

**Comprehensive Annual
Financial Report**

of the

Borough of Middlesex Board of Education

County of Middlesex

Middlesex, New Jersey

For the Fiscal Year Ended June 30, 2013

Prepared by

**Borough of Middlesex, Board of Education
Finance Department**

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INTRODUCTORY SECTION

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
300 JOHN F. KENNEDY DRIVE
MIDDLESEX, NJ 08846**

Linda A. Madison, Ed.D.
Superintendent of Schools

Michele A. Previte
**Business Administrator/
Board Secretary**

November 18, 2013

Honorable President and Members of
the Board of Education
Borough of Middlesex School District
300 John F. Kennedy Drive
Middlesex, NJ 08846

Dear Members of the Middlesex Board of Education:

The comprehensive annual financial report of the Middlesex Borough School District (the "District") for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Middlesex Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 five sections: introductory, financial, basic financial statements, required supplementary information, and other supplementary information. The introductory section includes this transmittal letter, the roster of officials, consultants and advisors and the District's organizational chart. The financial section includes the independent auditor's report and the management's discussion and analysis. The basic financial statements included the district-wide financial statements, fund financial statements, and notes to the financial statements. The required supplementary information reports on budget comparisons for the general and special revenue funds. The other supplementary information consists of various financial statements, statistical information and single audit. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Amendment of 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of State, and Local Governments, and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "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 the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

Honorable President and Members of
the Board of Education
Borough of Middlesex School District
November 18, 2013

1. REPORTING ENTITY AND ITS SERVICES: The Borough of Middlesex School District is an independent reporting entity within the criteria adopted by the Financial Accounting Standard Board (“FASB”) as established by Governmental Accounting Standard Board (“GASB”) in codification section 2100. All funds and account groups of the District are included in this report. The Borough of Middlesex School District and all its schools constitute the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels kindergarten through twelve, as well as education for children with special needs to grades Pre-school through twelve. The District completed the 2012-13 fiscal year with an on-roll enrollment of 2,189 students, which is an increase of 22 students from the previous year’s enrollment. The following details the changes in the average student enrollment of the District over the last nine years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2012-2013	2,150	-0.19%
2011-2012	2,154	2.09%
2010-2011	2,110	-0.28%
2009-2010	2,116	0.99%
2008-2009	2,095	1.99%
2007-2008	2,054	0.70%
2006-2007	2,040	0.08%
2005-2006	2,039	-2.45%
2004-2005	2,090	-1.37%

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Middlesex has not experienced any significant population increase or increase in business and industry.
3. MAJOR INITIATIVES: The Middlesex Borough Public School system is comprised of five schools: three elementary (Pre-K-3), one middle school (4–8), and one high school (9-12). The District is committed to continue to make improvements to the facilities to ensure a safe and secure environment for students, staff and the community. In 2012-2013 we funded a parking lot renovation at Hazelwood Elementary School window replacements at Parker Elementary School and locker room and restroom renovations at Von. E. Mauger School.

We continually review and revise the instructional programs to now align with the Common Core State Standards. We invested in technology supplies and added additional wireless access points to accommodate PARCC assessments in the upcoming school year. During 2012-2013 the Board of Education completed negotiations with the Middlesex Education Association and the Middlesex Principals and Supervisors Association.

Honorable President and Members of
the Board of Education
Borough of Middlesex School District
November 18, 2013

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

As a recipient of federal and state financial assistance, the District is also 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's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure. This includes that portion related to federal and state financial assistance programs, as well as determining 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 project 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 cancelled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.
6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principals, 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. DEBT ADMINISTRATION: The District passed a \$10 million dollar bond referendum in December 1997, in order to satisfy physical needs of its facilities that were identified in a 1994 needs assessment survey. Information related to the District's outstanding debt is recorded in the long-term debt schedules of the comprehensive annual financial report. In June of 2005 the District refinanced the bonds which resulted in savings of future interest payments of the life of the outstanding debt.

Honorable President and Members of
the Board of Education
Borough of Middlesex School District
November 18, 2013

8. 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 Government Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the act.
9. RISK MANAGEMENT: The District carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
10. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney & Company, CPAs was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. 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 section of this report.
11. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Borough of Middlesex Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the 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.

Respectfully submitted,


Linda A. Madison, Ed.D.
Superintendent of Schools


Michele A. Previte
Business Administrator/Board Secretary

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
ROSTER OF OFFICIAL
JUNE 30, 2013**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Steve Yacik, President	2014
Sharon Schueler, Vice President	2014
Diane Bensinger	2014
Glenn Dickey	2013
Linda Harrity	2015
John R. Hrevnack, Ed.D.	2015
David Oliver	2013
Sharon San Phillips	2013
Monica Townsend	2015

Other Officials

Dr. James C. Baker Superintendent of Schools

Michele A. Previte, Business Administrator/Board Secretary

John Kayser, Treasurer of School Monies

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CONSULTANTS AND ADVISORS
JUNE 30, 2013**

Architect

Parette Somjen Architects
439 Route 46 East
Rockaway, NJ 07866

Audit Firm

Suplee, Clooney & Company
308 East Broad Street
Westfield, New Jersey 07090

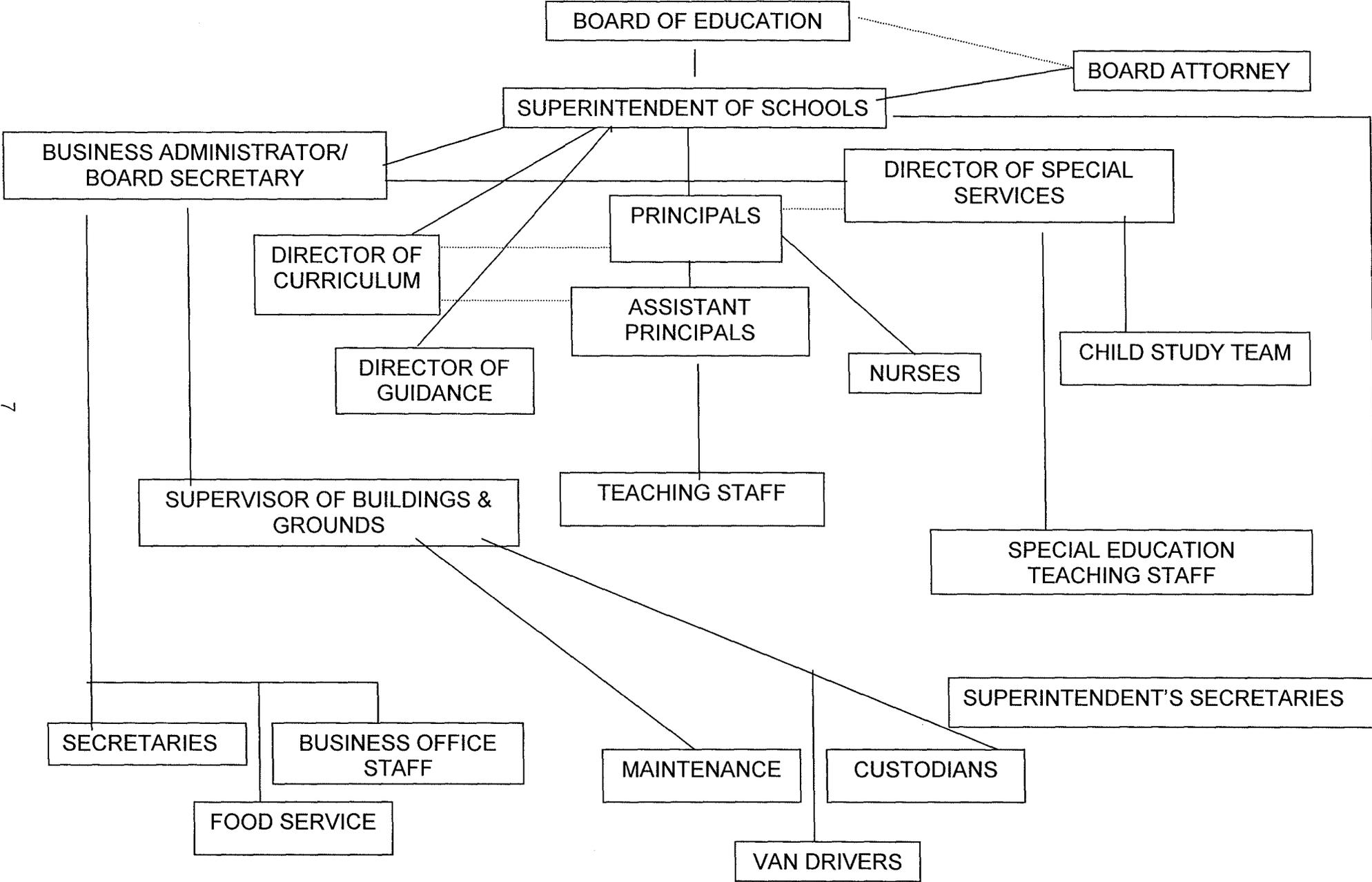
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Official Depository

TD Bank, N.A.
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Cherry Hill, NJ 08034

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
ORGANIZATIONAL CHART



FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Borough of Middlesex School District
County of Middlesex
Middlesex, New Jersey 08846

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Middlesex School District, County of Middlesex, New Jersey as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the provisions of U.S. Office of Management and Budget (OMB) *Circular A-133* "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey *OMB Circular 04-04* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Middlesex School District, County of Middlesex, New Jersey as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information in Exhibit C-1 through C-3 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.

SUPLEE, CLOONEY & COMPANY

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Middlesex School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, such as the introductory and statistical sections, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2013 on our consideration of the Borough of Middlesex School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Middlesex School District's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

November 18, 2013

REQUIRED SUPPLEMENTARY INFORMATION – Part I

**MANAGEMENT'S DISCUSSION AND ANALYSIS -
UNAUDITED**

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
MIDDLESEX, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

UNAUDITED

The Management's Discussion and Analysis of the Borough of Middlesex School District (the "District") offers readers of the District's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2013. The intent of this discussion is to look at the District's financial performance as a whole; therefore readers should also review the transmittal letter at the front of this report, along with the District's financial statements and notes to the financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current fiscal year and the prior fiscal year is presented in the MD&A as required by GASB 34.

Financial Highlights

- Revenue from governmental activities accounted for \$34,637,600.59 or 97 percent of total school district revenue. The other 3 percent of revenue was generated by the business type activities.
- Total net position of the District increased by \$1,616,483.75.
- The Board of Education transferred \$550,000.00 into the capital reserve fund and \$150,000.00 into the maintenance reserve fund for future capital and maintenance projects.
- The District reduced its outstanding long-term debt by 8.62 percent.

Overview of the Financial Statements

This Comprehensive Annual Financial Report ("CAFR") consists of three parts: Management's Discussion and Analysis (this section), The Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District, District-wide Financial Statements and Fund Financial Statements.

- District-wide Financial Statements provide both short-term and long-term information about the District's overall financial status.
- Fund Financial Statements report the District's operations in more detail than the District-wide statements on individual parts of the District, the Governmental Funds, Proprietary Funds and Fiduciary Funds.

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
MIDDLESEX, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

UNAUDITED

- Governmental Funds Statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary Funds Statements offer short and long-term financial information about the activities the District operates like a business, which include food services and the community school.
- Fiduciary Funds Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the District's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year. Table 1 reflects how the various parts of this annual report are arranged and related to one another.

District-wide Financial Statements

The District-wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or disbursed.

The District-wide Financial Statements report the District's net position and how they have changed. Net assets, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the District-wide Financial Statements, the District's activities are divided into two categories, governmental and business-type activities.

- Governmental activities - All of the District's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
MIDDLESEX, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

UNAUDITED

- Business-type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. District charges fees to help it cover the costs of certain services it provided. The food service and community school activities are reported as business activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on major funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

The District maintains three financial funds:

- Governmental Funds: The District's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the government-wide Statement of Net Position and Statement of Activities) and governmental funds statements is reconciled in the financial statements.
- Proprietary Funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow.
- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
MIDDLESEX, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

UNAUDITED

Financial Analysis of the District as a Whole

The District's combined net position has significantly increased from the 2011-2012 fiscal year. The net position from governmental funds increased by \$1,550,097.08 primarily as a result of an increase in current and other assets and restricted net position and a decrease in long-term liabilities. Net position from business-type activities increased by \$66,386.67. Table 1 below reflects the District's net position as a whole. Table 2 reflects the changes in net position from operating results.

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	Change
Current and							
Other Assets	\$5,772,567.94	\$5,260,518.96	\$371,370.76	\$491,895.84	\$6,143,938.70	\$5,752,414.80	6.81%
Capital Assets	15,536,044.30	15,383,934.97	406,594.19	216,700.78	15,942,638.49	15,600,635.75	2.19%
Total Assets	21,308,612.24	20,644,453.93	777,964.95	708,596.62	22,086,577.19	21,353,050.55	3.44%
Long-Term							
Liabilities	4,897,942.60	5,396,444.07			4,897,942.60	5,396,444.07	-9.24%
Short-Term							
Liabilities	898,230.38	1,285,667.68	129,781.11	126,799.45	1,028,011.49	1,412,467.13	-27.22%
Total Liabilities	5,796,172.98	6,682,111.75	129,781.11	126,799.45	5,925,954.09	6,808,911.20	-12.97%
Net Position:							
Net Investment in Capital							
Assets	11,584,869.75	10,454,205.26	406,594.19	216,700.78	11,991,463.94	10,670,906.04	12.38%
Restricted	5,510,793.61	4,607,156.20			5,510,793.61	4,607,156.20	19.61%
Unrestricted	(1,583,224.10)	(1,099,019.28)	241,589.65	365,096.39	(1,341,634.45)	(733,922.89)	82.80%
Total Net Position	\$15,512,439.26	\$13,962,342.18	\$648,183.84	\$581,797.17	\$16,160,623.10	\$14,544,139.35	11.11%

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
MIDDLESEX, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

UNAUDITED

**Table 2
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District	
	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012</u>
Revenue:						
Program Revenue:						
Charges for Services			\$705,647.83	\$777,184.99	\$705,647.83	\$777,184.99
Operating Grants and Contributions	\$4,218,427.58	\$3,441,522.79	461,952.35	424,747.77	4,680,379.93	3,866,270.56
General Revenue:						
Property Taxes	21,301,087.00	20,907,747.00			21,301,087.00	20,907,747.00
Federal and State Aid not restricted	8,802,494.53	9,614,739.98			8,802,494.53	9,614,739.98
Other	315,591.48	319,648.01	889.20	479.65	316,480.68	320,127.66
Total Revenue	<u>34,637,600.59</u>	<u>34,283,657.78</u>	<u>1,168,489.38</u>	<u>1,202,412.41</u>	<u>35,806,089.97</u>	<u>35,486,070.19</u>
Expenses:						
Instruction	20,844,127.75	19,634,919.75			20,844,127.75	19,634,919.75
Student & Instructional Support Services	4,569,861.03	4,527,175.94			4,569,861.03	4,527,175.94
Administrative and Business	3,286,022.02	3,191,956.96			3,286,022.02	3,191,956.96
Maintenance & Operations	2,731,868.49	2,670,520.93			2,731,868.49	2,670,520.93
Transportation	840,720.40	758,050.42			840,720.40	758,050.42
Other	814,903.82	818,808.53	1,102,102.71	1,151,147.29	1,917,006.53	1,969,955.82
Total Expenses	<u>33,087,503.51</u>	<u>31,601,432.53</u>	<u>1,102,102.71</u>	<u>1,151,147.29</u>	<u>34,189,606.22</u>	<u>32,752,579.82</u>
Increase/(Decrease) in Net Position	<u>\$1,550,097.08</u>	<u>\$2,682,225.25</u>	<u>\$66,386.67</u>	<u>\$51,265.12</u>	<u>\$1,616,483.75</u>	<u>\$2,733,490.37</u>

Sources of Revenue

The District's total revenue for the 2012-2013 school year was \$35,806,089.97 as reflected in Table 3 below. Property taxes and state formula aid accounted for 83.88 percent of the total revenue with the other 16.12 percent consisting of restricted state and federal aid and grants, charges for services, and miscellaneous sources.

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
MIDDLESEX, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

UNAUDITED

**Table 3
Sources of Revenue**

<u>Sources of Revenue</u>	<u>FY 2013</u>		<u>FY 2012</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$21,301,087.00	59.49%	\$20,907,747.00	60.63%
State Formula Aid	8,732,662.00	24.39%	8,183,873.00	23.73%
Other State and Federal Aid	3,929,628.80	10.97%	3,489,505.59	10.12%
Federal and State Grants	789,307.00	2.20%	771,285.00	2.24%
Charges for Services	705,647.83	1.97%	777,184.99	2.25%
Other	347,757.34	0.98%	356,474.61	1.03%
	<u>\$35,806,089.97</u>	<u>100.00%</u>	<u>\$34,486,070.19</u>	<u>100.00%</u>

Expenses for the Fiscal Years 2013 and 2012

The total expenditures for the 2012-2013 fiscal year for all programs and services were \$34,189,606.22. Exhibit A-4 below summarizes these program costs. The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through twelve, which accounts for 76.80 percent of the total District costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and the Principal's Offices in all five school buildings. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include interest on long-term debt, unallocated depreciation expense and the costs of the business-type activities of the proprietary funds. It is important to note that depreciation expense on capital assets is included in expenses for the year under the new accounting reporting model; expenses therefore include \$710,336.38 for depreciation.

**Table 4
Expenses for Fiscal Years 2013 and 2012**

<u>Expense Category</u>	<u>FY 2013</u>		<u>FY 2012</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$20,844,127.75	60.97%	\$19,634,919.75	59.95%
Student & Instruction Services	4,569,861.03	13.37%	4,527,175.94	13.82%
Administrative and Business	3,286,022.02	9.61%	3,191,956.96	9.75%
Maintenance & Operations	2,731,868.49	7.99%	2,670,520.93	8.15%
Transportation	840,720.40	2.46%	758,050.42	2.31%
Other	1,917,006.53	5.60%	1,969,955.82	6.02%
	<u>\$34,189,606.22</u>	<u>100.00%</u>	<u>\$32,752,579.82</u>	<u>100.00%</u>

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
MIDDLESEX, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

UNAUDITED

Governmental Activities

Table 5 presents the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) of six major District activities: instruction, student & instructional services, administration and business, maintenance and operations, transportation, and other. The net cost shows the financial burden placed on the District's taxpayers and the state by each of these functions.

**Table 5
Net Cost of Governmental Activities**

<u>Expense Category</u>	<u>FY 2013</u>		<u>FY 2012</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$17,638,794.91	61.24%	\$17,059,323.07	60.78%
Student & Instruction Services	4,103,482.75	14.25%	4,093,321.65	14.58%
Administrative and Business	3,012,232.66	10.46%	2,980,931.14	10.62%
Maintenance & Operations	2,731,868.49	9.48%	2,670,520.93	9.51%
Transportation	781,582.30	2.71%	758,050.42	2.70%
Other	535,617.35	1.86%	506,682.59	1.81%
	<u>\$28,803,578.46</u>	<u>100.00%</u>	<u>\$28,068,829.80</u>	<u>100.00%</u>

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, the Board of Education approved revisions to the general fund budget as needed. These budget amendments were necessary for the following reasons:

- Realign budgeted salary accounts after contract negotiation settlement and staff transfers to various programs.
- Transferred from unexpended appropriations to purchase teaching materials, computers, and equipment to meet various program needs.

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
MIDDLESEX, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

UNAUDITED

Capital Assets

During the fiscal year 2012-2013 the District's capital acquisitions exceeded depreciation expense and retired assets, therefore capital assets net of depreciation increased. Table 6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

**Table 6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	Change
Land and Site Improvements	\$1,598,713.08	\$890,922.82			\$1,598,713.08	\$890,922.82	79.44%
Building and Building Improvements	13,095,287.05	13,175,099.71			13,095,287.05	13,175,099.71	-0.61%
Construction in Progress	257,002.75	676,432.40			257,002.75	676,432.40	-62.01%
Machinery and Equipment	585,041.42	641,480.04	\$406,594.19	\$216,700.78	991,635.61	858,180.82	15.55%
Total Assets	\$15,536,044.30	\$15,383,934.97	\$406,594.19	\$216,700.78	\$15,942,638.49	\$15,600,635.75	2.19%

Debt Administration

At June 30, 2013 the District had \$5,378,424.55 of outstanding long-term debt, consisting of bonds payable from construction, for compensated absences, and for lease purchase agreements. The District will continue to pay down its debt, as the obligations are due. Table 7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the District's long-term debt is presented in Note 4 to the financial statements.

**Table 7
Outstanding Long-term Liabilities**

	Total School Debt		Total Percentage Change
	FY 2013	FY 2012	
Lease Purchase Agreement	\$125,584.55	\$164,746.73	-23.77%
Compensated Absences	937,840.00	955,855.48	-1.88%
Bonds Payable	4,315,000.00	4,765,000.00	-9.44%
	\$5,378,424.55	\$5,885,602.21	-8.62%

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
MIDDLESEX, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

UNAUDITED

The District's Future

The District is presently in stable financial position. A major concern for the community is that state aid has been decreased; therefore, the burden of the rising cost of education is focused on taxpayers to support their local schools. Despite these concerns, the Borough of Middlesex School District is committed to maintaining fiscal responsibility as well as achieving educational excellence for all of the students of the District.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michele Previte, School Business Administrator/Board Secretary at the Middlesex Borough Board of Education, 300 John F. Kennedy Drive, Middlesex, New Jersey 08846 or email at previtem@middlesex.k12.nj.us.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2013.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$2,980,604.58	\$313,721.80	\$3,294,326.38
Receivables, net	625,479.16	43,973.08	669,452.24
Prepaid expense		3,224.00	3,224.00
Inventory		10,451.88	10,451.88
Restricted assets:			
Restricted cash and cash equivalents	2,166,484.20		2,166,484.20
Capital assets:			
Land and construction in progress	301,341.75		301,341.75
Other capital assets, net	15,234,702.55	406,594.19	15,641,296.74
Total assets	<u>21,308,612.24</u>	<u>777,964.95</u>	<u>22,086,577.19</u>
LIABILITIES			
Accounts payable	371,534.89	49,464.72	420,999.61
Interfunds payable		49,884.75	49,884.75
Payable to state government			
Deferred revenue	3,000.00	30,431.64	33,431.64
Accrued Interest payable	43,213.54		43,213.54
Noncurrent liabilities:			
Due within one year	480,481.95		480,481.95
Due beyond one year	4,897,942.60		4,897,942.60
Total liabilities	<u>5,796,172.98</u>	<u>129,781.11</u>	<u>5,925,954.09</u>
NET POSITION			
Net investment in capital assets	11,584,869.75	406,594.19	11,991,463.94
Restricted for:			
Capital projects fund	844,377.63		844,377.63
Debt service fund (deficit)	(43,213.54)		(43,213.54)
Other purposes	4,709,629.52		4,709,629.52
Unrestricted (deficit)	<u>(1,583,224.10)</u>	<u>241,589.65</u>	<u>(1,341,634.45)</u>
Total net position	<u>\$15,512,439.26</u>	<u>\$648,183.84</u>	<u>\$16,160,623.10</u>

See accompanying notes to financial statements.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$13,904,305.77		\$2,050,584.33	(\$11,853,721.44)		(\$11,853,721.44)
Special education	4,942,647.52		947,601.17	(3,995,046.35)		(3,995,046.35)
Other	1,997,174.46		207,147.34	(1,790,027.12)		(1,790,027.12)
Support services:						
Student and instruction related services	4,569,861.03		466,378.28	(4,103,482.75)		(4,103,482.75)
General administrative services	733,445.74		36,137.55	(697,308.19)		(697,308.19)
School administrative services	1,722,501.74		178,729.02	(1,543,772.72)		(1,543,772.72)
Central services	523,813.65		31,776.84	(492,036.81)		(492,036.81)
Administration information technology	306,260.89		27,145.95	(279,114.94)		(279,114.94)
Plant operations and maintenance	2,731,868.49			(2,731,868.49)		(2,731,868.49)
Student transportation services	840,720.40		59,138.10	(781,582.30)		(781,582.30)
Interest on long term debt	219,003.12		213,789.00	(5,214.12)		(5,214.12)
Unallocated depreciation	595,900.70			(595,900.70)		(595,900.70)
Total governmental activities	<u>33,087,503.51</u>		<u>4,218,427.58</u>	<u>(28,869,075.93)</u>		<u>(28,869,075.93)</u>
Business-type activities:						
Community school	285,162.34	312,889.28			27,726.94	27,726.94
Food service	816,940.37	392,758.55	461,952.35		37,770.53	37,770.53
Total business-type activities	<u>1,102,102.71</u>	<u>705,647.83</u>	<u>461,952.35</u>		<u>65,497.47</u>	<u>65,497.47</u>
Total primary government	<u>\$34,189,606.22</u>	<u>\$705,647.83</u>	<u>\$4,680,379.93</u>	<u>(\$28,869,075.93)</u>	<u>\$65,497.47</u>	<u>(\$28,803,578.46)</u>
General Revenues:						
Taxes:						
				\$20,842,826.00		\$20,842,826.00
				458,261.00		458,261.00
				8,802,494.53		8,802,494.53
				315,591.48	\$889.20	316,480.68
				<u>30,419,173.01</u>	<u>889.20</u>	<u>30,420,062.21</u>
			Change in net position	1,550,097.08	66,386.67	1,616,483.75
			Net Position - beginning	13,962,342.18	581,797.17	14,544,139.35
			Net Position - ending	<u>\$15,512,439.26</u>	<u>\$648,183.84</u>	<u>\$16,160,623.10</u>

See accompanying notes to financial statements.

MAJOR FUND FINANCIAL STATEMENTS

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

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

ASSETS AND OTHER DEBITS:	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Assets:				
Cash and cash equivalents	\$2,304,761.38		\$675,843.20	\$2,980,604.58
Capital reserve account	2,166,484.20			2,166,484.20
Accounts receivable:				
Federal		\$215,061.00		215,061.00
State	167,646.98		168,534.43	336,181.41
Other	24,352.00			24,352.00
Interfund	222,771.75			222,771.75
Total assets	\$4,886,016.31	\$215,061.00	\$844,377.63	\$5,945,454.94
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$329,360.89	\$42,174.00		\$371,534.89
Interfunds payable		172,887.00		172,887.00
Deferred revenue	3,000.00			3,000.00
Total liabilities	332,360.89	215,061.00		547,421.89
Fund balances:				
Restricted for:				
Capital reserve account	2,166,484.20			2,166,484.20
Maintenance reserve	900,000.00			900,000.00
Excess surplus designated for subsequent years expenditures	937,971.00			937,971.00
Excess surplus - current year	705,174.32			705,174.32
Capital projects fund			239,561.43	239,561.43
Assigned for year-end encumbrances	35,674.55			35,674.55
Committed for year-end encumbrances			604,816.20	604,816.20
Unassigned:				
General fund (deficit)	(191,648.65)			(191,648.65)
Total fund balances	4,553,655.42		844,377.63	5,398,033.05
Total liabilities and fund balances	\$4,886,016.31	\$215,061.00	\$844,377.63	

Amounts reported for governmental activities in the statement of net position (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 assets is \$29,705,914.26 and the accumulated depreciation is \$14,169,869.96	15,536,044.30
Long term liabilities, including bonds, compensated absences and accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds	(5,421,638.09)
Net position of governmental activities	\$15,512,439.26

See accompanying notes to financial statements.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$20,842,826.00			\$458,261.00	\$21,301,087.00
Interest earned on capital reserve funds					
Tuition	72,846.00				72,846.00
Transportation fees from other LEA's	13,260.00				13,260.00
Miscellaneous	229,485.48	\$31,276.66			260,762.14
Total revenues-local sources	21,158,417.48	31,276.66		458,261.00	21,647,955.14
State sources	11,953,067.82			213,789.00	12,166,856.82
Federal sources	33,481.63	789,307.00			822,788.63
Total revenues	33,144,966.93	820,583.66		672,050.00	34,637,600.59
EXPENDITURES:					
Current expense:					
Instruction:					
Regular	9,366,455.93	311,803.52			9,678,259.45
Special education	3,011,575.24	486,771.28			3,498,346.52
Other instruction	1,428,790.04				1,428,790.04
Support services:					
Tuition	226,880.97				226,880.97
Student and instruction related services	3,300,489.65	22,008.86			3,322,498.51
General administrative services	618,262.88				618,262.88
School administrative services	1,226,029.38				1,226,029.38
Central services	394,919.32				394,919.32
Administration information technology	227,249.44				227,249.44
Plant operations and maintenance	2,395,383.34				2,395,383.34
Student transportation services	786,637.14				786,637.14
Employee benefits	8,378,489.57				8,378,489.57
Capital outlay	60,485.11		785,968.53		846,453.64
Capital outlay debt assessment	10,425.00				10,425.00
Capital outlay lease principal	39,162.18				39,162.18
Debt service:					
Principal				450,000.00	450,000.00
Interest				222,050.00	222,050.00
Total expenditures	31,471,235.19	820,583.66	785,968.53	672,050.00	33,749,837.38
Excess (deficiency) of revenues over (under) expenditures	1,673,731.74		(785,968.53)		887,763.21
Other financing sources (uses):					
Operating transfers in	400,000.00		1,038,050.00		1,438,050.00
Operating transfers out	(1,038,050.00)		(400,000.00)		(1,438,050.00)
Total financing sources (uses):	(638,050.00)		638,050.00		
Net change in fund balances	1,035,681.74		(147,918.53)		887,763.21
Fund balances, July 1, 2012	3,517,973.68		992,296.16		4,510,269.84
Fund balances, June 30, 2013	\$4,553,655.42	\$-0-	\$844,377.63	\$-0-	\$5,398,033.05

See accompanying notes to financial statements.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total net change in fund balances - governmental funds (from B-2)		\$887,763.21
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>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 depreciation exceeded capital outlays in the period.</p>		
Depreciation expense	(\$694,344.31)	
Capital outlays	896,040.82	
Capital outlays not capitalized	<u>(49,587.18)</u>	
		152,109.33
<p>Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position and is not reported in the statements of activities.</p>		
Paid - Principal on bonds		450,000.00
Paid - Principal on lease purchase		39,162.18
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.</p>		
		3,046.88
<p>In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		<u>18,015.48</u>
Change in net assets of governmental activities		<u>\$1,550,097.08</u>

See accompanying notes to financial statements.

OTHER FUNDS

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL (non major)</u>	<u>TOTAL</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$54,218.91	\$259,502.89	\$313,721.80
Accounts receivable:			
State	792.80		792.80
Federal	36,825.71		36,825.71
Tuition		6,354.57	6,354.57
Prepaid expenses		3,224.00	3,224.00
Inventories	10,451.88		10,451.88
Total current assets	<u>102,289.30</u>	<u>269,081.46</u>	<u>371,370.76</u>
Noncurrent assets			
Furniture, machinery & equipment	609,559.81		609,559.81
Less: Accumulated depreciation	<u>(202,965.62)</u>		<u>(202,965.62)</u>
Total noncurrent assets	<u>406,594.19</u>		<u>406,594.19</u>
TOTAL ASSETS	<u>508,883.49</u>	<u>269,081.46</u>	<u>777,964.95</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	49,126.25	338.47	49,464.72
Deferred Revenue	4,947.64	25,484.00	30,431.64
Interfunds payable	49,884.75		49,884.75
Total current liabilities	<u>103,958.64</u>	<u>25,822.47</u>	<u>129,781.11</u>
NET POSITION:			
Net investment in capital assets	406,594.19		406,594.19
Unrestricted (deficit)	<u>(1,669.34)</u>	<u>243,258.99</u>	<u>241,589.65</u>
TOTAL NET POSITION	<u>\$404,924.85</u>	<u>\$243,258.99</u>	<u>\$648,183.84</u>

See accompanying notes to financial statements.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL (non major)</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Local sources:			
Daily sales-reimbursable programs:			
School lunch program	\$290,468.31		\$290,468.31
Daily sales non-reimbursable programs	102,290.24		102,290.24
Fees - Individuals		\$312,889.28	312,889.28
Total operating revenue	<u>392,758.55</u>	<u>312,889.28</u>	<u>705,647.83</u>
OPERATING EXPENSES:			
Salaries	259,948.33	220,880.02	480,828.35
Employee benefits and taxes	109,776.17	35,967.31	145,743.48
Other purchased services		18,462.06	18,462.06
Management fee	17,407.00		17,407.00
Supplies and materials		9,852.95	9,852.95
Repairs and other	38,851.25		38,851.25
Depreciation	15,992.07		15,992.07
Cost of sales	374,965.55		374,965.55
Total operating expenses	<u>816,940.37</u>	<u>285,162.34</u>	<u>1,102,102.71</u>
Operating income (loss)	<u>(424,181.82)</u>	<u>27,726.94</u>	<u>(396,454.88)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	9,183.25		9,183.25
Federal sources:			
National school lunch program	288,643.49		288,643.49
National school breakfast program	116,705.92		116,705.92
National food distribution commodities	47,419.69		47,419.69
Interest earned		889.20	889.20
Total nonoperating revenues	<u>461,952.35</u>	<u>889.20</u>	<u>462,841.55</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,770.53</u>	<u>28,616.14</u>	<u>66,386.67</u>
Net income	37,770.53	28,616.14	66,386.67
Net position - July 1	<u>367,154.32</u>	<u>214,642.85</u>	<u>581,797.17</u>
Net position - June 30	<u>\$404,924.85</u>	<u>\$243,258.99</u>	<u>\$648,183.84</u>

See accompanying notes to financial statements.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL (non major)</u>	<u>TOTAL</u>
Cash flows from operating activities:			
Receipts from customers	\$392,758.55	\$278,362.70	\$671,121.25
Payments to employees	(239,033.01)	(217,582.52)	(456,615.53)
Payments for employee benefits	(100,231.02)	(35,967.31)	(136,198.33)
Payments to suppliers	(380,289.20)	(34,851.01)	(415,140.21)
Net cash provided (used) by operating activities	<u>(326,794.68)</u>	<u>(10,038.14)</u>	<u>(336,832.82)</u>
Cash flows from noncapital financing activities:			
State sources	8,901.16		8,901.16
Federal sources	437,844.10		437,844.10
Net cash provided (used) by noncapital financing activities	<u>446,745.26</u>		<u>446,745.26</u>
Cash flows from investing activities:			
Interest earned		889.20	889.20
Net cash provided (used) by noncapital financing activities		<u>889.20</u>	<u>889.20</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(205,885.48)		(205,885.48)
Net cash provided (used) by capital and related financing activities	<u>(205,885.48)</u>		<u>(205,885.48)</u>
Net increase(decrease) in cash and cash equivalents	(85,934.90)	(9,148.94)	(95,083.84)
Cash and cash equivalents, July 1	140,153.81	268,651.83	408,805.64
Cash and cash equivalents, June 30	<u>\$54,218.91</u>	<u>\$259,502.89</u>	<u>\$313,721.80</u>
Operating income(loss)	(\$424,181.82)	\$27,726.94	(\$396,454.88)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation and net amortization	15,992.07		15,992.07
Change in assets and liabilities:			
Increase (Decrease) in deferred revenue	(2,752.88)	(27,432.25)	(30,185.13)
(Increase) Decrease in inventory	2,394.39		2,394.39
(Increase) Decrease in prepaid expense		73.50	73.50
(Increase) Decrease in accounts receivable	94,419.76	(6,354.57)	88,065.19
Increase (Decrease) in accounts payable	(12,666.20)	(4,051.76)	(16,717.96)
Net cash provided (used) by operating activities	<u>(\$326,794.68)</u>	<u>(\$10,038.14)</u>	<u>(\$336,832.82)</u>

See accompanying notes to financial statements.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	STATE UNEMPLOYMENT INSURANCE	PRIVATE PURPOSE SCHOLARSHIP FUNDS	AGENCY FUNDS	
			STUDENT ACTIVITIES	PAYROLL
ASSETS:				
Cash and cash equivalents	\$170,687.70	\$130,418.71	\$83,591.99	\$211,807.87
Total assets	170,687.70	130,418.71	83,591.99	211,807.87
LIABILITIES:				
Liabilities:				
Payroll deductions and withholdings Due to student groups			83,591.99	211,807.87
Total liabilities			83,591.99	211,807.87
NET POSITION:				
Held in trust for:				
State unemployment Scholarships	170,687.70	130,418.71		
Total net position	\$170,687.70	\$130,418.71	\$-0-	\$-0-

See accompanying notes to financial statements.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>STATE UNEMPLOYMENT INSURANCE</u>	<u>PRIVATE PURPOSE SCHOLARSHIP FUNDS</u>
ADDITIONS:		
Contributions:		
Board contribution	\$25,000.00	
Employee contribution	53,449.15	
Other		\$6,832.85
	<hr/>	<hr/>
Total additions	78,449.15	6,832.85
	<hr/>	<hr/>
DEDUCTIONS:		
State unemployment insurance claims/state taxes	82,992.19	
Scholarships awarded		15,095.00
	<hr/>	<hr/>
Total deductions	82,992.19	15,095.00
	<hr/>	<hr/>
Change in net position	(4,543.04)	(8,262.15)
Net position - July 1	175,230.74	138,680.86
	<hr/>	<hr/>
Net position - June 30	<u>\$170,687.70</u>	<u>\$130,418.71</u>

See accompanying notes to financial statements.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Middlesex School District have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

Reporting Entity

The Middlesex School District is a Type II District located in Middlesex County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a nine member board elected to three-year terms and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary, middle and high schools located in the Borough of Middlesex. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting

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

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

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

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

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

Enterprise Fund - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The district also considers the operations of the Community School as an enterprise fund.

Fiduciary Fund Types

Agency Funds – The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

Unemployment Compensation Insurance Trust Fund - A trust fund used to account for assets to finance the costs of unemployment benefits. Since the Board has adopted the direct reimbursement method, the District is under obligation to appropriate sufficient funds out of its general fund and hold them in trust for this purpose.

Payroll and Student Activities Funds (Agency) - These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Private Purpose Scholarship Funds - A trust fund used to account for assets donated by individuals that will provide for the payment of awards to district students.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – Measurement Focus

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

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. *Ad Valorem* (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. 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. 6A:23. All budget amendments and transfers must be approved by School Board resolution.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial records.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned 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 and capital projects fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future period, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

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.

Under the existing policy of the District, employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken as time off or paid at a later date. Upon retirement, employees are entitled to a lump-sum payment for unused accumulated sick days at a rate of \$55.00 per day up to 150 days, \$70.00 per day for days 151 to 200 and \$90.00 per day for days beyond 201 days. The maximum allowable reimbursement is \$15,000.00. In addition, Administrators shall be compensated for unused sick leave in a lump sum payment in accordance with contract guidelines.

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

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designation of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the proprietary funds.

Deferred Revenue

Deferred revenue in the general and special revenue funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is allowable under generally accepted accounting principles.

Accrued Liabilities and Long-Term Obligations

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

Net Position

In fiscal year 2013 the District implemented GASB 63. GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. In compliance with GASB 63, the Statement of Net Assets has been renamed the Statement of Net Position. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

In fiscal year 2011, the District implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement modifies fund balance reporting and clarifies fund type definitions. This new Statement aims to enhance the usefulness of fund balance information by providing clearer fund balance clarifications that can be applied more consistently.

Under the new standard, in the fund financial statements, governmental funds report the following classifications of fund balance:

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

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve and Excess Surplus as Restricted Fund Balance.

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

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

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

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

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (continued)

The general fund is the only fund that will report a negative unassigned fund balance. For all other governmental funds the amount of a residual deficit would be classified as unassigned.

Revenues – Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Revenue from property taxes is recognized in the period in which the revenue is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Operating Revenues and Expenses

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

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Indirect Expenses

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

Extraordinary and Special Items

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, deposits in the government money market account, and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), 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 the deposits to the governmental unit.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The Middlesex School District had the following cash and cash equivalents at June 30, 2013.

	Cash in Bank	Additions	Deletions	Reconciled Balance
Governmental Funds	\$5,670,711.40	\$35,802.93	\$559,425.55	\$5,147,088.78
Proprietary Fund	440,511.00		126,789.20	313,721.80
Fiduciary Fund	688,129.54		91,623.27	596,506.27
	<u>\$6,799,351.94</u>	<u>\$35,802.93</u>	<u>\$777,838.02</u>	<u>\$6,057,316.85</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2013, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$379,614.54 was covered by Federal Depository Insurance and \$6,419,737.40 was covered under the provisions of NJ GUDPA.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts.
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and;
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2013 the District has no investments outstanding. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the N.J. Cash Management Fund, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 3: CHANGE IN CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$44,339.00			\$44,339.00
Construction in progress	676,432.40	(\$419,429.65)		257,002.75
Total capital assets that are not depreciated	<u>720,771.40</u>	<u>(419,429.65)</u>		<u>301,341.75</u>
Capital assets being depreciated:				
Site improvements	1,827,389.69	790,044.68		2,617,434.37
Building and building improvements	24,164,352.04	415,353.50		24,579,705.54
Machinery and equipment	2,146,947.49	60,485.11		2,207,432.60
Total capital assets being depreciated	<u>28,138,689.22</u>	<u>1,265,883.29</u>		<u>29,404,572.51</u>
 Total gross assets	 28,859,460.62	 846,453.64		 29,705,914.26
Less: accumulated depreciation for:				
Site improvements	(980,805.87)	(82,254.42)		(1,063,060.29)
Building and building improvements	(10,989,252.33)	(495,166.16)		(11,484,418.49)
Machinery and equipment	(1,505,467.45)	(116,923.73)		(1,622,391.18)
	<u>(13,475,525.65)</u>	<u>(694,344.31)</u>		<u>(14,169,869.96)</u>
 Governmental activities capital assets, net	 <u>\$15,383,934.97</u>	 <u>\$152,109.33</u>	 <u>\$-0-</u>	 <u>\$15,536,044.30</u>
 Business type activities:				
Construction in Progress	87,288.16	(87,288.16)		
Machinery and equipment	316,386.17	293,173.64		609,559.81
Less: accumulated depreciation	<u>(186,973.55)</u>	<u>(15,992.07)</u>		<u>(202,965.62)</u>
 Business type activities capital assets, net	 <u>\$216,700.78</u>	 <u>\$189,893.41</u>	 <u>\$-0-</u>	 <u>\$406,594.19</u>

Depreciation Expense was charged to governmental expenses as follows:

Instruction:	
Regular	(\$56,447.25)
Special Education	(9,189.09)
Support Services:	
Plant operations and maintenance	(12,113.27)
Student transportation	(20,694.00)
Direct Expense of various functions	<u>(595,900.70)</u>
	<u>(\$694,344.31)</u>

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 4: LONG-TERM LIABILITIES

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

At June 30, 2013, the District had no bonds or notes authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2013.

	<u>Lease Purchase Agreement Payable</u>	<u>Bonds Payable</u>	<u>Compensated Absences Payable</u>	<u>Total</u>
Balance, July 1, 2012	\$164,746.73	\$4,765,000.00	\$955,855.48	\$5,885,602.21
Additions/Issued			88,160.00	88,160.00
Reductions	<u>39,162.18</u>	<u>450,000.00</u>	<u>106,175.48</u>	<u>595,337.66</u>
Balance, June 30, 2013	<u>\$125,584.55</u>	<u>\$4,315,000.00</u>	<u>\$937,840.00</u>	<u>\$5,378,424.55</u>
Amounts Due Within One Year	<u>\$40,481.95</u>	<u>\$440,000.00</u>	<u>\$-0-</u>	<u>\$480,481.95</u>

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable

The annual requirements to amortize all debt outstanding as of June 30, 2013, with interest payments on issued debt, are as follows:

Year Ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$440,000.00	\$207,425.00	\$647,425.00
2015	480,000.00	187,625.00	667,625.00
2016	490,000.00	163,625.00	653,625.00
2017	490,000.00	139,125.00	629,125.00
2018	485,000.00	120,750.00	605,750.00
2019	485,000.00	96,500.00	581,500.00
2020	485,000.00	72,250.00	557,250.00
2021	480,000.00	48,000.00	528,000.00
2022	480,000.00	24,000.00	504,000.00
	<u>\$4,315,000.00</u>	<u>\$1,059,300.00</u>	<u>\$5,374,300.00</u>

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the calendar year ended December 31, 2012, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2012	\$1,447,077,080.00
2011	1,573,528,576.00
2010	1,650,272,848.00
	<hr/>
	\$4,670,878,504.00
	<hr/> <hr/>
Average equalized valuation of property	\$1,556,959,501.33
School borrowing margin (4% of \$1,556,959,501.33)	62,278,380.05
Net bonded school debt as of December 31, 2012	<hr/> 4,765,000.00
School borrowing power available	<hr/> <hr/> \$57,513,380.05

NOTE 5: LEASE PURCHASE AGREEMENT

The District has entered into an agreement to obtain Energy Conservation Equipment through a Lease Purchase Agreement at a fixed interest rate of 3.37%. The following is the annual payment schedule summarizing amounts due each year for principal and interest.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$40,481.95	\$4,232.20	\$44,714.15
2015	41,846.19	2,867.96	44,714.15
2016	43,256.41	1,457.74	44,714.15
	<hr/>	<hr/>	<hr/>
	\$125,584.55	\$8,557.90	\$134,142.45
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 6: PENSION PLANS

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

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

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

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 6: PENSION PLANS (CONTINUED)

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

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 ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 6: PENSION PLANS (CONTINUED)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A 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.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of New Jersey makes the employer contribution on behalf of public school districts).

PERS Contribution Requirements

<u>Year</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2013	\$311,720.00	100.00%	\$311,720.00
2012	338,509.00	100.00%	338,509.00
2011	316,485.00	100.00%	316,485.00

During the fiscal years ended June 30, 2013, 2012 and 2011, the State of New Jersey contributed \$947,023.00, \$461,664.00 and \$-0-, respectively to the TPAF pension system on behalf of the District.

Also in accordance with N.J.S.A. 18A:66-66, during the years ended June 30, 2013, 2012 and 2011, the State of New Jersey reimbursed the District \$1,107,049.82, \$1,023,214.84 and \$1,061,304.14 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 7: GASB 45 - OTHER POST-RETIREMENT BENEFITS

For eligible retired employees, the School District participates in the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 *et seq.*, to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

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 state disability retirement. P.L. 2007, Chapter 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, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 7: OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$1,070,844, \$928,066 and \$948,115 respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 8: LITIGATION

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

NOTE 9: CONTINGENCIES

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2012-2013 fiscal year were subject to the U.S. OMB A-133 and New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 10: RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and 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 its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The table on the following page is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$25,000.00	\$53,449.15	\$82,992.19	\$170,687.70
2011-2012	150,095.67	47,256.90	68,607.36	175,230.74
2010-2011	100,326.23	42,991.38	179,626.76	46,485.53

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made. The following interfund balances remained on the balance sheet at June 30, 2013.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$222,771.75	
Special Revenue Fund		\$172,887.00
Enterprise Fund		49,884.75
	\$222,771.75	\$222,771.75

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 12: FUND BALANCE APPROPRIATED

General Fund – Of the \$4,553,655.42 General Fund fund balance at June 30, 2013, \$35,674.55 has been assigned for year-end encumbrances; \$2,166,484.20 has been restricted in the Capital Reserve Account; \$900,000.00 has been restricted in the Maintenance Reserve; \$1,643,145.32 has been restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, of which \$937,971.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2014.

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004,c.73 (S1701), the Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to 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. Based on this calculation, the Middlesex School District has \$705,174.32 excess fund balance resulting from the year ended June 30, 2013.

General Fund Expenditures Fiscal Year Ended June 30, 2013	\$31,471,234.19
Add:	
Transfer from Capital Outlay to Capital Projects Fund	1,038,050.00
Less:	
On-behalf TPAF Pension and Social Security Reimbursement	<u>3,124,916.82</u>
Adjusted General Fund Expenditures	29,384,367.37
Excess Surplus Percentage	<u>2.00%</u>
2% of Adjusted 2012-13 General Fund Expenditures	587,687.35
Add: Allowable Adjustments	95,489.00
Maximum Unreserved/Undesignated Fund Balance	683,176.35
Actual Unreserved/Undesignated Fund Balance	<u>1,388,350.67</u>
Excess Surplus	<u><u>\$705,174.32</u></u>

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Middlesex Board of Education by the inclusion of \$1,000.00 in the 2000-2001 school year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve as per N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A23A-14.1, by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C.6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the capital reserve for withdrawal in subsequent school years. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the year ending June 30, 2013 year is as follows:

Beginning balance, July 1, 2012	\$1,616,484.20
Add: Board resolution/ Adopted budget	550,000.00
Ending balance, June 30, 2013	<u>\$2,166,484.20</u>

The June 30, 2013 LRFP balance of local support costs of uncompleted capital projects is \$6,764,014.00. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities

NOTE 15: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans 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. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2013.

Borough of Middlesex School District
Notes to the Financial Statements
June 30, 2013

NOTE 16: MAINTENANCE RESERVE

A maintenance reserve was established through a board resolution by the Borough of Middlesex School District in the amount of \$150,000.00 in the 2007-2008 school year for the accumulation of funds for the required maintenance of a facility in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c. 73 (S1701). N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A:23A-14.2 permits districts, by board resolution, to transfer undesignated general fund balance to the maintenance reserve account if approved in the district's original budget certified for taxes or if the district received voter approval by a separate proposal at budget time or by special question at one of the four special elections authorized pursuant to N.J.S.A.19:60-2. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C.6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the maintenance reserve for withdrawal in subsequent school years. The district, by board resolution, transferred \$150,000.00 to the maintenance reserve in the fiscal year 2013 as well as \$600,000.00 in previous years since its establishment.

NOTE 17: DEFICIT FUND BALANCES

The District has an unassigned deficit fund balance of \$191,648.65 in the General Fund as of June 30, 2013 as reported in the fund statements (modified accrual basis). P.L. 2003,C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset and liability) should be symmetry, ie, if one government recognized an asset, the other government recognized liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last two state aid payments, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

NOTE 18: INVENTORY

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food and Supplies	<u>\$10,451.88</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act Amendments of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
Local sources:					
Local tax levy	\$20,842,826.00		\$20,842,826.00	\$20,842,826.00	
Interest earned on capital reserve funds	1,000.00		1,000.00		(\$1,000.00)
Tuition	65,000.00		65,000.00	72,846.00	7,846.00
Transportation fees from other LEA's	15,000.00		15,000.00	13,260.00	(1,740.00)
Unrestricted miscellaneous	90,000.00		90,000.00	229,485.48	139,485.48
Total revenues-local sources	21,013,826.00		21,013,826.00	21,158,417.48	144,591.48
State sources:					
Categorical special education aid	1,266,902.00		1,266,902.00	1,266,902.00	
Equalization aid	7,398,658.00		7,398,658.00	7,398,658.00	
Extraordinary aid				70,607.00	70,607.00
Other state aid				24,882.00	24,882.00
Categorical Security Aid	54,731.00		54,731.00	54,731.00	
Categorical Transportation Aid	65,709.00		65,709.00	65,709.00	
On-behalf TPAF Pension - post retirement medical (non budgeted)				1,070,844.00	1,070,844.00
On-behalf TPAF pension contribution (non-budgeted)				947,023.00	947,023.00
Reimbursed TPAF social security cont. (non-budgeted)				1,107,049.82	1,107,049.82
Total - state sources	8,786,000.00		8,786,000.00	12,006,405.82	3,220,405.82
Federal sources:					
Medicaid Reimbursement (SEMI)	21,297.00		21,297.00	29,898.14	8,601.14
Medicaid Reimbursement (MAC)				2,804.49	2,804.49
Education Jobs Fund				779.00	779.00
Total - federal sources	21,297.00		21,297.00	33,481.63	12,184.63
Total revenues	29,821,123.00		29,821,123.00	33,198,304.93	3,377,181.93
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	47,458.00	\$1,611.00	49,069.00	49,064.76	4.24
Kindergarten	428,498.00	1,920.00	430,418.00	427,609.68	2,808.32
Grades 1-5	2,708,055.00	4,143.00	2,712,198.00	2,655,160.28	57,037.72
Grades 6-8	1,918,149.00	12,236.00	1,930,385.00	1,925,381.01	5,003.99
Grades 9-12	3,286,403.00	15,900.00	3,302,303.00	3,281,649.94	20,653.06
Home instruction - regular programs:					
Salaries of teachers	10,000.00	7,000.00	17,000.00	16,780.16	219.84
Purchased professional educational services	23,550.00	(2,300.00)	21,250.00	19,147.02	2,102.98

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Regular programs - undistributed instruction:					
Other salaries for instruction	\$82,680.00	(\$3,000.00)	\$79,680.00	\$76,897.22	\$2,782.78
Purchased professional educational services	2,000.00		2,000.00	1,000.00	1,000.00
Other purchased services	59,518.00	(1,870.00)	57,648.00	48,860.70	8,787.30
General supplies	470,187.11	257,940.00	728,127.11	713,919.03	14,208.08
Textbooks	138,483.00	7,632.00	146,115.00	145,799.97	315.03
Other objects	5,700.00	(150.00)	5,550.00	5,186.16	363.84
Total regular programs	9,180,681.11	301,062.00	9,481,743.11	9,366,455.93	115,287.18
Special education:					
Learning and/or language disabilities:					
Salaries of teachers	350,487.00	64,328.00	414,815.00	414,810.76	4.24
Other salaries for instruction	192,770.00	(58,613.00)	134,157.00	131,873.25	2,283.75
Purchased professional services	5,000.00		5,000.00	5,000.00	
General supplies	8,500.00	1,370.00	9,870.00	9,866.73	3.27
Other Objects	500.00	290.00	790.00	613.00	177.00
Total learning and/or language disabilities:	557,257.00	7,375.00	564,632.00	562,163.74	2,468.26
Behavioral disabilities:					
Salaries of teachers	214,301.00	(89,280.00)	125,021.00	124,769.55	251.45
Other salaries for instruction	46,241.00	28,291.00	74,532.00	72,598.85	1,933.15
Purchased professional services	5,000.00		5,000.00	5,000.00	
General supplies	8,200.00	384.00	8,584.00	8,548.31	35.69
Textbooks	900.00	(900.00)			
Other objects	500.00		500.00	313.00	187.00
Total behavioral disabilities:	275,142.00	(61,505.00)	213,637.00	211,229.71	2,407.29
Multiple disabilities:					
Salaries of teachers	59,293.00	710.00	60,003.00	58,723.45	1,279.55
Other salaries for instruction	34,521.00	(31,506.00)	3,015.00	3,014.21	0.79
General supplies	2,500.00	(300.00)	2,200.00	2,181.99	18.01
Total multiple disabilities:	96,314.00	(31,096.00)	65,218.00	63,919.65	1,298.35
Resource room/resource center:					
Salaries of teachers	1,389,258.00	63,206.00	1,452,464.00	1,450,438.46	2,025.54
Other salaries for instruction	210,414.00	2,994.00	213,408.00	213,406.02	1.98
Purchased professional services	5,000.00		5,000.00	5,000.00	
General supplies	19,000.00	(91.00)	18,909.00	18,903.26	5.74
Textbooks	3,000.00	(1,709.00)	1,291.00	1,290.46	0.54
Total resource room/center	1,626,672.00	64,400.00	1,691,072.00	1,689,038.20	2,033.80
Autism					
Salaries of teachers	117,264.00	(1,540.00)	115,724.00	114,348.30	1,375.70
Other salaries for instruction	91,116.00	(13,345.00)	77,771.00	76,260.31	1,510.69
Purchased professional services	5,000.00		5,000.00	5,000.00	
General supplies	31,600.00	(13,915.00)	17,685.00	17,660.89	24.11
Other objects	500.00		500.00	380.00	120.00
Total autism:	\$245,480.00	(\$28,800.00)	\$216,680.00	\$213,649.50	\$3,030.50

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Preschool disabilities - full time:					
Salaries of teachers	\$124,914.00	(\$1,300.00)	\$123,614.00	\$121,672.36	\$1,941.64
Other salaries for instruction	118,923.00	(4,070.00)	114,853.00	111,611.25	3,241.75
General supplies	7,800.00	(2,000.00)	5,800.00	5,751.16	48.84
Other objects	500.00	(410.00)	90.00	90.00	
Total preschool disabilities - full time	252,137.00	(7,780.00)	244,357.00	239,124.77	5,232.23
Special education - Home Instruction:					
Salaries of teachers	10,000.00	8,713.00	18,713.00	18,712.80	0.20
Purchased Professional-Educational Services	10,000.00	\$4,000.00	14,000.00	13,736.87	263.13
Total home instruction	20,000.00	12,713.00	32,713.00	32,449.67	263.33
Total special education	3,073,002.00	(44,693.00)	3,028,309.00	3,011,575.24	16,733.76
Basic skills/remedial:					
Salaries of teachers	656,648.00	5,100.00	661,748.00	659,804.96	1,943.04
General supplies	6,500.00	62.00	6,562.00	6,561.29	0.71
Total basic skills/remedial	663,148.00	5,162.00	668,310.00	666,366.25	1,943.75
Bilingual education:					
Salaries of teachers	179,471.00	(7,700.00)	171,771.00	159,930.75	11,840.25
Other Purchased Services	500.00	(329.00)	171.00	86.80	84.20
General supplies	2,000.00	(100.00)	1,900.00	1,899.90	0.10
Total bilingual education	181,971.00	(8,129.00)	173,842.00	161,917.45	11,924.55
School sponsored cocurricular activities:					
Salaries	104,190.00		104,190.00	95,805.00	8,385.00
Supplies and Materials	1,700.00		1,700.00	8.82	1,691.18
Other objects	3,400.00		3,400.00	2,324.23	1,075.77
Total school sponsored cocurricular activities	109,290.00		109,290.00	98,138.05	11,151.95
School sponsored athletics:					
Salaries	363,874.00	10,486.00	374,360.00	373,980.80	379.20
Purchased services	88,350.00	(11,730.00)	76,620.00	74,008.57	2,611.43
Supplies and Materials	36,177.53	(4,170.00)	32,007.53	31,770.95	236.58
Other objects	14,750.00	7,860.00	22,610.00	22,607.97	2.03
Total school sponsored athletics	503,151.53	2,446.00	505,597.53	502,368.29	3,229.24
Total other instructional programs	1,457,560.53	(521.00)	1,457,039.53	1,428,790.04	28,249.49
Total - instruction	\$13,711,243.64	\$255,848.00	\$13,967,091.64	\$13,806,821.21	\$160,270.43

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed expenditures:					
Instruction:					
Tuition to Other LEAs Within the State-Regular		\$26,000.00	\$26,000.00	\$1,445.00	\$24,555.00
Tuition to Other LEAs Within the State-Special	\$114,390.00	87,315.00	201,705.00	88,160.00	113,545.00
Tuition to CSSD and regular day schools	63,666.00	18,333.00	81,999.00	61,765.00	20,234.00
Tuition for private schools for handicapped within the state	359,118.00	(178,983.00)	180,135.00	75,510.97	104,624.03
Tuition - other	3,500.00		3,500.00		3,500.00
Total instruction	540,674.00	(47,335.00)	493,339.00	226,880.97	266,458.03
Attendance and social services work:					
Salaries	20,445.00		20,445.00	20,127.02	317.98
Total - attendance and social services work	20,445.00		20,445.00	20,127.02	317.98
Health services:					
Salaries	373,143.00	13,310.00	386,453.00	385,140.00	1,313.00
Purchased Professional & Technical Services	6,000.00	(190.00)	5,810.00	4,205.00	1,605.00
Other purchased services	1,400.00		1,400.00	517.50	882.50
Supplies and materials	6,760.00	355.00	7,115.00	7,009.70	105.30
Total - health services	387,303.00	13,475.00	400,778.00	396,872.20	3,905.80
Other support services - students-related services:					
Salaries	329,810.00	4,430.00	334,240.00	333,900.00	340.00
Purchased professional -educational services	319,400.00	(8,000.00)	311,400.00	186,750.50	124,649.50
Supplies and materials	12,500.00		12,500.00	11,453.64	1,046.36
Total other support services - students-related services	661,710.00	(3,570.00)	658,140.00	532,104.14	126,035.86
Other support services students-extra services					
Salaries	78,507.00	64,485.00	142,992.00	138,787.85	4,204.15
Purchased professional -educational services	38,500.00	5,365.00	43,865.00	41,565.00	2,300.00
Total other support services students-extra services	\$117,007.00	\$69,850.00	\$186,857.00	\$180,352.85	\$6,504.15

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Other support services - students-regular					
Salaries of other professional staff	\$547,363.00	\$10,806.00	\$558,169.00	\$558,165.12	\$3.88
Salaries of secretarial and clerical assistants	130,562.00	(3,179.00)	127,383.00	127,352.59	30.41
Other purchased professional and technical services	58,820.00	(4,250.00)	54,570.00	54,287.04	282.96
Other purchased services	2,137.00	(150.00)	1,987.00	1,962.37	24.63
Supplies and materials	12,550.00	2,589.00	15,139.00	14,844.06	294.94
Other objects	8,450.00	(4,200.00)	4,250.00	3,598.60	651.40
Total other support services - students-regular	759,882.00	1,616.00	761,498.00	760,209.78	1,288.22
Other support services - students - special services:					
Salaries of other professional staff	826,315.00	1,000.00	827,315.00	824,001.86	3,313.14
Salaries of secretarial and clerical assistants	78,612.00	4,248.00	82,860.00	82,859.55	0.45
Salaries - other	1,500.00	(278.00)	1,222.00	187.50	1,034.50
Purchased professional educational services	30,000.00	20,956.00	50,956.00	50,091.02	864.98
Miscellaneous Purchase Services (400-500 series)	8,949.00	(200.00)	8,749.00	7,357.93	1,391.07
Supplies and materials	17,275.00	3,500.00	20,775.00	20,613.53	161.47
Other objects	1,500.00		1,500.00	1,476.94	23.06
Total other support services - students - special services	964,151.00	29,226.00	993,377.00	986,588.33	6,788.67
Improvement of instructional services:					
Salary of Supervisor of instruction	124,033.00	(20,370.00)	103,663.00	103,661.28	1.72
Salaries of other professional staff	11,250.00	(595.00)	10,655.00	7,920.00	2,735.00
Salaries of secretary and clerical assistant	38,615.00	535.00	39,150.00	39,145.39	4.61
Other purchased services	3,725.00	(8.00)	3,717.00	3,715.47	1.53
Supplies and materials	6,050.00	5,466.00	11,516.00	11,514.79	1.21
Miscellaneous expenditures	1,500.00	(453.00)	1,047.00	920.00	127.00
Total improvement of instructional services	\$185,173.00	(\$15,425.00)	\$169,748.00	\$166,876.93	\$2,871.07

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Educational media/school library:					
Salaries	\$204,273.00	(\$105.00)	\$204,168.00	\$202,900.28	\$1,267.72
Purchased professional and technical services	6,210.00	(155.00)	6,055.00	5,739.00	316.00
Supplies and materials	30,705.01	(400.00)	30,305.01	30,130.02	174.99
Total educational media/school library	241,188.01	(660.00)	240,528.01	238,769.30	1,758.71
Instructional staff training services:					
Salaries of Other Professional Staff	1,800.00	400.00	2,200.00	2,190.00	10.00
Purchased professional educational services	2,000.00	(2,000.00)			
Other Purchase Services (400-500 series)	13,475.00	4,181.00	17,656.00	16,399.10	1,256.90
Supplies and materials	500.00	(500.00)			
Total Instructional staff training services	17,775.00	2,081.00	19,856.00	18,589.10	1,266.90
Support services general administration:					
Salaries	290,285.00		290,285.00	282,157.20	8,127.80
Legal services	70,000.00	16,314.00	86,314.00	85,179.25	1,134.75
Audit fees	26,500.00		26,500.00	25,975.00	525.00
Architectural/Engineering Services	10,000.00	(10,000.00)			
Other purchased professional services	22,000.00	1,686.00	23,686.00	23,685.14	0.86
Purchased technical services	2,700.00		2,700.00	2,634.24	65.76
Communications/telephone	87,560.00	(6,928.00)	80,632.00	80,311.25	320.75
BOE Other purchased services	2,500.00	1,500.00	4,000.00	3,693.14	306.86
Other purchased services	83,682.00	(2,072.00)	81,610.00	78,751.46	2,858.54
General Supplies	10,000.00	1,000.00	11,000.00	10,806.80	193.20
BOE in-house training/meeting supplies	2,000.00	(750.00)	1,250.00	669.20	580.80
Miscellaneous expenditures	11,210.00		11,210.00	10,470.00	740.00
BOE Membership dues and fees	14,900.00	(750.00)	14,150.00	13,930.20	219.80
Total support services general administration	633,337.00		633,337.00	618,262.88	15,074.12
Support services school administration:					
Salaries of principals/assistant principals	816,321.00	13,858.00	830,179.00	830,176.52	2.48
Salaries of secretarial and clerical assistants	297,644.00	8,100.00	305,744.00	304,026.69	1,717.31
Purchased professional and technical services	9,600.00		9,600.00	9,315.00	285.00
Other purchased services	32,320.00		32,320.00	25,384.08	6,935.92
Supplies and materials	31,450.00	2,045.00	33,495.00	30,677.10	2,817.90
Other objects	32,955.00	(789.00)	32,166.00	26,449.99	5,716.01
Total support services school administration	\$1,220,290.00	\$23,214.00	\$1,243,504.00	\$1,226,029.38	\$17,474.62

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Central services:					
Salaries	\$348,222.00		\$348,222.00	\$346,605.50	\$1,616.50
Purchased professional services	8,000.00	(\$1,800.00)	6,200.00	6,162.24	37.76
Misc. purchased services (400-500 series)	19,840.00	(2,972.00)	16,868.00	16,172.60	695.40
Supplies and Materials	14,000.00	400.00	14,400.00	13,955.12	444.88
Interest for Lease Purchase	5,552.00		5,552.00	5,551.97	0.03
Miscellaneous Expenditures	2,100.00	4,372.00	6,472.00	6,471.89	0.11
Total central services	397,714.00		397,714.00	394,919.32	2,794.68
Administration information technology:					
Salaries	182,867.00	2,875.00	185,742.00	185,136.58	605.42
Purchased technical services	17,000.00	(2,152.00)	14,848.00	11,172.60	3,675.40
Other Purchased Services	25,829.00	(842.00)	24,987.00	24,447.08	539.92
Supplies and Materials	4,200.00	2,294.00	6,494.00	6,493.18	0.82
Other Objects	300.00	(300.00)			
Total administration information technology	230,196.00	1,875.00	232,071.00	227,249.44	4,821.56
Required maintenance for school facilities:					
Salaries	231,732.00	(5,314.00)	226,418.00	226,418.00	
Cleaning, repair, and maintenance services	214,390.00	41,776.00	256,166.00	255,571.24	594.76
General Supplies	49,400.00	12,803.00	62,203.00	58,252.83	3,950.17
Total required maintenance for school facilities	495,522.00	49,265.00	544,787.00	540,242.07	4,544.93
Other operations & maintenance of plant:					
Salaries	761,690.00	8,674.00	770,364.00	759,401.10	10,962.90
Salaries of Non-Instructional Aides	91,938.00		91,938.00	84,196.89	7,741.11
Purchased professional and technical services	11,000.00	350.00	11,350.00	11,348.45	1.55
Cleaning, repair and maint. services	19,500.00	(8,040.00)	11,460.00	11,350.96	109.04
Other purchased property services	49,000.00	1,213.00	50,213.00	50,212.28	0.72
Insurance	125,280.00	1,082.00	126,362.00	126,361.75	0.25
Miscellaneous purchased services	5,600.00		5,600.00	2,495.79	3,104.21
General supplies	75,949.85	5,077.00	81,026.85	81,026.25	0.60
Energy (Natural Gas)	300,000.00	(43,945.00)	256,055.00	189,778.72	66,276.28
Energy (Electricity)	410,000.00	(51,515.00)	358,485.00	334,690.22	23,794.78
Energy (gasoline)	4,000.00	293.00	4,293.00	4,292.45	0.55
Total other operations & maintenance of plant	1,853,957.85	(86,811.00)	1,767,146.85	1,655,154.86	111,991.99
Care & Upkeep of Grounds					
Salaries	86,852.00	1,000.00	87,852.00	87,849.48	2.52
Cleaning, Repair, and Maintenance Services	55,300.00	(1,728.00)	53,572.00	53,571.83	0.17
General Supplies	19,628.30	(7,441.00)	12,187.30	11,786.67	400.63
Total Care and Upkeep of Grounds	\$161,780.30	(\$8,169.00)	\$153,611.30	\$153,207.98	\$403.32

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Security:					
Cleaning, Repair, and Maintenance Services	<u>\$23,000.00</u>	<u>\$24,750.00</u>	<u>\$47,750.00</u>	<u>\$46,778.43</u>	<u>\$971.57</u>
Total Security	<u>23,000.00</u>	<u>24,750.00</u>	<u>47,750.00</u>	<u>46,778.43</u>	<u>971.57</u>
Total operations & maintenance of plant services	<u>2,534,260.15</u>	<u>(\$20,965.00)</u>	<u>2,513,295.15</u>	<u>2,395,383.34</u>	<u>117,911.81</u>
Student transportation services:					
(between home and school) - regular	27,040.00	1,386.00	28,426.00	28,422.64	3.36
Salaries for pupil transportation					
(between home and school) - special	80,310.00	2,450.00	82,760.00	82,353.20	406.80
Salaries for pupil transportation					
(other than between home and school)	13,500.00	(1,586.00)	11,914.00	8,409.00	3,505.00
Management fee - ESC & CTSA trans. program	20,000.00	(1,700.00)	18,300.00	17,315.58	984.42
Cleaning, repair and maint. services	13,000.00	10,232.00	23,232.00	23,231.80	0.20
Lease Purchase Payments - School Buses					
Contracted services (aid in lieu of payments)	83,980.00	(17,732.00)	66,248.00	64,447.93	1,800.07
Contracted services (other than between home	53,000.00	6,500.00	59,500.00	57,331.78	2,168.22
and school) - vendors					
Contracted services (between home and	33,100.00	200.00	33,300.00	29,916.20	3,383.80
school) - joint agreements					
Contracted services (special education students)	44,400.00	2,800.00	47,200.00	47,196.00	4.00
joint agreements					
Contracted services (regular students)	154,000.00	61,600.00	215,600.00	203,891.20	11,708.80
- ESCs & CTSA					
Contracted services (special education students)	285,000.00	(66,830.00)	218,170.00	195,599.76	22,570.24
- ESCs & CTSA					
Misc. purchased services - transportation	17,000.00	2,230.00	19,230.00	19,230.00	
Supplies and materials	9,300.00	800.00	10,100.00	8,292.51	1,807.49
Other Objects	800.00	200.00	1,000.00	999.54	0.46
Total student transportation services	<u>\$834,430.00</u>	<u>\$550.00</u>	<u>\$834,980.00</u>	<u>\$786,637.14</u>	<u>\$48,342.86</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Unallocated benefits:					
Social security contributions	\$380,000.00		\$380,000.00	\$350,567.07	\$29,432.93
Other retirement contributions - regular	360,500.00		360,500.00	324,381.58	36,118.42
Unemployment Compensation	150,000.00	(50,000.00)	100,000.00	25,000.00	75,000.00
Workmen's compensation	169,000.00		169,000.00	167,479.00	1,521.00
Health benefits	4,848,827.00	(333,110.00)	4,515,717.00	4,283,458.57	232,258.43
Tuition Reimbursement	29,000.00	3,000.00	32,000.00	32,000.00	
Other employee benefits	85,340.00		85,340.00	70,686.53	14,653.47
Total unallocated benefits	6,022,667.00	(380,110.00)	5,642,557.00	5,253,572.75	388,984.25
On-behalf TPAF Pension - post retirement medical (non budgeted)				1,070,844.00	(1,070,844.00)
On-behalf TPAF Pension Contribution (non-budgeted)				947,023.00	(947,023.00)
Reimbursed TPAF Social Security contributions (non-budgeted)				1,107,049.82	(1,107,049.82)
				3,124,916.82	(3,124,916.82)
Total undistributed expenditures	15,768,202.16	(326,178.00)	15,442,024.16	17,554,341.69	(2,112,317.53)
TOTAL EXPENDITURES - CURRENT EXPENSE	29,479,445.80	(70,330.00)	29,409,115.80	31,361,162.90	(1,952,047.10)
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	1,000.00		1,000.00		1,000.00
Equipment:					
Undistributed expenditures - general administration	7,000.00		7,000.00	6,944.00	56.00
Undistributed equipment - custodial services	6,000.00	36,500.00	42,500.00	42,326.84	173.16
Undistributed equipment - care and upkeep of grounds	9,500.00	(1,690.00)	7,810.00	7,809.29	0.71
Grades 1-5		14,215.00	14,215.00		14,215.00
Grades 6-8		21,300.00	21,300.00		21,300.00
Grades 9-12	3,400.00	5.00	3,405.00	3,404.98	0.02
Total equipment	25,900.00	70,330.00	96,230.00	60,485.11	35,744.89
Facilities acquisition and construction services					
Lease purchase agreement principal	39,163.00		39,163.00	39,162.18	0.82
Assessment for debt service on SDA funding	10,425.00		10,425.00	10,425.00	
Total facilities acquisition and const. serv.	49,588.00		49,588.00	49,587.18	0.82
TOTAL CAPITAL OUTLAY:	76,488.00	70,330.00	146,818.00	110,072.29	36,745.71
GENERAL FUND GRAND TOTAL	29,555,933.80	0.00	29,555,933.80	31,471,235.19	(1,915,301.39)
Excess (deficiency) of revenues over (under) expenditures	\$265,189.20	(\$0.00)	\$265,189.20	\$1,727,069.74	\$1,461,880.54

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Other financing sources (uses):					
Operating transfer in - proprietary fund	\$400,000.00		\$400,000.00	\$400,000.00	
Operating transfer out - capital projects fund	(1,038,050.00)		(1,038,050.00)	(1,038,050.00)	
Total other financing sources (uses)	(638,050.00)		(638,050.00)	(638,050.00)	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(372,860.80)	(0.00)	(372,860.80)	1,089,019.74	1,461,880.54
Fund balances, July 1	4,339,460.68		4,339,460.68	4,339,460.68	
Fund balances, June 30	<u>\$3,966,599.88</u>	<u>(\$0.00)</u>	<u>\$3,966,599.88</u>	<u>\$5,428,480.42</u>	<u>\$1,461,880.54</u>
Recapitulation:					
Assigned - year-end encumbrances				\$35,674.55	
Restricted - capital reserve				2,166,484.20	
Restricted - maintenance reserve				900,000.00	
Restricted - excess surplus - designated for subsequent year's expenditures				937,971.00	
Restricted - excess surplus - current year				705,174.32	
Committed - designated for subsequent year's expenditures					
Unassigned fund balance				683,176.35	
				<u>5,428,480.42</u>	
Reconciliation to Government Fund Statements					
Last Federal and State aid payments not recognized on GAAP basis				(874,825.00)	
Fund Balance per Governmental Funds (GAAP)				<u>\$4,553,655.42</u>	

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - EDUCATION JOBS
FOR FISCAL YEARS ENDED JUNE 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
Federal sources	_____	\$779.00	\$779.00	\$779.00	_____
Total revenues	_____	779.00	779.00	779.00	_____
EXPENDITURES:					
Unallocated benefits					
Health benefits	_____	779.00	779.00	779.00	_____
Total unallocated benefits	_____	779.00	779.00	779.00	_____
Total expenditures	_____	\$779.00	\$779.00	\$779.00	_____

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR FISCAL YEARS ENDED JUNE 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
State sources					
Federal sources	666,300.00	236,629.00	\$902,929.00	\$789,307.00	(\$113,622.00)
Other sources		31,276.66	31,276.66	31,276.66	
Total revenues	<u>\$666,300.00</u>	<u>\$267,905.66</u>	<u>\$934,205.66</u>	<u>\$820,583.66</u>	<u>(\$113,622.00)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$120,900.00	\$44,024.00	\$164,924.00	\$119,050.00	\$45,874.00
Other salaries for instruction	9,993.00	5,082.00	15,075.00	15,075.00	
Tuition	399,107.00	43,145.00	442,252.00	442,252.00	
General supplies	65,000.00	40,718.66	105,718.66	89,032.05	16,686.61
Total instruction	<u>605,000.00</u>	<u>122,969.66</u>	<u>727,969.66</u>	<u>665,409.05</u>	<u>62,560.61</u>
Support services:					
Other salaries		50,380.00	50,380.00	50,380.00	
Purchased professional services	44,000.00	30,393.00	74,393.00	39,804.75	34,588.25
Personal services - employee benefits	17,300.00	27,476.00	44,776.00	42,981.00	1,795.00
Other purchased services		9,085.00	9,085.00	3,889.00	5,196.00
Supplies and materials		21,902.00	21,902.00	17,419.86	4,482.14
Other objects		700.00	700.00	700.00	
Total support services	<u>61,300.00</u>	<u>139,936.00</u>	<u>201,236.00</u>	<u>155,174.61</u>	<u>46,061.39</u>
Facilities acquisition & construction services:					
Non-Instructional equipment		5,000.00	5,000.00		5,000.00
		5,000.00	5,000.00		5,000.00
Total expenditures		<u>\$267,905.66</u>	<u>\$934,205.66</u>	<u>\$820,583.66</u>	<u>\$113,622.00</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$33,198,304.93	\$820,583.66
Difference - budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	821,487.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(874,825.00)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$33,144,966.93</u>	<u>\$820,583.66</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$31,471,235.19	\$820,583.66
Difference - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial purposes		
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to general fund.		
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$31,471,235.19</u>	<u>\$820,583.66</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>TITLE I</u>	<u>TITLE I SUMMER</u>	<u>TITLE II PART A</u>	<u>TITLE II PART A SUMMER</u>	<u>TITLE III</u>	<u>TITLE III SUMMER</u>
REVENUES:						
State sources						
Federal sources	\$198,636.00	\$25,470.00	\$20,779.00	\$2,585.00	\$5,424.00	\$10,334.00
Other sources						
Total revenues	<u>\$198,636.00</u>	<u>\$25,470.00</u>	<u>\$20,779.00</u>	<u>\$2,585.00</u>	<u>\$5,424.00</u>	<u>\$10,334.00</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	85,790.00	23,660.00				9,600.00
Other salaries for instruction						
Purchased professional services						
Tuition						
General supplies	71,723.39		1,309.00		5,174.00	
Total instruction	<u>157,513.39</u>	<u>23,660.00</u>	<u>1,309.00</u>		<u>5,174.00</u>	<u>9,600.00</u>
Support services:						
Other salaries						
Purchased professional services	21,363.61		17,341.14			
Personal services - employee benefits	18,780.00	1,810.00				734.00
Other purchased services	979.00		75.00	2,585.00	250.00	
Travel						
Supplies and materials			2,053.86			
Miscellaneous Expenditures						
Total support services	<u>41,122.61</u>	<u>1,810.00</u>	<u>19,470.00</u>	<u>2,585.00</u>	<u>250.00</u>	<u>734.00</u>
Total expenditures	<u>\$198,636.00</u>	<u>\$25,470.00</u>	<u>\$20,779.00</u>	<u>\$2,585.00</u>	<u>\$5,424.00</u>	<u>\$10,334.00</u>

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BOROUGH OF MIDDLESEX SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>IDEA PART B</u> <u>BASIC</u>	<u>IDEA PART B</u> <u>PRESCHOOL</u>	<u>LOCAL</u> <u>PROGRAMS</u>	<u>COMPARATIVE TOTALS</u> <u>(MEMORANDUM ONLY)</u>	
				<u>TOTAL</u> <u>2013</u>	<u>TOTAL</u> <u>2012</u>
REVENUES:					
State sources					
Federal sources	\$513,387.00	\$12,692.00		\$789,307.00	\$771,285.00
Other sources			\$31,276.66	31,276.66	36,346.95
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>\$513,387.00</u>	<u>\$12,692.00</u>	<u>\$31,276.66</u>	<u>\$820,583.66</u>	<u>\$807,631.95</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers				\$119,050.00	\$117,580.20
Other salaries for instruction		11,790.00	3,285.00	15,075.00	16,395.00
Purchased professional services					750.00
Tuition	442,252.00			442,252.00	454,416.00
General supplies			10,825.66	89,032.05	136,665.82
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total instruction	<u>442,252.00</u>	<u>11,790.00</u>	<u>14,110.66</u>	<u>665,409.05</u>	<u>725,807.02</u>
Support services:					
Other salaries	50,380.00			\$50,380.00	
Purchased professional services			1,100.00	39,804.75	35,300.00
Personal services - employee benefits	20,755.00	902.00		42,981.00	20,384.80
Other purchased services				3,889.00	6,355.14
Travel					205.99
Supplies and materials			15,366.00	17,419.86	18,727.00
Miscellaneous expenditures			700.00	700.00	852.00
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total support services	<u>71,135.00</u>	<u>902.00</u>	<u>17,166.00</u>	<u>155,174.61</u>	<u>81,824.93</u>
Total expenditures	<u>\$513,387.00</u>	<u>\$12,692.00</u>	<u>\$31,276.66</u>	<u>\$820,583.66</u>	<u>\$807,631.95</u>

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The capital projects fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

ISSUE / PROJECT TITLE	ORIGINAL DATE	APPROPRIATION	CANCELED / ADJUSTMENTS	EXPENDITURES TO DATE		(MEMO ONLY) UNEXPENDED BALANCE JUNE 30, 2013
				PRIOR YEARS	CURRENT YEAR	
High School Parking Lot/ Sidewalk Project	06/08/09	\$1,028,249.46	\$246,020.31	\$782,229.15		
Parker School Sidewalks and Drainage	06/21/10	32,020.00	292.95	32,020.00	(\$292.95)	
Hazelwood School Sidewalks and Drainage	06/21/10	107,841.00	57.04	107,841.00	(57.04)	
Watchung School Sidewalks and Drainage	06/21/10	98,141.00	34.56	98,141.00	(34.56)	
84 Von E. Mauger School Sidewalks and Drainage	06/21/10	126,629.00	1,382.54	125,329.00	(82.54)	
High School Sidewalks and Drainage	06/21/10	97,968.00	23.69	97,968.00	(23.69)	
Von E. Mauger School Roof Repair	07/01/09	584,196.89	55,828.49	377,527.00		\$150,841.40
Von E. Mauger School Gym Upgrade	06/21/10	351,657.00	96,360.42	255,296.58		
High School Partial Roof HVAC	03/26/12	446,500.00		446,500.00	(31,146.50)	31,146.50
Hazelwood School Parking Lot	08/31/12	346,300.00			329,236.47	17,063.53
Parker School Windows	12/31/13	341,450.00			334,690.00	6,760.00
Von E. Mauger School Locker Rooms	08/31/13	105,150.00			105,150.00	
Von E. Mauger School Restrooms	08/31/13	263,350.00			229,600.00	33,750.00
		<u>\$3,929,452.35</u>	<u>\$400,000.00</u>	<u>\$2,322,851.73</u>	<u>\$967,039.19</u>	<u>\$239,561.43</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

REVENUES AND OTHER FINANCING SOURCES:	
Transfer from capital outlay	<u>\$1,038,050.00</u>
Total revenues and other financing sources	<u>1,038,050.00</u>
EXPENDITURES AND OTHER FINANCING USES:	
Purchased professional and technical services	95,869.19
Construction services	871,170.00
Transfer to capital reserve	<u>400,000.00</u>
Total expenditures and other financing uses	<u>1,367,039.19</u>
Excess (deficiency) of revenues over (under) expenditures	(328,989.19)
Fund balance - July 1	<u>568,550.62</u>
Fund balance - June 30	<u><u>\$239,561.43</u></u>
	Expenditures - budgetary basis \$967,039.19
	Add: prior year encumbrances <u>423,745.54</u>
	<u>1,390,784.73</u>
	Less: current year encumbrances <u>604,816.20</u>
	<u><u>\$785,968.53</u></u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - HIGH SCHOOL PARKING LOT REPAVING/DRAINAGE/SIDEWALK PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SCC grant	\$317,030.93		\$317,030.93	\$317,030.93
Transfer from capital outlay	358,405.00		358,405.00	358,405.00
Transfer from other projects	352,813.53		352,813.53	106,793.22
	<u>1,028,249.46</u>		<u>1,028,249.46</u>	<u>782,229.15</u>
Total revenues and other financing sources				
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	76,356.60		76,356.60	76,356.60
Construction services	705,872.55		705,872.55	705,872.55
Transfer to general fund		246,020.31	246,020.31	
	<u>782,229.15</u>	<u>246,020.31</u>	<u>1,028,249.46</u>	<u>782,229.15</u>
Total expenditures and other financing uses				
Excess (deficiency) of revenues over (under) expenditures	<u>\$246,020.31</u>	<u>(\$246,020.31)</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-050-09-2002			
Grant date	10/22/09			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$315,000.00			
Additonal authorized cost	467,229.15			
Revised authorized cost	\$782,229.15			
Percentage increase over original authorized cost	148.33%			
Percentage completion	100.00%			
Original target completion date	9/30/09			
Revised completion date	N/A			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - HAZELWOOD SCHOOL PARKING LOT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital outlay		\$331,100.00	\$331,100.00	\$331,100.00
Transfer from other projects		15,200.00	15,200.00	15,200.00
Total revenues and other financing sources		<u>346,300.00</u>	<u>346,300.00</u>	<u>346,300.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services		37,906.47	37,906.47	42,300.00
Construction services		291,330.00	291,330.00	304,000.00
Total expenditures and other financing uses		<u>329,236.47</u>	<u>329,236.47</u>	<u>346,300.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$-0-</u>	<u>\$17,063.53</u>	<u>\$17,063.53</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-065-12-1000			
Grant date	N/A			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$346,300.00			
Additional authorized cost				
Revised authorized cost	\$346,300.00			
Percentage increase over original authorized cost				
Percentage completion	100.00%			
Original target completion date	8/31/12			
Revised target completion date	N/A			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - VON E. MAUGER SCHOOL GYM UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital outlay	<u>\$351,657.00</u>	<u> </u>	<u>\$351,657.00</u>	<u>\$351,657.00</u>
Total revenues and other financing sources	<u>351,657.00</u>	<u> </u>	<u>351,657.00</u>	<u>351,657.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	31,913.73		31,913.73	34,500.00
Construction services	223,382.85		223,382.85	317,157.00
Transfer to general fund		<u>96,360.42</u>	<u>96,360.42</u>	
Total expenditures and other financing uses	<u>255,296.58</u>	<u>96,360.42</u>	<u>351,657.00</u>	<u>351,657.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$96,360.42</u>	<u>(\$96,360.42)</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-085-10-3000			
Grant date	N/A			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$351,657.00			
Additional authorized cost				
Revised authorized cost	\$351,657.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			
Original target completion date	9/30/10			
Revised target completion date	10/31/11			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - VON E. MAUGER SCHOOL ROOF REPAIR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SCC grant	\$155,074.11		\$155,074.11	\$155,074.11
Transfer from capital outlay	515,000.00		515,000.00	222,452.89
Transfer from other projects	<u>(67,677.22)</u>	<u>(18,200.00)</u>	<u>(85,877.22)</u>	
Total revenues and other financing sources	<u>602,396.89</u>	<u>(18,200.00)</u>	<u>584,196.89</u>	<u>377,527.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	55,499.00		55,499.00	55,499.00
Construction services	322,028.00		322,028.00	322,028.00
Transfer to general fund		<u>55,828.49</u>	<u>55,828.49</u>	
Total expenditures and other financing uses	<u>377,527.00</u>	<u>55,828.49</u>	<u>433,355.49</u>	<u>377,527.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$224,869.89</u>	<u>(\$74,028.49)</u>	<u>\$150,841.40</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-085-09-1003			
Grant date	7/15/09			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$387,200.00			
Additional authorized cost	(9,673.00)			
Revised authorized cost	\$377,527.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			
Original target completion date	8/31/10			
Revised target completion date	N/A			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - PARKER SCHOOL WINDOWS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital outlay	_____	\$341,450.00	\$341,450.00	\$341,450.00
Total revenues and other financing sources	_____	341,450.00	341,450.00	341,450.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	_____	26,500.00	26,500.00	28,500.00
Construction services	_____	308,190.00	308,190.00	312,950.00
Total expenditures and other financing uses	_____	334,690.00	334,690.00	341,450.00
Excess (deficiency) of revenues over (under) expenditures	\$-0-	\$6,760.00	\$6,760.00	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-070-13-1000			
Grant date	N/A			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$341,450.00			
Additional authorized cost				
Revised authorized cost	\$341,450.00			
Percentage increase over original authorized cost				
Percentage completion	5.00%			
Original target completion date	12/31/13			
Revised target completion date	N/A			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - HIGH SCHOOL PARTIAL ROOF AND HVAC
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital outlay	\$50,000.00		\$50,000.00	\$50,000.00
Transfer from capital reserve	325,000.00		325,000.00	325,000.00
Transfer from other projects	71,500.00		71,500.00	71,500.00
	<u>446,500.00</u>		<u>446,500.00</u>	<u>446,500.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	34,500.00	(2,046.50)	32,453.50	34,500.00
Construction services	412,000.00	(29,100.00)	382,900.00	412,000.00
	<u>446,500.00</u>	<u>(31,146.50)</u>	<u>415,353.50</u>	<u>446,500.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$-0-</u>	<u>\$31,146.50</u>	<u>\$31,146.50</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-065-12-1000			
Grant date	N/A			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$446,000.00			
Additional authorized cost				
Revised authorized cost	\$446,000.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	10.00%			
Original target completion date	10/31/12			
Revised target completion date	N/A			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - VON E. MAUGER SCHOOL LOCKER ROOMS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital outlay		\$102,150.00	\$102,150.00	\$102,150.00
Transfer from other projects		3,000.00	3,000.00	3,000.00
Total revenues and other financing sources		<u>105,150.00</u>	<u>105,150.00</u>	<u>105,150.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services		12,000.00	12,000.00	12,000.00
Construction services		93,150.00	93,150.00	93,150.00
Total expenditures and other financing uses		<u>105,150.00</u>	<u>105,150.00</u>	<u>105,150.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	23-3140-085-13-1000			
Grant date	N/A			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$105,150.00			
Additional authorized cost				
Revised authorized cost	\$105,150.00			
Percentage increase over original authorized cost				
Percentage completion	5.00%			
Original target completion date	8/31/13			
Revised target completion date	N/A			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - VON E. MAUGER SCHOOL SIDEWALKS AND DRAINAGE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from other projects	<u>\$126,629.00</u>		<u>\$126,629.00</u>	<u>\$126,429.00</u>
Total revenues and other financing sources	<u>126,629.00</u>		<u>126,629.00</u>	<u>126,429.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	26,950.00	(82.54)	26,867.46	26,950.00
Construction services	98,379.00		98,379.00	99,679.00
Transfer to general fund		<u>1,382.54</u>	<u>1,382.54</u>	
Total expenditures and other financing uses	<u>125,329.00</u>	<u>1,300.00</u>	<u>126,629.00</u>	<u>126,629.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$1,300.00</u>	<u>(\$1,300.00)</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-085-10-2000			
Grant date	N/A			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$111,700.00			
Additional authorized cost	14,929.00			
Revised authorized cost	\$126,629.00			
Percentage increase over original authorized cost	13.37%			
Percentage completion	100.00%			
Original target completion date	8/31/10			
Revised target completion date	6/30/12			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - MIDDLESEX HIGH SCHOOL SCHOOL SIDEWALKS AND DRAINAGE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from other projects	\$97,968.00		\$97,968.00	\$97,968.00
Total revenues and other financing sources	97,968.00		97,968.00	97,968.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	10,350.00	(23.69)	10,326.31	10,350.00
Construction services	87,618.00		87,618.00	87,618.00
Transfer to general fund		23.69	23.69	
Total expenditures and other financing uses	97,968.00		97,968.00	97,968.00
Excess (deficiency) of revenues over (under) expenditures	\$-0-	\$-0-	\$-0-	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-050-10-3000			
Grant date	N/A			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$66,900.00			
Additional authorized cost	31,068.00			
Revised authorized cost	\$97,968.00			
Percentage increase over original authorized cost	46.44%			
Percentage completion	100.00%			
Original target completion date	8/31/10			
Revised target completion date	6/30/12			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - PARKER SCHOOL SIDEWALKS AND DRAINAGE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from other projects	\$32,020.00		\$32,020.00	\$32,020.00
Total revenues and other financing sources	<u>32,020.00</u>		<u>32,020.00</u>	<u>32,020.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	6,250.00	(292.95)	5,957.05	6,250.00
Construction services	25,770.00		25,770.00	25,770.00
Transfer to general fund		292.95	292.95	
Total expenditures and other financing uses	<u>32,020.00</u>		<u>32,020.00</u>	<u>32,020.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-070-10-3000			
Grant date	N/A			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$27,770.00			
Additional authorized cost	4,250.00			
Revised authorized cost	\$32,020.00			
Percentage increase over original authorized cost	15.30%			
Percentage completion	100.00%			
Original target completion date	8/31/10			
Revised target completion date	6/30/12			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - HAZELWOOD SCHOOL SIDEWALKS AND DRAINAGE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from other projects	\$107,841.00		\$107,841.00	\$107,841.00
Total revenues and other financing sources	107,841.00		107,841.00	107,841.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	28,250.00	(57.04)	28,192.96	28,250.00
Construction services	79,591.00		79,591.00	79,591.00
Transfer to general fund		57.04	57.04	
Total expenditures and other financing uses	107,841.00		107,841.00	107,841.00
Excess (deficiency) of revenues over (under) expenditures	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-065-10-2000			
Grant date	N/A			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$94,475.00			
Additional authorized cost	13,365.50			
Revised authorized cost	\$107,840.50			
Percentage increase over original authorized cost	14.15%			
Percentage completion	100.00%			
Original target completion date	8/31/10			
Revised target completion date	6/30/12			

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - WATCHUNG SCHOOL SIDEWALKS AND DRAINAGE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from other projects	<u>\$98,141.00</u>	<u> </u>	<u>\$98,141.00</u>	<u>\$98,141.00</u>
Total revenues and other financing sources	<u>98,141.00</u>	<u> </u>	<u>98,141.00</u>	<u>98,141.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	19,650.00	(34.56)	19,615.44	19,650.00
Construction services	78,491.00		78,491.00	78,491.00
Transfer to general fund		<u>34.56</u>	<u>34.56</u>	
Total expenditures and other financing uses	<u>98,141.00</u>	<u> </u>	<u>98,141.00</u>	<u>98,141.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3140-090-10-3000			
Grant date	N/A			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$86,929.00			
Additional authorized cost	11,212.00			
Revised authorized cost	\$98,141.00			
Percentage increase over original authorized cost	12.90%			
Percentage completion	100.00%			
Original target completion date	8/31/10			
Revised target completion date	6/30/12			

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund: This fund provides for the operation of food services in all schools within the school district.

Community School Fund: This fund provides for the operation of a community school program.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		<u>COMPARATIVE TOTALS</u>	
	<u>FOOD SERVICE FUND</u>	<u>COMMUNITY SCHOOL FUND</u>	<u>JUNE 30 2013</u>	<u>2012</u>
ASSETS:				
Current assets:				
Cash and cash equivalents	\$54,218.91	\$259,502.89	\$313,721.80	\$408,805.64
Accounts receivable:				
State	792.80		792.80	510.71
Federal	36,825.71		36,825.71	21,900.71
Tuition - individuals		6,354.57	6,354.57	
Interfunds				44,535.01
Prepaid expenses		3,224.00	3,224.00	3,297.50
Inventories	10,451.88		10,451.88	12,846.27
Total current assets	102,289.30	269,081.46	371,370.76	491,895.84
Noncurrent assets				
Furniture, machinery & equipment	609,559.81		609,559.81	403,674.33
Less: Accumulated depreciation	(202,965.62)		(202,965.62)	(186,973.55)
Total noncurrent assets	406,594.19		406,594.19	216,700.78
TOTAL ASSETS	508,883.49	269,081.46	777,964.95	708,596.62
LIABILITIES:				
Current liabilities:				
Accounts payable	49,126.25	338.47	49,464.72	66,182.68
Deferred Revenue	4,947.64	25,484.00	30,431.64	60,616.77
Interfunds payable	49,884.75		49,884.75	
Total current liabilities	103,958.64	25,822.47	129,781.11	126,799.45
NET POSITION:				
Net investment in capital assets	406,594.19		406,594.19	216,700.78
Unrestricted (deficit)	(1,669.34)	243,258.99	241,589.65	365,096.39
TOTAL NET POSITION	\$404,924.85	\$243,258.99	\$648,183.84	\$581,797.17

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		<u>COMPARATIVE TOTALS</u>	
	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL</u>	<u>2013</u>	<u>JUNE 30 2012</u>
OPERATING REVENUES:				
Local sources:				
Daily sales-reimbursable programs	\$290,468.31		\$290,468.31	\$314,324.75
Daily sales non-reimbursable programs	102,290.24		102,290.24	128,185.08
Tuition - Individuals		\$312,889.28	312,889.28	334,675.16
Total operating revenue	392,758.55	312,889.28	705,647.83	777,184.99
OPERATING EXPENSES:				
Salaries	259,948.33	220,880.02	480,828.35	485,516.57
Employee benefits and taxes	109,776.17	35,967.31	145,743.48	148,312.32
Other purchased services		18,462.06	18,462.06	16,836.44
Management fee	17,407.00		17,407.00	16,900.00
Supplies and materials		9,852.95	9,852.95	9,779.43
Repairs and other	38,851.25		38,851.25	65,396.24
Depreciation	15,992.07		15,992.07	12,414.12
Cost of sales	374,965.55		374,965.55	355,992.17
Total operating expenses	816,940.37	285,162.34	1,102,102.71	1,111,147.29
Operating income (loss)	(424,181.82)	27,726.94	(396,454.88)	(333,962.30)
Nonoperating revenues:				
State sources:				
State school lunch program	9,183.25		9,183.25	10,151.99
Federal sources:				
National school lunch program	288,643.49		288,643.49	253,756.18
National school breakfast program	116,705.92		116,705.92	105,159.82
National food distribution commodities	47,419.69		47,419.69	55,679.78
Interest Earned		889.20	889.20	479.65
Total nonoperating revenues	461,952.35	889.20	462,841.55	425,227.42
Excess (deficiency) of revenues over (under) expenditures	37,770.53	28,616.14	66,386.67	91,265.12
Other financing sources (uses):				
Operating transfers out				(40,000.00)
Net income	37,770.53	28,616.14	66,386.67	51,265.12
Net position - July 1	367,154.32	214,642.85	581,797.17	530,532.05
Net position - June 30	\$404,924.85	\$243,258.99	\$648,183.84	\$581,797.17

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		<u>COMPARATIVE TOTALS</u>	
	<u>FOOD</u>	<u>COMMUNITY</u>	<u>JUNE 30</u>	
	<u>SERVICE</u>	<u>SCHOOL</u>	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:				
Receipts from customers	\$392,758.55	\$278,362.70	\$671,121.25	\$811,193.74
Payments to employees	(239,033.01)	(217,582.52)	(456,615.53)	(481,617.73)
Payments for employee benefits	(100,231.02)	(35,967.31)	(136,198.33)	(148,012.32)
Payments to suppliers	(380,289.20)	(34,851.01)	(415,140.21)	(517,262.36)
Net cash provided (used) by operating activities	<u>(326,794.68)</u>	<u>(10,038.14)</u>	<u>(336,832.82)</u>	<u>(335,698.67)</u>
Cash flows from noncapital financing activities:				
State sources	8,901.16		8,901.16	10,338.83
Federal sources	437,844.10		437,844.10	417,991.85
Transfers out				(40,000.00)
Net cash provided (used) by noncapital financing activities	<u>446,745.26</u>		<u>446,745.26</u>	<u>388,330.68</u>
Cash flows from investing activities:				
Interest Earned		889.20	889.20	479.65
Net cash provided (used) by investing activities		<u>889.20</u>	<u>889.20</u>	<u>479.65</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(205,885.48)		(205,885.48)	(25,786.91)
Net cash provided (used) by capital and related financing activities	<u>(205,885.48)</u>		<u>(205,885.48)</u>	<u>(25,786.91)</u>
Net increase(decrease) in cash and cash equivalents	(85,934.90)	(9,148.94)	(95,083.84)	27,324.75
Cash and cash equivalents, July 1	<u>140,153.81</u>	<u>268,651.83</u>	<u>408,805.64</u>	<u>381,480.89</u>
Cash and cash equivalents, June 30	<u>\$54,218.91</u>	<u>\$259,502.89</u>	<u>\$313,721.80</u>	<u>\$408,805.64</u>
Operating income(loss)	(\$424,181.82)	\$27,726.94	(\$396,454.88)	(\$333,962.30)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation and net amortization	15,992.07		15,992.07	12,414.12
Change in assets and liabilities:				
Increase (Decrease) in deferred revenue	(2,752.88)	(27,432.25)	(30,185.13)	32,477.18
(Increase) Decrease in inventory	2,394.39		2,394.39	2,365.61
(Increase) Decrease in prepaid expense		73.50	73.50	(3,297.50)
(Increase) Decrease in accounts receivable	94,419.76	(6,354.57)	88,065.19	(2,526.83)
Increase (Decrease) in accounts payable	(12,666.20)	(4,051.76)	(16,717.96)	(43,168.95)
Net cash provided (used) by operating activities	<u>(326,794.68)</u>	<u>(10,038.14)</u>	<u>(336,832.82)</u>	<u>(335,698.67)</u>

FIDUCIARY FUND DETAIL STATEMENTS

Fiduciary funds are used to account for assets when a school district is functioning either as a trustee or as an agent for another party.

**Unemployment Compensation
Insurance Trust Fund:**

This trust fund is used to account for board contributions which are utilized to pay unemployment compensation claims as they arise.

Scholarship Trust Fund:

This trust fund is used to account for assets held by the district for grants to students where there are no restrictions regarding the use of principal and interest.

Student Activity Fund:

This agency fund is used to account for student funds held at the schools.

Payroll Agency Fund:

This agency fund is used to account for the payroll transactions of the school district

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

	STATE UNEMPLOYMENT INSURANCE	PRIVATE PURPOSE SCHOLARSHIP FUNDS	AGENCY		TOTALS
			STUDENT ACTIVITIES	PAYROLL	
ASSETS:					
Cash and cash equivalents	\$170,687.70	\$130,418.71	\$83,591.99	\$211,807.87	\$596,506.27
Total assets	170,687.70	130,418.71	83,591.99	211,807.87	596,506.27
LIABILITIES:					
Liabilities:					
Payroll deductions and withholdings				211,807.87	211,807.87
Due to student groups			83,591.99		83,591.99
Total liabilities			83,591.99	211,807.87	295,399.86
NET POSITION:					
Held in Trust for:					
State unemployment	170,687.70				170,687.70
Scholarships		130,418.71			130,418.71
Total net position	\$170,687.70	\$130,418.71	\$-0-	\$-0-	\$301,106.41

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>STATE UNEMPLOYMENT INSURANCE</u>	<u>PRIVATE PURPOSE SCHOLARSHIP FUNDS</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
Board contribution	\$25,000.00		\$25,000.00
Employee contribution	53,449.15		53,449.15
Other		\$6,832.85	6,832.85
	<u>78,449.15</u>	<u>6,832.85</u>	<u>85,282.00</u>
Total additions			
	<u>78,449.15</u>	<u>6,832.85</u>	<u>85,282.00</u>
DEDUCTIONS:			
State unemployment insurance claims/state taxes	82,992.19		82,992.19
Scholarships awarded		15,095.00	15,095.00
	<u>82,992.19</u>	<u>15,095.00</u>	<u>98,087.19</u>
Total deductions			
	<u>82,992.19</u>	<u>15,095.00</u>	<u>98,087.19</u>
Change in net position	(4,543.04)	(8,262.15)	(12,805.19)
Net position - July 1	<u>175,230.74</u>	<u>138,680.86</u>	<u>313,911.60</u>
Net position - June 30	<u>\$170,687.70</u>	<u>\$130,418.71</u>	<u>\$301,106.41</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
FIDUCIARY FUND
STUDENT ACTIVITY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>BALANCE</u> <u>JULY 1, 2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2013</u>
ASSETS:				
Cash and cash equivalents	\$91,738.45	\$280,841.48	\$288,987.94	\$83,591.99
Total assets	<u>91,738.45</u>	<u>280,841.48</u>	<u>288,987.94</u>	<u>83,591.99</u>
LIABILITIES:				
Due student groups:				
High school	66,885.35	194,752.73	199,653.59	61,984.49
Middle school	24,853.10	49,984.75	53,230.35	21,607.50
Athletic activities		36,104.00	36,104.00	
Total liabilities	<u>\$91,738.45</u>	<u>\$280,841.48</u>	<u>\$288,987.94</u>	<u>\$83,591.99</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
FIDUCIARY FUND
PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>BALANCE</u> <u>JULY 1, 2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2013</u>
ASSETS:				
Cash and cash equivalents	<u>\$12,992.12</u>	<u>\$8,669,671.71</u>	<u>\$8,470,855.96</u>	<u>\$211,807.87</u>
Total assets	<u>12,992.12</u>	<u>8,669,671.71</u>	<u>8,470,855.96</u>	<u>211,807.87</u>
LIABILITIES:				
Deductions payable	<u>12,992.12</u>	<u>8,669,671.71</u>	<u>8,470,855.96</u>	<u>211,807.87</u>
Total liabilities	<u>\$12,992.12</u>	<u>\$8,669,671.71</u>	<u>\$8,470,855.96</u>	<u>\$211,807.87</u>

LONG-TERM LIABILITIES SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF SERIAL BONDS
JUNE 30, 2013

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2012</u>	<u>DECREASES</u>	<u>BALANCE JUNE 30, 2013</u>
			<u>DATE</u>	<u>AMOUNT</u>				
School Bonds	6/1/05	\$6,625,000.00	4/15/14	440,000.00	4.50%			
			4/15/15	480,000.00	5.00%			
			4/15/16	490,000.00	5.00%			
			4/15/17	490,000.00	3.75%			
			4/15/18-20	485,000.00	5.00%			
			4/15/21-22	480,000.00	5.00%			
						<u>\$4,765,000.00</u>	<u>\$450,000.00</u>	<u>\$4,315,000.00</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
LONG-TERM DEBT ACCOUNT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT
JUNE 30, 2013

<u>DESCRIPTION</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2012</u>	<u>RETIRED CURRENT YEAR</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2013</u>
Fiberoptics for School District	3.370%	\$181,769.00	<u>\$164,729.71</u>	<u>\$39,158.14</u>	<u>\$125,571.57</u>
			<u>\$164,729.71</u>	<u>\$39,158.14</u>	<u>\$125,571.57</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

	2013			2012		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:						
Local sources:						
Local tax levy	\$458,261.00	\$458,261.00		\$473,604.00	\$473,604.00	
State aid	213,789.00	213,789.00		220,946.00	220,946.00	
Total revenues	<u>672,050.00</u>	<u>672,050.00</u>		<u>694,550.00</u>	<u>694,550.00</u>	
EXPENDITURES:						
Regular debt service:						
Interest on bonds	222,050.00	222,050.00		244,550.00	244,550.00	
Redemption of principal	450,000.00	450,000.00		450,000.00	450,000.00	
Total regular debt service-expenditures	<u>672,050.00</u>	<u>672,050.00</u>		<u>694,550.00</u>	<u>694,550.00</u>	
Excess (deficiency) of revenues over(under) expenditures						
Fund balance, July 1						
Fund balance, June 30	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>

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STATISTICAL SECTION
(UNAUDITED)

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BOROUGH OF MIDDLESEX SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends:	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information:	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
NET POSITION BY COMPONENT
UNAUDITED

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities										
Net investment in capital assets	\$11,584,869.75	\$10,454,205.26	\$10,363,179.56	\$9,480,791.57	\$7,726,838.12	\$6,880,924.21	\$5,071,447.46	\$4,269,775.93	\$2,797,874.11	\$2,317,850.89
Restricted	5,354,819.51	4,607,156.20	2,782,708.88	2,728,076.81	2,523,572.41	1,578,398.35	2,022,607.67	1,395,949.93	1,810,228.43	1,414,750.20
Unrestricted	(1,427,250.00)	(1,099,019.28)	(825,771.51)	(1,234,581.26)	(1,189,570.29)	(648,383.94)	(684,664.96)	(646,550.63)	(635,714.67)	(303,406.01)
Total governmental activities net position	<u>\$15,512,439.26</u>	<u>\$13,962,342.18</u>	<u>\$12,320,116.93</u>	<u>\$10,974,287.12</u>	<u>\$9,060,840.24</u>	<u>\$7,810,938.62</u>	<u>\$6,409,390.17</u>	<u>\$5,019,175.23</u>	<u>\$3,972,387.87</u>	<u>\$3,429,195.08</u>
Business-type activities										
Net investment in capital assets	\$406,594.19	\$216,700.78	\$141,826.74	\$154,241.10	\$166,756.02	\$179,371.86	\$29,852.21	\$15,251.59	\$13,111.99	\$7,196.11
Unrestricted	241,589.65	365,096.39	388,705.31	315,580.38	156,846.31	104,170.34	208,954.61	231,153.37	192,558.31	168,497.32
Total business-type activities net position	<u>\$648,183.84</u>	<u>\$581,797.17</u>	<u>\$530,532.05</u>	<u>\$469,821.48</u>	<u>\$323,602.33</u>	<u>\$283,542.20</u>	<u>\$238,806.82</u>	<u>\$246,404.96</u>	<u>\$205,670.30</u>	<u>\$175,693.43</u>
District-wide										
Net investment in capital assets	\$11,991,463.94	\$10,670,906.04	\$10,505,006.30	\$9,635,032.67	\$7,893,594.14	\$7,060,296.07	\$5,101,299.67	\$4,285,027.52	\$2,810,986.10	\$2,325,047.00
Restricted	5,354,819.51	4,607,156.20	2,782,708.88	2,728,076.81	2,523,572.41	1,578,398.35	2,022,607.67	1,395,949.93	1,810,228.43	1,414,750.20
Unrestricted	(1,185,660.35)	(733,922.89)	(437,066.20)	(919,000.88)	(1,032,723.98)	(544,213.60)	(475,710.35)	(415,397.26)	(443,156.36)	(134,908.69)
Total district net position	<u>\$16,160,623.10</u>	<u>\$14,544,139.35</u>	<u>\$12,850,648.98</u>	<u>\$11,444,108.60</u>	<u>\$9,384,442.57</u>	<u>\$8,094,480.82</u>	<u>\$6,648,196.99</u>	<u>\$5,265,580.19</u>	<u>\$4,178,058.17</u>	<u>\$3,604,888.51</u>

Source: CAFR Schedule A-1

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
EXPENSES										
Governmental activities										
Instruction:										
Regular	\$13,904,305.77	\$13,140,213.91	\$12,751,315.03	\$13,098,831.97	\$12,759,517.06	\$13,010,695.91	\$12,076,062.22	\$11,505,792.38	\$11,384,754.25	\$10,502,289.48
Special education	4,942,647.52	4,718,610.71	4,772,904.06	5,156,016.11	4,973,305.90	4,921,093.93	4,931,114.95	4,661,445.29	4,391,687.41	4,085,924.52
Other instruction	1,997,174.46	1,776,095.13	1,635,725.65	1,664,550.43	1,547,360.08	1,361,433.62	1,306,361.55	1,234,597.41	1,258,376.14	1,146,096.82
Support Services:										
Student & instruction related services	4,569,861.03	4,527,175.94	4,351,780.96	4,392,601.74	4,162,120.04	4,024,078.40	4,034,970.83	3,795,108.46	3,579,040.39	3,265,347.14
General administrative services	733,445.74	715,057.93	754,977.19	757,121.42	693,476.58	705,384.92	724,269.54	621,380.19	640,313.99	613,447.08
School administrative services	1,722,501.74	1,660,161.98	1,681,519.09	1,746,601.15	1,683,595.12	1,651,055.44	1,523,754.33	1,473,622.84	1,352,199.68	1,329,824.45
Central services	523,813.65	523,891.70	525,967.34	506,575.06	494,087.19	487,095.96	444,691.41	444,566.94	401,409.20	413,386.02
Administration information technology	306,260.89	292,845.35	268,675.06	280,600.74	264,933.16	256,171.77	245,349.37	219,147.35	200,546.58	
Plant operations and maintenance	2,731,868.49	2,670,520.93	2,666,533.02	2,687,862.52	2,710,723.88	2,491,872.24	2,365,942.79	2,282,142.44	2,168,571.77	1,920,473.21
Student transportation services	840,720.40	758,050.42	740,303.65	791,743.53	788,120.76	903,767.72	938,485.90	849,294.47	749,980.60	750,976.87
Interest on long-term debt	219,003.12	239,862.50	257,157.29	273,220.84	286,431.25	304,422.91	323,872.92	322,432.51	373,278.90	412,520.21
Unallocated depreciation	595,900.70	578,551.56	560,815.75	542,886.42	484,879.01	463,173.38	425,001.18	417,224.01	231,469.23	365,749.16
Total governmental activities expenses	<u>33,087,503.51</u>	<u>31,601,038.06</u>	<u>30,967,674.09</u>	<u>31,898,611.93</u>	<u>30,848,550.03</u>	<u>30,580,246.20</u>	<u>29,339,876.99</u>	<u>27,826,754.29</u>	<u>26,731,628.14</u>	<u>24,806,034.96</u>
Business-type activities:										
Community School	285,162.34	282,951.22	262,572.63	270,514.08	264,995.20	271,196.83	268,794.65	235,224.41	208,281.15	180,265.31
Food Service	816,940.37	828,196.07	752,507.65	657,404.50	691,289.39	670,525.98	625,189.73	621,566.48	578,043.74	560,102.76
Total business-type activities expense	<u>1,102,102.71</u>	<u>1,111,147.29</u>	<u>1,015,080.28</u>	<u>927,918.58</u>	<u>956,284.59</u>	<u>941,722.81</u>	<u>893,984.38</u>	<u>856,790.89</u>	<u>786,324.89</u>	<u>740,368.07</u>
Total district expenses	<u>\$34,189,606.22</u>	<u>\$32,712,185.35</u>	<u>\$31,982,754.37</u>	<u>\$32,826,530.51</u>	<u>\$31,804,834.62</u>	<u>\$31,521,969.01</u>	<u>\$30,233,861.37</u>	<u>\$28,683,545.18</u>	<u>\$27,517,953.03</u>	<u>\$25,546,403.03</u>
PROGRAM REVENUES										
Governmental activities:										
Operating grants and contributions	\$4,218,427.58	\$3,441,522.79	\$3,387,810.24	\$3,879,823.49	\$3,302,131.81	\$4,797,893.29	\$4,678,300.57	\$3,892,201.32	\$3,443,729.79	\$3,189,829.78
Total governmental activities program revenues	<u>4,218,427.58</u>	<u>3,441,522.79</u>	<u>3,387,810.24</u>	<u>3,879,823.49</u>	<u>3,302,131.81</u>	<u>4,797,893.29</u>	<u>4,678,300.57</u>	<u>3,892,201.32</u>	<u>3,443,729.79</u>	<u>3,189,829.78</u>
Business-type activities:										
Charges for services										
Community School	312,889.28	334,675.16	309,655.38	309,201.38	298,192.52	288,819.22	244,586.05	267,412.34	215,072.50	189,900.09
Food Service	392,758.55	442,509.83	447,411.69	451,033.05	453,752.50	473,962.59	449,907.65	434,223.00	431,678.29	424,748.95
Operating grants and contributions	461,952.35	424,747.77	367,544.92	313,467.70	243,859.59	221,662.45	187,660.01	192,472.43	168,159.77	145,497.53
Total business type activities program revenues	<u>1,167,600.18</u>	<u>1,201,932.76</u>	<u>1,124,611.99</u>	<u>1,073,702.13</u>	<u>995,804.61</u>	<u>984,444.26</u>	<u>882,153.71</u>	<u>894,107.77</u>	<u>814,910.56</u>	<u>760,146.57</u>
Total district program revenues	<u>\$5,386,027.76</u>	<u>\$4,643,455.55</u>	<u>\$4,512,422.23</u>	<u>\$4,953,525.62</u>	<u>\$4,297,936.42</u>	<u>\$5,782,337.55</u>	<u>\$5,560,454.28</u>	<u>\$4,786,309.09</u>	<u>\$4,258,640.35</u>	<u>\$3,949,976.35</u>

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
NET (EXPENSE)/REVENUE										
Governmental activities	(\$28,869,075.93)	(\$28,159,515.27)	(\$27,579,863.85)	(\$28,018,788.44)	(\$27,546,418.22)	(\$25,782,352.91)	(\$24,661,576.42)	(\$23,934,552.97)	(\$23,287,898.35)	(\$21,616,205.18)
Business-type activities	65,497.47	90,785.47	109,531.71	145,783.55	39,520.02	42,721.45	(11,830.67)	37,316.88	28,585.67	19,778.50
Total district-wide net expense	<u>(\$28,803,578.46)</u>	<u>(\$28,068,729.80)</u>	<u>(\$27,470,332.14)</u>	<u>(\$27,873,004.89)</u>	<u>(\$27,506,898.20)</u>	<u>(\$25,739,631.46)</u>	<u>(\$24,673,407.09)</u>	<u>(\$23,897,236.09)</u>	<u>(\$23,259,312.68)</u>	<u>(\$21,596,426.68)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	\$20,842,826.00	\$20,434,143.00	\$20,033,474.00	\$20,032,351.00	\$19,641,486.00	\$19,174,506.00	\$18,326,257.00	\$16,908,265.00	\$15,819,488.00	\$15,330,109.00
Taxes levied for debt service	458,261.00	473,604.00	487,871.00	460,911.00	440,541.00	452,712.00	452,870.00	488,324.00	500,213.00	479,300.00
Unrestricted grants and contributions	8,802,494.53	8,614,739.98	8,091,110.49	9,146,833.55	8,477,700.32	7,217,483.00	7,020,747.80	7,345,995.57	7,299,445.00	6,991,170.56
Bonds refunded (net)/ disposal of assets (net)		(394.47)							15,000.00	
Transfers in		40,000.00								
Miscellaneous income	315,591.48	279,648.01	213,890.66	292,139.77	236,592.52	339,200.36	251,916.56	238,755.76	196,945.14	166,442.88
Total governmental activities	<u>30,419,173.01</u>	<u>29,841,740.52</u>	<u>28,826,346.15</u>	<u>29,932,235.32</u>	<u>28,796,319.84</u>	<u>27,183,901.36</u>	<u>26,051,791.36</u>	<u>24,981,340.33</u>	<u>23,831,091.14</u>	<u>22,967,022.44</u>
Business-type activities:										
Miscellaneous Income	889.20	479.65	513.32	435.60	540.11	2,013.93	4,232.53	3,417.78	1,391.20	
Transfers out		(40,000.00)								
Total business-type activities	<u>889.20</u>	<u>(39,520.35)</u>	<u>513.32</u>	<u>435.60</u>	<u>540.11</u>	<u>2,013.93</u>	<u>4,232.53</u>	<u>3,417.78</u>	<u>1,391.20</u>	<u>0.00</u>
Total district-wide	<u>\$30,420,062.21</u>	<u>\$29,802,220.17</u>	<u>\$28,826,859.47</u>	<u>\$29,932,670.92</u>	<u>\$28,796,859.95</u>	<u>\$27,185,915.29</u>	<u>\$26,056,023.89</u>	<u>\$24,984,758.11</u>	<u>\$23,832,482.34</u>	<u>\$22,967,022.44</u>
CHANGE IN NET POSITION										
Governmental activities	\$1,550,097.08	\$1,682,225.25	\$1,246,482.30	\$1,913,446.88	\$1,249,901.62	\$1,401,548.45	\$1,380,214.94	\$1,046,787.36	\$543,192.79	\$1,350,817.26
Business-type activities	66,386.67	51,265.12	110,045.03	146,219.15	40,060.13	44,735.38	(7,598.14)	40,734.66	29,976.87	19,778.50
Total district	<u>\$1,616,483.75</u>	<u>\$1,733,490.37</u>	<u>\$1,356,527.33</u>	<u>\$2,059,666.03</u>	<u>\$1,289,961.75</u>	<u>\$1,446,283.83</u>	<u>\$1,382,616.80</u>	<u>\$1,087,522.02</u>	<u>\$573,169.66</u>	<u>\$1,370,595.76</u>

Source: CAFR Schedule A-2

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund										
Restricted	\$4,709,629.52	\$3,661,120.46	\$2,064,148.84							
Assigned	35,674.55	16,195.80	24,162.97							
Unassigned	(191,648.65)	(159,342.58)	60,351.77							
Reserved				\$1,244,123.31	\$1,079,365.47	\$835,564.25	\$193,263.53	\$118,098.94	\$312,918.82	\$1,414,750.20
Unreserved				(167,146.58)	38,832.19	253,843.10	772,332.08	771,063.94	689,978.32	520,755.40
Total general fund	<u>\$4,553,655.42</u>	<u>\$3,517,973.68</u>	<u>\$2,148,663.58</u>	<u>\$1,076,976.73</u>	<u>\$1,118,197.66</u>	<u>\$1,089,407.35</u>	<u>\$965,595.61</u>	<u>\$889,162.88</u>	<u>\$1,002,897.14</u>	<u>\$1,935,505.60</u>
All Other Governmental Funds										
Restricted	\$239,561.43	\$568,550.62	\$637,926.12							
Committed	604,816.20	423,745.54	131,581.84							
Reserved				\$818,639.72	\$411,259.29	\$678,528.66	\$1,078,037.60		\$684,037.44	
Unreserved, reported in:										
Special revenue fund (deficit)						(6,694.95)	(2,569.95)	(\$2,569.95)	(2,569.95)	(\$2,569.95)
Capital projects fund				746,510.57	887,677.46	103,574.39	210,095.08		304,253.11	1,194.61
Debt service fund								19,197.64		
Total all other governmental funds	<u>\$844,377.63</u>	<u>\$992,296.16</u>	<u>\$769,507.96</u>	<u>\$1,565,150.29</u>	<u>\$1,298,936.75</u>	<u>\$775,408.10</u>	<u>\$1,285,562.73</u>	<u>\$16,627.69</u>	<u>\$985,720.60</u>	<u>(\$1,375.34)</u>

Source: CAFR Schedule B-1

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Tax levy	\$21,301,087.00	\$20,907,747.00	\$20,521,345.00	\$20,493,262.00	\$20,082,027.00	\$19,627,218.00	\$18,779,127.00	\$17,396,589.00	\$16,319,701.00	\$15,809,409.00
Tuition charges	72,846.00	83,551.80	72,829.00	134,818.25	93,100.22	74,641.00	43,110.00	37,893.00	58,071.71	56,900.36
Interest earnings - capital reserve fund		843.42	2,095.65	3,849.47	3,583.27	566.92	819.89	8,636.23	14,519.68	1,508.04
Miscellaneous	274,022.14	191,599.74	173,953.42	153,472.05	139,909.03	263,992.44	247,180.42	223,123.35	161,066.10	111,937.45
State sources	12,166,856.82	10,922,240.84	10,433,891.14	10,604,778.52	11,089,549.03	11,315,261.73	10,946,832.11	10,377,938.64		9,469,689.74
Federal sources	822,788.63	1,097,674.98	1,010,042.18	2,421,878.52	690,283.10	700,114.56	721,539.86	829,361.43	675,853.67	707,407.63
Total revenue	34,637,600.59	33,203,657.78	32,214,156.39	33,812,058.81	32,098,451.65	31,981,794.65	30,738,609.28	28,873,541.65	17,229,212.16	26,156,852.22
Expenditures										
Instruction										
Regular Instruction	9,678,259.45	9,080,828.95	9,019,650.56	9,432,798.30	9,327,408.86	9,013,192.40	8,306,344.86	8,406,420.56	8,412,985.46	7,825,575.93
Special education instruction	3,498,346.52	3,258,572.91	3,269,240.37	3,668,492.39	3,293,258.89	2,972,972.81	2,738,396.33	2,666,650.14	2,473,971.05	1,889,596.32
Other instruction	1,428,790.04	1,279,150.13	1,201,642.10	1,251,560.15	1,182,726.42	1,047,588.94	992,713.79	970,429.52	992,962.83	917,417.82
Support Services:										
Tuition	226,880.97	325,584.54	584,657.40	498,461.00	733,632.70	924,212.68	1,239,067.61	1,229,338.47	1,222,169.60	1,582,065.12
Student & instruction related services	3,322,498.51	3,304,401.35	3,186,985.51	3,286,423.76	3,128,434.13	2,907,209.17	2,960,285.64	2,860,154.93	2,762,397.05	2,526,001.18
General administrative services	618,262.88	598,956.23	650,052.76	659,204.24	601,284.49	604,519.06	629,517.64	559,789.09	574,364.30	561,629.11
School Administrative services	1,226,029.38	1,181,774.20	1,223,730.05	1,302,635.92	1,265,777.31	1,199,643.33	1,111,168.27	1,129,016.23	1,048,808.75	1,073,436.03
Central Services	394,919.32	390,430.37	399,558.53	390,335.60	385,558.68	374,519.73	340,228.94	354,591.33	317,941.95	331,044.51
Administration Information Technology	227,249.44	215,548.78	200,808.56	216,597.38	205,063.23	190,546.98	183,868.09	169,394.75	169,880.72	
Plant operations and maintenance	2,395,383.34	2,301,252.23	2,324,659.64	2,357,985.03	2,408,068.08	2,221,569.48	2,110,964.94	2,048,876.05	1,980,480.27	1,773,600.60
Student transportation services	786,637.14	691,108.60	691,904.95	745,485.76	740,657.85	871,592.65	903,652.81	811,532.25	727,067.21	716,758.54
Unallocated employee benefits	8,378,489.57	8,008,889.32	7,389,295.67	7,151,357.74	6,583,017.13	7,395,206.92	6,971,440.91	5,849,092.16	5,437,130.73	5,035,634.06
Capital outlay	896,040.82	502,279.87	1,080,450.77	1,889,153.93	987,219.92	2,196,266.39	873,463.27	1,420,582.06	285,788.51	403,067.02
Debt service:										
Principal	450,000.00	450,000.00	455,000.00	460,000.00	415,000.00	415,000.00	415,000.00	450,000.00	400,000.00	350,000.00
Interest and other charges	222,050.00	244,550.00	260,475.00	276,575.00	289,025.00	308,475.00	327,925.00	311,187.36	399,385.00	416,010.00
Total expenditures	33,749,837.38	31,833,327.48	31,938,111.87	33,587,066.20	31,546,132.69	32,642,515.54	30,104,038.10	29,237,054.90	27,205,333.43	25,401,836.24
Excess (Deficiency) of revenues over (under) expenditures	\$887,763.21	\$1,370,330.30	\$276,044.52	\$224,992.61	\$552,318.96	(\$660,720.89)	\$634,571.18	(\$363,513.25)	(\$9,976,121.27)	\$755,015.98

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Other Financing sources (uses)										
Capital leases (non-budgeted)										\$180,164.78
Lease purchase (non-budgeted)		\$181,769.00				\$274,378.00				
Canceled accounts receivable							(\$8,517.35)			
Transfers in	\$1,438,050.00	415,000.00	\$51,909.86	\$1,240,449.18	\$1,286,722.24	1,312,691.53	1,407,662.13	\$781,203.81	\$809,491.33	64,290.67
Transfers out	(1,438,050.00)	(375,000.00)	(51,909.86)	(1,240,449.18)	(1,286,722.24)	(1,312,691.53)	(1,407,662.13)	(781,203.81)	(809,491.33)	(64,290.67)
Total other financing sources (uses)	<u>0.00</u>	<u>221,769.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>274,378.00</u>	<u>(6,517.35)</u>	<u>0.00</u>	<u>0.00</u>	<u>180,164.78</u>
Net change in fund balances	<u>\$887,763.21</u>	<u>\$1,592,099.30</u>	<u>\$276,044.52</u>	<u>\$224,992.61</u>	<u>\$552,318.96</u>	<u>(\$386,342.89)</u>	<u>\$626,053.83</u>	<u>(\$363,513.25)</u>	<u>(\$9,976,121.27)</u>	<u>\$935,180.76</u>
Debt service as a percentage of noncapital expenditures	2.05%	2.22%	2.32%	2.32%	2.30%	2.38%	2.54%	2.74%	2.97%	3.06%

Source: CAFR Schedule B-2

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Athletic</u> <u>Receipts</u>	<u>Pay to</u> <u>Participate</u>	<u>Building</u> <u>Usage</u>	<u>Miscellaneous</u>	<u>Total</u>
2013	\$4,014.87	\$9,152.65	\$57,690.00	\$9,377.50	\$149,250.46	\$229,485.48
2012	5,717.10	10,803.00	60,775.00	10,165.00	67,792.69	155,252.79
2011	14,758.59	11,226.75	59,475.00	8,477.50	41,018.31	134,956.15
2010	34,100.17	14,023.00			47,018.70	95,141.87
2009	52,184.67	17,140.00			40,503.91	109,828.58
2008	117,927.70	15,754.00			63,541.25	197,222.95
2007	152,898.73	11,449.00			48,926.69	213,274.42
2006	89,550.70	11,228.00			80,419.46	181,198.16
2005	59,062.20	14,558.44			47,193.78	120,814.42
2004	28,729.39	7,199.00			71,822.42	107,750.81

Source: District Records

**BOROUGH OF MIDDLESEX SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 UNAUDITED**

<u>Fiscal Year Ended December 31,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities (a)</u>	<u>Net Valuation Taxable</u>	<u>Est. Actual (County Equalized Value)</u>	<u>Total Direct School Tax Rate (b)</u>
2013	\$5,629,100.00	\$390,609,209.00	\$34,448,100.00	\$56,511,400.00	\$9,845,300.00	\$497,043,109.00	\$673,543.00	\$497,716,652.00	\$1,447,740,275.00	\$4.36
2012	5,407,900.00	390,842,000.00	34,689,300.00	56,720,900.00	9,845,000.00	497,505,100.00	663,195.00	498,168,295.00	1,574,200,422.00	4.28
2011	5,540,700.00	390,400,200.00	34,972,100.00	57,578,500.00	9,845,000.00	498,336,500.00	671,846.00	499,008,346.00	1,651,117,355.00	4.19
2010	5,621,500.00	389,852,500.00	35,087,200.00	57,976,200.00	9,845,000.00	498,382,400.00	844,507.00	499,226,907.00	1,692,863,887.00	4.11
2009	5,598,200.00	389,484,600.00	35,813,900.00	58,784,800.00	9,845,000.00	499,526,500.00	700,947.00	500,227,447.00	1,728,042,883.00	4.10
2008	5,059,300.00	386,848,000.00	35,778,400.00	61,185,600.00	9,845,000.00	498,716,300.00	510,984.00	499,227,284.00	1,673,400,618.00	3.93
2007	5,099,700.00	386,724,700.00	35,778,400.00	61,240,600.00	9,845,000.00	498,688,400.00	570,629.00	499,259,029.00	1,585,290,374.00	3.77
2006	4,933,200.00	385,975,900.00	35,607,300.00	61,240,600.00	9,845,000.00	497,602,000.00	570,629.00	498,172,629.00	1,406,337,954.00	3.50
2005	5,166,600.00	383,941,500.00	35,501,600.00	61,453,300.00	9,845,000.00	495,908,000.00	703,033.00	496,611,033.00	1,236,008,193.00	3.29
2004	4,999,700.00	383,375,900.00	35,499,600.00	61,875,700.00	9,845,000.00	495,595,900.00	724,295.00	496,320,195.00	1,058,192,511.00	3.20

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

(a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(b): Tax rates are per \$100

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Year Ended Dec 31,	Borough of Middlesex Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Borough of Middlesex	Middlesex County	
2013	4.26	0.10	4.36	2.23	1.03	7.62
2012	4.18	0.10	4.28	2.32	1.13	7.73
2011	4.09	0.10	4.19	2.29	1.14	7.61
2010	4.01	0.09	4.10	2.17	1.01	7.28
2009	4.01	0.09	4.10	2.12	1.03	7.25
2008	3.93	0.09	4.02	2.03	0.97	7.02
2007	3.84	0.09	3.93	1.85	0.92	6.70
2006	3.67	0.10	3.77	1.71	0.85	6.33
2005	3.40	0.10	3.50	1.55	0.79	5.85
2004	3.19	0.10	3.29	1.47	0.77	5.53
2003	3.11	0.09	3.20	1.47	0.73	5.40

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable

(b) Rates for debt service are based on each year's requirements.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO
 UNAUDITED

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Newchester Construction	\$4,338,200.00	1	0.87%	\$3,940,000.00	2	0.80%
Skyview Estates, Inc.	4,233,700.00	2	0.85%	4,233,700.00	1	0.85%
Cedar Rose Associates	3,993,900.00	3	0.80%	3,900,000.00	3	0.79%
Teitelbaum, Joseph	3,603,800.00	4	0.73%	3,603,800.00	4	0.73%
Dow Chemical	3,282,200.00	5	0.66%	3,282,200.00	5	0.66%
207 Pond Ave., LLC	2,718,200.00	6	0.55%	2,718,200.00	6	0.55%
Hamiltonian Realty Trust	2,579,000.00	7	0.52%	2,579,000.00	7	0.52%
Main Land Middlesex	2,465,000.00	8	0.50%	2,465,000.00	8	0.50%
Noel Homes	2,195,600.00	9	0.44%	2,195,600.00	9	0.44%
Naval Crest Associates	2,143,200.00	10	0.43%	2,058,200.00	10	0.42%
Total	<u>\$31,552,800.00</u>		<u>6.35%</u>	<u>\$30,975,700.00</u>		<u>6.26%</u>

Source: Municipal Tax Assessor

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2013	\$21,301,087.00	\$21,301,087.00	100.00%	\$0.00
2012	20,907,747.00	20,907,747.00	100.00%	0.00
2011	20,521,345.00	20,521,345.00	100.00%	0.00
2010	20,493,262.00	20,493,262.00	100.00%	0.00
2009	20,082,027.00	20,082,027.00	100.00%	0.00
2008	19,627,218.00	19,627,218.00	100.00%	0.00
2007	18,779,127.00	18,779,127.00	100.00%	0.00
2006	17,396,589.00	17,396,589.00	100.00%	0.00
2005	16,319,701.00	16,319,701.00	100.00%	0.00
2004	15,809,409.00	15,809,409.00	100.00%	0.00

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

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	Governmental Activities			Total District	Percentage of Personal Income (a)	<u>Per Capita (a)</u>
	General Obligation Bonds (b)	Capital Leases	Lease Purchase Agreements			
2013	\$4,315,000.00		\$125,571.57	\$4,440,571.57	1.11%	\$323.26
2012	4,765,000.00		164,729.71	4,929,729.71	1.00%	358.87
2011	5,215,000.00		63,008.91	5,278,008.91	0.93%	384.98
2010	5,670,000.00		122,352.83	5,792,352.83	0.83%	424.29
2009	6,130,000.00		176,968.86	6,306,968.86	0.74%	461.91
2008	6,545,000.00		227,135.75	6,772,135.75	0.73%	498.43
2007	6,960,000.00	\$7,331.30	274,378.00	7,241,709.30	0.65%	534.60
2006	7,375,000.00	15,815.68		7,390,815.68	0.60%	545.21
2005	7,825,000.00	92,853.13		7,917,853.13	0.52%	576.39
2004	8,240,000.00	202,239.75		8,442,239.75	0.47%	612.87

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

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

(a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>		<u>Net General Bonded Debt Outstanding</u>	Percentage of Actual Taxable Value (a) of <u>Property</u>	<u>Per Capita (b)</u>
	<u>General Obligation Bonds</u>	<u>Deductions</u>			
2013	\$4,315,000.00		\$4,315,000.00	0.86696%	\$314.12
2012	4,765,000.00		4,765,000.00	0.95489%	346.87
2011	5,215,000.00		5,215,000.00	1.04462%	380.38
2010	5,670,000.00		5,670,000.00	1.13348%	415.32
2009	6,130,000.00		6,130,000.00	1.22544%	448.95
2008	6,545,000.00		6,545,000.00	1.30840%	481.71
2007	6,960,000.00		6,960,000.00	1.39415%	513.80
2006	7,375,000.00		7,375,000.00	1.47719%	544.04
2005	7,825,000.00		7,825,000.00	1.57074%	569.63
2004	8,240,000.00		8,240,000.00	1.65925%	598.19

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

(a) See Exhibit NJ J-6 for property tax data.

(b) Population data can be found in Exhibit NJ J-14.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2012
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Middlesex Borough	\$16,664,881.00	100.00%	\$16,664,881.00
Other debt			
Middlesex County	652,464,901.00	1.5094%	9,848,305.22
Middlesex County Utilities Authority	71,540,013.00	1.6300%	<u>1,166,102.21</u>
Subtotal, overlapping debt			\$27,679,288.43
Middlesex Borough School District Direct Debt			<u>4,765,000.00</u>
Total direct and overlapping debt			<u>\$32,444,288.43</u>

Source: Borough of Middlesex Chief Financial Officer, Middlesex County Treasurer's Office and Middlesex County Utilities Authority.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Middlesex. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
UNAUDITED

Legal Debt Margin Calculation for Calendar Year 2012:

Equalized Valuation Basis

Calendar Year

2012	\$1,447,077,080.00
2011	1,573,528,576.00
2010	1,650,272,848.00
	<u>\$4,670,878,504.00</u>

Average Equalized Valuation of Taxable Property \$1,556,959,501.33

Debt Limit (4% (a) of average equalization value)	62,278,380.05
Total Net Debt Applicable to Limit	<u>(4,765,000.00)</u>
Legal Debt Margin	<u>\$57,513,380.05</u>

	Calendar Year Ending December 31,									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Debt Limit	\$62,278,380.05	\$65,546,191.52	\$67,598,545.76	\$67,900,102.91	\$66,467,526.97	\$62,176,590.67	\$56,341,847.52	\$49,309,695.81	\$42,933,406.95	\$37,788,352.35
Total Net Debt Applicable To Limit	<u>4,765,000.00</u>	<u>5,215,000.00</u>	<u>5,670,000.00</u>	<u>6,130,000.00</u>	<u>6,545,000.00</u>	<u>6,690,000.00</u>	<u>7,375,000.00</u>	<u>7,825,000.00</u>	<u>8,240,000.00</u>	<u>8,590,000.00</u>
Legal Debt Margin	<u>\$57,513,380.05</u>	<u>\$60,331,191.52</u>	<u>\$61,928,545.76</u>	<u>\$61,770,102.91</u>	<u>\$59,922,526.97</u>	<u>\$55,486,590.67</u>	<u>\$48,966,847.52</u>	<u>\$41,484,695.81</u>	<u>\$34,693,406.95</u>	<u>\$29,198,352.35</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	7.65%	7.96%	8.39%	9.03%	9.85%	10.76%	13.09%	15.87%	19.19%	22.73%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation
(a) Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2012	13,737	N/A	N/A	5.90%
2011	13,710	\$674,573,130.00	\$49,203.00	5.80%
2010	13,652	658,790,912.00	48,256.00	6.00%
2009	13,654	640,536,448.00	46,912.00	6.00%
2008	13,587	672,067,368.00	49,464.00	3.80%
2007	13,546	636,540,086.00	46,991.00	3.20%
2006	13,556	599,229,424.00	44,204.00	3.20%
2005	13,737	560,826,762.00	40,826.00	3.20%
2004	13,775	546,302,725.00	39,659.00	3.40%
2003	13,787	534,177,315.00	38,745.00	4.10%

Source:

- (a) Population information provided by the NJ Dept. of Labor and Workforce Development.
(b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
(c) Per capita personal income by municipality was computed using Census Bureau midyear population estimates.
Estimates for 2000-2010 reflect county population.
(d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

N/A - Not Available

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
UNAUDITED

Function/Program	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Instruction:										
Regular	140	134	131	144	143	145	139	132	137	137
Special education	60	51	60	50	47	45	44	50	49	47
Support Services:										
Student & instruction related services	49	48	42	45	45	45	48	48	48	42
General administrative services	3	3	3	3	3	3	3	3	3	3
School administrative services	14	14	14	16	16	16	16	16	16	16
Plant operations and maintenance	28	28	27	30	30	28	28	28	28	28
Pupil transportation	2	2	2	2	2	2	2	2	2	2
Central services	5	5	5	5	5	5	5	5	5	5
Administration information technology	2	2	2	2	2	2	2	2	2	2
Total	<u>303</u>	<u>287</u>	<u>286</u>	<u>297</u>	<u>293</u>	<u>291</u>	<u>287</u>	<u>286</u>	<u>289</u>	<u>282</u>

Source: District Personnel Records

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Pupil/Teacher Ratio			Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2013	2,189	\$32,181,746.56	\$14,701.57	2.04%	166	16.3	12.4	10.5	2,150	2,044	1.90%	95.07%
2012	2,136	30,636,497.61	14,342.93	-2.44%	163	13.4	12.0	10.7	2,154	2,062	1.80%	95.73%
2011	2,092	30,142,186.10	14,408.31	0.87%	161	12.6	11.1	10.0	2,110	2,013	0.72%	95.40%
2010	2,106	30,961,337.27	14,701.49	2.92%	174	12.6	11.1	10.0	2,116	2,028	1.00%	95.84%
2009	2,090	29,854,887.77	14,284.64	-0.52%	174	11.6	11.2	6.9	2,095	2,012	2.00%	96.04%
2008	2,070	29,722,774.15	14,358.83	4.39%	190	9.5	11.2	11.4	2,054	1,969	0.69%	95.86%
2007	2,071	28,487,649.83	13,755.50	5.19%	198	9.4	11.1	10.1	2,040	1,950	0.07%	95.59%
2006	2,069	27,055,285.48	13,076.50	4.62%	199	9.4	11.1	10.1	2,039	1,953	-2.45%	95.81%
2005	2,090	26,120,159.92	12,498.88	9.29%	200	12.8	12.8	10.4	2,090	2,002	-1.38%	95.77%
2004	2,119	24,232,759.22	11,435.94	0.77%	205	12.8	12.8	10.4	2,119	2,024	4.75%	95.54%

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.

(c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
UNAUDITED

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>District Buildings</u>										
Elementary School(s):										
Watchung School (1916)										
Square Feet	26,821	26,821	26,821	26,821	26,821	26,821	26,821	26,821	26,821	26,821
Capacity (students)	176	176	176	176	176	176	176	176	176	176
Enrollment	233	246	244	245	241	210	210	210	208	223
Parker School (1916)										
Square Feet	20,397	20,397	20,397	20,397	20,397	20,397	20,397	20,397	20,397	20,397
Capacity (students)	171	171	171	171	171	171	171	171	171	171
Enrollment	227	211	176	197	217	196	196	196	204	208
Hazelwood School (1965)										
Square Feet	29,482	29,482	29,482	29,482	29,482	29,482	29,482	29,482	29,482	29,482
Capacity (students)	198	198	198	198	198	198	198	198	198	198
Enrollment	250	251	239	217	212	184	184	184	198	202
Middle School(s):										
Mauger Middle School (1953)										
Square Feet	95,177	95,177	95,177	95,177	95,177	95,177	95,177	95,177	95,177	95,177
Capacity (students)	713	713	713	713	713	713	713	713	713	713
Enrollment	817	806	796	787	776	802	802	802	826	868
High School(s):										
Middlesex High School (1958)										
Square Feet	150,527	150,527	150,527	150,527	150,527	150,527	150,527	150,527	150,527	150,527
Capacity (students)	551	551	551	551	551	551	551	551	551	551
Enrollment	645	653	665	681	671	652	652	652	653	632

Number of Schools at June 30, 2013

- Elementary = 3
- Middle School = 1
- High School = 1

Source: District records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX

School Facilities * Project #(s)	<u>Total</u>	<u>Watchung</u>	<u>Parker</u>	<u>Hazelwood</u>	<u>Mauger</u>	<u>High School</u>
2013	\$540,242.00	\$40,019.00	\$42,839.00	\$57,408.00	\$167,429.00	\$232,547.00
2012	522,013.00	31,143.00	50,218.00	61,376.00	176,299.00	202,977.00
2011	471,995.00	22,994.00	46,304.00	62,447.00	134,930.00	205,320.00
2010	454,788.00	21,532.00	39,253.00	57,122.00	148,323.00	188,558.00
2009	593,546.17	33,312.60	52,702.78	55,252.18	186,641.20	265,637.41
2008	554,524.01	35,510.19	36,198.94	66,321.70	172,668.09	243,825.09
2007	499,581.30	30,615.46	44,216.07	63,153.25	136,299.98	225,296.54
2006	517,002.00	29,580.00	41,638.00	45,040.00	142,003.00	258,741.00
2005	516,181.96	55,381.71	44,798.66	47,518.91	123,832.63	244,650.05
2004	370,553.87	16,542.47	34,165.87	34,309.04	112,779.62	172,756.87
Total School Facilities	<u>\$5,040,427.31</u>	<u>\$316,630.43</u>	<u>\$432,334.32</u>	<u>\$549,948.08</u>	<u>\$1,501,205.52</u>	<u>\$2,240,308.96</u>

* - School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2013
UNAUDITED

	<u>Coverage Amount</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group		
Property Coverage:		
Blanket Real and Personal Property	\$400,000,000.00	\$5,000.00
Blanket Extra Expense	50,000,000.00	5,000.00
Blanket Valuable Papers & Records	10,000,000.00	5,000.00
Sublimits:		
Flood, Zone A & V	10,000,000.00	500,000.00
Flood, All Other Zones	50,000,000.00	10,000.00
Increased Cost of Construction	10,000,000.00	
Electronic Data Processing:		
Blanket Hardware	1,545,000.00	1,000.00
Boiler and Machinery Coverage:		
Property Damage	100,000,000.00	5,000.00
Perishable Goods	500,000.00	
Expediating Expenses	500,000.00	
Hazardous Substance Cleanup	500,000.00	
Crime Coverage:		
Faithful Performance Limit	250,000.00	1,000.00
Forgery and Altercation	250,000.00	1,000.00
Money and Securities Limit	50,000.00	500.00
Money Orders / Counterfeit Currency Limit	50,000.00	500.00
Computer Fraud	250,000.00	1,000.00
Public Official Bond Limit - Board Secretary	100,000.00	1,000.00
Public Official Bond Limit - Board Treasurer	260,000.00	1,000.00
General Liability Coverage:		
Bodily Injury and Property Damage	16,000,000.00	
Employee Benefit Liability	16,000,000.00	1,000.00
Sexual Abuse	16,000,000.00	
Terrorism Sub-limit	1,000,000.00	
Automobile Coverage:		
Bodily Injury and Property Damage	16,000,000.00	1,000.00
Uninsured/Underinsured Motorists	1,000,000.00	
Personal Injury Protection	260,000.00	
Medical Payments	10,000.00	

Source: District Records

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-1"

308 East Broad Street, Westfield, New Jersey 07090-2122

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

Honorable President and Members
of the Board of Education
Borough of Middlesex School District
County of Middlesex
Middlesex, New Jersey 08846

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Borough of Middlesex School District (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated November 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Middlesex School District's internal control.

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

SUPLEE, CLOONEY & COMPANY

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

November 18, 2013



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-2"

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH U.S. OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and Members
of the Board of Education
Borough of Middlesex School District
County of Middlesex
Middlesex, New Jersey 08846

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

SUPLEE, CLOONEY & COMPANY

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

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Middlesex School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Borough of Middlesex School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Borough of Middlesex School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with *OMB Circular A-133* and *New Jersey OMB 04-04*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Middlesex School District's internal control over compliance.

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

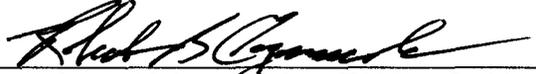
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

SUPLEE, CLOONEY & COMPANY

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


CERTIFIED PUBLIC ACCOUNTANTS

November 18, 2013


PUBLIC SCHOOL ACCOUNTANT NO. 93

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2012	CARRYOVER AMOUNT	CASH RECEIPTS	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR'S BALANCE	BALANCE AT JUNE 30, 2013			
										(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR	
General Fund													
U.S. Department of Education													
Medicaid Assistance Program (SEMI)	93.778	N/A	7/1/12 - 6/30/13	\$29,898.14			\$29,898.14	(\$29,898.14)					
Medicaid Assistance Program (MAC)	93.778	N/A	7/1/12 - 6/30/13	2,804.49			2,804.49	(2,804.49)					
Education Jobs Fund	84.410	N/A	8/10/10 - 9/30/12	312,965.00				(779.00)			(\$779.00)		
Total General Fund							32,702.63	(33,481.63)			(779.00)		
Enterprise Funds													
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Commodity Supplemental Food Program	10.565	N/A	7/1/11 - 6/30/12	54,148.21	\$7,700.52			(7,700.52)					
Commodity Supplemental Food Program	10.565	N/A	7/1/12 - 6/30/13	44,666.81			44,666.81	(39,719.17)			\$4,947.64		
National School Lunch Program	10.555	N/A	7/1/11 - 6/30/12	253,756.18	(13,833.67)		13,833.67						
National School Lunch Program	10.555	N/A	7/1/12 - 6/30/13	288,643.49			263,556.53	(288,643.49)			(25,086.96)		
National School Breakfast Program	10.553	N/A	7/1/11 - 6/30/12	105,159.82	(8,067.04)		8,067.04						
National School Breakfast Program	10.553	N/A	7/1/12 - 6/30/13	116,705.92			104,967.17	(116,705.92)			(11,738.75)		
Total Enterprise Fund					(14,200.19)		435,091.22	(452,769.10)			(36,825.71)	4,947.64	
Special Revenue Funds													
U.S. Department of Education													
Passed-through State Department of Education:													
Title I	84.010	NCLB314012	9/1/11- 8/31/12	224,863.00	(31,734.00)		57,204.00	(25,470.00)					
Title I	84.010	NCLB314013	9/1/12- 8/31/13	247,013.00			132,219.00	(198,636.00)			(66,417.00)		
Title II- Part A	84.367	NCLB314012	9/1/11- 8/31/12	49,377.00	(1,278.00)		3,863.00	(2,585.00)					
Title II- Part A	84.367	NCLB314013	9/1/12- 8/31/13	52,745.00			19,028.00	(20,779.00)			(1,751.00)		
Title III	84.365	NCLB314012	9/1/11- 8/31/12	12,119.00	(350.00)		10,684.00	(10,334.00)					
Title III	84.365	NCLB314013	9/1/12- 8/31/13	13,842.00			5,424.00	(5,424.00)					
I.D.E.A. Part B, Basic	84.027	IDEA314012	9/1/11- 8/31/12	454,416.00	(121,452.00)		121,452.00						
I.D.E.A. Part B, Basic	84.027	IDEA314013	9/1/12- 8/31/13	513,387.00			368,974.00	(513,387.00)			(144,413.00)		
I.D.E.A. Part B-Preschool	84.173	IDEA314012	9/1/11- 8/31/12	12,292.00	(2,116.00)		2,116.00						
I.D.E.A. Part B-Preschool	84.173	IDEA314013	9/1/12- 8/31/13	12,692.00			10,212.00	(12,692.00)			(2,480.00)		
Total Special Revenue Fund					(156,930.00)		731,176.00	(789,307.00)			(215,061.00)		
Total Expenditures of Federal Awards					(\$171,130.19)	\$-0-	\$1,198,969.85	(\$1,275,557.73)	\$-0-		(\$252,665.71)	\$4,947.64	\$-0-

See accompanying notes to schedules of expenditures of awards and financial assistance.

BOROUGH OF MIDDLESEX SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2012			CARRY OVER AMOUNT	RECEIPTS	BUDGETARY EXPENDITURES	ADJUSTMENT	REPAYMENT OF PRIOR YEAR'S BALANCES	BALANCE AT JUNE 30, 2013			MEMO	
				DEFERRED REVENUE (ACCTS. RECEIVABLE)	DUE TO GRANTOR							(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education																
General Funds:																
Special Education Categorical Aid	13-495-034-5120-089	7/1/12 - 6/30/13	\$1,266,902.00					\$1,133,561.80	(\$1,266,902.00)	\$133,340.20				\$133,340.20	\$1,266,902.00	
Equalization Aid	13-495-034-5120-078	7/1/12 - 6/30/13	7,398,658.00					6,669,217.20	(7,398,658.00)	729,440.80				729,440.80	7,398,658.00	
Security Aid	13-495-034-5120-084	7/1/12 - 6/30/13	54,731.00					49,257.90	(54,731.00)	5,473.10				5,473.10	54,731.00	
Transportation Aid	13-495-034-5120-014	7/1/12 - 6/30/13	65,709.00					59,138.10	(65,709.00)	6,570.90				6,570.90	65,709.00	
Extraordinary Aid	12-100-034-5120-473	7/1/11 - 6/30/12	77,730.00	(\$77,730.00)				77,730.00						77,730.00	77,730.00	
Extraordinary Aid	13-100-034-5120-473	7/1/12 - 6/30/13	70,607.00						(70,607.00)			(\$70,607.00)		70,607.00	70,607.00	
Nonpublic School Transportation Aid	12-495-034-5120-044	7/1/11 - 6/30/12	25,230.00	(25,230.00)				25,230.00						25,230.00	25,230.00	
Nonpublic School Transportation Aid	13-495-034-5120-044	7/1/12 - 6/30/13	24,882.00						(24,882.00)			(24,882.00)		24,882.00	24,882.00	
Reimbursed TPAF social security contributions	12-495-034-5095-002	7/1/11 - 6/30/12	1,023,214.84	(50,426.41)				50,426.41						1,023,214.84	1,023,214.84	
Reimbursed TPAF social security contributions	13-495-034-5095-002	7/1/12 - 6/30/13	1,157,476.23					1,035,670.84	(1,107,049.82)			(71,378.98)		71,378.98	1,107,049.82	
Total General Fund				(153,386.41)				9,100,232.25	(9,988,538.82)	874,825.00		(168,867.98)		1,041,692.98	11,114,713.66	
Enterprise Fund:																
State School Lunch Program	12-100-010-3360-067	7/1/11 - 6/30/12	9,655.71	(510.71)				510.71						792.80	9,655.71	
State School Lunch Program	13-100-010-3360-067	7/1/12 - 6/30/13	9,183.25					8,390.45	(9,183.25)			(792.80)		792.80	9,183.25	
Total Enterprise Fund				(510.71)				8,901.16	(9,183.25)			(792.80)		792.80	18,838.96	
Capital Projects Fund:																
Watchung Bathroom Renovation	3140-090-09-1001	various	234,972.00	(136,655.20)								(136,655.20)		136,655.20	136,655.20	
Von E. Mauger Roof Repair	3140-085-09-1003-G02	various	205,083.00	(31,879.23)								(31,879.23)		31,879.23	155,074.11	
Total Capital Projects Fund				(168,534.43)								(168,534.43)		168,534.43	291,729.31	
Debt Service Fund:																
Debt Service	13-495-034-5120-017	7/1/12 - 6/30/13	213,789.00					213,789.00	(213,789.00)						213,789.00	
Total State Financial Assistance Subject to OMB 04-04				(\$322,431.55)	\$-0-	\$-0-		\$9,322,922.41	(\$10,211,511.07)	\$874,825.00	\$-0-	(\$336,195.21)	\$-0-	\$-0-	\$1,211,020.21	\$11,839,070.93
On-behalf TPAF Pension - post retirement medical	13-495-034-5095-001	7/1/12 - 6/30/13	1,070,844.00					1,070,844.00	(1,070,844.00)							
On-behalf TPAF pension contribution	13-495-034-5095-008	7/1/12 - 6/30/13	947,023.00					947,023.00	(947,023.00)							
Total Expenditures of State Financial Assistance								\$11,340,789.41	(\$12,229,378.07)							

See accompanying notes to schedules of expenditures of awards and financial assistance.

Borough of Middlesex School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2013

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Middlesex 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 the 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 financials assistance.

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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 revenue, whereas 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:22-44.2.

Borough of Middlesex School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2013

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$53,338.00) for the general fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$33,481.63	\$11,953,067.82	\$11,986,549.45
Special Revenue Fund	789,307.00		789,307.00
Debt Service Fund		213,789.00	213,789.00
Food Service Fund	<u>452,769.10</u>	<u>9,183.25</u>	<u>461,952.35</u>
Total Awards & Financial Assistance	<u>\$1,275,557.73</u>	<u>\$12,176,040.07</u>	<u>\$13,451,597.80</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 in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2013. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2013.

Borough of Middlesex School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|----------------------------------------------------------------------------------------|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| (a) | Material weakness identified? | No |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (3) | Noncompliance material to basic financial statements noted? | No |

Federal Program(s)

- | | | |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| (1) | Internal Control Over Major Federal Programs: | |
| (a) | Material weakness identified? | No |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133 and listed in Section III of this schedule? | None Reported |

Borough of Middlesex School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

Section I – Summary of Auditor’s Results (Continued)

Federal Program(s) (Continued)

(4) Identification of Major Federal Program(s):

<u>CFDA Number</u>	<u>Program</u>
84.027	IDEA Part B Basic
84.173	IDEA Part B Preschool

(5) Program Threshold Determination:
Type A Federal Program Threshold > \$300,000.00
Type B Federal Program Threshold <= \$300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

Borough of Middlesex School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

Section I – Summary of Auditor’s Results (Continued)

State Program(s)

- (1) Internal Control Over Major State Programs:
 - (a) Material weakness identified? No
 - (b) Significant deficiencies identified that are not considered to be material weaknesses? N/A
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04 and listed in Section III of this schedule? None Reported
- (4) Identification of Major State Program(s):

<u>Grant Number</u>	<u>Program</u>
495-034-5120-078	Equalization Aid
100-034-5120-473	Extraordinary Special Education Aid
495-034-5120-014	Transportation Aid

Borough of Middlesex School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

Section I – Summary of Auditor’s Results (Continued)

State Program(s) Continued)

- (5) Program Threshold Determination:
 - Type A State Program Threshold > \$307,858.00
 - Type B State Program Threshold <= \$307,858.00

- (6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

Section II – Financial Statement Audit – Reported Findings
Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

Borough of Middlesex School District
Schedule of Prior Year Audit Findings

Not Applicable

