintenance for School										
Facilities	12-000-261-730	10,000	(10,000)			35,000		35,000	2,120	32,880
Custodial Services	12-000-262-730	5,000	57,600	62,600	62,575	25	8,000	8,000	7,760	240
Security	12-000-266-730	10,000		10,000		10,000	15,000	15,000		15,000
Student Transportation - Noninstructional										
Equipment	12-000-270-732	7,500		7,500	6,000	1,500	11,500	11,500		11,500
Noninstructional Services	12-000-300-730						2,500	2,500		2,500
Total Equipment		215,860	36,994	252,854	227,820	25,034	264,390	264,390	145,372	119,018
Facilities Acquisition & Construction Services:										
Construction Services	12-000-400-450	10,000	1,825	11,825	855	10,970	15,000	15,000		15,000
Land & Improvement	12-000-400-710							9,700	9,700	9,700
Lease Purchase Agreement Principal Buildings Other Than Lease Purchase Agreement	12-000-400-721	260,000	(1,825)	258,175	248,387	9,788	275,000	275,000	260,968	14,032
Other Objects	12-000-400-800	176,000	(36,600)	139,400	139,400		209,000	(2,880)	206,120	43,948
		61,967		61,967	61,967		106,079	106,079	106,079	106,079
Total Facilities Acquisition & Construction Services		507,967	(36,600)	471,367	450,609	20,758	605,079	6,820	611,899	420,695
Total Capital Outlay		723,827	394	724,221	678,429	45,792	869,469	6,820	876,289	566,067
Assets Acquired Under Capital Leases (Nonbudgeted):										
Undistributed Expenditures:										
Instructional Equipment					828,282	(828,282)			209,307	(209,307)
Total Assets Acquired Under Capital Leases/ (Nonbudgeted)					828,282	(828,282)			209,307	(209,307)

62

**MEDFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE (NEGATIVE)	JUNE 30, 2011				POSITIVE (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Special Schools:											
Summer School - Instruction:											
Salaries of Teachers	13-422-100-101	62,800		62,800	62,800	60,480		60,480	32,318	28,162	
Other Salaries for Instruction	13-422-100-106	15,490		15,490	13,869	18,025	(76)	17,949	589	17,360	
General Supplies	13-422-100-610	1,000		1,000	408	1,000	76	1,076	1,076		
Total Summer School - Instruction		79,290		79,290	77,077	79,505		79,505	33,983	45,522	
Total Expenditures		42,680,725	82,192	42,762,917	44,661,632	(1,898,715)	42,971,406	71,276	43,042,682	43,165,589	(122,907)
Excess/(Deficiency) of Revenues Over/(Under)											
Expenditures Before Other Financing Sources/(Uses)		(1,541,180)	(76,336)	(1,617,516)	681,513	2,299,029	(2,853,472)	(71,276)	(2,924,748)	146,863	3,071,611
Other Financing Uses/(Sources):											
Capital Leases (Nonbudgeted)					828,282	828,282				209,307	209,307
Total Other Financing Sources/(Uses)					828,282	828,282				209,307	209,307
Excess/(Deficiency) of Revenues Over/(Under) After											
Expenditures & Other Financing Sources/(Uses)		(1,541,180)	(76,336)	(1,617,516)	1,509,795	3,127,311	(2,853,472)	(71,276)	(2,924,748)	356,170	3,280,918
Fund Balances, July 1		4,244,322		4,244,322	4,244,322		3,888,152		3,888,152	3,888,152	
Fund Balances, June 30		\$2,703,142	(76,336)	2,626,806	5,754,117	3,127,311	1,034,680	(71,276)	963,404	4,244,322	3,280,918

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:		
Excess Surplus		\$1,592,412
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures		1,038,338
Capital Reserve		304,728
Assigned Fund Balance:		
Reserve for Encumbrances		202,781
Designated for Subsequent Year's Expenditures		1,244,354
Unassigned Fund Balance		<u>1,371,504</u>
Subtotal		5,754,117
Reconciliation to Governmental Funds Statements (GAAP):		
Last Two State Aid Payments Not Recognized on GAAP Basis		<u>(363,017)</u>
Fund Balance per Governmental Funds (GAAP)		<u>\$5,391,100</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**MEDFORD TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

	GENERAL FUND N-1	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$45,343,145	958,306
Difference - Budget to GAAP:		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(363,017)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	273,939	
	<hr/>	
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$45,254,067</u>	<u>958,306</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Expenditures" From the Budgetary Comparison Schedule	<u>\$44,661,632</u>	<u>958,306</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$44,661,632</u>	<u>958,306</u>

N-1 The general fund budget uses GAAP basis therefore no reconciliation is necessary.

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules

Not Applicable



E. Special Revenue Fund

**MEDFORD TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	TITLE I	TITLE III IMMIGRANT	TITLE II PART A
Revenues:			
State Sources			
Federal Sources	\$77,832	7,156	63,103
	<hr/>		
Total Revenues	\$77,832	7,156	63,103
<hr/>			
Expenditures:			
Instruction:			
Salaries of Teachers	\$61,617		42,978
Purchased Professional & Technical Services		756	
General Supplies		330	
Tuition			
Textbooks			
	<hr/>		
Total Instruction	61,617	1,086	42,978
<hr/>			
Support Services:			
Purchased Professional & Technical Services			
Purchased Professional Educational Services	3,892	4,120	11,200
Personal Services - Employee Benefits	12,323		8,596
Other Purchased Services			
Supplies and Materials		1,950	329
	<hr/>		
Total Support Services	16,215	6,070	20,125
<hr/>			
Total Expenditures	\$77,832	7,156	63,103
<hr/>			

**MEDFORD TOWNSHIP BOARD OF EDUCATION
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (With Comparative Totals for June 30, 2011)**

	I.D.E.A. PART B BASIC REGULAR PROGRAM	I.D.E.A. PRESCHOOL
Revenues:		
State Sources		
Federal Sources	\$639,878	34,526
Total Revenues	\$639,878	34,526
Expenditures:		
Instruction:		
Salaries of Teachers		
Purchased Professional & Technical Services		
General Supplies		
Tuition	\$455,000	34,526
Textbooks		
Total Instruction	455,000	34,526
Support Services:		
Purchased Professional & Technical Services		
Purchased Professional Educational Services	164,878	
Personal Services - Employee Benefits		
Other Purchased Services		
Supplies and Materials	20,000	
Total Support Services	184,878	
Total Expenditures	\$639,878	34,526

**MEDFORD TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	NONPUBLIC NURSING PROGRAM	NJ NONPUBLIC HANDICAPPED SERVICES CH 193 EXAMINATION & CORRECTIVE CLASSIFICATION	SPEECH	SUPPLEMENTARY INSTRUCTION	NONPUBLIC AUXILIARY CH 192 COMPENSATORY EDUCATION
Revenues:					
State Sources	\$26,113	16,585	18,956	13,329	38,547
Federal Sources					
Total Revenues	\$26,113	16,585	18,956	13,329	38,547
Expenditures:					
Instruction:					
Salaries of Teachers					37,547
Purchased Professional & Technical Services	\$26,113		18,956	13,329	
General Supplies					1,000
Tuition					
Textbooks					
Total Instruction	26,113		18,956	13,329	38,547
Support Services:					
Purchased Professional & Technical Services					
Purchased Professional/ Educational Services		16,585			
Personal Services - Employee Benefits					
Other Purchased Services Supplies and Materials					
Total Support Services		16,585			
Total Expenditures	\$26,113	16,585	18,956	13,329	38,547

**MEDFORD TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	NONPUBLIC TEXTBOOKS PROGRAM	NONPUBLIC HOME INSTRUCTION	SCHOOLS TO WATCH GRANT	2012	2011
Revenues:					
State Sources	\$18,281	1,000	3,000	135,811	121,981
Federal Sources				822,495	802,633
Total Revenues	\$18,281	1,000	3,000	958,306	924,614
Expenditures:					
Instruction:					
Salaries of Teachers				142,142	150,339
Purchased Professional & Technical Services				59,154	48,376
General Supplies		1,000		2,330	195
Tuition				489,526	
Textbooks	\$18,281			18,281	21,372
Total Instruction	18,281	1,000		711,433	220,282
Support Services:					
Purchased Professional & Technical Services					183,252
Purchased Professional Educational Services				200,675	11,697
Personal Services - Employee Benefits				20,919	22,403
Other Purchased Services					466,980
Supplies and Materials			3,000	25,279	20,000
Total Support Services			3,000	246,873	704,332
Total Expenditures	\$18,281	1,000	3,000	958,306	924,614

F. Capital Projects Fund



**MEDFORD TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Revenues & Other Financing Sources:	
Bond Proceeds	\$215
Total Revenues	215
Other Financing Sources Uses:	
Operating Transfers Out	215
Total Other Financing Sources Uses:	215
Fund Balance - Beginning	-
Fund Balance - Ending	\$ -

**MEDFORD TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
SOUTH ROUTE 70 ELEMENTARY SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SCC Grant	\$3,428,506		3,428,506	3,428,506
Bond Proceeds & Transfers	14,642,302	215	14,642,517	14,642,517
Total Revenues	18,070,808	215	18,071,023	18,071,023
Expenditures & Other Financing Uses:				
Purchased Professional & Technical				
Technical Services	1,640,352		1,640,352	1,640,352
Land & Improvements	4,347,129		4,347,129	4,347,129
Construction Services	10,231,060		10,231,060	10,231,060
Equipment Purchases	282,984		282,984	282,984
Miscellaneous	534,416		534,416	534,416
Total Expenditures	17,035,941		17,035,941	17,035,941
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	1,034,867	215	1,035,082	1,035,082
Other Financing Sources/(Uses):				
Cancellation of Prior Year				
Interfund	136,273		136,273	136,273
Operating Transfers Out	(1,171,140)	(215)	(1,171,355)	(1,171,355)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing	\$ -	-	-	-

ADDITIONAL PROJECT INFORMATION

Project Number	3080-N01-02-0150
Bond Authorization Date	05/03/02
Bonds Authorized	14,642,302
Bonds Issued	14,642,302
Original Authorized Cost	18,071,023
Revised Authorized Cost	17,035,941
Percentage Increase Over Original Authorized Cost	-5.728%
Original Target Completion Date	September 2006
Revised Target Completion Date	September 2006

G. Proprietary Funds

Enterprise Funds

MEDFORD TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMPARATIVE COMBINING SCHEDULE OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	2012	2011
Current Assets:			
Cash & Cash Equivalents	\$175,786	175,786	137,977
Accounts Receivable:			
State	332	332	1,099
Federal	4,892	4,892	7,421
Interfunds Receivable			5,297
Inventories	13,833	13,833	16,841
Total Current Assets	194,843	194,843	168,635
Fixed Assets:			
Equipment	375,049	375,049	375,049
Accumulated Depreciation	(349,615)	(349,615)	(341,679)
Total Fixed Assets	25,434	25,434	33,370
Total Assets	220,277	220,277	202,005
LIABILITIES			
Prepaid Meals	22,309	22,309	21,812
Accounts Payable	34,234	34,234	
Total Liabilities	56,543	56,543	21,812
NET ASSETS			
Investment in Capital Assets	25,434	25,434	33,370
Unrestricted	138,300	138,300	146,823
Total Net Assets	\$163,734	163,734	180,193

MEDFORD TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMPARATIVE COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	2012	2011
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Lunch /Milk Program	\$377,103	377,103	383,603
Daily Sales Nonreimbursable Programs	298,609	298,609	278,919
Special Functions	35,905	35,905	49,276
Total Operating Revenue	711,617	711,617	711,798
Operating Expenses:			
Salaries	405,466	405,466	343,350
Supplies & Materials	60,739	60,739	49,324
Liability Insurance	23,412	23,412	13,189
Miscellaneous	15,882	15,882	34,197
Equipment Maintenance			3,501
Management Fee	50,471	50,471	40,772
Depreciation Expense	7,936	7,936	9,183
Cost of Sales	330,804	330,804	374,314
Total Operating Expenses	894,710	894,710	867,830
Operating Income/(Loss)	(183,093)	(183,093)	(156,032)
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	7,820	7,820	8,657
Federal Sources:			
National School Lunch Program	110,497	110,497	97,377
Special Milk Program	1,956	1,956	1,544
Food Distribution Program	43,310	43,310	44,698
Interest Revenue	3,051	3,051	2,953
Total Nonoperating Revenues	166,634	166,634	155,229
Net Income/(Loss)	(16,459)	(16,459)	(803)
Net Assets/(Deficit) - July 1	180,193	180,193	180,996
Net Assets/(Deficit) - June 30	\$163,734	163,734	180,193

**MEDFORD TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 COMPARATIVE COMBINING SCHEDULE OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (With Comparative Totals for June 30, 2011)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	2012	2011
Cash Flows From Operating Activities:			
Receipts from Customers	\$717,411	717,411	710,019
Payments to Suppliers	(849,532)	(849,532)	(881,687)
Net Cash Provided/(Used) by Operating Activities	<u>(132,121)</u>	<u>(132,121)</u>	<u>(171,668)</u>
Cash Flows From Noncapital Financing Activities:			
State Sources	8,587	8,587	8,288
Federal Sources	158,292	158,292	143,853
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>166,879</u>	<u>166,879</u>	<u>152,141</u>
Cash Flows From Investing Activities:			
Interest Earnings	3,051	3,051	2,953
Net Cash Provided/(Used) by Investing Activities	<u>3,051</u>	<u>3,051</u>	<u>2,953</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	37,809	37,809	(16,574)
Balances - Beginning of Year	<u>137,977</u>	<u>137,977</u>	<u>154,551</u>
Balances - End of Year	<u>\$175,786</u>	<u>175,786</u>	<u>137,977</u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	(\$183,093)	(183,093)	(156,032)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	7,936	7,936	9,183
(Increase)/Decrease in Interfund Receivable	5,297	5,297	(5,297)
Increase/(Decrease) in Prepaid	497	497	3,518
(Increase)/Decrease in Inventories	3,008	3,008	1,871
Increase/(Decrease) in Accounts Payable	34,234	34,234	(24,911)
Total Adjustments	<u>50,972</u>	<u>50,972</u>	<u>(15,636)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(\$132,121)</u>	<u>(132,121)</u>	<u>(171,668)</u>

Internal Service Fund

Not Applicable

H. Fiduciary Fund

**MEDFORD TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

ASSETS	AGENCY		PRIVATE PURPOSE		2012	2011
	STUDENT ACTIVITY	PAYROLL AGENCY	UNEMPLOYMENT COMPENSATION	SCHOLARSHIP		
Cash & Cash Equivalents	\$292,553	286,423	66,356	15,256	660,588	678,146
Interfund Receivable		3,075			3,075	35,220
Total Assets	292,553	289,498	66,356	15,256	663,663	713,366
LIABILITIES						
Interfund Payables						16,130
Payroll Deductions & Withholdings		289,498			289,498	215,611
Due to Student Groups	292,553				292,553	322,898
Total Liabilities	292,553	289,498			582,051	554,639
NET ASSETS						
Held in Reserve for Unemployment Claims			66,356		66,356	142,592
Reserved for Scholarships				15,256	15,256	16,135
Total Net Assets	-	-	66,356	15,256	81,612	158,727

MEDFORD TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

	PRIVATE PURPOSE		2012	2011
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION		
Operating Revenues:				
Local Sources:				
Deductions from Employees' Salaries		40,327	40,327	38,664
Interest on Investments	\$221	1,589	1,810	2,847
Total Operating Revenues	221	41,916	42,137	41,511
Operating Expenditures:				
Unemployment Claims		118,152	118,152	165,654
Scholarship Payments	1,100		1,100	1,100
Total Operating Expenses	1,100	118,152	119,252	166,754
Excess/(Deficit) of Revenues Over/ (Under) Expenditures	(879)	(76,236)	(77,115)	(125,243)
Fund Balances, July 1	16,135	142,592	158,727	283,970
Fund Balances, June 30	\$15,256	66,356	81,612	158,727

**MEDFORD TOWNSHIP BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	BALANCE JUNE 30, 2011	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2012
Elementary Schools:				
Taunton Forge	\$15,577	44,763	53,036	7,304
Chairville	18,696	49,019	49,825	17,890
Haines	21,971	64,036	52,489	33,518
Cranberry Pines	59,514	57,461	80,630	36,345
Kirby's Mill	24,014	30,122	41,628	12,508
Milton H. Allen	33,246	29,338	19,896	42,688
Total Elementary Schools	173,018	274,739	297,504	150,253
Junior High School:				
Memorial	149,880	226,373	233,953	142,300
Total Junior High School	149,880	226,373	233,953	142,300
Total All Schools	\$322,898	501,112	531,457	292,553

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ASSETS	BALANCE JUNE 30, 2011	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2012
Cash & Cash Equivalents	\$231,741	39,260,237	39,205,555	286,423
Interfund Receivable		3,075		3,075
Total Assets.	\$231,741	39,263,312	39,205,555	289,498
LIABILITIES				
Net Payroll & Withholdings	\$215,611	39,263,312	39,189,425	289,498
Interfund Payables:				
General Fund	16,130		16,130	
Total Liabilities	\$231,741	39,263,312	39,205,555	289,498

I. Long-Term Debt

**MEDFORD TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2012**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2011	ISSUED	RETIREED	BALANCE JUNE 30, 2012
			DATE	AMOUNT					
Refunding Bond Issue	01/24/2008	\$4,380,000	02/01/13	\$680,000	5.00%	\$2,595,000		590,000	2,005,000
			02/01/14	670,000	5.00%				
			02/01/15	655,000	4.50%				
Refunding Bond Issue	02/07/2006	28,710,000	03/01/13	1,515,000	4.500%	28,710,000		1,455,000	27,255,000
			03/01/14	1,580,000	4.500%				
			03/01/15	1,635,000	4.500%				
			03/01/16	1,690,000	4.500%				
			03/01/17	1,770,000	4.625%				
			03/01/18	1,840,000	4.700%				
			03/01/19	1,880,000	4.750%				
			03/01/20	1,970,000	4.750%				
			03/01/21	1,955,000	4.875%				
			03/01/22	1,945,000	4.875%				
			03/01/23	1,930,000	5.000%				
			03/01/24	1,910,000	5.000%				
			03/01/25	1,895,000	5.000%				
			03/01/26	1,880,000	5.000%				
			03/01/27	1,860,000	5.000%				
Total									
						\$31,305,000	-	2,045,000	29,260,000

**MEDFORD TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2012**

DESCRIPTION	DATE OF LEASE	TERM	LAST PAYMENT DUE	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2011	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2012
Savin Copiers for Haines & Taunton Forge	9/18/2007	4 YEARS	8/18/2011	7.00%	\$39,463	\$1,873		1,873	
School Buses, Textbooks, Technology Equipment & Kitchen Equipment	7/1/2008	5 YEARS	7/1/2013	3.27%	650,000	405,000		130,000	275,000
Copiers for Chairville, Kirby's Mill, Allen Business, Memorial	2/15/2010	5 YEARS	2/15/2014	7.00%	246,451	152,819		48,347	104,472
Copiers for Chairville, Allen Business, Memorial	7/15/2010	4 YEARS	7/15/2014	6.40%	42,396	31,566		9,868	21,698
Canon Copiers for Haines & Taunton Forge	7/15/2010	5 YEARS	7/15/2015	4.00%	124,445	101,945		23,636	78,309
Canon Copiers for Haines & Taunton Forge	10/1/2010	5 YEARS	9/1/2015	5.84%	42,465	34,933		7,984	26,949
Networking Equipment	1/10/2012	5 YEARS	9/10/2016	2.79%	553,577		553,577	52,559	501,018
2010 54 Passenger School Buses (3)	8/1/2011	4 YEARS	8/1/2014	2.90%	246,000		246,000	83,624	162,376
Copiers for Memorial Media Center & Haines Guidance	10/15/2011	5 YEARS	9/15/2016	5.93%	28,705		28,705	3,784	24,921
					Total	\$728,136	828,282	361,675	1,194,743

**MEDFORD TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	JUNE 30, 2012			VARIANCE FAVORABLE (UNFAVORABLE)	JUNE 30, 2011			VARIANCE FAVORABLE (UNFAVORABLE)		
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET ACTUAL			
Revenues:										
Local Sources:										
Local Tax Levy	\$3,348,072		3,348,072	3,348,072		3,083,050	3,083,050	3,083,050		
Total Revenues	3,348,072		3,348,072	3,348,072		3,083,050	3,083,050	3,083,050		
Expenditures:										
Regular Debt Service:										
Interest	1,334,150		1,334,150	1,324,450	9,700	1,408,050	1,408,050	1,408,050		
Redemption of Principal	2,045,000		2,045,000	2,045,000		1,925,000	1,925,000	1,925,000		
Total Expenditures	3,379,150		3,379,150	3,369,450	9,700	3,333,050	3,333,050	3,333,050		
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(31,078)		(31,078)	(21,378)	9,700	(250,000)	(250,000)	(250,000)		
Other Financing Sources/(Uses):										
Operating Transfers In				215	215			2,487	2,487	
Total Other Financing Sources/(Uses)				215	215			2,487	2,487	
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under)										
Expenditures & Other Financing Use:	(31,078)		(31,078)	(21,163)	9,915	(250,000)	(250,000)	(247,513)	2,487	
Fund Balances July 1, 2011	33,565		33,565	33,565		281,078	281,078	281,078		
Fund Balances June 30, 2012	\$2,487	-	2,487	12,402	9,915	31,078	-	31,078	33,565	2,487

**MEDFORD TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF COMPENSATED ABSENCES
JUNE 30, 2012**

	OUTSTANDING BALANCE 2011	ADDITIONS	OUTSTANDING BALANCE 2012
Compensated Absences	\$1,606,828	12,579	1,619,407

STATISTICAL SECTION (Unaudited)

MEDFORD TOWNSHIP BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$35,288,542	35,375,706	35,076,157	34,052,853	33,170,798	31,307,648	29,757,339	25,788,135	6,726,626	19,407,601
Restricted	3,941,654	3,552,417	2,724,411	4,778,520	4,620,546	5,845,644	6,485,308	10,841,708	18,059,557	11,067,831
Unrestricted	(74,640)	(1,815,821)	(1,240,464)	(1,456,480)	(465,724)	311,251	(291,786)	(430,982)	8,619,841	628,605
Total Governmental										
Activities Net Assets	<u>\$39,155,556</u>	<u>37,112,302</u>	<u>36,560,104</u>	<u>37,374,893</u>	<u>37,325,620</u>	<u>37,464,543</u>	<u>35,950,861</u>	<u>36,198,861</u>	<u>33,406,024</u>	<u>31,104,037</u>
Business-Type Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$25,434	33,370	42,554	52,788	66,331	75,601	54,574	43,539	53,153	56,888
Unrestricted	138,300	146,823	138,442	120,281	135,634	130,458	114,297	101,039	152,564	145,322
Total Business-Type										
Activities Net Assets	<u>\$163,734</u>	<u>180,193</u>	<u>180,996</u>	<u>173,069</u>	<u>201,965</u>	<u>206,059</u>	<u>168,871</u>	<u>144,578</u>	<u>205,717</u>	<u>202,210</u>
District-Wide:										
Invested in Capital Assets,										
Net of Related Debt	\$35,313,976	35,409,076	35,118,711	34,105,641	33,237,129	31,383,249	29,811,913	25,831,674	6,779,779	19,464,489
Restricted	3,941,654	3,552,417	2,724,411	4,778,520	4,620,546	5,845,644	6,485,308	10,841,708	18,059,557	11,067,831
Unrestricted	63,660	(1,668,998)	(1,102,022)	(1,336,199)	(330,090)	441,709	(177,489)	(329,943)	8,772,405	773,927
Total District Net Assets	<u>\$39,319,290</u>	<u>37,292,495</u>	<u>36,741,100</u>	<u>37,547,962</u>	<u>37,527,585</u>	<u>37,670,602</u>	<u>36,119,732</u>	<u>36,343,439</u>	<u>33,611,741</u>	<u>31,306,247</u>

**MEDFORD TOWNSHIP BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$12,409,724	12,028,959	13,153,219	13,569,075	12,836,488	12,735,190	12,386,661	11,365,338	10,753,565	10,647,877
Special Education	5,033,439	4,845,628	4,370,758	4,139,178	4,159,125	3,627,369	3,583,662	3,100,456	2,702,906	2,326,901
Other Special Instruction	337,313	304,690	376,203	366,000	329,607	305,684	345,686	348,337	390,253	456,606
Other Instruction	42,175	13,496	124,659	123,639	161,580	116,956	116,394	110,400	105,519	165,569
Support Services & Undistributed Costs:										
Tuition	1,502,954	1,380,735	1,578,557	1,256,541	1,351,346	1,951,907	1,445,759	1,297,803	1,262,590	1,236,480
Attendance & Social Work Services	13,830	4,914	6,175	5,997	5,299	2,496	3,709	2,359	2,561	2,435
Health Services	520,812	516,355	503,881	465,904	528,467	498,063	474,629	426,771	361,836	353,446
Student & Instruction Related Services	2,791,267	3,090,874	3,541,219	2,629,436	3,260,812	2,123,689	2,750,085	2,183,785	2,195,090	2,223,776
Educational Media Services/										
School Library	354,003	373,335	606,831	493,028	598,062	597,151	555,794	547,522	399,896	390,099
Instructional Staff Training	575,670	553,037	672,153	597,141	522,951	428,041	369,245	3,840	74,038	24,852
School Administrative Services	999,195	980,190	846,608	842,964	907,487	919,286	855,587	819,464	947,848	954,229
Other Administrative Services	2,700,993	2,453,549	2,689,154	2,621,113	2,828,830	2,620,692	2,450,195	2,321,167	1,432,777	1,389,420
Plant Operations & Maintenance	3,502,879	3,849,537	3,825,265	3,339,295	3,461,444	3,482,568	3,375,734	2,935,435	2,508,948	2,266,957
Pupil Transportation	3,405,580	3,202,868	3,280,228	2,942,096	3,214,706	2,829,355	2,513,551	2,453,555	2,025,889	1,743,664
Business & Other Support Services								188	374,241	347,356
Unallocated Benefits	10,094,703	9,943,646	10,095,072	9,661,654	10,797,442	10,017,055	8,437,677	7,615,023	6,506,231	5,650,291
Interest on Long-Term Debt	1,358,396	1,484,245	1,404,885	1,592,479	1,578,613	1,544,203	2,181,236	2,010,787	2,056,260	2,759,592
Special Schools	77,077	33,983	80,512	70,828	60,199	39,698	40,202		179,675	
Amortization of Bond Issuance Costs	14,114	14,114	14,117	14,114	3,782	3,782	3,782			
Amortization of Loss on Early Retirement of Debt					33,218	33,218	33,218			
Unallocated Nondepreciable Assets	33,218	33,218	33,218	33,218		259,806				
Increase in Compensated Absences	12,579	101,508	36,274	418,323	234,547	(223,569)	73,204	(609,413)	282,152	652,297
Reduction in Capital Leases	(361,675)	(331,829)	(481,092)							
Unallocated Depreciation	2,133,778	2,133,778	1,948,724	2,057,407	1,563,965	989,041	978,225	1,792,723	1,216,633	1,177,242

**MEDFORD TOWNSHIP BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total Governmental Activities Expenses	47,552,024	47,010,830	48,706,620	47,239,430	48,437,970	44,901,681	42,974,235	38,725,540	35,778,908	34,769,089
Business-Type Activities:									(19,707)	
Food Service	894,710	867,830	849,527	865,203	843,317	755,102	735,371	741,533	645,372	607,692
Total Business-Type Activities Expense	894,710	867,830	849,527	865,203	843,317	755,102	735,371	741,533	645,372	607,692
Total District Expenses	\$48,446,734	47,878,660	49,556,147	48,104,633	49,281,287	45,656,783	43,709,606	39,467,073	36,424,280	35,376,781
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Operating Grants & Contributions	\$958,306	924,614	1,587,530	997,396	989,112	987,128	1,013,222	976,185	925,687	889,355
Total Governmental Activities Program Revenues	958,306	924,614	1,587,530	997,396	989,112	987,128	1,013,222	976,185	925,687	889,355
Business-Type Activities:										
Charges for Services:										
Food Service	711,617	711,798	726,570	707,079	703,182	625,112	628,509	557,831	534,089	513,545
Operating Grants & Contributions	163,583	152,276	128,576	126,729	127,357	122,541	122,715	117,237	112,830	97,410
Total Business Type Activities Program Revenues	875,200	864,074	855,146	833,808	830,539	747,653	751,224	675,068	646,919	610,955
Total District Program Revenues	\$1,833,506	1,788,688	2,442,676	1,831,204	1,819,651	1,734,781	1,764,446	1,651,253	1,572,606	1,500,310

**MEDFORD TOWNSHIP BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue:										
Governmental Activities	(\$46,593,718)	(46,086,216)	(47,119,090)	(46,242,034)	(47,448,858)	(43,914,553)	(41,961,013)	(37,749,355)	(34,853,221)	(33,879,734)
Business-Type Activities	(19,510)	(3,756)	5,619	(31,395)	(12,778)	(7,449)	15,853	(66,465)	1,547	3,263
Total District-Wide Net Expense	(\$46,613,228)	(46,089,972)	(47,113,471)	(46,273,429)	(47,461,636)	(43,922,002)	(41,945,160)	(37,815,820)	(34,851,674)	(33,876,471)
General Revenues & Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes, Levied for General Purposes, Net	\$36,417,885	36,046,947	35,454,808	34,491,065	34,153,568	32,595,738	30,097,041	29,222,823	25,502,634	23,533,866
Taxes Levied for Debt Service	3,348,072	3,083,050	2,927,866	2,931,840	3,037,016	2,984,124	3,202,400	3,122,944	3,628,334	3,459,036
Federal & State Aid Not Restricted	8,154,002	6,723,025	7,114,398	8,149,046	9,457,957	9,171,373	7,804,036	7,422,063	7,013,539	6,311,750
Miscellaneous Income	682,395	750,773	733,606	695,745	680,138	808,788	754,021	806,774	1,030,409	978,261
Amortization of Gain on Early Retirement of Debt	34,618	34,619	34,618	34,619						
Cancellation of Accounts Payable			39,005							
Cancellation of EDA Receivable				(35,294)		(131,788)	(144,485)			
Total Governmental Activities	48,636,972	46,638,414	46,304,301	46,267,021	47,328,679	45,428,235	41,713,013	40,574,604	37,174,916	34,282,913
Business-Type Activities:										
Investment Earnings	3,051	2,953	2,308	2,499	8,684	10,762	8,440	5,326	1,960	2,240
Total Business-Type Activities	3,051	2,953	2,308	2,499	8,684	10,762	8,440	5,326	1,960	2,240
Total District-Wide	\$48,640,023	46,641,367	46,306,609	46,269,520	47,337,363	45,438,997	41,721,453	40,579,930	37,176,876	34,285,153
Change in Net Assets:										
Governmental Activities	\$2,043,254	552,198	(814,789)	24,987	(120,179)	1,513,682	(248,000)	2,825,249	2,321,695	403,179
Business-Type Activities	(16,459)	(803)	7,927	(28,896)	(4,094)	3,313	24,293	(61,139)	3,507	5,503
Total District	\$2,026,795	551,395	(806,862)	(3,909)	(124,273)	1,516,995	(223,707)	2,764,110	2,325,202	408,682

88

**MEDFORD TOWNSHIP BOARD OF EDUCATION
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:										
Restricted	\$2,935,478	1,338,338	1,022,157	4,774,637	4,154,668	4,937,825	4,637,370	5,184,908	2,690,299	957,186
Assigned	1,447,135	1,617,516	1,902,591							
Unassigned	1,008,487	1,014,529	483,659	353,293	593,063	637,427	571,363	535,559	785,736	1,378,450
Total General Fund	\$5,391,100	3,970,383	3,408,407	5,127,930	4,747,731	5,575,252	5,208,733	5,720,467	3,476,035	2,335,636
All Other Governmental Funds:										
Assigned	\$12,402	33,565	250,000	441,284		477,117	400,663	3,881,556	12,889,489	25,594,357
Unassigned:										
Capital Projects Fund				128,279	567,703	1,086,538	2,086,767	2,244,034	1,574,466	10,954,286
Debt Service Fund			31,078		441,284	441,284		185,243	886,596	483,726
Permanent Fund						18,744	18,850	18,746	18,707	18,684
Total All Other Governmental Funds	\$12,402	33,565	281,078	569,563	1,008,987	2,023,683	2,506,280	6,329,579	15,369,258	37,051,053

**MEDFORD TOWNSHIP BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Tax Levy	\$39,765,957	39,129,997	38,382,674	37,422,905	37,190,584	35,579,862	33,299,441	32,345,767	29,130,968	26,992,902
Miscellaneous	682,395	750,773	733,606	695,745	680,138	808,788	754,021	806,774	1,030,409	978,261
State Sources	8,097,046	6,845,006	6,688,886	8,316,989	9,617,272	9,350,643	8,024,788	7,597,777	7,192,990	6,539,694
Federal Sources	1,015,262	802,633	2,013,042	829,453	829,797	807,858	792,470	800,471	746,236	661,411
Total Revenue	49,560,660	47,528,409	47,818,208	47,265,092	48,317,791	46,547,151	42,870,720	41,550,789	38,100,603	35,172,268
Expenditures:										
Current Expense:										
Instruction	17,822,651	17,192,773	18,024,839	18,197,892	17,467,920	16,785,199	16,432,403	14,924,531	13,952,242	13,596,953
Undistributed Expenditures	26,213,499	26,088,073	27,645,143	25,078,803	27,316,280	25,562,370	22,535,603	20,595,797	18,091,946	16,654,424
Capital Outlay	1,506,711	775,374	1,002,028	1,246,592	1,883,489	1,681,124	5,078,241	9,805,461	22,953,306	7,079,119
Special Schools	77,077	33,983	80,512	70,828	60,199	39,698	40,202	32,413	19,707	66,609
Debt Service	3,369,450	3,333,050	3,359,150	3,344,908	3,416,036	3,527,418	3,605,269	3,587,834	3,618,334	3,672,934
Total Expenditures	48,989,388	47,423,253	50,111,672	47,939,023	50,143,924	47,595,809	47,691,718	48,946,036	58,635,535	41,070,039
Excess (Deficiency) of Revenues Over/(Under) Expenditures	571,272	105,156	(2,293,464)	(673,931)	(1,826,133)	(1,048,658)	(4,820,998)	(7,395,247)	(20,534,932)	(5,897,771)
Other Financing Sources/(Uses):										
Cancellation of EDA Receivable				(35,294)		(131,788)	(144,485)			
Cancellation of Accounts Payable			39,005							
Eminent Domain Settlement							350,000			
Capital Leases (Nonbudget)	828,282	209,307	246,451	650,000	487,992	579,045	280,450	600,000		107,422
Total Other Financing Sources/ (Uses)	828,282	209,307	285,456	614,706	487,992	447,257	485,965	600,000		107,422
Net Change in Fund Balances	\$1,399,554	314,463	(2,008,008)	(59,225)	(1,338,141)	(601,401)	(4,335,033)	(6,795,247)	(20,534,932)	(5,790,349)
Debt Service as a Percentage of Noncapital Expenditures	7.1%	7.1%	6.8%	7.2%	7.1%	7.7%	8.5%	9.2%	10.1%	10.8%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

**MEDFORD TOWNSHIP BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2012	\$33,786,000	2,563,221,000	41,927,400	2,838,700	282,365,000	22,014,400	63,483,400	3,009,635,900	8,901,541	3,018,537,441	1.915	3,190,029,902
2011	17,360,100	1,541,272,500	21,760,600	3,023,000	149,260,800	9,287,700	29,815,900	1,771,780,600	5,092,638	1,776,873,238	3.224	3,190,029,902
2010	17,529,990	1,543,351,150	21,166,210	2,814,750	151,250,400	9,632,700	29,815,900	1,775,561,100	5,574,837	1,781,135,937	3.153	3,419,519,452
2009	18,184,300	1,545,481,100	21,002,200	2,795,800	150,000,300	9,632,700	29,815,900	1,776,912,300	5,060,019	1,781,972,319	3.068	3,497,216,064
2008	19,490,900	1,543,120,700	20,985,600	2,371,800	148,612,500	9,632,700	29,815,900	1,774,030,100	4,312,379	1,778,342,479	3.009	3,392,905,370
2007	19,726,600	1,540,876,800	20,521,400	2,390,000	148,084,500	8,942,700	29,815,900	1,770,357,900	4,368,758	1,774,726,658	3.019	3,216,151,933
2006	18,501,400	1,533,665,400	20,779,600	2,678,600	147,051,200	8,942,700	29,815,900	1,761,434,800	3,857,376	1,765,292,176	2.906	2,885,232,105
2005	21,187,300	1,508,864,000	20,565,900	2,499,700	145,992,900	8,842,900	29,815,900	1,737,768,600	4,556,478	1,742,325,078	2.774	2,575,228,327
2004	24,717,600	1,491,676,400	20,774,400	2,508,000	146,420,700	8,636,100	29,815,900	1,724,549,100	5,294,504	1,729,843,604	2.689	2,291,536,280
2003	30,038,800	1,457,353,200	20,077,000	2,495,500	144,866,400	8,636,100	29,815,900	1,693,282,900	6,084,320	1,699,367,220	2.491	2,038,689,629

**MEDFORD TOWNSHIP BOARD OF EDUCATION
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (Rate per \$100 of Assessed Value)**

16

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL	REGIONAL	TOTAL	TOWNSHIP	BURLINGTON	MUNICIPAL	
	SCHOOL	SCHOOL	DIRECT	MEDFORD TOWNSHIP	COUNTY	OPEN SPACE	
2012	1.318	0.597	1.915	0.413	0.401	0.029	2.758
2011	2.238	0.986	3.224	0.521	0.695	0.030	4.470
2010	2.197	0.956	3.153	0.495	0.729	0.030	4.407
2009	2.154	0.914	3.068	0.495	0.715	0.030	4.308
2008	2.104	0.905	3.009	0.495	0.743	0.030	4.277
2007	2.096	0.923	3.019	0.498	0.763	0.030	4.310
2006	2.016	0.890	2.906	0.499	0.726	0.030	4.161
2005	1.911	0.863	2.774	0.469	0.676	0.030	3.949
2004	1.870	0.819	2.689	0.469	0.621	0.030	3.809
2003	1.715	0.776	2.491	0.396	0.611	0.030	3.528

Source: Municipal Tax Collector

**MEDFORD TOWNSHIP BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2012		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
The Estaugh	\$34,238,500	1	1.13%
Sharp Run, LLC	15,344,900	2	0.51%
Medford Associates	12,659,000	3	0.42%
Medford Supermarket Properties	9,401,500	4	0.31%
Verizon - NJ	8,901,541	5	0.29%
Medford Center Assoc.	8,712,000	6	0.29%
Haynes Run Apartments	8,458,400	7	0.28%
Medford Convalescent	8,100,000	8	0.27%
Medford Medical Group	7,842,400	9	0.26%
Depetris Family	7,015,500	10	0.23%
Total	<u>\$120,673,741</u>		<u>4.00%</u>

TAXPAYER	2003		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
The Estaugh	\$18,350,900	1	1.20%
Wharton Hardware	8,480,000	2	0.55%
Medford Associates, LLP	7,000,000	3	0.46%
Medford Supermarket Properties	6,000,000	4	0.39%
Medford Convalescent & Nursing Center	5,800,000	5	0.38%
Haynes Run Apartments	4,507,000	6	0.29%
Medford Investors Associates	4,275,000	7	0.28%
Medford Medical Group	4,100,000	8	0.27%
Depetris Family LTD Patnership	3,740,000	9	0.24%
Medford Center Associates	3,500,000	10	0.23%
Total	<u>\$65,752,900</u>		<u>4.29%</u>

**MEDFORD TOWNSHIP BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2012	\$39,765,957	39,765,957	100.00%
2011	39,129,997	39,129,997	100.00%
2010	38,382,674	38,382,674	100.00%
2009	37,422,905	37,422,905	100.00%
2008	37,190,584	37,190,584	100.00%
2007	35,579,862	35,579,862	100.00%
2006	33,299,441	33,299,441	100.00%
2005	32,345,767	32,345,767	100.00%
2004	29,130,968	29,130,968	100.00%
2003	26,992,902	26,992,902	100.00%

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

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2012	\$29,260,000	1,194,743		30,454,743	N/A
2011	31,305,000	728,136		32,033,136	1,388
2010	33,230,000	850,659		34,080,659	1,478
2009	35,100,000	1,085,300		36,185,300	1,592
2008	36,875,000	886,064		37,931,064	1,664
2007	38,795,000	854,013		39,649,013	1,740
2006	40,500,000	574,949		41,074,949	1,772
2005	41,346,000	549,438		41,895,438	1,801
2004	42,911,000	156,962		43,067,962	1,844
2003	44,431,000	232,820		44,663,820	1,920

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

**MEDFORD TOWNSHIP BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2012	\$29,260,000		29,260,000	0.97%	N/A
2011	31,305,000		31,305,000	1.76%	1,357
2010	33,230,000		33,230,000	1.87%	1,443
2009	35,100,000		35,100,000	1.97%	1,544
2008	36,875,000		36,875,000	2.07%	1,618
2007	38,795,000		38,795,000	2.19%	1,702
2006	40,500,000		40,500,000	2.29%	1,747
2005	41,346,000		41,346,000	2.37%	1,777
2004	42,911,000		42,911,000	2.48%	1,837
2003	44,431,000		44,431,000	2.61%	1,910

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Lenape Regional High School	\$87,649,000	17.57%	\$15,400,026
Medford Township	33,811,300	100%	33,811,300
Burlington County	365,784,648	6.64%	24,288,101
Subtotal, Overlapping Debt			58,099,401
Medford Township Board of Education Debt			29,260,000
Total Direct & Overlapping Debt			<u>\$87,359,401</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

**MEDFORD TOWNSHIP BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)**

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt Limit	\$98,669,564	101,646,063	102,730,334	100,526,487	94,165,294	85,867,210	76,364,285	67,746,747	60,435,284	54,905,434
Total Net Debt Applicable to Limit	<u>29,260,000</u>	<u>31,305,000</u>	<u>33,230,000</u>	<u>35,100,000</u>	<u>37,045,000</u>	<u>38,795,000</u>	<u>40,500,000</u>	<u>41,346,000</u>	<u>42,911,000</u>	<u>44,431,000</u>
Legal Debt Margin	<u>\$69,409,564</u>	<u>70,341,063</u>	<u>69,500,334</u>	<u>65,426,487</u>	<u>57,120,294</u>	<u>47,072,210</u>	<u>35,864,285</u>	<u>26,400,747</u>	<u>17,524,284</u>	<u>10,474,434</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit (3.0%)	0.890%	0.924%	0.970%	1.047%	1.180%	1.355%	1.591%	1.831%	2.130%	2.428%

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized Valuation Basis
	2011 \$3,184,937,264
	2010 3,269,473,918
	2009 <u>3,412,545,228</u>
	<u>\$9,866,956,410</u>
Average Equalized Valuation of Taxable Property	<u>\$3,288,985,470</u>
Debt Limit (3 % of Average Equalization Value)	\$98,669,564
Net Bonded School Debt	<u>29,260,000</u>
Legal Debt Margin	<u>\$69,409,564</u>

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

**MEDFORD TOWNSHIP BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	BURLINGTON COUNTY PER CAPITA INCOME	UNEMPLOYMENT RATE (d)
2012	N/A	N/A	N/A
2011	23,077	N/A	5.5%
2010	23,033 *	47,391	5.7%
2009	22,726	46,496	5.3%
2008	22,794	47,673	5.3%
2007	22,788	45,420	1.7%
2006	23,181	43,365	2.4%
2005	23,261	40,686	2.2%
2004	23,356	39,516	4.3%
2003	23,264	37,958	4.7%

Source:

*2010 Census

US Department of Commerce

PRINCIPAL EMPLOYERS

	2012 EMPLOYEES
Medford Township Board of Education	522
The Estaugh	386
Shop Rite	222
Medford Convalescent	180
Acme	179
McDonalds	93
Total	1,582

**MEDFORD TOWNSHIP PUBLIC SCHOOLS
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Instruction:										
Regular	212	214	238	238	240	239	240	239	219	193
Special Education	48	48	49	49	48	45	45	43	42	38
Other Special Education	118	118	120	121	121	118	119	109	91	71
Support Services:										
School Administrative Services	18	18	20	20	20	20	20	19	14	14
General & Business Administrative Services	6	6	6	7	7	7	7	7	6	7
Plant Operations & Maintenance	27	27	30	32	35	36	37	33	31	28
Pupil Transportation	50	50	56	57	59	59	57	55	49	43
Business & Other Support Services	5	5	5	5	5	5	5	5	5	5
Total	484	486	524	529	535	529	530	510	457	399

Source: District Personnel Records

**MEDFORD TOWNSHIP PUBLIC SCHOOLS
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	<u>PUPIL/TEACHER RATIO</u>		AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY	MIDDLE SCHOOL				
2012	3,017	\$44,113,227	14,622	0.0074%	265	1:14	1:17	3,013	2,897	-1.82%	96.02%
2011	3,076	43,314,829	14,082	0.0065%	267	1:19	1:22	3,069	2,953	-1.54%	96.00%
2010	3,118	45,750,494	14,673	0.0074%	287	1:17	1:19	3,117	2,986	1.10%	95.77%
2009	3,074	43,347,523	14,101	0.0079%	287	1:14	1:19	3,083	2,969	0.78%	96.58%
2008	3,067	40,914,612	13,340	0.0071%	288	1:13	1:18	3,059	2,953	-1.06%	96.28%
2007	3,093	42,387,267	13,704	0.0086%	284	1:14	1:19	3,092	2,979	0.12%	96.31%
2006	3,096	39,008,208	12,601	0.0092%	285	1:14	1:19	3,088	2,975	1.51%	96.10%
2005	3,046	35,552,741	11,673	0.0102%	282	1:14	1:18	3,042	2,972	1.71%	97.58%
2004	2,996	32,063,895	10,704	0.0111%	261	1:16	1:18	2,991	2,965	0.37%	98.98%
2003	2,984	29,361,924	9,841	0.0121%	231	1:17	1:17	2,980	2,962	0.74%	99.28%

Sources: District records

Note: Enrollment based on annual October district count.

- a. Operating expenditures equal total expenditures less debt service and capital outlay.
b. Teaching staff includes only full-time equivalents of certificated staff.

**MEDFORD TOWNSHIP PUBLIC SCHOOLS
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Elementary Schools:										
Chairville School (2004):										
Square Feet	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000
Capacity (Students)	500	500	500	500	500	500	500	500	500	500
Enrollment	503	495	476	454	442	424	420	423	420	
Cranberry Pines School (1979):										
Square Feet	52,231	52,231	52,231	52,231	52,231	52,231	52,231	52,231	52,231	52,231
Capacity (Students)	479	479	479	479	479	479	479	479	479	479
Enrollment (a)	362	378	392	406	424	456	453	467	453	514
Kirby's Mill School (2004):										
Square Feet	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000
Capacity (Students)	515	515	515	515	515	500	500	500	500	500
Enrollment	331	364	394	407	396	387	384	396	373	
Milton Allen School (1926):										
Square Feet	59,396	59,396	59,396	59,396	59,396	59,396	59,396	59,396	59,396	59,396
Capacity (Students)	486	486	486	486	486	486	486	486	486	486
Enrollment	388	389	392	392	397	405	403	388	364	452
Taunton Forge School (1975):										
Square Feet	42,772	42,772	42,772	42,772	42,772	42,772	42,772	42,772	42,772	42,772
Capacity (Students)	447	447	447	447	447	447	447	447	447	447
Enrollment	327	347	378	385	362	367	365	374	375	472
Middle School:										
Haines 6th Grade Center (1960):										
Square Feet	50,363	50,363	50,363	50,363	50,363	50,363	50,363	50,363	50,363	50,363
Capacity (Students)	461	461	461	461	461	461	461	461	461	461
Enrollment	369	377	348	357	356	337	336	346	354	520
Memorial Middle School (1968):										
Square Feet	118,750	118,750	118,750	118,750	118,750	118,750	118,750	118,750	118,750	118,750
Capacity (Students)	1131	1131	1131	1131	1131	1131	1131	1131	1131	1131
Enrollment	737	726	741	673	682	715	713	697	689	1,021
Other Buildings:										
Transportation Center (2003):										
Square Feet	9,400	9,400	9,400	9,400	9,400	9,400	9,400	9,400	9,400	9,400
Warehouse: Old Bus Garage (1946):										
Square Feet	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420

Number of Schools at June 30, 2012:

Elementary = 5

Middle School = 1

Sixth Grade Center = 1

Other = 2

Source: District Facilities Office

Note: Year of original construction is shown in parentheses.

Enrollment is based on the annual October District count.

**MEDFORD TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

11-000-261-xxx

	CHAIRVILLE SCHOOL	CRANBERRY PINES SCHOOL	HAINES 6TH GRADE CENTER	KIRBY'S MILL SCHOOL	MEMORIAL MIDDLE SCHOOL	MILTON ALLEN SCHOOL	TAUNTON FORGE SCHOOL	TOTAL
2012	\$58,330	73,886	71,941	53,978	179,811	109,904	100,275	648,125
2011	45,540	72,597	76,925	44,991	176,664	108,539	104,596	629,852
2010	55,536	88,240	93,567	54,501	215,078	132,121	127,556	766,599
2009	54,259	108,678	124,562	56,745	210,357	141,241	117,117	812,959
2008	63,590	128,905	144,794	66,559	358,048	153,721	128,271	1,043,888
2007	91,090	119,110	143,302	106,618	259,585	180,382	146,516	1,046,603
2006	140,694	137,308	154,051	136,402	186,732	160,169	163,831	1,079,187
2005	54,732	131,777	127,625	54,075	332,729	137,997	97,314	936,249
2004		143,166	139,243		316,543	148,301	110,417	857,670
2003		108,301	108,740		264,452	116,466	87,681	685,640
Total School Facilities	\$563,771	1,111,968	1,184,750	573,869	2,499,999	1,388,841	1,183,574	8,506,772

Source: District records

**MEDFORD TOWNSHIP BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2012**

	COVERAGE	DEDUCTIBLE
Burlington County Insurance Pool, Joint Insurance Fund (BCIPJIF):		
Property / Auto Physical Damage / Crime	\$9,850,000	500
General Liability / Auto Liability	9,850,000	
Educator's Legal Liability	10,000,000	
Excess Workers' Compensation/Employees' Liability		
Property / Automobile Physical Damage	150,000,000	500
Boiler and Machinery	125,000,000	1,000
Crime	500,000	500
Hazardous Substances	250,000	1,000
Selective Insurance:		
Surety Bond Coverage:		
Board Secretary - Bryan McGair	350,000	
Treasurer of School Monies - N. Janet Cooper	325,000	

Source: District records.

SINGLE AUDIT SECTION

EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Medford Township
County of Burlington
Medford, New Jersey 08055

We have audited the financial statements of the Board of Education of the Medford Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated September 24, 2012. 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

Management of the Medford Township Board of Education is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered the Medford 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that

we consider to be a significant deficiency in internal control over financial reporting as Finding No: 2012-02. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Medford Township Board of Education's 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 two 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.

We noted certain matters that we reported to management of the Medford Township Board of Education, in a separate letter dated September 24, 2012.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia
Certified Public Accountant
Public School Accountant
No. 1011

Medford, New Jersey
September 24, 2012

EXHIBIT K-2

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

Honorable President and Members
of the Board of Education
Medford Township
County of Burlington
Medford, New Jersey 08055

Compliance

We have audited the compliance of Board of Education of the Medford Township School District, in the County of Burlington, 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 Grants Compliance Supplement* that that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. The Board of Education of the Medford Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of Board of Education of the Medford Township School District's management. Our responsibility is to express an opinion on Board of Education of the Medford Township School District'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; the 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 and state program occurred. An audit includes examining, on a test basis, evidence about Board of Education of the Medford Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board of Education of the Medford Township School District's compliance with those requirements.

In our opinion, the Board of Education of the Medford Township School District, County of Burlington, 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 year ended June 30, 2012.

Internal Control Over Compliance

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

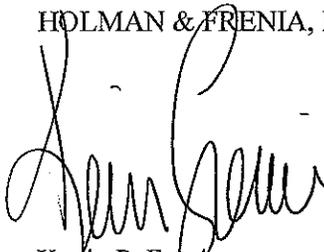
A deficiency in a District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 for the information of the management of the Board of Education of the Medford Township School District, the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia
Certified Public Accountant
Public School Accountant
No. 1011

Medford, New Jersey
September 24, 2012

**MEDFORD TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTOR PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2011	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2012	DUE TO GRANTOR AT JUNE 30, 2012
U.S. DEPARTMENT OF AGRICULTURE PASS - THROUGH STATE DEPARTMENT OF EDUCATION:									
Food Distribution Program	10.550	N/A	\$43,310	7/1/11-6/30/12		43,310	(43,310)		
National School Lunch Program	10.555	N/A	110,497	7/1/01-6/30/12		105,709	(110,497)	(4,788)	
National School Lunch Program	10.555	N/A	97,377	7/1/10-6/30/11	(\$7,278)	7,278			
Special Milk Program	10.556	N/A	1,956	7/1/01-6/30/12		1,852	(1,956)	(104)	
Special Milk Program	10.556	N/A	1,544	7/1/10-6/30/11	(142)	142			
Total U.S. Department of Agriculture					(7,420)	158,291	(155,763)	(4,892)	
U.S. DEPARTMENT OF EDUCATION PASS - THROUGH STATE DEPARTMENT OF EDUCATION:									
Education Jobs Fund	84.410A	N/A	192,767	9/1/11-8/31/12		192,767	(192,767)		
Title I	84.010	NCLB336012	77,832	9/1/11-8/31/12		77,832	(77,832)		
Title II Part A	84.281	NCLB336012	63,103	9/1/11-8/31/12		63,103	(63,103)		
Title III	84.031A	NCLB336012	7,156	9/1/11-8/31/12		7,156	(7,156)		
I.D.E.A. Part B, Basic Regular	84.027	FT336011	634,273	9/1/10-8/31/11	12,012				12,012
I.D.E.A. Part B, Basic Regular	84.027	FT336012	639,878	9/1/11-8/31/12		639,878	(639,878)		
I.D.E.A. Preschool	84.173	FT336012	34,526	9/1/11-8/31/12		34,526	(34,526)		
Total U.S. Department of Education					12,012	1,015,262	(1,015,262)		12,012
Total					\$4,592	1,173,553	(1,171,025)	(4,892)	12,012

**MEDFORD TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2011			REPAYMENT OF PRIOR YEARS' BALANCES		MEMO BALANCE AT JUNE 30, 2012		MEMO CUMULATIVE TOTAL EXPENDITURES
				CASH RECEIVED	BUDGETARY EXPENDITURES	BUDGETARY PRIOR YEARS' BALANCES	(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	BUDGETARY RECEIVABLE		
General Fund:											
Categorical Special Education Aid	12-495-034-5120-089	\$1,580,619	7/1/11-6/30/12		1,580,619	(1,580,619)			133,091		1,580,619
Equalization Aid	12-495-034-5120-078	2,688,221	7/1/11-6/30/12		2,688,221	(2,688,221)			226,354		2,688,221
Security Aid	12-495-034-5120-084	42,425	7/1/11-6/30/12		42,425	(42,425)			3,572		42,425
Extraordinary Aid	11-495-034-5120-044	473,522	7/1/10-6/30/11	(\$473,522)	473,522						
Extraordinary Aid	12-495-034-5120-044	550,013	7/1/11-6/30/12			(550,013)		(550,013)			550,013
Nonpublic Transportation Aid	12-495-034-5120-014	8,178	7/1/11-6/30/12			(8,178)		(8,178)			8,178
Nonpublic Transportation Aid	11-495-034-5120-014	8,058	7/1/10-6/30/11	(8,058)	8,058						
Anti-Bullying Grant	N/A	3,572	7/1/11-6/30/12		3,572	(3,572)					3,572
Homeless Tuition Aid	N/A	9,565	7/1/11-6/30/12			(9,565)		(9,565)			9,565
On Behalf TPAF Pension Contributions	12-495-034-5095-001	1,815,519	7/1/11-6/30/12		1,815,519	(1,815,519)					1,815,519
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	1,352,201	7/1/11-6/30/12	(67,334)	1,419,535	(1,352,201)					1,352,201
Total General Fund Assistance				(548,914)	8,031,471	(8,050,313)		(567,756)		363,017	8,050,313
Special Revenue Fund:											
NJ Schools to Watch Grant	N/A	3,000	7/1/11-6/30/12	3,000	3,000	(3,000)			3,000		3,000
Nonpublic Aid:											
Textbooks	12-100-034-5120-064	18,281	7/1/11-6/30/12		18,281	(18,281)					18,281
Nursing	12-100-034-5120-070	26,113	7/1/11-6/30/12		26,113	(26,113)					26,113
Home Instruction	12-100-034-5120-067	1,500	7/1/11-6/30/12			(1,000)		(1,000)			1,000
Supplemental Instruction	12-100-034-5120c-066	13,329	7/1/11-6/30/12		9,033	(13,329)		(4,296)			13,329
Compensatory Education	12-100-034-5120-067	38,547	7/1/11-6/30/12		38,547	(38,547)					38,547
Speech	11-100-034-512a-066	22,183	7/1/10-6/30/11	9,206			(9,206)				
Speech	12-100-034-512a-066	18,956	7/1/11-6/30/12		18,956	(18,956)					18,956
Examination & Classification	12-100-034-512b-066	16,585	7/1/11-6/30/12		10,651	(16,585)		(5,934)			16,585
Examination & Classification	11-100-034-512b-066	14,835	7/1/10-6/30/11	1,116			(1,116)				
Total Special Revenue Fund Assistance				13,322	124,581	(135,811)	(10,322)	(11,230)	3,000		135,811
Enterprise Fund:											
National School Lunch Program (State Share)	12-100-034-5120-122	7,820	7/1/11-6/30/12		7,488	(7,820)		(332)			7,820
National School Lunch Program (State Share)	11-100-034-5120-122	8,657	7/1/10-6/30/11	(1,099)	1,099						
Total Enterprise Fund Assistance				(1,099)	8,587	(7,820)		(332)			7,820
Total State Financial Assistance				(\$536,691)	8,164,639	(8,193,944)	(10,322)	(579,318)	3,000	363,017	8,193,944

**MEDFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2012**

Note 1. General

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

Note 2. Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements.

Note 3. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A.18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(89,078) for the general fund. See Note 1 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 and are presented as follows:

**MEDFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2012**

Note 3. Relationship to Basic Financial Statements (continued):

	Federal	State	Total
General Fund	\$ 192,767	\$7,961,235	\$8,154,002
Special Revenue Fund	822,495	135,811	958,306
Enterprise Fund	<u>155,763</u>	<u>7,820</u>	<u>163,583</u>
Total Financial Assistance	<u>\$1,171,025</u>	<u>\$8,104,866</u>	<u>\$9,275,891</u>

Note 4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5. 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, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

Note 6. Federal and State Loans Outstanding

Medford Township Board of Education had no loan balances outstanding at June 30, 2012.

**MEDFORD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Where Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to basic financial Statements noted?	None Reported

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance With 510(A) of Circular A-133	None Reported

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.410A	Education Jobs Fund
84.010	Title I
84.281	Title II
84.031A	Title III

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**MEDFORD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended June 30, 2012**

Section I – Summary of Auditor’s Results (continued):

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	None Reported

Identification of major programs:

GMIS Number(s)	Name of State Program
12-495-034-5120-044	Extraordinary Aid
12-495-034-5095-002	TPAF Social Security Aid

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

Finding 2012-03:

Criteria or Specific Requirement:

Proper internal control procedures should be implemented and maintained over the maintenance of the District’s capital asset records.

**MEDFORD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended June 30, 2012**

Section II – Financial Statement Findings (continued):

Finding 2012-03 (continued):

Condition:

It was noted during our audit that an analysis of capital asset additions, deletions and depreciation is not being properly updated and maintained on an ongoing basis.

Context:

A lack of an accurate analysis of the District's capital assets.

Effect:

An insufficient analysis of capital assets does not allow for the reporting of an accurate capital asset value in the District's financial statements.

Cause:

Insufficient internal controls and procedures related to the maintenance of the capital asset analysis.

Recommendation:

That an appraisal be completed to ensure that proper capital asset values and depreciation amounts are being reported in the District's financial statements.

Views of Responsible Officials and Planned Corrective Actions:

The District agrees with this finding and will correct it accordingly.

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

**MEDFORD TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2012**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

No Prior Year Findings