

**Comprehensive Annual
Financial Report**

of the

Township of Middle Board of Education

Cape May County, New Jersey

For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION:	
Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
FINANCIAL SECTION:	
Independent Auditor's Report	9-11
Required Supplementary Information - Part I Management Discussion and Analysis	12-21
Basic Financial Statements	
A District-Wide Financial Statements	
A-1 Statement of Net Position	22
A-2 Statement of Activities	23
B Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	25
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	28
B-6 Statement of Cash Flows	29
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	30
B-8 Statement of Changes in Fiduciary Net Position	31
Notes to the Financial Statements	32-57

TABLE OF CONTENTS

	Page
Required Supplementary Information - Part II	
C Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	58-67
C-2 Budgetary Comparison Schedule - Special Revenue Fund	68-69
Notes to Required Supplementary Information	
C-3 Budget to GAAP Reconciliation	70
Required Supplementary Information - Part III	
L-1 Schedule of District's Proportionate Share of Net Pension Liability (PERS)	71
L-2 Schedule of District Contributions (PERS)	72
L-3 Schedule of District's Proportionate Share of Net Pension Liability (TPAF)	73
Other Supplementary Information	
E Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures - Special Revenue Fund - Budgetary Basis	74-78
E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	79
F Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	80
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	81
F-2(a-e) Schedule of Project Revenues, Expenditures , Project Balance and Project Status - Budgetary Basis	82-87
G Proprietary Funds:	
Enterprise Funds:	
G-1 Combining Statement of Net Position	N/A
G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-3 Combining Statement of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A

TABLE OF CONTENTS

	Page
H Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	88
H-2 Combining Statement of Changes in Fiduciary Net Position	89
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	90
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	91
I Long-Term Debt:	
I-1 Schedule of Serial Bonds	92
I-2 Schedule of Obligations under Capital Leases	93
I-3 Debt Service Fund Budgetary Comparison Schedule	94
J Statistical Section (Unaudited)	
Financial Trends	
J-1 Net Position by Component	95
J-2 Changes in Net Position	96-97
J-3 Fund Balances - Governmental Funds	98
J-4 Changes in Fund Balances - Governmental Funds	99
J-5 General Fund Other Local Revenue by Source	100
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	101
J-7 Direct and Overlapping Property Tax Rates	102
J-8 Principal Property Taxpayers	103
J-9 Property Tax Levies and Collections	104
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	105
J-11 Ratios of General Bonded Debt Outstanding	106
J-12 Direct and Overlapping Governmental Activities Debt	107
J-13 Legal Debt Margin	108
Demographic and Economic Data	
J-14 Demographic and Economic Statistics	109
J-15 Principal Employers	110
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	111
J-17 Operating Statistics	112
J-18 School Building Information	113
J-19 Schedule of Required Maintenance Expenditures by School Facility	114
J-20 Insurance Schedule	115

TABLE OF CONTENTS

	Page
SINGLE AUDIT SECTION:	
K-1 Independent Auditors Report - <i>Government Auditing Standards</i>	116-117
K-2 Independent Auditors Report - <i>Single Audit Act</i>	118-120
K-3 Schedule of Expenditures of Federal Awards, Schedule A	121
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	122
K-5 Notes to the Schedules of Awards and Financial Assistance	123-124
K-6 Schedule of Findings and Questioned Costs	125-127
K-7 Summary Schedule of Prior Audit Findings	127

Introductory Section



Middle Township Public Schools

ADMINISTRATION BUILDING

216 South Main Street

Cape May Court House, New Jersey 08210-2499

PHONE: (609)465-1800 ext. 3100

FAX (609)463-1979

Dr. David Salvo, *Superintendent of Schools*

November 28, 2016

Honorable President and
Members of the Board of Education
Middle Township Public Schools
216 South Main Street
Cape May Court House, NJ 08210

Dear Board Members:

The Comprehensive Annual Financial Report of the Middle Township School District for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities to the best of my knowledge have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The Financial Section includes the basic financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, OMB Circular Uniform Guidance and NJ OMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the Single Audit Section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Middle Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by the National Council on Governmental Accounting (NCGA) Statement No. 3. All funds of the District are included in this report. The Middle Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, special education, gifted and talented, and basic skills programs. The District completed the 2015-16 fiscal year with an enrollment of 2484 students.

The following details the changes in the student enrollment over the last six years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	2,484	0.61%
2014-2015	2,469	-1.79%
2013-2014	2,514	-5.42%
2012-2013	2,658	-0.97%
2011-2012	2,684	-3.42%
2010-2011	2,776	-2.49%

2. ECONOMIC CONDITION AND OUTLOOK:

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

<u>Fiscal Year</u>	<u>Amount</u>	<u>Change</u>	<u>Percent Change</u>
2016	\$ 2,727,116,105	\$ 1,474,366	0.05%
2015	2,725,641,739	18,142,242	0.67%
2014	2,707,499,497	19,228,241	0.72%
2013	2,688,271,256	(329,929,792)	-10.93%
2012	3,018,201,048	(141,582,010)	-4.48%
2011	3,159,783,058	(92,788,230)	-2.85%
2010	3,252,571,288	(11,507,817)	-0.35%
2009	3,264,079,105	19,150,674	0.59%
2008	3,244,928,431	35,946,732	1.12%
2007	3,208,981,699	2,072,659,654	182.40%

Several new ratables are either under construction or in the planning phase. Growth in the home construction market has slowed. The Township recently underwent a revaluation of all real property which accounts for the large change between 2006 and 2007 and between 2012 and 2013.

3. MAJOR INITIATIVES:

During the 2015-2016 school year, the Middle Township School District focused on the attainment of specific objectives:

District

Planning for a bond referendum to encompass many district needs specifically: new Pre K wing and renovations at Elementary #1, renovations to façade and parking lots at Elementary #2, new transportation building, renovations to the Middle School and High School and new sports fields at the Shunpike property. The referendum was successfully passed on March 8, 2016.

Middle Township Elementary #1

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

Middle Township Elementary #2

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

Middle Township Middle School (Elementary #4)

Research a new schedule for the 2016-2017 school year that will replace the current block schedule with a modified schedule that will better prepare the students for entering the high school.

Middle Township High School

Implementation of the new Academies (Performing Arts, Business, Computer Science, Medicine and Health). Implementation of the Community Based Instruction program. Complete research and planning for the a new rotating schedule to be implemented in the 2016-2017 school year.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. FINANCIAL INFORMATION AT FISCAL YEAR END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

8. DEBT ADMINISTRATION:

At June 30, 2016, the District's outstanding debt issues included \$2,545,000 of general obligation bonds and \$2,000,000 of temporary note financing pursuant to the referendum project.

9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements," Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10. RISK MANAGEMENT:

Middle Township Board of Education carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

11. OTHER INFORMATION:

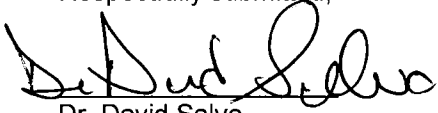
A. Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C., CPAs was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, OMB Circular Uniform Guidance and NJ OMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The

auditor's reports related specifically to the single audit are included in the single audit section of this report.

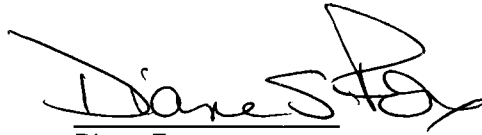
12. ACKNOWLEDGMENTS:

This report was completed through the combined efforts of the Assistant Supervisor of Accounts and other accounting staff whose efforts are very much appreciated.

Respectfully submitted,



Dr. David Salvo
Superintendent



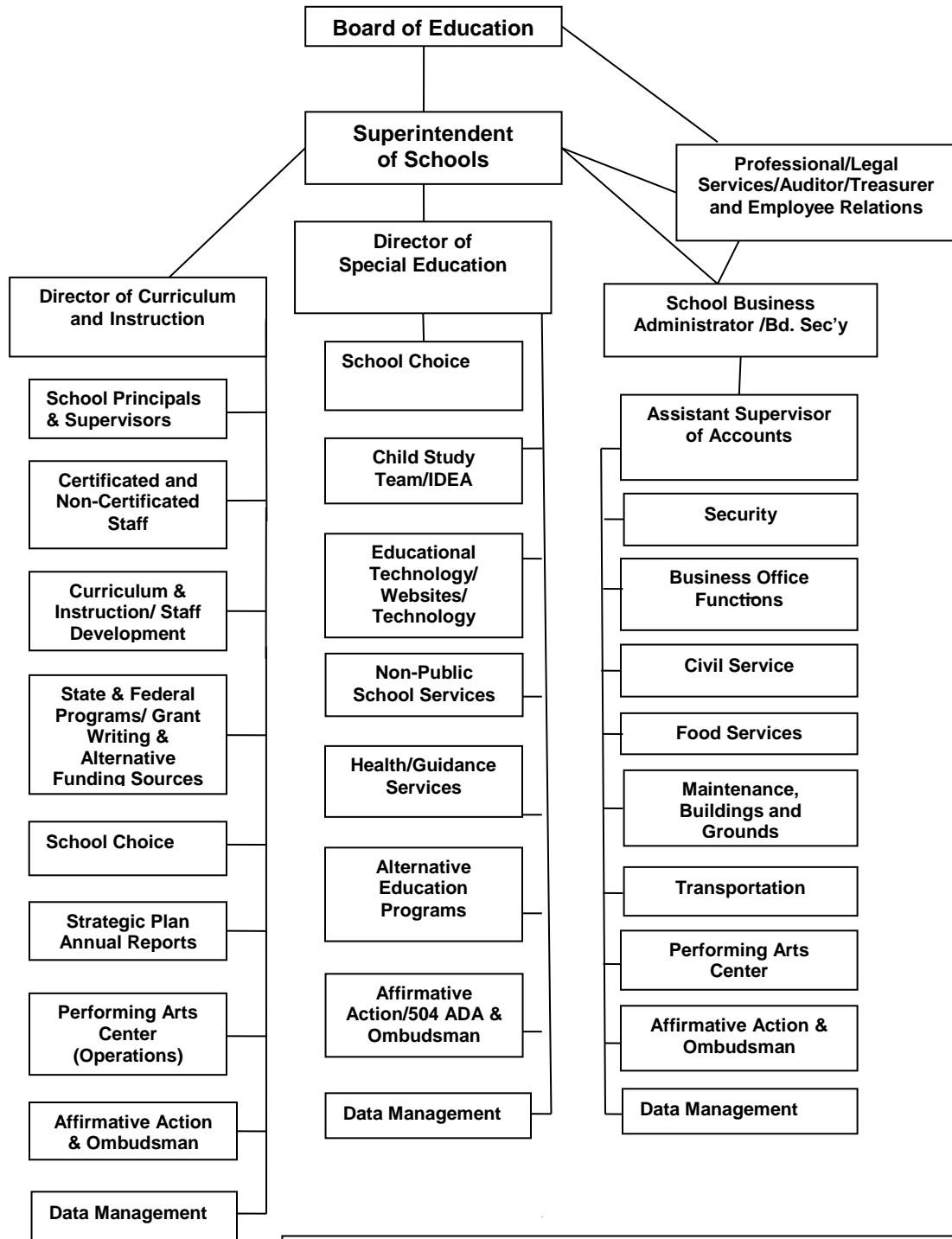
Diane Fox
Board Secretary/School Business Administrator

"An Equal Opportunity Employer"

POLICY

MIDDLE TOWNSHIP BOARD OF EDUCATION

Administration
1110 Organizational Chart
Page 1 of 1



Adopted October 15, 2015
Amended May 20, 1999
Amended July 21, 2005
Amended January 17, 2008
Amended June 18, 2009

In the absence of the Superintendent, the SBA is responsible for district operations.

In the absence of the Superintendent and the SBA, the Director of Special Education is responsible for district operations.

In the absence of the Superintendent, the SBA, and the Director of Special Education, the Director of Curriculum and Instruction is responsible for district operations.

**TOWNSHIP OF MIDDLE
BOARD OF EDUCATION**

COUNTY OF CAPE MAY, NEW JERSEY

**ROSTER OF OFFICIALS
JUNE 30, 2016**

Members of the Board of Education	Term Expires
Dennis M. Roberts, President	2017
George DeLollis, Vice-President	2016
Robert Bakley, II	2017
Edward Dagney	2018
Calvin Back	2016
Gloria Hodges	2017
Patricia Taylor	2018
Stephanie Thomas	2018
Burgess Hamer	2016
Ann Haig, Dennis Township Board Member Representative (1/22/15 to 12/31/15)	2016
Jeffrey Trout, Dennis Township Board Member Representative (1/5/16 to present)	2016

SUPERINTENDENT

Dr. David Salvo

BUSINESS ADMINISTRATOR / BOARD SECRETARY

Diane S. Fox

**TOWNSHIP OF MIDDLE
BOARD OF EDUCATION**

COUNTY OF CAPE MAY, NEW JERSEY

**CONSULTANTS AND ADVISORS
JUNE 30, 2016**

INDEPENDENT AUDITOR

Ford, Scott & Associates, L.L.C.
Certified Public Accountants
1535 Haven Avenue
Ocean City, New Jersey 08226-0538

ATTORNEY

Cooper Levenson
1125 Atlantic Avenue
Atlantic City, New Jersey 08401

BOND COUNSEL

McManimon & Scotland, L.L.C.
17 West State Street
Newark, New Jersey 07101

OFFICIAL DEPOSITORIES

Sturdy Savings Bank
17 South Main Street
Cape May Court House, New Jersey 08210

Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Middle School District, County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Middle School District, County of Cape May, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Middle School District's basic financial statements. The introductory section, combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB Circular 15-08, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining statements, and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB Circular 15-08, and statistical information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB Circular 15-08, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016 on our consideration of the Township of Middle School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Middle School District's internal control over financial reporting and compliance.

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

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

November 28, 2016

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

The discussion and analysis of Township of Middle School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- In total, net position increased \$603,953.75, which represents a 5 percent increase from 2015.
- General revenues accounted for \$37,112,021.70 in revenue or 66 percent of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions accounted for \$18,760,490.44 or 34 percent of total revenues of \$55,872,512.14.
- Total assets and deferred outflows of resources of governmental activities increased by \$2,909,285.03 as cash, cash equivalents and investments increased by \$1,467,667.96, receivables increased by \$345,968.38, deferred outflows of resources increased by \$734,138.44 and capital assets increased by \$357,322.10.
- The School District had \$55,268,558.39 in expenses; only \$18,760,490.44 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$37,112,021.70 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$45,832,905.83 in revenues and other financing sources and \$45,775,914.39 in expenditures and other uses. The General Fund's fund balance increased \$56,991.44 over 2015.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Township of Middle School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School district's most significant funds with all other non-major funds presented in total in one column. In the case of Township of Middle District, the General Fund is by far the most significant fund.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2016?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in those assets. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School district have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Performing Arts Center enterprise funds are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transaction. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's Net Position for 2016 and 2015.

**Table 1
Net Position**

	2016	2015
Assets		
Current and Other Assets	\$ 6,126,463.98	4,308,639.49
Capital Assets	26,220,258.13	25,862,936.03
Total Assets	32,346,722.11	30,171,575.52
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	1,564,102.00	765,882.00
Loss on Refunding Bonds	113,255.26	177,336.82
Total Deferred Outflows of Resources	1,677,357.26	943,218.82
Liabilities		
Long-Term Liabilities	16,872,482.58	16,182,844.97
Other Liabilities	2,568,995.16	558,107.49
Total Liabilities	19,441,477.74	16,740,952.46
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	1,071,173.00	1,466,367.00
Net Position		
Net Investment in Capital Assets	24,552,226.80	22,832,899.05
Restricted	2,402,999.09	4,123,797.79
Unrestricted	(13,443,797.26)	(14,049,221.96)
Total Net Position	\$ 13,511,428.63	12,907,474.88

The District's combined net position was \$13,511,428.63 on June 30, 2016. This was an increase of 5 percent from the prior year.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Table 2 shows changes in Net Position for fiscal year 2016.

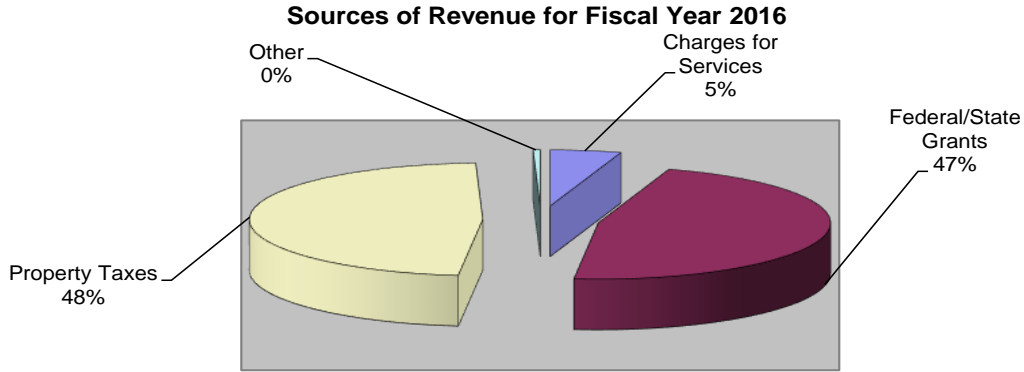
**Table 2
Changes in Net Position**

	<u>2016</u>	<u>2015</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 3,234,814.83	3,093,945.50
Operating and Capital Grants and Contributions	15,525,675.61	13,561,619.27
General Revenues:		
Property Taxes	26,160,196.80	25,661,194.01
Grants and Entitlements	10,683,902.20	10,712,459.80
Other	267,922.70	238,594.14
Total Revenues	<u>55,872,512.14</u>	<u>53,267,812.72</u>
Program Expenses		
Instruction	27,930,527.23	26,075,225.68
Support Services:		
Tuition	4,797,991.78	4,808,683.41
Student and Instruction Related Services	5,768,899.39	6,520,816.80
General Administration, School Administration, Business Operations and Maintenance of Facilities	10,858,332.59	8,952,150.53
Pupil Transportation	4,599,934.74	4,021,942.65
Interest on Debt	105,909.46	180,663.36
Food Service	968,541.65	908,394.47
Performing Arts Center	218,233.55	210,414.14
Other	20,188.00	63,190.00
Special Items		(25,980.00)
Total Expenses	<u>55,268,558.39</u>	<u>51,715,501.04</u>
Increase (Decrease) in Net Position	<u>\$ 603,953.75</u>	<u>1,552,311.68</u>

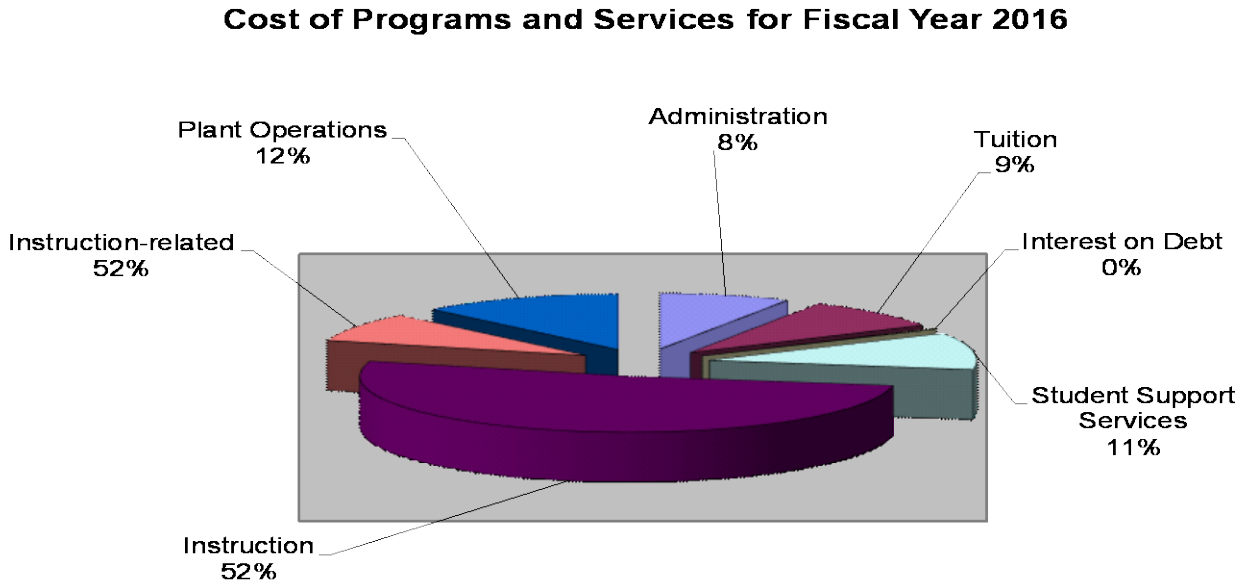
**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Governmental Activities

Property taxes made up 48 percent of revenues for governmental activities for the Township of Middle School District for fiscal year 2016 and 49 percent in 2015. The District's total revenues were \$54,683,999.41 for the year ended June 30, 2016. Federal, state, and local grants accounted for another 47 percent of revenue for 2016 and 45 percent in 2015.



The total cost of all program and services was \$54,081,783.19. Instruction comprises 52 percent of District expenses.



**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Business-Type Activities

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

- Enterprise fund revenues exceeded expenses by \$1,503.41.
- Charges for services represent \$551,509.29 of revenue. This represents amounts paid by patrons for daily food service, special functions and rentals.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$636,769.32.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3
Costs of Services**

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Instruction	\$ 27,930,527.23	14,696,919.27	26,075,225.68	14,708,241.64
Support Services:				
Tuition	4,797,991.78	4,797,991.78	4,808,683.41	4,808,683.41
Pupils and Instructional Staff	5,768,899.39	3,419,062.91	6,520,816.80	4,259,520.47
General Administration, School Administration and Business Operations	4,286,939.13	3,801,904.74	3,880,226.57	3,466,627.34
Operation and Maintenance of Facilities	6,571,393.46	6,571,393.46	5,071,923.96	5,071,923.96
Pupil Transportation	4,599,934.74	3,096,201.74	4,021,942.65	2,528,991.65
Interest and Fiscal Charges	105,909.46	105,909.46	180,663.36	180,663.36
Other	20,188.00	20,188.00	63,190.00	63,190.00
Total Expenses	<u>\$ 54,081,783.19</u>	<u>36,509,571.36</u>	<u>50,622,672.43</u>	<u>35,087,841.83</u>

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

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

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

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

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

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

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

"Other" includes charter schools and unallocated depreciation.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$49,827,724.41 and expenditures were \$50,075,022.78. The net change in fund balance for the year was most significant in the General and Capital Project Funds. An increase of \$56,991.44 in the General Fund and a decrease of \$318,039.70 in the Capital Projects Fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of total revenues compared to prior year revenues.

<u>Revenue</u>	<u>2015-2016 Amount</u>	<u>Percentage of Total</u>	<u>2014-2015 Amount</u>	<u>Percentage of Total</u>
Local Sources	\$ 29,111,190.92	58.42%	28,453,888.30	58.83%
State Sources	18,539,933.68	37.21%	17,987,402.65	37.20%
Federal Sources	1,585,343.81	3.18%	1,727,886.54	3.57%
Other Financing Sources	<u>591,256.00</u>	<u>1.19%</u>	<u>185,262.40</u>	<u>0.38%</u>
Total	<u>\$ 49,827,724.41</u>	<u>100.00%</u>	<u>48,354,439.89</u>	<u>100.00%</u>

The increase in Local Sources consists mostly of an increase in the local tax levy in the amount of \$499,002.79; an increase in tuition revenue of \$129,055.33; and an increase in other miscellaneous revenues of \$29,244.50. The increase in State Sources can be attributed to the increase in on-behalf pension contributions made by the State of New Jersey. The increase in state sources was \$552,531.03. The decrease in federal sources can be attributed to decreased funding from federal grants. The decrease in federal sources was \$142,542.73.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

The following schedule represents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2016, and the percentage of total expenditures compared to prior year amounts.

Expenditures	2015-2016 Amount	Percentage of Total	2014-2015 Amount	Percentage of Total
Current Expense:				
Instruction	\$ 14,815,950.09	29.59%	14,739,684.73	30.99%
Undistributed Expenditures	30,209,433.30	60.33%	28,261,653.05	59.43%
Capital Outlay	1,048,382.70	2.09%	324,349.40	0.68%
Transfer to Charter Schools	20,188.00	0.04%	63,190.00	0.13%
Debt Service	1,639,250.00	3.27%	1,624,050.00	3.42%
Special Revenue	<u>2,341,818.69</u>	<u>4.68%</u>	<u>2,543,009.26</u>	<u>5.35%</u>
Total	\$ <u>50,075,022.78</u>	<u>100.00%</u>	<u>47,555,936.44</u>	<u>100.00%</u>

General Fund Budgeting Highlights

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

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

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements. The State did make the normal contribution to TPAF in fiscal year 2016.
- Tuition for special education students attending county special services school was less than anticipated levels by \$605,794.13. Transfers were made during the year to other accounts in the budget nearing over-expenditure.
- The district applied for and received extraordinary aid.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Capital Assets

At the end of the fiscal year 2016, the School District had \$26,220,258.13 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2016 balances compared to 2015.

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

	<u>2016</u>	<u>2015</u>
Land	\$ 255,001.00	255,001.00
Construction In Progress	2,828,949.32	1,744,849.00
Land Improvements	295,721.16	316,002.01
Buildings and Improvements	21,038,337.50	22,073,494.58
Machinery and Equipment	1,802,249.15	1,473,589.44
Total	<u>\$ 26,220,258.13</u>	<u>25,862,936.03</u>

Overall capital assets increased \$357,322.10 from fiscal year 2015 to fiscal year 2016. The increase in capital assets is due primarily to the construction project starting in fiscal year 2016. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2016, the School District had \$16,872,482.58 of outstanding debt. Of this amount, \$1,457,376.29 is for compensated absences; \$745,836.92 for various capital leases; \$2,752,166.37 of serial bonds for school construction, net of related premium and/or discounts related to the refunding bonds; and \$11,917,103.00 for net pension liability related to the implementation of GASB 68.

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

	<u>2016</u>	<u>2015</u>
2010 School Refunding Bonds	\$ 2,545,000.00	3,985,000.00
Total	<u>\$ 2,545,000.00</u>	<u>3,985,000.00</u>

At June 30, 2016, the School District's overall available legal debt margin was \$103,158,315. For more detailed information, please refer to the Notes to the Financial Statements.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

For the Future

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

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

Contacting the School District's Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Diane Fox, School Business Administration/Board Secretary at Middle Township Board of Education, Administration Building, 216 S. Main Street, Cape May Court House, NJ 08210.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,500,895.43	\$ 311,121.18	\$ 4,812,016.61
Receivables, Net	1,090,759.39	81,757.11	1,172,516.50
Internal Balances	419,258.24	(402,285.06)	16,973.18
Inventory		12,409.41	12,409.41
Restricted Assets:			
Capital Reserve Account	112,548.28		112,548.28
Capital Assets			
Capital Assets, not depreciated	4,351,539.83		4,351,539.83
Capital Assets being Depreciated, net	21,631,430.64	237,287.66	21,868,718.30
Total Assets	32,106,431.81	240,290.30	32,346,722.11
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	1,564,102.00		1,564,102.00
Loss on Refunding Bonds	113,255.26		113,255.26
Total Deferred Outflows of Resources	1,677,357.26	-	1,677,357.26
LIABILITIES			
Accounts Payable	282,207.90	58,700.02	340,907.92
Deposits Payable		2,930.00	2,930.00
Payable to State Government	5,165.00		5,165.00
Temporary Notes Payable	2,000,000.00		2,000,000.00
Unearned Revenue	134,305.42	32,665.99	166,971.41
Accrued Interest	53,020.83		53,020.83
Noncurrent Liabilities			
Due Within One Year	1,829,971.96		1,829,971.96
Due Beyond One Year	3,125,407.62		3,125,407.62
Net Pension Liability	11,917,103.00		11,917,103.00
Total Liabilities	19,347,181.73	94,296.01	19,441,477.74
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	1,071,173.00		1,071,173.00
NET POSITION			
Net Investment in Capital Assets	24,314,939.14	237,287.66	24,552,226.80
Restricted for:			
Other Purposes	2,402,999.09		2,402,999.09
Unrestricted	(13,352,503.89)	(91,293.37)	(13,443,797.26)
Total Net Position	\$ 13,365,434.34	\$ 145,994.29	\$ 13,511,428.63

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2016

Function/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 16,409,119.98	4,589,429.80	2,132,811.03	7,186,295.24		(11,679,443.51)		(11,679,443.51)
Special Education	4,235,316.79	1,182,127.70	550,494.51	2,976,059.20		(1,890,890.78)		(1,890,890.78)
Other Instruction	1,184,050.32	330,482.64		387,947.98		(1,126,584.98)		(1,126,584.98)
Support Services:								
Tuition	4,797,991.78					(4,797,991.78)		(4,797,991.78)
Student & Instruction Related Services	4,212,933.25	1,555,966.14		2,349,836.48		(3,419,062.91)		(3,419,062.91)
School Administrative Services	1,202,975.14	389,557.75		180,182.92		(1,412,349.97)		(1,412,349.97)
General & Other Administrative Services	2,035,313.52	659,092.72		304,851.47		(2,389,554.77)		(2,389,554.77)
Plant Operation and Maintenance	4,958,987.88	1,612,405.58				(6,571,393.46)		(6,571,393.46)
Pupil Transportation	3,479,951.25	1,119,983.49		1,503,733.00		(3,096,201.74)		(3,096,201.74)
Unallocated Benefits	11,439,045.82	(11,439,045.82)				-		-
Charter Schools	20,188.00					(20,188.00)		(20,188.00)
Interest on Long-Term Debt	105,909.46					(105,909.46)		(105,909.46)
Total Governmental Activities	54,081,783.19	-	2,683,305.54	14,888,906.29	-	(36,509,571.36)	-	(36,509,571.36)
Business-Type Activities:								
Food Service	968,541.65		332,079.29	636,769.32			306.96	306.96
Performing Arts Center	218,233.55		219,430.00				1,196.45	1,196.45
Total Business-Type Activities	1,186,775.20	-	551,509.29	636,769.32	-	-	1,503.41	1,503.41
Total Primary Government	\$ 55,268,558.39	-	3,234,814.83	15,525,675.61	-	(36,509,571.36)	1,503.41	(36,508,067.95)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes, Net						\$ 24,520,946.80		24,520,946.80
Taxes Levied for Debt Service						1,639,250.00		1,639,250.00
Federal and State Aid not Restricted						10,683,902.20		10,683,902.20
Investment Earnings						3,041.66	234.12	3,275.78
Miscellaneous Income						264,646.92		264,646.92
Total General Revenues, Special Items, Extraordinary Items and Transfers						37,111,787.58	234.12	37,112,021.70
Change in Net Position						602,216.22	1,737.53	603,953.75
Net Position - Beginning						12,763,218.12	144,256.76	12,907,474.88
Net Position - Ending						\$ 13,365,434.34	145,994.29	13,511,428.63

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

FUND FINANCIAL STATEMENTS

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,761,703.82		1,739,191.61		4,500,895.43
Due from Other Funds	811,096.96			2,681.09	813,778.05
Receivables from Other Governments	348,492.96	527,073.00			875,565.96
Other Receivables	210,193.43	5,000.00			215,193.43
Restricted Cash & Cash Equivalents	112,548.28				112,548.28
Total Assets	<u>4,244,035.45</u>	<u>532,073.00</u>	<u>1,739,191.61</u>	<u>2,681.09</u>	<u>6,517,981.15</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	145,261.42	136,946.48			282,207.90
Due to Other Funds		337,288.50	57,231.31		394,519.81
Payable to State Government		5,165.00			5,165.00
Temporary Notes Payable			2,000,000.00		2,000,000.00
Unearned Revenue		134,305.42			134,305.42
Total Liabilities	<u>145,261.42</u>	<u>613,705.40</u>	<u>2,057,231.31</u>	<u>-</u>	<u>2,816,198.13</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	863,252.39				863,252.39
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	890,470.00				890,470.00
Debt Service Fund				2,681.09	2,681.09
Capital Projects Fund			(1,585,629.21)		(1,585,629.21)
Committed to:					
Capital Reserve	112,548.28				112,548.28
Maintenance Reserve	2,038,602.54				2,038,602.54
Assigned to:					
Designated by BOE for Subsequent Expenditures	81,074.00				81,074.00
Other Purposes			1,267,589.51		1,267,589.51
Unassigned					
General Fund	112,826.82				112,826.82
Special Revenue Fund		(81,632.40)		-	(81,632.40)
Total Fund Balances	<u>4,098,774.03</u>	<u>(81,632.40)</u>	<u>(318,039.70)</u>	<u>2,681.09</u>	<u>3,701,783.02</u>
Total Liabilities and Fund Balances	<u>\$ 4,244,035.45</u>	<u>532,073.00</u>	<u>1,739,191.61</u>	<u>2,681.09</u>	

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

Capital assets used in governmental activities are not resources and therefore are not reported in the funds.

The cost of the assets is \$60,383,696.66 and the accumulated depreciation is \$34,400,726.19

25,982,970.47

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

(53,020.83)

Deferred Outflows of Resources - Loss on Refunding Bond Issue is not a resource in the funds and therefore not reported as a debit in the funds.

113,255.26

Pension Liabilities Net of Deferred Outflows & Inflows

(11,424,174.00)

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(4,955,379.58)

\$ 13,365,434.34

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 24,520,946.80			1,639,250.00	26,160,196.80
Tuition Charges	2,683,305.54				2,683,305.54
Miscellaneous	238,662.49	26,345.00	2,681.09		267,688.58
Total Local Sources	27,442,914.83	26,345.00	2,681.09	1,639,250.00	29,111,190.92
State Sources	17,677,254.49	862,679.19			18,539,933.68
Federal Sources	121,480.51	1,463,863.30			1,585,343.81
Total Revenues	45,241,649.83	2,352,887.49	2,681.09	1,639,250.00	49,236,468.41
EXPENDITURES					
Current:					
Regular Instruction	10,700,119.64	1,787,772.52			12,487,892.16
Special Education Instruction	3,216,583.31				3,216,583.31
Other Instruction	899,247.14				899,247.14
Support Services:					
Tuition	4,797,991.78				4,797,991.78
Student & Instruction Related Serv.	3,684,142.90	549,659.17			4,233,802.07
School Administrative Services	1,059,991.20				1,059,991.20
General Administrative Services	1,793,398.99				1,793,398.99
Plant Operation and Maintenance	4,387,374.45				4,387,374.45
Pupil Transportation	3,047,488.16				3,047,488.16
Employee Benefits	11,439,045.82				11,439,045.82
Transfer to Charter School	20,188.00				20,188.00
Debt Service:					
Principal				1,440,000.00	1,440,000.00
Interest and Other Charges				199,250.00	199,250.00
Capital Outlay	730,343.00	4,387.00	318,039.70		1,052,769.70
Total Expenditures	45,775,914.39	2,341,818.69	318,039.70	1,639,250.00	50,075,022.78
Excess (Deficiency) of Revenues Over Expenditures	(534,264.56)	11,068.80	(315,358.61)	-	(838,554.37)
OTHER FINANCING SOURCES (USES)					
Capital Leases - Non-Budget	591,256.00				591,256.00
Transfers to (from) Other Funds			(2,681.09)	2,681.09	-
Total Other Financing Sources and Uses	591,256.00	-	(2,681.09)	2,681.09	591,256.00
Net Changes in Fund Balance	56,991.44	11,068.80	(318,039.70)	2,681.09	(247,298.37)
Fund Balance (Deficit) - July 1	4,041,782.59	(92,701.20)	-	-	3,949,081.39
Fund Balance (Deficit) - June 30	\$ 4,098,774.03	(81,632.40)	(318,039.70)	2,681.09	3,701,783.02

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ (247,298.37)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount depreciation exceeded capital outlays for the period.

Depreciation expense	\$ (1,453,666.75)	
Capital Outlays	<u>1,823,282.32</u>	369,615.57

Governmental funds report district pension contributions as expenditures.

However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

District pension contributions - PERS		
Cost of benefits earned net of employee contributions	<u>(576,420.00)</u>	(576,420.00)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities

Bonds payable	1,440,000.00	
Capital leases payable	<u>381,325.91</u>	1,821,325.91

Proceeds from debt issues are a financing source in the governmental funds, but increases long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Capital lease proceeds	<u>(591,256.00)</u>	(591,256.00)
------------------------	---------------------	--------------

Governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.

Amortization of Bond Premium	117,217.91	
Amortization of Deferred Amount on Refunding (Loss)	<u>(64,081.56)</u>	53,136.35

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).

(267,091.43)

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The increase in accrued interest is a deduction in the reconciliation.

40,204.19

Change in Net Position of Governmental Activities

\$ 602,216.22

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2016

	Business-Type Activities - Enterprise Fund		
	Major Funds		
	Food Service	Performing Arts Center	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 114,593.10	196,528.08	311,121.18
Intergovernmental Receivables	40,522.38		40,522.38
Other Receivables	41,234.73		41,234.73
Inventory	12,409.41		12,409.41
Total Current Assets	<u>208,759.62</u>	<u>196,528.08</u>	<u>405,287.70</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	568,681.39	390,636.83	959,318.22
Less: Accumulated Depreciation	<u>(535,300.88)</u>	<u>(186,729.68)</u>	<u>(722,030.56)</u>
Total Noncurrent Assets	<u>33,380.51</u>	<u>203,907.15</u>	<u>237,287.66</u>
Total Assets	<u>242,140.13</u>	<u>400,435.23</u>	<u>642,575.36</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	56,968.54	1,731.48	58,700.02
Due to Other Funds	182,636.70	219,648.36	402,285.06
Deposits Payable		2,930.00	2,930.00
Unearned Revenue	7,449.99	25,216.00	32,665.99
Total Current Liabilities	<u>247,055.23</u>	<u>249,525.84</u>	<u>496,581.07</u>
Total Liabilities	<u>247,055.23</u>	<u>249,525.84</u>	<u>496,581.07</u>
NET POSITION			
Net Investment in Capital Assets			
Related Debt	33,380.51	203,907.15	237,287.66
Unrestricted	<u>(38,295.61)</u>	<u>(52,997.76)</u>	<u>(91,293.37)</u>
Total Net Position	<u>\$ (4,915.10)</u>	<u>150,909.39</u>	<u>145,994.29</u>

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise Fund		
	Major Funds		Totals Enterprise
	Food Service	Performing Arts Center	
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 197,776.00		197,776.00
Daily Sales - Non-reimbursable Programs	130,850.55		130,850.55
Special Functions	2,739.68		2,739.68
Miscellaneous	713.06		713.06
Rental of Performing Arts Center/Summer Camp		219,430.00	219,430.00
Total Operating Revenue	<u>332,079.29</u>	<u>219,430.00</u>	<u>551,509.29</u>
Operating Expenses:			
Cost of Sales	406,419.43	1,627.02	408,046.45
Salaries	410,567.45	82,628.53	493,195.98
Employee Benefits		51,662.47	51,662.47
Purchased Technical Services	64,690.16	6,805.32	71,495.48
Cleaning, Repair and Maintenance Services		18,633.16	18,633.16
Rentals		947.54	947.54
General Supplies	43,667.06	24,361.02	68,028.08
Miscellaneous	34,476.92	13,752.94	48,229.86
Depreciation	8,720.63	17,815.55	26,536.18
Total Operating Expenses	<u>968,541.65</u>	<u>218,233.55</u>	<u>1,186,775.20</u>
Operating Income (Loss)	(636,462.36)	1,196.45	(635,265.91)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	10,321.02		10,321.02
Federal Sources:			
National School Lunch Program	443,037.52		443,037.52
Federal School Breakfast Program	114,652.85		114,652.85
Food Distribution Program	68,757.93		68,757.93
Interest and Investment Income	64.77	169.35	234.12
Total Nonoperating Revenues (Expenses)	<u>636,834.09</u>	<u>169.35</u>	<u>637,003.44</u>
Income (Loss) before Contributions & Transfers	371.73	1,365.80	1,737.53
Changes in Net Position	371.73	1,365.80	1,737.53
Total Net Position - Beginning	<u>(5,286.83)</u>	<u>149,543.59</u>	<u>144,256.76</u>
Total Net Position - Ending	<u>\$ (4,915.10)</u>	<u>150,909.39</u>	<u>145,994.29</u>

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise Fund		
	Major Funds		Totals Enterprise
	Food Service	Performing Arts Center	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 313,501.51	229,433.00	542,934.51
Payments to Employees	(403,200.45)	(134,291.00)	(537,491.45)
Payments to Suppliers	(482,585.28)	(52,790.34)	(535,375.62)
Net Cash Provided by (Used for) Operating Activities	<u>(572,284.22)</u>	<u>42,351.66</u>	<u>(529,932.56)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	10,323.70		10,323.70
Federal Sources	563,144.91		563,144.91
Transfer from/(to) Other Funds	35,000.00		35,000.00
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>608,468.61</u>	<u>-</u>	<u>608,468.61</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets		(14,242.71)	(14,242.71)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>(14,242.71)</u>	<u>(14,242.71)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest and Dividends	64.77	169.35	234.12
Net Cash Provided by (Used for) Investing Activities	<u>64.77</u>	<u>169.35</u>	<u>234.12</u>
Net Increase (Decrease) in Cash and Cash Equivalents	36,249.16	28,278.30	64,527.46
Balance - Beginning of Year	78,343.94	168,249.78	246,593.72
Balance - End of Year	<u>114,593.10</u>	<u>196,528.08</u>	<u>311,121.18</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(636,462.36)	1,196.45	(635,265.91)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Net Amortization	8,720.63	17,815.55	26,536.18
Federal Commodities	68,757.93		68,757.93
(Increase) Decrease in Accounts Receivable	(18,284.40)		(18,284.40)
(Increase) Decrease in Inventory	(885.80)		(885.80)
Increase (Decrease) in Ticket Deposits		(5,693.00)	(5,693.00)
Increase (Decrease) in Deferred Revenue	(293.38)	15,696.00	15,402.62
Increase (Decrease) in Accounts Payable	6,163.16	(3,545.58)	2,617.58
Increase (Decrease) in Interfunds Payable		16,882.24	16,882.24
Total Adjustments	<u>64,178.14</u>	<u>41,155.21</u>	<u>105,333.35</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (572,284.22)</u>	<u>42,351.66</u>	<u>(529,932.56)</u>

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2016

	Unemployment Compensation	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 162,363.17	5,083.50	1,355,885.68
Interfund Receivable			19,758.59
Investments		52,383.31	
Total Assets	162,363.17	57,466.81	1,375,644.27
LIABILITIES			
Accounts Payable	9,800.95		-
Interfund Payable - Agency Fund	19,758.59		-
Interfund Payable - General Fund	13,670.83		3,302.35
Payable to Teachers - Summer Pay			952,988.30
Payable to Student Groups			184,600.93
Payroll Deductions and Withholdings			234,475.08
Payable to Teachers Association			277.61
Total Liabilities	43,230.37	-	1,375,644.27
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	\$ 119,132.80		
Reserved for Scholarships		57,466.81	

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2016

	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 41,543.84	
Board Contribution	120,000.00	
Total Contributions	<u>161,543.84</u>	<u>-</u>
Investment Earnings:		
Interest	33.84	163.91
Net Investment Earnings	<u>33.84</u>	<u>163.91</u>
Total Additions	<u>161,577.68</u>	<u>163.91</u>
DEDUCTIONS		
Unemployment Claims	56,749.18	
Scholarships Awarded		7,642.30
Total Deductions	<u>56,749.18</u>	<u>7,642.30</u>
Changes in Net Position	104,828.50	(7,478.39)
Net Position - Beginning of the Year	14,304.30	64,945.20
Net Position - End of the Year	<u>\$ 119,132.80</u>	<u>57,466.81</u>

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

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Middle School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Township of Middle School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

The Township of Middle School District is a Type II district located in the County of Cape May, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-12. The Township of Middle School District had an enrollment at June 30, 2016 of 2,484 students.

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

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

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

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service program and performing arts center are classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Standards set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General Fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special Revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Capital Projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

- d. **Debt Service** funds are used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

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

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

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

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

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

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

2. Proprietary Funds:

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

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program for the students of the district. The Performing Arts Center accounts for all revenues and expenses pertaining to operations of the Performing Arts Center.

This space is intentionally left blank

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.), and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

All fund internal activity is eliminated when carried to the Government-wide statements.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2016, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	8,312.40
Supplies		4,097.01
	\$	12,409.41

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2016 is \$8,725.49.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Infrastructure Assets	50-65 years

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

This space is intentionally left blank

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

7. Compensated Absences:

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and a fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

8. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

This space is intentionally left blank

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2 (g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

Significant transfers approved by the Board of Education during the fiscal year were as follows:

<u>Budget Category</u>	<u>From</u>	<u>To</u>
Kindergarten	\$ 50,000.00	
Instructional Salaries of Teachers - 1-5	92,076.86	
Instructional Salaries of Teachers - 6-8	162,360.24	
Instructional Salaries of Teachers - 9-12	190,594.50	
Regular Programs Undistrib Instruction Other Salaries		167,181.31
Special Education Instruction		
Resource Room Salaries of Teachers		165,945.24
Undistributed Expenditures - Instruction		
Tuition to Other LEAs within State Regular		53,451
Tuition to CSSD & Regional Day Schools	298,051.99	
Tuition to Private Schools for Disabled within State		254,297.00
Undistributed Expenditures - Central Services		
Sales/Leaseback Payments	58,730.08	
Undistributed Expenditures - Required Maint.		
Salaries	67,728.16	
Cleaning, Repairs and Maint. Services		1,228,198.16
Undistributed Expenditures - Custodial Services		
Salaries		183,563.22
Purchased Professional and Technical Services	51,370.47	
Cleaning, Repairs and Maint. Services	63,667.65	
Energy (Natural Gas)	124,491.34	
Energy (Electricity)		125,708.33
Undistributed Expenditures - Student Trans. Svcs		
Sal - Pup. Trans. (Bet Home & School) - Reg		150,667.37
Contr. Serv. - (Sp. Ed. Students) - Joint Agrmt		110,309.64
Contr. Serv. - (Sp. Ed. Students) - ESCs & CTSA		69,000.00
Student Transportation Services-Employee Benefits		
Health Benefits	59,439.01	

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

10. Tuition Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The final cost is based on an agreement with the Dennis Township, Avalon, Stone Harbor and Woodbine Boards of Education with a negotiated amount up to the final cost as determined by State of New Jersey.

11. Tuition Payable:

Tuition charges for the fiscal years 2015/16 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

13. Allocation of Costs:

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the budgetary expenditures by program.

14. Pensions:

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

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

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

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosure". This statement is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This statement is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No.73". This statement is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting, however will affect the disclosure of pension related items.

NOTE 2 – CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2016, \$1,398,093.07 of the government's bank balance of \$7,108,212.45 was exposed to custodial credit risk.

NOTE 3 – INVESTMENTS

As of June 30, 2016, the District had the following investments:

	Maturities	Fair Value
Certificate of Deposit	1 year	\$ <u>52,383.31</u>
Total		\$ <u><u>52,383.31</u></u>

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investment to 397 days.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Credit Risk. New Jersey Statutes 18A:20-37 limits district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the district or the local units in which the district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The district places no limit on the amount the district may invest in any one issuer.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 255,001.00			255,001.00
Construction in Progress	1,744,849.00	1,142,661.32	58,561.00	2,828,949.32
Total capital assets not being depreciated	<u>1,999,850.00</u>	<u>1,142,661.32</u>	<u>58,561.00</u>	<u>3,083,950.32</u>
Capital assets being depreciated:				
Land Improvements	3,329,459.70	48,826.00		3,378,285.70
Buildings and building improvements	45,995,828.23	58,143.00		46,053,971.23
Machinery and Equipment	7,437,860.41	632,213.00	202,584.00	7,867,489.41
Total capital assets being depreciated at historical cost	<u>56,763,148.34</u>	<u>739,182.00</u>	<u>202,584.00</u>	<u>57,299,746.34</u>
Less accumulated depreciation for:				
Land Improvements	(3,013,457.69)	(69,106.85)		(3,082,564.54)
Buildings and improvements	(23,922,333.65)	(1,093,300.08)		(25,015,633.73)
Equipment	(6,213,852.10)	(291,259.82)	(202,584.00)	(6,302,527.92)
Total capital assets being depreciated, net of accumulated depreciation	<u>23,613,504.90</u>	<u>(714,484.75)</u>	<u>-</u>	<u>22,899,020.15</u>
Governmental activity capital assets, net	<u>\$ 25,613,354.90</u>	<u>428,176.57</u>	<u>58,561.00</u>	<u>25,982,970.47</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 945,075.51	14,242.71		959,318.22
Less accumulated depreciation	(695,494.38)	(26,536.18)		(722,030.56)
Enterprise Fund capital assets, net	<u>\$ 249,581.13</u>	<u>\$ (12,293.47)</u>	<u>\$ -</u>	<u>\$ 237,287.66</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 583,221.85
Special Instruction	150,224.05
Other Instruction	41,997.53
Student and Instruction Related	197,731.20
School Administration	49,504.75
General and Business Administration	83,757.09
Plant Operations and Maintenance	204,903.49
Pupil Transportation	142,326.80
	<u>\$ 1,453,666.76</u>

No interest on debt was capitalized during the year and the amount of interest expense paid on long term debt was \$199,250.00.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 – CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve account for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015		\$	112,480.60
Interest earnings	67.68		67.68
Withdrawals:			
None	-		-
Ending balance, June 30, 2016		\$	112,548.28

NOTE 6 – RECEIVABLES

Receivables at June 30, 2016, consisted of accounts (tuition and other services), interfund, and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	District Wide Financial Statements
State Aid	\$ 326,967.26	327,765.97
Federal Aid	548,598.70	588,322.37
Interfunds	813,778.05	16,973.18
Other	215,193.43	256,428.16
Gross Receivables	1,904,537.44	1,189,489.68
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 1,904,537.44	1,189,489.68

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 7 – INTERFUND TRANSFERS AND BALANCES

Transfers between funds are used to (1) move investment income earned in the Capital Projects Fund that is required to be expended in the Debt Service Fund and; (2) account for expenses paid by another fund

The following interfund balances remained on the fund financial statements at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 811,096.96	
Special Revenue Fund		337,288.50
Capital Projects Fund		57,231.31
Debt Service Fund	2,681.09	
Food Service Fund		182,636.70
Performing Arts Center Fund		219,648.36
Unemployment Fund		33,429.42
Agency Fund	19,758.59	3,302.35
Total	<u>\$ 833,536.64</u>	<u>833,536.64</u>

The general fund receivable is comprised of six interfunds. The first is due from the special revenue fund in the amount of \$337,288.50 which is a result of the general funds loan to cover the special revenue funds cash deficit. The second interfund of \$182,636.70 owed to the Food Service Fund from the General Fund for cash flow purposes and federal and state subsidies collected in the general fund but not turned over to food service by June 30th. The third interfund was a loan of \$219,648.36 to the Performing Arts Center for operating purposes. There is no repayment plan for the PAC interfunds. The fourth interfund is amounts related to the general fund funding \$13,670.83 in unemployment claims that are due back from the unemployment trust agency fund. The fifth interfund was a result of a voided check and interest not turned over to the general fund by year end in the amount of \$3,302.35. The sixth interfund is due from the capital projects fund in the amount of \$54,550.22 which a result of the general funds loan to cover startup capital expenses.

NOTE 8 – DEPOSITS PAYABLE AND RESERVE

Deposits Payable in the Performing Arts Center Fund of \$2,930.00 is made up of deposits for future shows and ticket sales at the Center where final settlement has not been made.

NOTE 9 – UNEARNED REVENUE

The District has unearned revenue reflected on the Statement of Net Assets in the District-Wide Financial Statements of \$166,971.41. This consists of unearned revenue of \$134,305.42 in the special revenue fund which is made up of grant proceeds on hand where the grant period overlaps the district's fiscal year and encumbrances payable at year end. In addition, a balance of \$7,449.99 is reflected in the Food Service Fund for payment of meals for future periods and \$25,216.00 in the Performing Arts Center Fund for future production deposits.

This space is intentionally left blank

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 10 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2016 are as follows:

	Balance July 1, 2015	Issues or Additions	Payments or Expenditures	Balance June 30, 2016	Amounts Due Within One Year
Compensated Absences	\$ 1,190,284.86	267,091.43		1,457,376.29	
Capital Leases	535,906.83	591,256.00	381,325.91	745,836.92	261,940.04
Bonds Payable	3,985,000.00		1,440,000.00	2,545,000.00	1,450,000.00
Unamortized Costs:					
Bond Premiums	324,384.28		117,217.91	207,166.37	118,031.92
Net Pension Liability	<u>10,147,269.00</u>	<u>4,063,300.00</u>	<u>2,293,466.00</u>	<u>11,917,103.00</u>	
	<u>\$ 16,182,844.97</u>	<u>4,921,647.43</u>	<u>4,232,009.82</u>	<u>16,872,482.58</u>	<u>1,829,971.96</u>

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

Bonds Payable

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

At June 30, 2016, bonds payable consisted of the following issues:

\$9,175,000 Refunding School Bonds dated May 27, 2010 due in annual installments through February 1, 2018 bearing interest at variable rates ranging from 3.0% to 5.0% per annum. The balance remaining as of June 30, 2016 was \$2,545,000.00.

Debt service requirements on serial bonds payable at June 30, 2016 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,450,000.00	127,250.00	1,577,250.00
2018	<u>1,095,000.00</u>	<u>54,750.00</u>	<u>1,149,750.00</u>
	<u>\$ 2,545,000.00</u>	<u>182,000.00</u>	<u>2,727,000.00</u>

This space is intentionally left blank

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Capital Leases

The District is leasing school buses, other vehicles, textbooks, HVAC improvements and technology equipment and software amounting to \$1,774,008.88 under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2016:

Fiscal Year Ending June 30,	Amount
2017	\$ 279,771.84
2018	235,619.70
2019	153,575.99
2020	114,740.99
Total minimum lease payments	783,708.52
Less amount representing interest	37,871.60
Present value of lease payments	\$ 745,836.92

NOTE 11 – TEMPORARY NOTES PAYABLE

On April 28, 2016, the District issued \$2,000,000.00 in bond anticipation notes to temporarily finance the start of capital projects authorized by the voter referendum on March 8, 2016. The notes mature on September 15, 2016 with an interest rate of 2%. It is expected that once the bonds are issued the District will not renew the bond anticipation notes.

NOTE 12 – OPERATING LEASES

The District has commitments to lease certain office equipment under operating leases that expire in 2018. Total operating lease payments made during the year ended June 30, 2016 were \$89,487.72. Future minimum lease payments are as follows:

Year Ending June 30,	Principal
2017	\$ 89,487.72
2018	89,487.72
Total future minimum lease payments	\$ 178,975.44

NOTE 13 – PENSION PLANS

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

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Teachers' Pension and Annuity Fund (TPAF)

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

Public Employees' Retirement System (PERS)

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

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District has employees enrolled in the Defined Contribution Retirement Program (DCRP) during the fiscal year ended June 30, 2016.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The School District's contributions to TPAF for the years ending June 30, 2016, 2015, and 2014 were \$1,308,579.00, \$886,618.00, and \$715,533.00 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2016, 2015, and 2014 were \$456,411.00, \$446,797.00, and \$448,582.00 respectively, equal to the required contributions for each year.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

During the fiscal years ended June 30, 2016, 2015, and 2014, the State of New Jersey contributed \$1,558,155.00, \$1,407,507.00, and \$1,173,204.00, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$1,160,373.29, \$1,177,811.12, and \$1,228,807.74, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB Standards.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 14 – PUBLIC EMPLOYEES RETIREMENT SYSTEM

At June 30, 2016, the District reported a liability of \$11,917,103.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District's proportion was 0.05308760220%, which was a decrease of 0.0011099% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$586,034.00. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

This space is intentionally left blank

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 284,300	
Changes of assumptions	1,279,802	
Net difference between projected and actual earnings on pension plan investments		191,604
Changes in proportion and differences between District contributions and proportionate share of contributions		879,569
District contributions subsequent to the measurement date	456,411	
Total	\$ 2,020,513	1,071,173

\$456,411.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2017	\$ 92,145
2018	92,145
2019	92,145
2020	138,319
2021	78,175
Total	\$ 492,929

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.9% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

benefit payments of current plan members through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participated employers as of June 30, 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 14,377,461	11,917,103	9,857,780

Pension plan fiduciary net position.

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

NOTE 15 – TEACHERS PENSIONS AND ANNUITY FUND (TPAF)

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		103,651,961
Total	\$	103,651,961

The net pension liability was measured as of June 30, 2015 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$6,328,885.00 and revenue of \$5,447,531.00 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

This space is intentionally left blank

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 526,793	31,224
Changes of assumptions	11,807,905	
Net difference between projected and actual earnings on pension plan investments		877,963
Changes in proportion and differences between District contributions and proportionate share of contributions		2,783,600
District contributions subsequent to the measurement date	881,354	
Total	\$ 13,216,052	3,692,787

\$881,354.00 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,		
2017	\$	1,015,193
2018		1,015,193
2019		1,015,193
2020		1,555,155
2021		1,316,200
Thereafter		2,724,977
Total	\$	8,641,911

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

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

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

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
US Cash	5.00%	53.00%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign Developed Equity	12.00%	6.22%
Emerging market equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - Multi Strategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount rate. The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.13% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage point higher (5.13%) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net pension liability	\$ -	-	-

Pension plan fiduciary net position.

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

NOTE 16 – POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c. 62. Funding of post-retirement medical changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

NOTE 17 – COMPENSATED ABSENCES

The liability for vested compensated absences for the governmental fund types is recorded in current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, there is no liability for compensated absences in the Enterprise Funds.

This space is intentionally left blank

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 18 – DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

- The Vanguard Group
- Metropolitan Life
- Siracusa
- Equitable
- Lincoln Investment Planning
- T. Rowe Price
- Janus Funds

NOTE 19 – RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior year:

Fiscal Year	Contributions	Interest on Investments	Amount Reimbursed	Ending Balance
2015-2016	\$ 161,543.84	\$ 33.84	\$ 56,749.18	\$ 119,132.80
2014-2015	70,258.24	39.33	81,205.30	14,304.30
2013-2014	115,181.76	22.63	151,720.41	25,212.03

NOTE 20 – CONTINGENT LIABILITIES

Federal and State Grants

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

This space is intentionally left blank

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 21 – MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Middle Township Board of Education for the accumulation of funds for use as required maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the Maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015		\$ 1,863,224.16
Additions:		
June Transfer	1,000,000.00	1,000,000.00
Withdrawals:		
Board Resolutions	824,621.62	824,621.62
Ending balance, June 30, 2016		\$ 2,038,602.54

NOTE 22 – COMMITMENTS

The District does not have encumbrance policy at fiscal year end to determine significant encumbrances. All encumbrances are classified as Assigned Fund Balance in the General Fund or unearned revenue in the Special Revenue Fund. Significant encumbrances at June 30th are as follows:

Fund	Amount
General Fund Encumbered Orders	
Special Revenue Fund - Encumbered Orders	233,901.40
	\$ 233,901.40

NOTE 23 – LITIGATION

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

NOTE 24 – ECONOMIC DEPENDENCY

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

This space is intentionally left blank

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 25 – FUND BALANCE APPROPRIATED

General Fund – Of the \$4,098,774.03 General Fund fund balance, at June 30, 2016, \$233,901.40 is reserved for encumbrances, but not reflected as committed on the balance sheet since the unassigned balance is negative; \$1,753,722.39 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$890,470.00 of the reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017), \$112,548.28 has been reserved in the Capital Reserve Account; \$2,038,602.54 has been reserved in the Maintenance Reserve Account; \$81,074.00 is designated by BOE for subsequent expenditures; and \$112,826.82 is classified and unassigned, after adjusting for the encumbrance amount of \$233,901.40.

NOTE 26 – CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount of budgeted fund balance in their subsequent years' budget. The excess fund balance for the year ended June 30, 2016 is \$863,252.39.

NOTE 27 – DEFICIT FUND BALANCE AND NET POSITION

The District has a deficit (unassigned) fund balance of \$81,632.40 in the Special Revenue Fund and \$318,039.70 in the Capital Projects Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). P.L. 2003, c. 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last payment as revenue, for budget purposes only, in the current school budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties. The District deficit in the General fund and Special revenue fund in the GAAP fund statements is less than or equal to the last state aid payment for that respective fund.

In addition, the District had a deficit in unassigned net position balances in its, Food Service and Performing Arts Center funds of \$ \$38,295.61 and \$52,997.76 respectively. The Food Service fund's total net position was a deficit of \$4,915.10.

NOTE 28 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2016 through November 28, 2016, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements.

On September 14, 2016, the District issued \$11,000,000.00 in bond anticipation notes to temporarily finance the start of capital projects authorized by the voter referendum on March 8, 2016. The notes mature on July 14, 2017 with an interest rate of 2%. It is expected that once the bonds are issued the District will not renew the bond anticipation notes.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 24,520,947.00		24,520,947.00	24,520,946.80	(0.20)
Tuition From Other LEAs Within the State	2,544,315.00		2,544,315.00	2,683,305.54	138,990.54
Transportation Fees from Other LEA's	10,000.00		10,000.00	12,497.50	2,497.50
Interest Earned on Capital Reserve	50.00		50.00	67.68	17.68
Unrestricted Miscellaneous Revenues	121,582.00		121,582.00	226,097.31	104,515.31
Total Local Sources	27,196,894.00	-	27,196,894.00	27,442,914.83	246,020.83
State Sources:					
Categorical Special Education Aid	1,295,884.00		1,295,884.00	1,295,884.00	-
Equalization Aid	6,233,727.00		6,233,727.00	6,233,727.00	-
Categorical Security Aid	455,997.00		455,997.00	455,997.00	-
Adjustment Aid	3,724,488.00		3,724,488.00	3,724,488.00	-
Categorical Transportation Aid	1,479,169.00		1,479,169.00	1,479,169.00	-
School Choice Aid	131,307.00		131,307.00	131,307.00	-
Extraordinary Aid			-	171,015.00	171,015.00
Additional Adjustment Aid	119,889.00		119,889.00	119,889.00	-
PARCC Readiness Aid	22,560.00		22,560.00	22,560.00	-
Per Pupil Growth Aid	22,560.00		22,560.00	22,560.00	-
Nonpublic Transportation Aid			-	24,564.00	24,564.00
TPAF Pension (On-Behalf - Non-Budget)			-	1,308,579.00	1,308,579.00
TPAF Pension - Post Retirement Medical (On Behalf - Non-Budgeted)			-	1,558,155.00	1,558,155.00
TPAF Social Security (Reimbursed-Non-Budget)			-	1,160,373.29	1,160,373.29
Total State Sources	13,485,581.00	-	13,485,581.00	17,708,267.29	4,222,686.29
Federal Sources:					
Medicaid Reimbursement	106,865.00		106,865.00	121,480.51	14,615.51
Total Federal Sources	106,865.00	-	106,865.00	121,480.51	14,615.51
Total Revenues	40,789,340.00	-	40,789,340.00	45,272,662.63	4,483,322.63

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES:					
CURRENT EXPENSE					
REGULAR PROGRAMS - INSTRUCTION					
Kindergarten	585,613.00	(50,000.00)	535,613.00	528,707.10	6,905.90
Grades 1 - 5 Salaries of Teachers	3,818,640.00	(92,076.86)	3,726,563.14	3,719,530.84	7,032.30
Grades 6 - 8 Salaries of Teachers	2,155,507.00	(162,360.24)	1,993,146.76	1,982,774.43	10,372.33
Grades 9 - 12 Salaries of Teachers	3,438,247.00	(190,594.50)	3,247,652.50	3,247,652.50	-
Regular Programs - Home Instruction					
Salaries of Teachers	138,000.00	-	138,000.00	131,227.42	6,772.58
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	260,533.25	167,181.31	427,714.56	427,714.56	-
Purchased Technical Services	10,038.00	(2,705.00)	7,333.00	916.88	6,416.12
Other Purchased Services (400-500 series)	113,013.00	(7,716.00)	105,297.00	71,745.55	33,551.45
General Supplies	496,722.14	3,730.11	500,452.25	426,812.83	73,639.42
Textbooks	178,450.00	(14,732.74)	163,717.26	162,889.03	828.23
Other Objects	4,160.00	(3,046.00)	1,114.00	148.50	965.50
TOTAL REGULAR PROGRAMS - INSTRUCTION	11,198,923.39	(352,319.92)	10,846,603.47	10,700,119.64	146,483.83
SPECIAL EDUCATION - INSTRUCTION					
Visual Impairments	10,000.00		10,000.00	4,850.00	5,150.00
Purchased Professional - Educational Services	10,000.00		10,000.00	4,850.00	5,150.00
Total Visual Impairments	20,000.00	-	20,000.00	9,700.00	10,300.00
Behavioral Disabilities					
Salaries of Teachers	233,033.00	(32,130.62)	200,902.38	158,582.37	42,320.01
Other Salaries for Instruction	28,624.00		28,624.00	28,624.00	-
General Supplies	3,655.00		3,655.00	741.89	2,913.11
Total Behavioral Disabilities	265,312.00	(32,130.62)	233,181.38	187,948.26	45,233.12
Multiple Disabilities					
Salaries of Teachers	268,440.00	(880.00)	267,560.00	262,846.72	4,713.28
Other Salaries for Instruction	65,297.00	(43,639.62)	21,657.38	21,657.26	0.12
Other Purchased Services (400-500 series)		5,543.16	5,543.16	3,695.44	1,847.72
General Supplies	4,010.00		4,010.00	3,590.90	419.10
Textbooks	760.00		760.00	317.90	442.10
Total Multiple Disabilities	338,507.00	(38,976.46)	299,530.54	292,108.22	7,422.32

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Resource Room/Resource Center					
Salaries of Teachers	2,591,724.00	165,945.24	2,757,669.24	2,626,872.30	130,796.94
Other Salaries for Instruction	105,002.00	(2,300.55)	102,701.45	97,884.11	4,817.34
General Supplies	7,316.00	606.57	7,922.57	6,920.42	1,002.15
Textbooks	4,279.00	(606.57)	3,672.43		3,672.43
Total Resource Room/Resource Center	2,708,321.00	163,644.69	2,871,965.69	2,731,676.83	140,288.86
Preschool Disabilities - Part Time					
General Supplies	400.00		400.00		400.00
Total Preschool Disabilities - Part Time	400.00	-	400.00	-	400.00
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,322,540.00	92,537.61	3,415,077.61	3,216,583.31	198,494.30
Bilingual Education - Instruction					
Salaries of Teachers	107,902.00	-	107,902.00	100,508.24	7,393.76
Total Bilingual Education - Instruction	107,902.00	-	107,902.00	100,508.24	7,393.76
School-Spon. Co curricular Activities - Instruction					
Salaries	169,325.50	39,821.72	209,147.22	170,758.00	38,389.22
Purchased Services (300-500 series)	10,000.00	(2,166.00)	7,834.00	7,834.00	-
Supplies & Materials	6,750.00	(6,020.77)	729.23	729.23	-
Other Objects	4,200.00	(4,200.00)	-	-	-
Total School-Spon. Co curricular Activities - Inst.	190,275.50	27,434.95	217,710.45	179,321.23	38,389.22
School-Spon. Co curricular Athletics - Instruction					
Salaries	444,204.00	12,564.18	456,768.18	446,909.17	9,859.01
Purchased Services (300-500 series)	48,375.00	16,876.98	65,251.98	65,197.98	54.00
Supplies & Materials	64,220.00	(16,028.16)	48,191.84	46,628.84	1,563.00
Other Objects	10,625.00	(615.69)	10,009.31	9,945.31	64.00
Total School-Spon. Co curricular Athletics - Inst.	567,424.00	12,797.31	580,221.31	568,681.30	11,540.01
Other Instructional Programs - Instruction					
Salaries	23,000.00		23,000.00	13,980.00	9,020.00
Purchased Services (300-500 series)	2,260.00		2,260.00	788.13	1,471.87
Supplies & Materials	1,000.00		1,000.00		1,000.00
Total Other Instructional Programs - Instruction	26,260.00	-	26,260.00	14,768.13	11,491.87

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Other Alternative Education Program - Instruction					
Salaries of Teachers	90,000.00	(33,341.98)	56,658.02	35,968.24	20,689.78
Total Other Instructional Programs - Instruction	90,000.00	(33,341.98)	56,658.02	35,968.24	20,689.78
TOTAL INSTRUCTION	15,503,324.89	(252,892.03)	15,250,432.86	14,815,950.09	434,482.77
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to Other LEAs within State Regular	1,392,518.00	53,450.50	53,450.50	41,768.98	11,681.52
Tuition to County Voc. School Dist. - Regular	415,362.00		1,392,518.00	1,392,518.00	-
Tuition to County Voc. School Dist. - Special	2,847,266.50	(298,051.99)	415,362.00	415,362.00	-
Tuition to CSSD & Regional Day Schools			2,549,214.51	1,943,420.38	605,794.13
Tuition to Private Schools for the Disabled - Within State	575,361.31	254,297.00	829,658.31	741,974.42	87,683.89
Tuition - State Facilities	262,948.00		262,948.00	262,948.00	-
Total Undistributed Expenditures - Instruction	5,493,455.81	9,695.51	5,503,151.32	4,797,991.78	705,159.54
Undistributed Expend. - Health Services					
Salaries	305,776.00	9,334.45	315,110.45	312,408.19	2,702.26
Purchased Professional and Technical Services	18,600.00	1,150.00	19,750.00	16,444.25	3,305.75
Purchased Services (400-500 series)	650.00		650.00	200.00	450.00
Supplies & Materials	9,263.00	(387.77)	8,875.23	8,232.68	642.55
Total Undistributed Expend. - Health Services	334,289.00	10,096.68	344,385.68	337,285.12	7,100.56
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	823,003.00	(5,776.69)	817,226.31	807,717.55	9,508.76
Total Undist. Expend. - Other Support Services	823,003.00	(5,776.69)	817,226.31	807,717.55	9,508.76
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	378,211.00	19,080.92	397,291.92	397,291.48	0.44
Salaries of Secretarial and Clerical Assistants	63,119.00	(22,659.25)	40,459.75	40,459.69	0.06
Purchased Professional - Educational Services	1,200.00	(217.04)	982.96	771.04	211.92
Other Purchased Services (400-500 series)	500.00		500.00	278.74	221.26
Supplies & Materials	6,380.00		6,380.00	6,024.71	355.29
Total Undist. Expend. - Other Support Services	449,410.00	(3,795.37)	445,614.63	444,825.66	788.97

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	922,672.00	(33,836.39)	888,835.61	886,106.02	2,729.59
Salaries of Secretarial and Clerical Assistants	78,287.43	2,283.60	80,571.03	78,879.22	1,691.81
Other Salaries	20,000.00		20,000.00		20,000.00
Purchased Professional - Educational Services	23,440.00	1,800.00	25,240.00	24,675.60	564.40
Other Purchased Professional and Tech. Services	300,681.00	(49,700.00)	250,981.00	221,963.97	29,017.03
Misc. Pur Serv (400-500 series O/than Resid Costs)	10,911.00	(4,000.00)	6,911.00	3,951.44	2,959.56
Supplies & Materials	25,134.00		25,134.00	20,681.74	4,452.26
Other Objects	5,338.00		5,338.00	1,156.00	4,182.00
Total Undist. Expend. - Other Support Services					
Child Study Teams	<u>1,386,463.43</u>	<u>(83,452.79)</u>	<u>1,303,010.64</u>	<u>1,237,413.99</u>	<u>65,596.65</u>
Undist. Expend. - Improvement of Inst. Services					
Salaries of Supervisors of Instruction	124,531.73		124,531.73	116,040.67	8,491.06
Salaries of Other Professional Staff	171,404.00	41,155.20	212,559.20	185,575.23	26,983.97
Salaries of Secretarial and Clerical Assistants	84,406.00	739.77	85,145.77	85,145.53	0.24
Purchased Professional - Educational Services	25,000.00		25,000.00	19,818.71	5,181.29
Other Purchased Services (400-500 series)	26,280.00		26,280.00	20,614.42	5,665.58
Supplies & Materials	950.00		950.00	813.08	136.92
Other Objects	2,524.00		2,524.00	2,499.00	25.00
Total Undist. Expend. - Improvement of Inst. Serv.	<u>435,095.73</u>	<u>41,894.97</u>	<u>476,990.70</u>	<u>430,506.64</u>	<u>46,484.06</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	297,279.00	693.80	297,972.80	297,861.76	111.04
Purchased Professional and Technical Services	19,164.00	(3,040.96)	16,123.04	12,952.11	3,170.93
Other Purchased Services (400-500 series)	1,350.00	(49.00)	1,301.00	172.41	1,128.59
Supplies & Materials	42,199.00	166.33	42,365.33	30,726.37	11,638.96
Total Undistributed Expenditures - Educational Media Services - School Library	<u>359,992.00</u>	<u>(2,229.83)</u>	<u>357,762.17</u>	<u>341,712.65</u>	<u>16,049.52</u>
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services	28,762.11	(1,529.00)	27,233.11	23,296.36	3,936.75
Other Purchased Professional and Tech. Services	72,400.00		72,400.00	48,870.31	23,529.69
Other Purchased Services (400-500 series)	7,400.00	(1,066.00)	6,334.00	2,183.26	4,150.74
Supplies & Materials	19,171.00		19,171.00	10,331.36	8,839.64
Total Undistributed Expenditures - Instructional Staff Training Services	<u>127,733.11</u>	<u>(2,595.00)</u>	<u>125,138.11</u>	<u>84,681.29</u>	<u>40,456.82</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	181,244.00	74.57	181,318.57	181,194.24	124.33
Legal Services	109,268.00	(320.01)	108,947.99	87,884.85	21,063.14
Audit Fees	40,000.00		40,000.00	34,650.00	5,350.00
Architectural/Engineering Services	25,000.00		25,000.00	10,066.74	14,933.26
Other Purchased Professional Services	50,000.00	(10,311.49)	39,688.51	39,688.51	-
Purchased Technical Services	79,900.00	(22,940.50)	56,959.50	36,984.60	19,974.90
Communications/Telephone	138,853.63	8,700.00	147,553.63	139,119.28	8,434.35
BOE - Other Purchased Services	8,208.70		8,208.70	6,580.88	1,627.82
Other Purchased Services (400-500 series)	517,884.00	(4,000.00)	513,884.00	503,877.37	10,006.63
Supplies & Materials	8,596.00		8,596.00	5,571.09	3,024.91
BOE - In House Training/Meeting Supplies	4,700.00		4,700.00		4,700.00
Miscellaneous Expenditures	26,500.00	8,500.00	35,000.00	5,335.00	29,665.00
BOE Membership Dues and Fees	24,675.00		24,675.00	22,493.85	2,181.15
Total Undistributed Expenditures - Support Services - General Administration	<u>1,214,829.33</u>	<u>(20,297.43)</u>	<u>1,194,531.90</u>	<u>1,073,446.41</u>	<u>121,085.49</u>
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Assistant Principals	575,071.00	(9,810.61)	565,260.39	565,260.39	-
Salaries of Other Professional Staff	22,851.00		22,851.00	15,800.00	7,051.00
Salaries of Secretarial and Clerical Assistants	466,722.94	(17,318.23)	449,404.71	447,452.99	1,951.72
Purchased Professional and Technical Services	7,425.00	4,409.52	11,834.52	4,496.34	7,338.18
Other Purchased Services (400-500 series)	20,859.00	(2,000.00)	18,859.00	5,765.42	13,093.58
Supplies & Materials	19,084.00	(225.00)	18,859.00	12,198.61	6,660.39
Other Objects	18,845.93	(3,007.52)	15,838.41	9,017.45	6,820.96
Total Undistributed Expenditures - Support Services - School Administration	<u>1,130,858.87</u>	<u>(27,951.84)</u>	<u>1,102,907.03</u>	<u>1,059,991.20</u>	<u>42,915.83</u>
Undist. Expend. - Central Services					
Salaries	279,050.00	(6,090.80)	272,959.20	272,959.20	-
Purchased Technical Services	45,000.00	(1,028.42)	43,971.58	32,929.55	11,042.03
Sale/Leaseback Payments	172,463.00	(58,730.08)	113,732.92	98,855.59	14,877.33
Supplies and Materials	10,000.00		10,000.00	3,194.10	6,805.90
Interest on Current Loans	16,548.00		16,548.00	15,970.73	577.27
Miscellaneous Expenditures	3,500.00		3,500.00	2,231.92	1,268.08
Total Undistributed Expenditures - Central Services	<u>526,561.00</u>	<u>(65,849.30)</u>	<u>460,711.70</u>	<u>426,141.09</u>	<u>34,570.61</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Admin Info Tech					
Salaries	131,554.00	22,752.23	154,306.23	154,306.23	-
Purchased Technical Services	95,008.00	23,323.48	118,331.48	118,331.48	-
Other Purchased Services	1,200.00	999.97	2,199.97	1,374.85	825.12
Supplies and Materials	23,590.00	(3,554.56)	20,035.44	19,798.93	236.51
Other Objects	5,500.00	(5,500.00)	-	-	-
Total Undistributed Expenditures - Admin Info Tech	256,852.00	38,021.12	294,873.12	293,811.49	1,061.63
Undist. Expend. - Required Maint. School Fac.					
Salaries	71,316.00	(67,728.16)	3,587.84	-	3,587.84
Cleaning, Repair and Maintenance Service	133,176.33	1,228,198.16	1,361,374.49	1,176,702.53	184,671.96
General Supplies	28,000.00	28,263.46	56,263.46	49,802.68	6,460.78
Total Undistributed Expenditures - Required Maintenance for School Facilities	232,492.33	1,188,733.46	1,421,225.79	1,226,505.21	194,720.58
Undist. Expend. - Custodial Services					
Salaries	1,173,924.00	183,563.22	1,357,487.22	1,348,286.02	9,201.20
Purchased Professional and Technical Services	192,000.00	(51,370.47)	140,629.53	125,445.75	15,183.78
Cleaning, Repair and Maintenance Service	168,399.00	(63,667.65)	104,731.35	95,529.86	9,201.49
Other Purchased Property Services	157,033.00	27,202.65	184,235.65	165,093.82	19,141.83
Insurance	324,274.00		324,274.00	320,049.00	4,225.00
Miscellaneous Purchased Services	28,112.00	5.83	28,117.83	25,744.83	2,373.00
General Supplies	105,000.00	16,994.17	121,994.17	117,967.78	4,026.39
Energy (Natural Gas)	365,000.00	(124,491.34)	240,508.66	156,900.01	83,608.65
Energy (Electricity)	529,500.00	125,708.33	655,208.33	630,632.48	24,575.85
Other Objects	4,000.00		4,000.00	776.00	3,224.00
Total Undistributed Expenditures - Other Operations and Maintenance of Plant	3,047,242.00	113,944.74	3,161,186.74	2,986,425.55	174,761.19
Undist. Expend. - Security					
Salaries	141,333.00	11,992.60	153,325.60	150,894.81	2,430.79
Purchased Technical Services		22,000.00	22,000.00	22,000.00	-
General Supplies	2,000.00	262.50	2,262.50	1,548.88	713.62
Total Security	143,333.00	34,255.10	177,588.10	174,443.69	3,144.41
Total Undistributed Expenditures Operations and Maintenance of Plant	3,423,067.33	1,336,933.30	4,760,000.63	4,387,374.45	372,626.18

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Student Transportation Serv.					
Sal.- Pup. Trans. (Bet. Home & School) - Reg.	1,058,427.55	150,667.37	1,209,094.92	1,208,963.14	131.78
Sal.- Pup. Trans. (Bet. Home & School) - Sp Ed	465,566.00	49,557.10	515,123.10	515,020.91	102.19
Sal.- Pup. Trans. (Other than Home & School)	50,000.00	9,104.20	59,104.20	59,104.20	-
Sal.- Pup. Trans. (Bet. Home/School) - Nonpublic	110,886.00	4,289.01	115,175.01	115,174.91	0.10
Other Purchased Professional and Tech. Services	13,000.00	(1,743.60)	11,256.40	11,249.27	7.13
Cleaning, Repair and Maintenance Service	44,500.00	(34,737.61)	9,762.39	8,763.01	999.38
Rental Payments - School Buses	12,755.00	(11,500.00)	1,255.00	1,056.25	198.75
Lease Purchase Payments - School Buses	261,771.00	21,230.22	283,001.22	283,001.22	-
Contr. Serv. - Aid in Lieu Payments - NonPub Sch	15,000.00	28.00	15,028.00	15,028.00	-
Contr. Serv. - Aid in Lieu Payments - Charter Sch	1,500.00	11,260.00	12,760.00	12,460.44	299.56
Contr. Serv. - Aid in Lieu Payments - Choice Sch	45,000.00	(5,846.00)	39,154.00	39,106.88	47.12
Contr. Serv. - (Sp Ed. Students) - Joint Agrmt	25,000.00	110,309.64	135,309.64	135,309.64	-
Contr. Serv. - (Sp Ed Students) - ESCs & CTSA	54,851.00	69,000.00	123,851.00	107,397.83	16,453.17
Misc. Purchased Service - Transportation	256,244.00	(14,504.58)	241,739.42	241,617.80	121.62
General Supplies	2,500.00	700.00	3,200.00	3,112.57	87.43
Transportation Supplies	333,160.73	(38,434.12)	294,726.61	282,692.91	12,033.70
Other Objects	8,000.00	510.70	8,510.70	8,429.18	81.52
Total Undistributed Expenditures - Student Transportation Services	2,758,161.28	319,890.33	3,078,051.61	3,047,488.16	30,563.45
Student Transportation Services-Employee Benefits					
Social Security Contributions	150,000.00		150,000.00	145,207.07	4,792.93
Workers Compensation	90,738.00	14,369.00	105,107.00	105,107.00	-
Health Benefits	329,801.00	(59,439.01)	270,361.99	270,361.99	-
Total Student Transportation Services	570,539.00	(45,070.01)	525,468.99	520,676.06	4,792.93
Unallocated Benefits					
Social Security Contribution	445,746.75	15,748.01	461,494.76	461,388.01	106.75
Other Retirement Contributions - PERS	523,185.00	(15,748.01)	507,436.99	465,896.40	41,540.59
Unemployment Compensation	200,000.00	(9,945.98)	190,054.02	120,435.00	69,619.02
Workmen's Compensation	545,918.00		545,918.00	545,918.00	-
Health Benefits	4,853,886.00	(5,538.00)	4,848,348.00	4,743,633.63	104,714.37
Other Employee Benefits	532,051.50	1,038.00	533,089.50	492,634.45	40,455.05
Unused Sick Payment to Terminated/Retired Staff	46,911.00	14,445.98	61,356.98	61,356.98	-
Total Unallocated Benefits	7,147,698.25	-	7,086,341.27	6,891,262.47	256,435.78

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
On-Behalf Contributions					
On-Behalf TPAF Non-Cont. Life Insurance (non-bud)			-	1,308,579.00	(1,308,579.00)
On-Behalf TPAF Pension - Post Retirement			-	1,558,155.00	(1,558,155.00)
Medical Contribution (non-bud)			-	1,160,373.29	(1,160,373.29)
Reimbursed TPAF Social Security Cont.(non-bud)			-	4,027,107.29	(4,027,107.29)
Total On-Behalf Contributions					
	7,718,237.25	(45,070.01)	7,611,810.26	11,439,045.82	(3,765,878.58)
Total Personal Services - Employee Benefits					
TOTAL UNDISTRIBUTED EXPENDITURES	26,438,009.14	1,499,513.65	27,876,165.81	30,209,433.30	(2,271,910.51)
TOTAL GENERAL CURRENT EXPENSE	41,941,334.03	1,246,621.62	43,126,598.67	45,025,383.39	(1,837,427.74)
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	50.00		50.00		50.00
Total Interest Deposit to Capital Reserve	50.00	-	50.00	-	50.00
Facilities Acquisition/Construction Services					
Assessment for Debt Service on SDA Funding	139,087.00		139,087.00	139,087.00	-
Total Facilities Acquisition/Construction Services	139,087.00	-	139,087.00	139,087.00	-
Assets Acquired Under Capital Lease (non-budget)					
Undistributed Expenditures:					
Equipment:					
Five 54-passenger School Buses			-	478,100.00	(478,100.00)
One 25-passenger School Bus			-	68,906.00	(68,906.00)
Maintenance Vehicles			-	44,250.00	(44,250.00)
Total Assets Acquired Under Capital Lease (non-bud)				591,256.00	(591,256.00)
TOTAL CAPITAL OUTLAY	139,137.00	-	139,137.00	730,343.00	(591,206.00)
Transfer of Funds to Charter Schools	50,177.00	(22,000.00)	28,177.00	20,188.00	7,989.00
TOTAL EXPENDITURES	42,130,648.03	1,224,621.62	43,293,912.67	45,775,914.39	(2,420,644.74)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,341,308.03)	(1,224,621.62)	(2,504,572.67)	(503,251.76)	2,062,677.89

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Other Financing Sources (Uses):					
Capital Leases (non-budget)	-	-	-	591,256.00	591,256.00
Total Other Financing Sources:	<u> </u>	<u> </u>	<u> </u>	<u>591,256.00</u>	<u>591,256.00</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,341,308.03)	(1,224,621.62)	(2,504,572.67)	88,004.24	2,653,933.89
Fund Balance July 1	5,150,574.39	-	5,150,574.39	5,150,574.39	
Fund Balance June 30	<u>\$ 3,809,266.36</u>	<u>(1,224,621.62)</u>	<u>2,646,001.72</u>	<u>5,238,578.63</u>	<u>2,653,933.89</u>
Recapitulation:					
Nonspendable Fund Balance				\$ -	
None					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				890,470.00	
Excess Surplus - Current Year				863,252.39	
Committed Fund Balance:					
Capital Reserve				112,548.28	
Maintenance Reserve				2,038,602.54	
Assigned Fund Balance:					
Other Purposes				233,901.40	
Designated by BOE for Subsequent Expenditures				81,074.00	
Unassigned Fund Balance:					
General Fund				<u>1,018,730.02</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				5,238,578.63	
Fund Balance per Governmental Funds (GAAP)				<u>(1,139,804.60)</u>	
				<u>\$ 4,098,774.03</u>	

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
State Sources	\$ 858,741.00	29,841.80	888,582.80	851,610.39	(36,972.41)
Federal Sources	1,281,495.00	295,261.95	1,576,756.95	1,461,027.76	(115,729.19)
Local Sources		26,345.00	26,345.00	26,345.00	-
Total Revenues	2,140,236.00	351,448.75	2,491,684.75	2,338,983.15	(152,701.60)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	906,950.00	217,815.25	1,124,765.25	1,071,536.42	53,228.83
Other Salaries for Instruction	156,980.00	5,565.14	162,545.14	123,718.57	38,826.57
Tuition	454,725.00	100,445.00	555,170.00	555,170.00	-
General Supplies	35,993.00	7,178.50	43,171.50	28,878.45	14,293.05
Textbooks		4,796.00	4,796.00	4,790.59	5.41
Total Instruction	1,554,648.00	335,799.89	1,890,447.89	1,784,094.03	106,353.86
Support Services:					
Salaries of Supervisors of Instruction	20,944.00		20,944.00	20,838.20	105.80
Salaries of Program Directors	84,121.00	0.02	84,121.02	84,121.02	-
Salaries of Other Professional Staff	28,347.00	15,207.00	43,554.00	38,414.57	5,139.43
Salaries of Sec. And Clerical Assistants	21,408.00	1,140.03	22,548.03	22,548.03	-
Other Salaries	16,508.00	8,093.81	24,601.81	22,726.56	1,875.25
Personal Services - Employee Benefits	361,541.00	(19,077.00)	342,464.00	320,684.00	21,780.00
Purchased Technical Services	44,000.00	(33,603.00)	10,397.00	10,233.30	163.70
Other Purchased Services (400-500 series)		1,124.00	1,124.00	990.00	134.00
Supplies & Materials	3,519.00	204.00	3,723.00	3,601.44	121.56
Other Objects		26,345.00	26,345.00	26,345.00	-
Total Support Services	580,388.00	(566.14)	579,821.86	550,502.12	29,319.74

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES(cont'd):					
Facilities Acquisitions and Construction Services:					
Instructional Equipment	5,200.00	16,215.00	21,415.00	4,387.00	17,028.00
Total Facilities Acquisitions and Const. Services:	<u>5,200.00</u>	<u>16,215.00</u>	<u>21,415.00</u>	<u>4,387.00</u>	<u>17,028.00</u>
Other Financing Sources (Uses)					
Transfer in from General Fund			-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Total Outflows	<u>2,140,236.00</u>	<u>351,448.75</u>	<u>2,491,684.75</u>	<u>2,338,983.15</u>	<u>152,701.60</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses) \$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Required Supplementary Information
Budgetary to GAAP Reconciliation
Note to RSI
For the Year Ended June 30, 2016**

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 45,272,662.63	[C-2]	\$ 2,338,983.15
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized				
Prior Year				15,258.92
Current Year				(12,423.38)
Final State Aid payment was delayed until July 2015 is recorded as budgetary revenue but is not recognized under GAAP.		1,108,791.80		92,701.20
Final State Aid payment was delayed until July 2016 is recorded as budgetary revenue but is not recognized under GAAP.		(1,139,804.60)		(81,632.40)
	[B-2]	\$ 45,241,649.83	[B-2]	\$ 2,352,887.49
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 45,775,914.39	[C-2]	\$ 2,338,983.15
Difference - budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				
Prior Year				15,258.92
Current Year				(12,423.38)
	[B-2]	\$ 45,775,914.39	[B-2]	\$ 2,341,818.69

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.0530876022%	0.0541975760%	0.0595347259%
District's proportionate of the net pension liability (asset)	\$ 11,917,103.00	\$ 10,147,269.00	\$ 11,378,269.00
District's covered payroll	\$ 3,612,796.00	\$ 3,637,447.00	\$ 3,906,964.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	329.86%	278.97%	291.23%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

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

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 456,411.00	\$ 446,797.00	\$ 448,582.00
Contributions in relation to the contractually required contribution	<u>\$ 456,411.00</u>	<u>\$ 446,797.00</u>	<u>\$ 448,582.00</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,612,796.00	\$ 3,637,447.00	\$ 3,906,964.00
Contributions as a percentage of covered-employee payroll	12.63%	12.28%	11.48%

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

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>103,651,961.00</u>	<u>90,400,009.00</u>	<u>86,303,256.00</u>
Total	<u>\$ 103,651,961.00</u>	<u>\$ 90,400,009.00</u>	<u>\$ 86,303,256.00</u>
District's covered payroll	\$ 15,867,165.00	\$ 16,259,705.00	\$ 16,434,573.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

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

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

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1a)	Preschool Education Aid	I.D.E.A. Preschool	I.D.E.A. Part B	Totals 2016
REVENUES:					
State Sources	\$ 24,676.81	826,933.58			851,610.39
Federal Sources	801,435.12		26,795.00	632,797.64	1,461,027.76
Local Sources	26,345.00				26,345.00
Total Revenues	852,456.93	826,933.58	26,795.00	632,797.64	2,338,983.15
EXPENDITURES:					
Instruction:					
Salaries of Teachers	632,073.12	378,609.30		60,854.00	1,071,536.42
Other Salaries for Instruction	11,857.41	111,861.16			123,718.57
Tuition	-		26,795.00	528,375.00	555,170.00
General Supplies	22,204.39	6,674.06			28,878.45
Textbooks	4,790.59				4,790.59
Total Instruction	670,925.51	497,144.52	26,795.00	589,229.00	1,784,094.03
Support Services:					
Salaries of Supervisors of Instruction	-	20,838.20			20,838.20
Salaries of Program Directors	-	84,121.02			84,121.02
Salaries of Other Professional Staff	10,067.57	28,347.00			38,414.57
Salaries of Sec. And Clerical Assistants	-	22,548.03			22,548.03
Other Salaries	3,124.75	19,601.81			22,726.56
Personal Services - Employee Benefits	133,015.66	154,333.00		33,335.34	320,684.00
Purchased Professional - Technical Services	990.00			10,233.30	10,233.30
Other Purchased Services (400-500 series)	3,601.44				990.00
Supplies & Materials	26,345.00				3,601.44
Other Objects					26,345.00
Total Support Services	177,144.42	329,789.06	-	43,568.64	550,502.12
Facilities Acquisition and Constr. Services:					
Instructional Equipment	4,387.00				4,387.00
Total Facilities Acquisition and Constr. Services	4,387.00	-	-	-	4,387.00
Other Financing Sources (Uses)					
Transfer in from General Fund	-				-
Total Other Financing Sources (Uses)	-	-	-	-	-
Total Outflows	852,456.93	826,933.58	26,795.00	632,797.64	2,338,983.15
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	-

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1b)	Nonpublic Security	Nonpublic Corrective Speech	Nonpublic Home Instruction	Nonpublic Exam & Class	Total Carried Forward
REVENUES:						
State Sources	\$ 17,738.66	2,083.75	750.00	1,099.80	3,004.60	24,676.81
Federal Sources	801,435.12					801,435.12
Local Sources	26,345.00					26,345.00
Total Revenues	845,518.78	2,083.75	750.00	1,099.80	3,004.60	852,456.93
EXPENDITURES:						
Instruction:						
Salaries of Teachers	630,973.32			1,099.80		632,073.12
Other Salaries for Instruction	11,857.41					11,857.41
Tuition	-					-
General Supplies	22,204.39					22,204.39
Textbooks	4,790.59					4,790.59
Total Instruction	669,825.71	-	-	1,099.80	-	670,925.51
Support Services:						
Salaries of Supervisors of Instruction	-					-
Salaries of Program Directors	-					-
Salaries of Other Professional Staff	6,312.97		750.00		3,004.60	10,067.57
Salaries of Sec. And Clerical Assistants						
Other Salaries	3,124.75					3,124.75
Personal Services - Employee Benefits	133,015.66					133,015.66
Purchased Professional - Technical Services						
Other Purchased Services (400-500 series)	990.00					990.00
Supplies & Materials	1,517.69	2,083.75				3,601.44
Other Objects	26,345.00					26,345.00
Total Support Services	171,306.07	2,083.75	750.00	-	3,004.60	177,144.42
Facilities Acquisition and Constr. Services:						
Instructional Equipment	4,387.00					4,387.00
Total Facilities Acquisition and Constr. Services	4,387.00	-	-	-	-	4,387.00
Other Financing Sources (Uses)						
Transfer in from General Fund	-					-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Total Outflows	845,518.78	2,083.75	750.00	1,099.80	3,004.60	852,456.93
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	-	-

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1c)	Nonpublic Nurse	Nonpublic Supplemental Instruction	Nonpublic Textbooks	Nonpublic Technology	Total Carried Forward
REVENUES:						
State Sources	\$ -	6,312.97	4,455.00	4,790.59	2,180.10	17,738.66
Federal Sources	801,435.12					801,435.12
Local Sources	26,345.00					26,345.00
Total Revenues	827,780.12	6,312.97	4,455.00	4,790.59	2,180.10	845,518.78
EXPENDITURES:						
Instruction:						
Salaries of Teachers	626,518.32		4,455.00			630,973.32
Other Salaries for Instruction	11,857.41					11,857.41
Tuition	-					-
General Supplies	20,024.29			4,790.59	2,180.10	22,204.39
Textbooks	-					4,790.59
Total Instruction	658,400.02	-	4,455.00	4,790.59	2,180.10	669,825.71
Support Services:						
Salaries of Supervisors of Instruction	-					-
Salaries of Program Directors	-					-
Salaries of Other Professional Staff	-	6,312.97				6,312.97
Salaries of Sec. And Clerical Assistants						
Other Salaries	3,124.75					3,124.75
Personal Services - Employee Benefits	133,015.66					133,015.66
Purchased Professional - Technical Services	990.00					990.00
Other Purchased Services (400-500 series)	1,517.69					1,517.69
Supplies & Materials	26,345.00					26,345.00
Other Objects						
Total Support Services	164,993.10	6,312.97	-	-	-	171,306.07
Facilities Acquisition and Constr. Services:						
Instructional Equipment	4,387.00					4,387.00
Total Facilities Acquisition and Constr. Services	4,387.00	-	-	-	-	4,387.00
Other Financing Sources (Uses)						
Transfer in from General Fund	-					-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Total Outflows	827,780.12	6,312.97	4,455.00	4,790.59	2,180.10	845,518.78
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	-	-

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1d)	Title I	Title IIA	Title III	Title III Immigrant	Total Carried Forward
REVENUES:						
State Sources	-	667,427.94	110,427.69	20,255.49	3,324.00	801,435.12
Federal Sources	-					26,345.00
Local Sources	26,345.00					
Total Revenues	<u>26,345.00</u>	<u>667,427.94</u>	<u>110,427.69</u>	<u>20,255.49</u>	<u>3,324.00</u>	<u>827,780.12</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	-	534,900.32	87,592.00	4,026.00		626,518.32
Other Salaries for Instruction	-	11,857.41				11,857.41
Tuition	-					-
General Supplies	-	5,365.79		11,334.50	3,324.00	20,024.29
Textbooks	-					-
Total Instruction	<u>-</u>	<u>552,123.52</u>	<u>87,592.00</u>	<u>15,360.50</u>	<u>3,324.00</u>	<u>658,400.02</u>
Support Services:						
Salaries of Supervisors of Instruction	-					-
Salaries of Program Directors	-					-
Salaries of Other Professional Staff	-					-
Salaries of Secr. And Clerical Assistants	-					-
Other Salaries	-	3,124.75				3,124.75
Personal Services - Employee Benefits	-	110,861.98	21,845.69	307.99		133,015.66
Purchased Professional - Technical Services	-					-
Other Purchased Services (400-500 series)	-		990.00	200.00		990.00
Supplies & Materials	-	1,317.69				1,517.69
Other Objects	-					26,345.00
Total Support Services	<u>26,345.00</u>	<u>115,304.42</u>	<u>22,835.69</u>	<u>507.99</u>	<u>-</u>	<u>164,993.10</u>
Facilities Acquisition and Constr. Services:						
Instructional Equipment	-			4,387.00		4,387.00
Total Facilities Acquisition and Constr. Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,387.00</u>	<u>-</u>	<u>4,387.00</u>
Other Financing Sources (Uses)						
Transfer in from General Fund	-					-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Outflows	<u>26,345.00</u>	<u>667,427.94</u>	<u>110,427.69</u>	<u>20,255.49</u>	<u>3,324.00</u>	<u>827,780.12</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2016

	Sustainable Jersey PSEG Foundation	Sustainable Jersey Health & Wellness	Toshiba America Grant	Total Carried Forward
REVENUES:				
State Sources	-	-	-	-
Federal Sources	-	-	-	-
Local Sources	10,000.00	4,000.00	10,345.00	26,345.00
Total Revenues	10,000.00	4,000.00	10,345.00	26,345.00
EXPENDITURES:				
Instruction:				
Salaries of Teachers	-	-	-	-
Other Salaries for Instruction	-	-	-	-
Tuition	-	-	-	-
General Supplies	-	-	-	-
Textbooks	-	-	-	-
Total Instruction	-	-	-	-
Support Services:				
Salaries of Supervisors of Instruction	-	-	-	-
Salaries of Program Directors	-	-	-	-
Salaries of Other Professional Staff	-	-	-	-
Salaries of Sec. And Clerical Assistants	-	-	-	-
Other Salaries	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-
Purchased Professional - Technical Services	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-
Supplies & Materials	-	-	-	-
Other Objects	-	-	-	-
Total Support Services	10,000.00	4,000.00	10,345.00	26,345.00
Facilities Acquisition and Constr. Services:				
Instructional Equipment	10,000.00	4,000.00	10,345.00	26,345.00
Total Facilities Acquisition and Constr. Services	-	-	-	-
Other Financing Sources (Uses)				
Transfer in from General Fund	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Total Outflows	10,000.00	4,000.00	10,345.00	26,345.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
For the Year Ended June 30, 2016

<u>District-Wide Total</u>	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 385,020.00	378,609.30	6,410.70
Other Salaries for Instruction	137,146.14	111,861.16	25,284.98
Supplies and Materials	6,680.00	6,674.06	5.94
Total Instruction	<u>528,846.14</u>	<u>497,144.52</u>	<u>31,701.62</u>
Support Services:			
Salaries of Supervisors of Instruction	20,944.00	20,838.20	105.80
Salaries of Program Directors	84,121.02	84,121.02	-
Salaries of Other Professional Staff	28,347.00	28,347.00	-
Salaries of Secr. And Clerical Assistants	22,548.03	22,548.03	-
Other Salaries	19,601.81	19,601.81	-
Personal Services - Employee Benefits	154,333.00	154,333.00	-
Total Support Services	<u>329,894.86</u>	<u>329,789.06</u>	<u>105.80</u>
Total Expenditures	<u>\$ 858,741.00</u>	<u>826,933.58</u>	<u>31,807.42</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2015-16 Preschool Education Aid Allocation	\$ 816,324.00
Actual Preschool Education Program Aid Carryover June 30, 2015	132,491.62
Add: Budget transfer from General Fund 2016	-
Total Preschool Education Aid Funds Available for 2015-16 Budget	<u>948,815.62</u>
Less: 2015-16 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(858,741.00)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	<u>90,074.62</u>
Add: June 30, 2016 Unexpended Preschool Education Aid	31,807.42
2015-16 Actual Carryover -Preschool Education Aid/Preschool	<u>\$ 121,882.04</u>
2015-16 Preschool Education Aid Carryover Budgeted in 2016-17	<u>\$ 90,075.00</u>

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Capital Projects Funds
Summary Statement of Project Expenditures
For the Year Ended June 30, 2016

Project Title/Issue	Date	Original Appropriations	GAAP Expenditures to Date		Authorizations Canceled	Unexpended Balance June 30, 2016
			Prior Years	Current Years		
Middle Township Elementary School #1 Additions & Renovations	3/8/2016	11,836,760.00		784,126.59		11,052,633.41
Middle Township Elementary School #2 Renovations & Transportation Building	3/8/2016	1,472,476.00		95,853.01		1,376,622.99
Middle Township Elementary School #2 Transportation Building/Facilities	3/8/2016	6,510,725.00		409,284.56		6,101,440.44
Middle Township Middle School Annex Fields & Parking	3/8/2016	765,050.00		44,069.01		720,980.99
Middle Township High School Renovations	3/8/2016	735,428.00		44,069.01		691,358.99
Middle Township Elementary School #2 Annex-Fields & Parking	3/8/2016	3,324,699.00		208,227.03		3,116,471.97
		\$ 24,645,138.00	-	1,585,629.21	-	23,059,508.79

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2016

REVENUES AND OTHER FINANCING SOURCES:

Bond Proceeds	\$	-
Miscellaneous		<u>2,681.09</u>

Total Revenues		<u>2,681.09</u>
----------------	--	-----------------

EXPENDITURES AND OTHER FINANCING USES:

Purchased Professional and Technical Services		1,545,304.50
Construction Services		-
Other Objects		<u>40,324.71</u>

Total Expenditures		<u>1,585,629.21</u>
--------------------	--	---------------------

Excess (Deficiency) of Revenues Over (Under) Expenditures		(1,582,948.12)
---	--	----------------

OTHER FINANCING SOURCES/(USES):

Operating Transfers In (Out):		
Transfer to Debt Service		<u>(2,681.09)</u>

Total Other Financing Sources(Uses):		<u>(2,681.09)</u>
--------------------------------------	--	-------------------

Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures		(1,585,629.21)
--	--	----------------

Fund Balances, July 1		<u>-</u>
-----------------------	--	----------

Fund Balances, June 30	\$	<u><u>(1,585,629.21)</u></u>
------------------------	----	------------------------------

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Middle Township Elementary School #1 - Additions & Renovations
From Inception and for the Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Costs
REVENUES AND OTHER FINANCING SOURCES:				
	\$ -	\$ -	\$ -	\$ 11,836,760.00
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,836,760.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased Professional/Technical Services		765,980.47	765,980.47	1,138,150.00
Construction Services			-	10,470,980.00
Other Objects		18,146.12	18,146.12	227,630.00
Total Expenditures	<u>-</u>	<u>784,126.59</u>	<u>784,126.59</u>	<u>11,836,760.00</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ (784,126.59)</u>	<u>\$ (784,126.59)</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION:				
Project Number	3130-080-15-1000			
Grant Date/Letter of Notification	N/A			
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
Original Cost Authorized	\$ 11,836,760.00			
Additional Authorized Cost	-			
Revised Authorized Cost	11,836,760.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	6.62%			
Original Target Completion Date				
Revised Target Completion Date				

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Middle Township Elementary School #2 - Renovations & Transportation Building
From Inception and for the Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Costs
REVENUES AND OTHER FINANCING SOURCES:				
Bond Proceeds	\$ -	\$ -	\$ -	\$ 1,472,476.00
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,472,476.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased Professional/Technical Services		93,433.53	93,433.53	152,911.00
Construction Services			-	1,302,575.00
Other Objects		2,419.48	2,419.48	16,990.00
Total Expenditures	<u>-</u>	<u>95,853.01</u>	<u>95,853.01</u>	<u>1,472,476.00</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ (95,853.01)</u>	<u>\$ (95,853.01)</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION:				
Project Number	3130-085-15-1000			
Grant Date	N/A			
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
Original Cost Authorized	\$ 1,472,476.00			
Additional Authorized Cost	-			
Revised Authorized Cost	1,472,476.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	6.51%			
Original Target Completion Date				
Revised Target Completion Date				

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Middle Township Elementary School #2 - Transportation Building/Facilities
From Inception and for the Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Costs
REVENUES AND OTHER FINANCING SOURCES:				
Bond Proceeds	\$ -	\$ -	\$ -	\$ 6,510,725.00
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,510,725.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased Professional/Technical Services		397,590.39	397,590.39	676,114.00
Construction Services			-	5,759,487.00
Other Objects		11,694.17	11,694.17	75,124.00
Total Expenditures	<u>-</u>	<u>409,284.56</u>	<u>409,284.56</u>	<u>6,510,725.00</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ (409,284.56)</u>	<u>\$ (409,284.56)</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION:				
Project Number	3130-085-15-4000			
Grant Date	N/A			
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
Original Cost Authorized	\$ 6,510,725.00			
Additional Authorized Cost	-			
Revised Authorized Cost	6,510,725.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	6.29%			
Original Target Completion Date				
Revised Target Completion Date				

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Middle Township Middle School #4 - Renovations
From Inception and for the Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Costs
REVENUES AND OTHER FINANCING SOURCES:				
Bond Proceeds	\$ -	\$ -	\$ -	\$ 765,050.00
Total Revenues	-	-	-	765,050.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased Professional/Technical Services		42,859.27	42,859.27	79,448.00
Construction Services			-	676,775.00
Other Objects		1,209.74	1,209.74	8,827.00
Total Expenditures	-	44,069.01	44,069.01	765,050.00
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (44,069.01)	\$ (44,069.01)	\$ -
ADDITIONAL PROJECT INFORMATION:				
Project Number	3130-091-15-1000			
Grant Date	N/A			
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
Original Cost Authorized	\$ 765,050.00			
Additional Authorized Cost	-			
Revised Authorized Cost	765,050.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	5.76%			
Original Target Completion Date				
Revised Target Completion Date				

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Middle Township High School - Renovations
From Inception and for the Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond Proceeds	\$ -	\$ -	\$ -	\$ 735,428.00
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>735,428.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased Professional/Technical Services		42,859.27	42,859.27	76,371.00
Construction Services			-	650,571.00
Other Objects		1,209.74	1,209.74	8,486.00
Total Expenditures	<u>-</u>	<u>44,069.01</u>	<u>44,069.01</u>	<u>735,428.00</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ (44,069.01)</u>	<u>\$ (44,069.01)</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION:				
Project Number	3130-050-15-1000			
Grant Date	N/A			
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
Original Cost Authorized	\$ 735,428.00			
Additional Authorized Cost	-			
Revised Authorized Cost	735,428.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	5.99%			
Original Target Completion Date				
Revised Target Completion Date				

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Middle Township Elementary School #2 Annex - Fields & Parking
From Inception and for the Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond Proceeds	\$ -	\$ -	\$ -	\$ 3,324,699.00
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,324,699.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased Professional/Technical Services		202,581.57	202,581.57	345,257.00
Construction Services			-	2,941,080.00
Other Objects		5,645.46	5,645.46	38,362.00
Total Expenditures	<u>-</u>	<u>208,227.03</u>	<u>208,227.03</u>	<u>3,324,699.00</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ (208,227.03)</u>	<u>\$ (208,227.03)</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION:				
Project Number	3130-085-15-3000			
Grant Date	N/A			
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
Original Cost Authorized	\$ 3,324,699.00			
Additional Authorized Cost	-			
Revised Authorized Cost	3,324,699.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	6.26%			
Original Target Completion Date				
Revised Target Completion Date				

FIDUCIARY FUNDS DETAIL STATEMENTS

Trust funds are used to account for gifts and bequests to the school district for a specific purpose.

Unemployment Fund - This trust fund is an expendable trust fund and limits expenses set aside for this purpose in current and prior budgets and contributions from employee withholding in prior years.

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2016

	Unemployment Compensation Trust	Private Purpose Trust	Agency Funds	Totals
ASSETS				
Cash and Cash Equivalents	\$ 162,363.17	5,083.50	1,355,885.68	1,523,332.35
Interfund Receivable			19,758.59	19,758.59
Investments	<u>52,383.31</u>	<u>52,383.31</u>		52,383.31
Total Assets	<u>162,363.17</u>	<u>57,466.81</u>	<u>1,375,644.27</u>	<u>1,595,474.25</u>
LIABILITIES				
Accounts Payable	9,800.95			9,800.95
Interfund Payable - Agency Fund	19,758.59			19,758.59
Interfund Payable - General Fund	13,670.83		3,302.35	16,973.18
Payable to Teachers - Summer Pay			952,988.30	952,988.30
Payable to Student Groups			184,600.93	184,600.93
Payroll Deductions & Withholdings			234,475.08	234,475.08
Payable to Teachers Association			277.61	277.61
Total Liabilities	<u>43,230.37</u>	<u>-</u>	<u>1,375,644.27</u>	<u>1,418,874.64</u>
NET POSITION				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 119,132.80</u>			119,132.80
Reserve for Scholarships		<u>57,466.81</u>		57,466.81
Total Net Position		<u>57,466.81</u>		<u>176,599.61</u>
Total Liabilities and Net Position				<u><u>1,595,474.25</u></u>

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2016**

	Unemployment Compensation Trust	Private Purpose Trust	Totals
ADDITIONS			
Contributions:			
Plan Member	\$ 41,543.84		41,543.84
Board Contribution	120,000.00		120,000.00
Total Contributions	<u>161,543.84</u>	<u>-</u>	<u>161,543.84</u>
Investments Earnings:			
Interest	33.84	163.91	197.75
Net Investment Earnings	<u>33.84</u>	<u>163.91</u>	<u>197.75</u>
Total Additions	<u>161,577.68</u>	<u>163.91</u>	<u>161,741.59</u>
Deductions			
Unemployment Claims	56,749.18		56,749.18
Scholarships and Awards		7,642.30	7,642.30
Total Deductions	<u>56,749.18</u>	<u>7,642.30</u>	<u>64,391.48</u>
Change in Net Position	104,828.50	(7,478.39)	97,350.11
Net Position - Beginning of the Year	<u>14,304.30</u>	<u>64,945.20</u>	<u>79,249.50</u>
Net Position - End of the Year	<u>\$ 119,132.80</u>	<u>57,466.81</u>	<u>176,599.61</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Elementary #1 School	\$ 15,226.51	6,895.09	4,694.40	17,427.20
Elementary #2 School	5,336.01	27,157.06	24,776.68	7,716.39
Elementary #4 School	58,307.28	104,162.58	94,716.72	67,753.14
High School	134,116.68	326,112.62	368,525.10	91,704.20
Total Assets	<u><u>\$ 212,986.48</u></u>	<u><u>464,327.35</u></u>	<u><u>492,712.90</u></u>	<u><u>184,600.93</u></u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS:				
Cash and Cash Equivalents	\$ 1,209,818.70	14,280,021.79	14,318,555.74	1,171,284.75
Interfund Receivable	24,230.16	15,185.93	19,657.50	19,758.59
Intrafund Receivable	-	300.96		300.96
Total Assets	1,234,048.86	14,295,508.68	14,338,213.24	1,191,344.30
LIABILITIES:				
Payroll Deductions & Withholding	222,111.83	13,338,639.46	13,326,276.21	234,475.08
Due to General Fund	-	3,302.35		3,302.35
Intrafund Payable	-	300.96		300.96
Payable to Teachers - Summer	1,011,742.29	953,014.19	1,011,768.18	952,988.30
Due to Teachers Association	194.74	251.72	168.85	277.61
Total Liabilities	\$ 1,234,048.86	14,295,508.68	14,338,213.24	1,191,344.30

LONG-TERM DEBT SCHEDULES

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of General Serial Bonds and Loans
As of June 30, 2016

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding June 30, 2016				Balance June 30, 2015	Balance June 30, 2016
			Date	Amount	Interest Rate	Balance June 30, 2015		
Middle Twp. Board of Education, Refunding School Bonds	2/1/2010	\$ 9,175,000	2/1/2017	\$ 1,450,000.00	Various	\$ 3,985,000.00	2,545,000.00	
			2/1/2018	1,095,000.00				
						\$ 3,985,000.00	2,545,000.00	
						-	1,440,000.00	
						\$ 3,985,000.00	2,545,000.00	

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of Obligations Under Capital Lease
As of June 30, 2016

Description	Amount of Original Issue	Balance July 1, 2015	Issued Current Year	Retired Current Year	Balance June 30, 2016
Two (2) 54-passenger 2015 School Buses	\$ 185,262.40	\$ 146,651.92		35,411.16	111,240.76
District Clocks	79,351.00	33,293.96		16,175.93	17,118.03
School Buses-FY13	95,963.00	38,825.78		19,181.18	19,644.60
One (1) IC/CE 72 Passenger Bus - FY12	249,990.00	51,428.05		51,428.05	-
New Telephone System	154,335.00	32,950.06		32,950.06	-
Textbook Series	147,768.80	39,721.92		33,848.90	5,873.02
Three (3) 54 Passenger Bus - FY14	270,082.68	193,035.14		63,182.39	129,852.75
One (1) 25-passenger 2016 School Bus	68,906.00	-	68,906.00	14,425.99	54,480.01
Two (2) Maintenance Vehicles	44,250.00	-	44,250.00	15,330.70	28,919.30
Five (5) 54-passenger 2016 School Buses	478,100.00	-	478,100.00	99,391.55	378,708.45
		<u>\$ 535,906.83</u>	<u>591,256.00</u>	<u>381,325.91</u>	<u>745,836.92</u>

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,639,250.00		1,639,250.00	1,639,250.00	-
Total Local Sources	<u>1,639,250.00</u>	-	<u>1,639,250.00</u>	<u>1,639,250.00</u>	-
Total Revenues	<u>1,639,250.00</u>	-	<u>1,639,250.00</u>	<u>1,639,250.00</u>	-
EXPENDITURES:					
Regular Debt Service:					
Interest	199,250.00		199,250.00	199,250.00	-
Redemption of Principal	<u>1,440,000.00</u>		<u>1,440,000.00</u>	<u>1,440,000.00</u>	-
Total Regular Debt Service	<u>1,639,250.00</u>	-	<u>1,639,250.00</u>	<u>1,639,250.00</u>	-
Total Expenditures	<u>1,639,250.00</u>	-	<u>1,639,250.00</u>	<u>1,639,250.00</u>	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources(Uses):					
Transfer from Capital Projects	-		-	2,681.09	2,681.09
Total Other Financing Sources(Uses):	-	-	-	<u>2,681.09</u>	<u>2,681.09</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	2,681.09	(2,681.09)
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>2,681.09</u>	<u>(2,681.09)</u>

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Statistical Section

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

Exhibit J-1

	2007	2008	2009	2010	2011	2012	2013	2014 *	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	\$ 16,994,487.23	17,553,874.26	17,768,168.89	18,083,475.69	18,153,250.93	18,062,862.28	18,424,968.08	20,438,434.28	22,583,317.92	24,314,938.14
Restricted	2,350,435.99	2,007,017.61	2,172,919.34	2,272,607.67	3,315,052.51	5,015,545.89	4,010,638.65	3,264,275.77	4,123,797.79	2,402,999.09
Unrestricted	(809,604.47)	(410,356.95)	(1,231,973.49)	(1,511,138.38)	(1,324,366.32)	(1,378,298.53)	(1,353,762.23)	(12,463,247.99)	(13,943,897.59)	(13,362,503.89)
Total governmental activities net position	\$ 18,535,318.75	19,150,534.92	18,709,214.74	18,844,944.98	20,143,938.12	21,700,109.64	21,081,844.50	11,238,962.06	12,763,218.12	13,365,434.34
Business-type activities										
Invested in capital assets, net of related debt	35,398.59	33,370.70	29,243.80	25,116.90	40,127.70	54,291.00	230,305.99	233,574.54	249,581.13	237,287.66
Unrestricted	(229,281.14)	(216,640.31)	(169,149.02)	(210,018.19)	(218,901.54)	34,304.94	(77,793.76)	(117,373.40)	(105,324.37)	(91,293.37)
Total business-type activities net position	(193,882.55)	(183,269.61)	(139,905.22)	(184,901.29)	(178,773.84)	88,595.94	152,512.23	116,201.14	144,256.76	145,994.29
District-wide										
Invested in capital assets, net of related debt	17,029,885.82	17,587,244.96	17,797,412.69	18,108,592.59	18,193,378.63	18,117,153.28	18,655,274.07	20,672,008.82	22,832,899.05	24,552,226.80
Restricted	2,350,435.99	2,007,017.61	2,172,919.34	2,272,607.67	3,315,052.51	5,015,545.89	4,010,638.65	3,264,275.77	4,123,797.79	2,402,999.09
Unrestricted	(1,038,885.61)	(626,987.26)	(1,401,022.51)	(1,721,156.57)	(1,543,266.86)	(1,343,993.59)	(1,431,555.99)	(12,581,121.39)	(14,049,221.96)	(13,443,797.26)
Total district net position	\$ 18,341,436.20	18,967,265.31	18,569,309.52	18,660,043.69	19,965,164.28	21,788,705.58	21,234,356.73	11,355,163.20	12,907,474.88	13,511,428.63

* As Restated

Source: CAFR Schedule A-1

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

Exhibit J-2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
Instruction:										
Regular	16,874,866.16	17,621,776.79	17,708,249.18	18,032,450.48	17,446,552.35	17,470,915.28	18,403,903.58	18,313,715.28	19,461,708.44	20,988,548.78
Special education	4,107,608.57	4,424,046.76	4,366,046.04	4,864,977.62	4,946,026.72	4,785,721.81	4,946,466.04	4,749,005.15	5,165,897.23	5,417,444.49
Other instruction	1,046,642.35	1,364,437.44	1,356,194.57	1,389,992.99	1,083,014.62	1,271,525.44	1,399,914.57	1,325,375.03	1,447,620.01	1,514,532.96
Support Services:										
Tuition	3,394,866.55	3,396,965.67	3,979,004.09	4,229,484.04	3,730,155.77	3,661,341.97	4,094,973.67	4,035,179.23	4,808,683.41	4,787,991.78
Student & instruction related services	5,194,047.26	5,137,181.50	5,212,354.66	5,351,348.43	5,283,812.13	5,559,717.82	5,900,073.47	5,900,394.66	6,520,816.80	5,788,899.39
General and business administrative services	1,666,895.25	2,415,494.09	2,198,515.68	2,297,042.18	1,764,948.80	1,776,724.01	2,146,424.10	2,133,475.90	2,435,642.30	2,694,406.24
School administrative services	1,921,777.75	1,935,966.18	1,528,626.56	1,574,929.74	1,631,168.33	1,745,147.80	1,867,528.93	1,696,859.53	1,444,594.27	1,592,532.89
Plant operations and maintenance	4,177,398.78	4,045,216.63	3,931,874.62	3,789,277.09	3,985,713.38	4,068,616.30	4,614,266.75	4,358,829.73	5,071,923.96	6,571,933.46
Pupil transportation	2,808,143.27	2,650,149.63	2,495,979.16	2,257,381.32	2,506,628.28	2,579,139.39	2,973,295.74	3,102,792.86	4,021,942.65	4,599,934.74
Special Schools				188,454.98						
Charter Schools	27,445.00	33,077.00	36,304.00	24,111.00	8,787.00	36,296.00	46,185.00	76,884.00	63,190.00	20,188.00
Interest on long-term debt	640,480.96	548,568.85	521,564.44	369,152.39	399,879.35	376,162.50	289,362.70	236,413.03	180,663.36	105,909.46
Unallocated depreciation and amortization	1,545,202.60	1,571,198.60	1,520,025.81	1,492,030.81	1,404,111.74	1,356,222.49				
Total governmental activities expenses	43,404,234.50	45,143,099.14	44,854,938.81	45,560,693.07	43,892,798.47	44,687,530.81	46,682,392.55	45,928,924.40	50,622,672.43	54,081,783.19
Business-type activities:										
Food service	1,029,494.40	1,163,948.89	1,111,372.57	1,131,556.11	1,036,235.27	1,072,172.62	1,057,424.76	973,540.76	908,394.47	988,541.65
Performing arts center	60,993.54	55,656.30	60,296.04	90,955.33	131,506.54	127,718.12	150,606.97	159,314.34	210,414.14	218,233.55
Total business-type activities expenses	1,090,487.94	1,219,605.19	1,171,668.61	1,222,511.44	1,167,741.81	1,199,890.74	1,208,031.73	1,132,855.10	1,118,808.61	1,186,775.20
Total district expenses	44,494,722.44	46,362,704.33	46,026,607.42	46,783,204.51	45,060,540.28	45,887,421.55	47,890,424.28	47,061,779.50	51,741,481.04	55,268,558.39
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (resource room) (drivers ed)	254,512.76	267,182.00	213,680.73	209,973.78	246,347.66	308,571.97	345,756.38	528,440.03	535,974.04	550,494.51
Tuition	2,880,333.81	3,188,021.16	3,322,712.91	2,869,823.98	3,171,267.76	2,885,688.39	2,609,590.69	2,099,990.51	2,018,276.17	2,132,811.03
Compact Tuition/Child Study Team				92,061.35	63,807.92	75,864.47	72,085.13			
Pupil transportation	52,400.00	76,276.86	118,447.31	83,226.42	75,756.86	111,820.34	66,986.16			
Plant operations - custodial fees/E-Rate	13,751.98	9,040.37	9,471.99	47,756.98	41,247.08	5,156.75	5,156.75			
Operating grants and contributions	10,401,976.47	11,677,576.99	7,046,689.67	9,365,590.16	7,932,569.23	8,505,866.36	8,591,611.36	8,531,054.25	12,990,590.39	14,888,906.29
Capital grants and contributions			2,689.00	199,959.00		4,500.00				
Total governmental activities program revenues	13,602,975.02	15,218,097.38	10,714,101.61	12,968,351.27	11,532,996.51	11,887,811.53	11,685,688.47	11,159,484.79	15,534,830.60	17,572,211.83
Business-type activities:										
Charges for services:										
Food service	649,959.18	665,802.03	616,587.62	571,475.56	518,695.75	486,730.13	419,529.68	340,967.25	320,991.66	332,079.29
Performing arts center	82,062.77	71,518.66	93,661.34	78,799.14	115,499.54	114,207.20	123,256.00	149,389.99	218,703.63	219,430.00
Operating grants and contributions	418,879.29	489,675.15	503,098.04	528,856.29	539,515.23	566,256.47	556,969.83	575,224.63	581,039.88	636,769.32
Total business-type activities program revenue	1,150,901.24	1,226,995.84	1,213,347.00	1,177,130.99	1,173,710.52	1,167,193.80	1,099,754.51	1,065,581.87	1,120,734.17	1,188,278.61
Total district program revenue	14,753,876.26	16,445,093.22	11,927,448.61	14,148,482.26	12,706,707.03	13,055,005.33	12,785,442.98	12,225,066.66	16,655,564.77	18,760,490.44

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

Exhibit J-2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental activities	(29,801,319.48)	(29,925,001.76)	(34,140,837.20)	(32,592,341.80)	(32,359,801.96)	(32,799,719.28)	(34,996,704.08)	(34,769,439.61)	(35,087,841.83)	(36,509,571.36)
Business-type activities	60,413.30	29,925,001.76	41,678.30	(45,380.45)	6,968.71	(32,696.94)	108,777.22)	(67,273.23)	1,025.56	1,503.41
Total district-wide net expense	<u>(29,740,896.18)</u>	<u>(29,917,611.11)</u>	<u>(34,099,158.91)</u>	<u>(32,637,722.25)</u>	<u>(32,353,833.25)</u>	<u>(32,832,416.22)</u>	<u>(35,104,861.30)</u>	<u>(34,836,712.84)</u>	<u>(35,085,916.27)</u>	<u>(36,508,067.95)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	19,431,395.00	20,040,111.00	20,541,715.00	21,363,384.00	22,217,919.00	22,662,277.00	22,662,277.00	23,568,765.00	24,040,144.01	24,520,946.80
Taxes levied for debt service	1,579,862.00	1,613,407.00	1,604,015.00	1,623,161.00	1,626,754.00	1,544,825.00	1,570,160.00	1,606,050.00	1,621,050.00	1,639,250.00
Unrestricted grants and contributions	9,108,983.14	8,518,145.18	11,275,952.31	9,341,265.26	9,665,795.43	10,322,650.56	10,213,605.16	10,357,848.90	10,712,459.80	10,683,902.20
Investment earnings	186,591.63	109,955.62	51,610.86	17,842.33	7,888.28	6,238.77	2,813.84	3,011.80	2,674.82	3,041.66
Miscellaneous income	122,540.53	258,599.33	226,223.85	384,273.88	230,260.45	119,899.47	184,410.54	320,564.47	235,769.26	264,646.92
Loss on disposal of fixed assets				(1,854.43)	(4,375.00)		(3,500.00)			
State Grant Receivable Canceled					(85,447.06)					
Transfers	30,429,362.30	30,540,218.13	33,699,517.02	32,728,072.04	33,658,795.10	(300,000.00)	34,629,766.54	35,856,244.17	36,612,097.89	37,111,787.58
Total governmental activities										
Business-type activities:										
Investment earnings	3,439.16	3,222.29	1,686.00	384.38	158.74	66.72	22.01	166.41	150.06	234.12
Chartwells guaranteed return							31,279.84	9,570.03	9,128.00	-
Transfers/Other	3,439.16	3,222.29	1,686.00	384.38	158.74	300,000.00	31,301.85	21,225.70	16,852.00	-
Total business-type activities	<u>3,439.16</u>	<u>3,222.29</u>	<u>1,686.00</u>	<u>384.38</u>	<u>158.74</u>	<u>300,000.00</u>	<u>31,301.85</u>	<u>30,962.14</u>	<u>26,130.06</u>	<u>234.12</u>
Total district-wide	<u>30,432,801.46</u>	<u>30,543,440.42</u>	<u>33,701,203.02</u>	<u>32,728,456.42</u>	<u>33,658,953.84</u>	<u>34,655,957.52</u>	<u>34,661,069.39</u>	<u>35,887,206.31</u>	<u>36,638,227.95</u>	<u>37,112,021.70</u>
Changes in Net Position	628,042.82	615,216.37	(441,320.18)	135,730.24	1,298,993.14	1,556,171.52	(366,937.54)	1,086,804.56	1,524,256.06	602,216.22
Governmental activities	63,852.46	10,612.94	43,364.39	(44,996.07)	6,127.45	267,369.78	(76,975.37)	(36,311.09)	28,095.62	1,731.53
Business-type activities	691,895.28	625,629.31	(397,957.91)	90,724.17	1,305,120.59	1,823,941.30	(443,912.91)	1,050,493.47	1,522,311.68	603,953.75
Total district										

Source: CAFR Schedule A-2

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

Exhibit J-3

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted					2,839,881.62	3,075,252.98	1,548,318.23	1,899,267.18	2,022,468.02	1,753,722.39
Committed	432,884.19	717,681.86	(86,964.79)	(365,147.44)	483,015.84	1,674,960.22	2,589,841.25	1,365,008.59	1,975,704.76	2,151,150.82
Assigned					(71,529.66)	192,279.36	(51,166.83)	(25,147.43)	125,625.01	81,074.00
Unassigned	2,611,914.37	2,226,439.84	2,394,925.25	2,137,548.56	(71,529.66)	192,279.36	(51,166.83)	(25,147.43)	(82,015.20)	112,826.82
Reserved	432,884.19	717,681.86	(86,964.79)	(365,147.44)	483,015.84	1,674,960.22	2,589,841.25	1,365,008.59	1,975,704.76	2,151,150.82
Unreserved	3,044,798.56	2,944,121.70	2,307,960.46	1,772,401.12	(71,529.66)	192,279.36	(51,166.83)	(25,147.43)	(82,015.20)	112,826.82
Total general fund	<u>3,044,798.56</u>	<u>2,944,121.70</u>	<u>2,307,960.46</u>	<u>1,772,401.12</u>	<u>3,251,367.80</u>	<u>4,942,492.56</u>	<u>4,086,992.65</u>	<u>3,239,128.34</u>	<u>4,041,762.59</u>	<u>4,098,774.03</u>
All Other Governmental Funds										
Restricted					48,819.51	7,544.51				2,681.09
Reported in Debt Service Fund										(1,585,629.21)
Reported in Capital Projects Fund										1,287,589.51
Committed										(81,632.40)
Assigned										
Unassigned										
Reserved										
Unreserved, reported in:										
Special revenue fund	(101,985.70)	(122,640.00)	(77,458.70)	(80,709.10)						
Capital projects fund				213,617.15						
Debt service fund	5,578.62	5,579.44	0.52	0.24						
Permanent fund										
Total all other governmental funds	<u>(96,407.08)</u>	<u>(117,060.56)</u>	<u>(77,458.18)</u>	<u>132,908.29</u>	<u>(37,181.99)</u>	<u>(85,072.49)</u>	<u>(87,626.50)</u>	<u>(88,550.40)</u>	<u>(92,701.20)</u>	<u>(396,991.01)</u>
\$										

Source: CAFR Schedule B-1

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

Exhibit J-4

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 21,011,257	21,653,518	22,145,730	22,986,545	23,844,673	24,207,102	24,232,437	25,174,819	25,661,194	26,160,197
Tuition charges	3,134,847	3,455,203	3,515,427	3,216,106	3,419,615	3,194,280	2,914,635	2,613,274	2,554,250	2,683,306
Interest earnings	186,582	109,956	51,611	17,843	7,889	6,239	2,814	3,012	2,875	3,042
Miscellaneous	193,900	345,970	354,641	576,841	419,115	455,757	389,353	335,654	235,769	264,647
State sources	17,828,032	18,772,665	16,939,021	15,656,918	15,935,416	16,839,338	17,441,366	17,282,855	17,987,403	18,539,934
Federal sources	1,673,408	1,421,003	1,407,188	3,244,024	1,762,449	1,988,775	1,358,350	1,606,115	1,727,887	1,585,344
Total revenue	44,028,026	45,758,315	44,413,618	45,688,277	45,288,157	46,691,471	46,318,955	47,015,729	48,168,177	49,236,468
Expenditures										
Instruction:										
Regular instruction	12,691,184	13,159,071	13,639,075	13,615,733	12,601,209	12,624,939	12,552,894	12,576,734	12,304,803	12,487,892
Special education instruction	2,916,174	3,015,326	3,230,864	3,283,885	3,441,859	3,271,313	3,205,862	3,065,499	3,260,883	3,216,583
Other instruction	789,675	986,211	1,044,160	1,052,151	798,097	916,542	958,678	897,987	913,785	899,247
Support Services:										
Tuition	3,394,887	3,395,986	3,979,604	4,229,484	3,730,156	3,661,342	4,094,974	4,035,179	4,808,688	4,797,992
Student & instruction related services	4,176,837	4,066,052	4,158,245	4,141,231	4,020,890	4,238,267	4,165,836	4,219,733	4,233,802	4,233,802
General administrative services	733,353	1,563,157	1,167,744	1,294,777	892,267	895,174	1,040,924	1,101,340	1,114,844	1,073,446
Business administrative services	923,608	908,986	1,063,252	852,663	699,974	698,012	705,495	630,245	649,754	719,953
School administrative services	1,377,193	1,314,751	1,136,108	1,145,130	1,101,114	1,110,848	1,172,608	1,098,877	1,048,587	1,059,991
Plant operations and maintenance	3,620,738	3,377,499	3,453,552	3,259,770	3,278,732	3,437,723	4,049,701	5,228,509	3,710,155	4,367,374
Pupil transportation	2,946,292	2,874,644	2,671,605	2,345,699	2,614,330	2,645,276	2,853,953	3,112,715	2,913,461	3,047,488
Unallocated employee benefits	7,755,169	8,752,119	7,563,807	8,452,547	8,886,810	9,463,901	10,353,540	10,057,885	10,513,713	11,439,046
Special schools				150,645						
Charter Schools	27,445	33,077	36,304	24,111	8,787	36,296	46,185	76,884	63,190	20,188
Capital outlay	396,328	659,913	215,475	677,683	485,130	566,829	566,423	426,963	324,349	1,052,770
Debt service:										
Principal	1,528,685	1,506,685	1,111,685	1,125,000	1,270,000	1,195,000	1,230,000	1,300,000	1,370,000	1,440,000
Interest and other charges	680,521	590,624	538,999	498,161	315,479	391,100	355,250	306,050	254,050	199,250
Total Expenditures	43,958,189	46,204,101	45,010,479	46,148,470	44,144,834	45,152,562	47,352,323	48,134,600	47,555,936	50,075,023
Excess (Deficiency) of revenues over (under) expenditures	69,837	(445,786)	(596,861)	(450,193)	1,144,323	1,538,909	(1,033,368)	(1,118,871)	613,241	(838,554)
Other Financing Sources (Uses)										
Capital leases	193,004	324,456		125,000	250,000	404,325	175,314	270,083	185,262	591,256
Bond proceeds				9,175,000						
Bond issuance premium				746,857						
Bond Refunding Escrow Agent				(9,921,857)						
Transfers in	31,353									
Transfers (out)	(31,353)				(85,447)	(300,000)				
Total other financing sources (uses)	193,004	324,456	-	125,000	164,553	104,325	175,314	270,083	185,262	591,256
Net change in fund balances	\$ 262,841	(121,330)	(596,861)	(325,193)	1,308,876	1,643,234	(858,054)	(848,788)	796,503	(247,298)
Debt service as a percentage of noncapital expenditures	5.07%	4.60%	3.68%	3.57%	3.63%	3.56%	3.39%	3.37%	3.44%	3.34%

Source: CAFR Schedule B-2

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
 General Fund Other Local Revenue by Source,
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Transportation	Resource Room	Driver Education	Child Study Team	E-Rate	Rentals	Custodial Fees	Admissions	Sale of Assets	Premium on Temporary Notes	Miscellaneous	Totals
2007	\$ 171,192.04	2,880,333.81	77,142.61	254,512.76	30,860.00	61,380.70		19,025.00	13,751.98	20,886.00			26,224.26	3,483,928.46
2008	109,955.62	3,188,021.16	76,276.86	267,182.00	27,175.00	58,917.10	42,818.46	21,850.00	9,040.37	16,472.00			125,955.04	3,903,308.75
2009	51,610.86	3,322,712.91	118,447.31	192,714.33	32,505.00	55,752.35	39,713.10	19,106.46	9,471.99	15,665.00			57,211.83	3,921,181.25
2010	17,842.33	3,216,106.36	83,226.42	209,973.78	29,290.00	63,807.92	41,247.08	10,425.00	8,043.88	16,875.00	4,368.91		79,163.69	3,770,780.82
2011	7,888.28	3,171,267.76	75,756.86	248,347.66	26,313.00	75,964.47	38,182.52	4,825.00	16,369.00	16,369.00			182,753.35	3,838,575.91
2012	6,238.77	2,885,688.39	111,820.34	308,571.97	30,535.00	72,985.13	43,507.76	2,275.00	5,156.75	16,537.00	2,140.09		177,906.66	3,655,952.21
2013	2,813.84	2,609,590.69	66,986.16	305,044.38	25,210.00	57,004.07	47,392.37	1,200.00	15,504.00	15,157.00			139,702.78	3,286,801.49
2014	3,011.80	2,389,443.43	73,061.49	223,830.11	20,445.00	55,765.21	82,084.67	5,035.00	13,547.00	15,157.00			138,702.78	2,972,844.19
2015	2,674.82	2,554,250.21	22,082.68		22,090.00	57,004.07		5,836.25					61,124.59	2,792,694.29
2016	3,041.66	2,665,305.54	12,497.50		12,705.00	57,174.87	54,001.83	4,075.00		16,023.00		2,480.00	105,689.72	2,950,994.12

Source: District Records

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
 Assessed Value and Actual Value of Taxable Property,
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Vacant Land	Residential	Farmland	Farm Homestead	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	Estimated County Equalized Value
* 2007	244,668,000	2,317,353,400	15,039,900	1,265,900	612,936,000	5,552,100	5,311,300	3,202,126,600	6,855,099	3,208,981,699	1.849	2,856,168,989
2008	238,011,000	2,348,134,200	14,983,300	1,265,900	624,635,900	5,362,400	5,311,300	3,237,704,000	7,224,831	3,244,928,831	0.676	3,094,957,900
2009	210,336,200	2,390,302,800	11,338,900	1,812,600	632,106,200	5,362,400	5,119,400	3,256,378,500	7,700,605	3,264,079,105	0.683	3,245,966,234
2010	193,213,900	2,405,195,200	11,308,500	1,950,300	623,009,000	5,362,400	5,119,400	3,244,758,700	7,812,588	3,252,571,288	0.705	3,187,026,546
2011	174,644,600	2,360,449,000	10,726,300	1,518,100	595,137,100	5,362,400	4,888,200	3,152,725,700	7,057,358	3,159,783,058	0.734	2,960,186,417
* 2012	158,372,200	2,251,050,100	10,452,300	1,265,300	579,952,800	5,362,400	4,851,500	3,011,306,600	6,894,448	3,018,201,048	0.767	2,828,581,050
* 2013	130,450,000	1,995,955,200	9,235,900	1,263,200	536,199,900	4,844,200	4,149,100	2,682,097,500	6,173,756	2,688,271,256	0.803	2,844,463,733
2014	124,299,800	2,016,773,400	9,255,900	1,277,000	541,660,400	4,844,200	4,149,100	2,702,259,800	5,239,697	2,707,499,497	0.948	2,680,036,969
2015	124,719,800	2,028,412,300	9,047,700	1,221,200	546,601,400	4,844,200	4,149,100	2,718,995,700	6,646,039	2,725,641,739	0.959	2,697,303,717
2016	116,448,800	2,039,926,900	9,243,800	1,162,500	544,935,300	4,844,200	3,738,400	2,720,299,900	6,816,205	2,727,116,105	0.976	2,624,440,061

Source: County Abstract of Rates & Municipal Tax Assessor

* Revaluation effective

Exhibit J-7

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

Fiscal Year Ended June 30,	MIDDLE TOWNSHIP SCHOOL DISTRICT				Overlapping Rates					Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	County General	County Open Space	County Library	Other	Municipal Local Purpose		
2007 R	0.627	0.049	0.676	0.137	0.011	0.028		0.298	1.150	
2008	0.633	0.050	0.683	0.144	0.010	0.028		0.320	1.185	
2009	0.656	0.049	0.705	0.161	0.010	0.029		0.333	1.238	
2010	0.684	0.050	0.734	0.170	0.010	0.029		0.363	1.306	
2011	0.716	0.051	0.767	0.170	0.010	0.028		0.390	1.365	
2012 R	0.752	0.051	0.803	0.179	0.011	0.027		0.390	1.410	
2013 R	0.879	0.058	0.937	0.217	0.011	0.031		0.454	1.650	
2014	0.889	0.059	0.948	0.209	0.010	0.029		0.455	1.651	
2015	0.900	0.059	0.959	0.212	0.010	0.029		0.452	1.662	
2016	0.916	0.060	0.976	0.210	0.010	0.028		0.452	1.676	

Source: District Records and Municipal Tax Collector

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

R - Revaluation/Reassessment effective in years indicated.

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

Exhibit J-8

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Delco, LLC/Grande Properties LLC	\$ 29,992,800	1	1.10%	\$ 43,622,500	1	1.36%
Shelvin Two (Acme/Pier 1)	17,323,400	2	0.64%	19,129,300	2	0.60%
Grande Prop Dev LLC (Walmart)	16,218,500	3	0.59%			
Rio Grande Associates	11,962,500	4	0.44%	12,603,500	6	0.39%
HD Development of Maryland LLC	10,726,600	5	0.39%			
Rio Mall. LLC.	10,598,900	6	0.39%	11,464,400	7	0.36%
Cape Regional Holdings LLC	8,201,000	7	0.30%			
Starns Markets, Inc.	7,708,200	8	0.28%			
Phntus Lo Cape May LLC	7,364,100	9	0.27%			
Ocean Drive Clevelander Inc	7,256,900	10	0.27%			
Cape May Grocery Owners, LLC				18,234,600	3	0.57%
Beazer Homes Corp.				14,654,000	4	0.46%
Landsource Holding Company, LLC				11,100,000	8	0.35%
Erm- Sandbarren, LLC				12,921,100	5	0.40%
FMH Properties, LLC				10,635,400	9	0.33%
Cape Savings Bank, SLA				9,914,700	10	0.31%
Totals	\$ 127,352,900		4.67%	\$ 164,279,500		5.12%
		District Assessed Value				\$ 3,208,981,699

Source: District CAFR & Municipal Tax Assessor
 Revaluation/Reassessment effective in 2007, 2012 and 2013.

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Property Tax Levies and Collections,
Last Ten Fiscal Years

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	21,011,257.00	21,011,257.00	100%	-
2008	21,653,518.00	21,653,518.00	100%	-
2009	22,145,730.00	22,145,730.00	100%	-
2010	22,986,545.00	22,986,545.00	100%	-
2011	23,844,673.00	23,844,673.00	100%	-
2012	24,207,102.00	24,207,102.00	100%	-
2013	24,232,437.00	24,232,437.00	100%	-
2014	25,174,819.00	25,174,819.00	100%	-
2015	25,661,194.01	25,661,194.01	100%	-
2016	26,160,196.80	26,160,196.80	100%	-

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Temporary Bond Anticipation Notes (BANs)	Business-Type Activities		Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Net Pension Liability	Capital Leases			Capital Leases				
2007	14,332,370		1,207,532				15,539,902	0.27%	41,366	
2008	12,825,685		1,001,245				13,826,930	0.31%	43,026	
2009	11,714,000		449,123				12,163,123	0.36%	44,017	
2010	10,350,000		331,969				10,681,969	0.42%	44,965	
2011	9,080,000		341,791				9,421,791	0.51%	47,611	
2012	7,885,000		646,084				8,531,084	0.58%	49,307	
2013	6,655,000		611,250				7,266,250	0.68%	49,716	
2014	5,355,000	10,147,269	649,876				16,152,145	0.32%	51,812	
2015	3,985,000	10,147,269	535,907				14,668,176	0.35%	51,812	
2016	2,545,000	11,424,174	745,837		2,000,000		16,715,011	0.31%	51,812	

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

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

Exhibit J-11

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property	Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	14,332,370		14,332,370	0.45%	41,366
2008	12,825,685		12,825,685	0.40%	43,026
2009	11,714,000		11,714,000	0.36%	44,017
2010	10,350,000		10,350,000	0.32%	44,965
2011	9,080,000		9,080,000	0.29%	47,611
2012	7,885,000		7,885,000	0.26%	49,307
2013	6,655,000		6,655,000	0.25%	49,716
2014	5,355,000		5,355,000	0.20%	51,812
2015	3,985,000		3,985,000	0.15%	51,812
2016	2,545,000		2,545,000	0.09%	51,812

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Bonded Debt and Loans,
As of December 31, 2015

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Township of Middle	\$ 1,930,703.61	100.00%	\$ 1,930,703.61
Other Debt			
County of Cape May	181,705,600.00	5.51%	10,003,768.87
Subtotal, Overlapping Debt			11,934,472.48
Township of Middle School District Direct Debt			<u>2,545,000.00</u>
Total Direct and Overlapping Debt			<u>\$ 14,479,472.48</u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation.
 Debt outstanding data includes only permanent debt and was provided by each governmental unit.

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

Exhibit J-13

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 90,175,843	\$ 107,513,105	\$ 120,039,574	\$ 125,884,199	\$ 125,690,402	\$ 122,160,954	\$ 117,268,017	\$ 112,158,757	\$ 108,439,724	\$ 105,703,315
Total net debt applicable to limit	14,332,370	12,825,685	11,714,000	10,350,000	9,080,000	7,885,000	6,655,000	5,355,000	3,985,000	2,545,000
Legal debt margin	\$ 75,843,473	\$ 94,687,420	\$ 108,325,574	\$ 115,534,199	\$ 116,610,402	\$ 114,275,954	\$ 110,613,017	\$ 106,803,757	\$ 104,454,724	\$ 103,158,315
Total net debt applicable to the limit as a percentage of debt limit	15.89%	11.93%	9.76%	8.22%	7.22%	6.45%	5.68%	4.77%	3.67%	2.41%

	2015	2014	2013
Equalized valuation basis	\$ 2,610,653,577	2,668,371,482	2,648,723,583
	<u>\$ 7,927,748,642</u>		
Average equalized valuation of taxable property	\$ 2,642,582,881		
Debt limit (4% of average)	105,703,315.23		
Net bonded school debt	<u>2,545,000</u>		
Legal debt margin	<u>\$ 103,158,315</u>		

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

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

Exhibit J-14

Fiscal Year Ended June 30,	(a) Population	(b) Personal Income (thousands of dollars)	(c) * Per Capita Personal Income	(d) Unemployment Rate
2007	16,230	671,370,180	41,366	5.7%
2008	16,388	705,110,088	43,026	7.0%
2009	16,474	725,136,058	44,017	10.0%
2010	18,919	850,692,835	44,965	10.5%
2011	18,854	897,657,794	47,611	11.0%
2012	18,902	932,000,914	49,307	11.8%
2013	18,865	937,892,340	49,716	11.8%
2014	18,844	976,345,328	51,812	11.8%
2015	18,615	964,480,380	51,812	12.5%
2016	18,615	964,480,380	51,812	11.5%

* Income information is county wide

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

Exhibit J-15

Employer	2016			2007		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
		1	0.00%			0.00%
		2				
		3				
		4				
		5				
		6				
		7				
		8				
		9				
		10				
Totals	-		0.00%	-		0.00%

This Information is not available for this district.

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

Exhibit J-16

Function/Object	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
100 101 Teachers - General Fund	211.0	214.0	221.0	221.0	199.0	210.0	210.0	201.0	196.0	204.7
100 101 Teachers - Special Revenue Funds	39.0	37.0	37.0	40.0	33.0	12.0	12.0	14.0	14.0	12.1
100 106 Classroom Aides - General Fund	13.0	13.0	13.0	13.0	13.0	32.0	32.0	32.0	32.0	21.2
100 106 Classroom Aides - Special Revenue Funds	13.0	17.0	17.0	17.0	17.8	2.0	2.0	2.0	1.0	1.0
211 100 Attendance & Social Work	5.0	5.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
213 100 Health Services	17.0	18.0	17.0	17.0	25.0	38.0	42.0	45.0	45.0	46.2
216 100 Related Services	9.0	9.0	9.0	9.0	8.0	8.0	8.0	7.0	6.0	6.0
217 100 Extraordinary Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
218 104 Guidance - Professional	12.0	12.0	11.0	11.0	10.0	14.0	14.0	14.0	14.0	14.0
218 105 110 Guidance - Support	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
219 104 Child Study Team	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
219 105 110 Child Study Team - Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
221 102 104 Supervisors & Other Professionals	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0
221 105 110 Improvement of Instruction - Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
222 100 Media Services/Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
223 102 104 Professional Development - Professionals	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
223 105 110 Professional Development - Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
230 100 General District Administrators	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
230 100 Gen. Administration - Professionals	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
230 100 Gen. Administration - Support	10.0	10.0	10.0	10.0	7.0	8.0	8.0	8.0	8.0	9.0
240 103 Principals/Assistant Principals	16.0	16.0	16.0	16.0	15.0	14.0	14.0	13.0	13.0	13.0
240 104 School Admin. - Other Professionals	16.0	16.0	16.0	16.0	15.0	14.0	14.0	13.0	13.0	13.0
240 105 110 School Admin. - Support	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
251 100 Central Services - Administrators	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
251 100 Central Services - Professionals	3.0	3.0	3.0	3.0	6.0	8.0	8.0	8.0	8.0	7.0
251 100 Central Services - Support	33.0	33.0	31.0	31.0	30.0	30.0	30.0	29.0	29.0	29.0
252 100 Admin. Information Technology Services	50.0	50.0	50.0	50.0	49.0	58.0	62.0	60.0	60.0	60.0
26X 100 Oper. & Maint. - Security Guards	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
26X 100 Operation & Maintenance - Other	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
270 160 163 Transportation	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
290 100 Other Support - Administrators	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
290 100 Other Support - Professionals	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
290 100 Other Support - Support	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
200 102 104 Sup. & Other Prof. Staff - Special Revenue	453.0	458.0	460.0	463.0	431.8	459.0	467.0	458.0	451.0	449.1
200 105 110 Support - Special Revenue										
200 103 Directors - Special Revenue										
Various - Other										
TOTAL	453.0	458.0	460.0	463.0	431.8	459.0	467.0	458.0	451.0	449.1

Source: District Personnel Records

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

Exhibit J-17

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2007	2,869	41,352,655	14,414	6.28%	211	1:12.8	1:12.5	1:15.0	2,839	2,652	-0.01%	93.41%
2008	2,923	43,446,879	14,864	3.12%	214	1:12.3	1:14.6	1:14.1	2,897	2,670	2.04%	92.16%
2009	2,886	43,144,320	14,950	0.58%	221	1:12.5	1:14.4	1:14.0	2,851	2,640	-1.59%	92.60%
2010	2,887	43,847,626	15,188	1.59%	224	1:14.2	1:11.0	1:11.1	2,847	2,600	-0.14%	91.32%
2011	2,793	42,074,225	15,064	-0.82%	192	1:18.4	1:11.0	1:11.1	2,776	2,542	-2.49%	91.57%
2012	2,684	42,999,633	16,021	6.35%	222	1:16.2	1:11.0	1:11.2	2,681	2,492	-3.42%	92.95%
2013	2,658	45,200,650	17,006	6.15%	222	1:15.2	1:10.7	1:9.71	2,620	2,436	-2.28%	92.98%
2014	2,514	46,101,587	18,338	7.84%	215	1:17.1	1:9.9	1:9.04	2,514	2,350	-4.05%	93.48%
2015	2,469	45,607,537	18,472	0.73%	201	1:13.8	1:12.2	1:10.4	2,469	2,311	-1.79%	93.60%
2016	2,484	47,383,003	19,075	3.27%	204	1:12.2	1:12.2	1:10.6	2,484	2,325	0.61%	93.60%

Source: District records, ASSA and Schedules J-12, J-14

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
School Building Information,
Last Ten Fiscal Years

Exhibit J-18

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Buildings</u>										
<u>Elementary</u>										
Elementary #1										
Square Feet	70,820	70,820	70,820	70,820	70,820	70,820	70,820	70,820	70,820	70,820
Capacity (students)	692	692	692	692	692	692	692	692	692	692
Enrollment	679	685	684	705	698	680	674	664	688	714
Elementary #2										
Square Feet	87,674	87,674	87,674	87,674	87,674	87,674	87,674	87,674	87,674	87,674
Capacity (students)	625	625	625	625	625	625	625	625	625	625
Enrollment	541	594	553	558	560	566	558	517	527	526
<u>Middle School</u>										
Square Feet	88,369	88,369	88,369	88,369	88,369	88,369	88,369	88,369	88,369	88,369
Capacity (students)	617	617	617	617	617	617	617	617	617	617
Enrollment	587	610	617	586	565	549	574	572	549	543
<u>High School</u>										
Square Feet	176,891	176,891	176,891	176,891	176,891	176,891	176,891	176,891	176,891	176,891
Capacity (students)	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116
Enrollment	1,032	1,034	1,033	996	952	887	815	761	705	701
<u>Other</u>										
Administration										
Square Feet	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760
Transportation Office										
Square Feet	900	900	900	900	900	900	900	900	900	900
Transportation Garage										
Square Feet	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700

Number of Schools at June 30, 2016

- Elementary - 2
- Middle - 1
- High School - 1
- Other - 3

Source: District Records, ASSA

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
 General Fund
 Schedule of Required Maintenance for School Facilities,
 Last Ten Fiscal Years
 (Unaudited)

Undistributed Expenditures - Allowable Maintenance for School Facilities

School Facilities	Project # (s)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary #1		\$ 22,304	40,051	27,368	24,845	27,546	169,170	156,584	77,596	99,390	76,575
Elementary #2		35,985	29,318	35,894	42,315	13,850	125,844	242,592	77,694	68,810	910,612
Elementary #4		16,074	29,661	28,618	25,263	39,808	33,529	114,966	923,574	76,035	33,545
High School		77,974	74,047	54,161	39,067	47,531	90,904	262,019	943,384	129,930	199,001
Total School Facilities		152,337	173,077	146,041	131,490	128,735	419,447	776,161	2,022,248	374,165	1,219,733
Other Facilities		6,916	10,072	12,690	12,202	2,943	3,737	11,001	24,534	98,055	6,772
Grand Total		\$ 159,253	183,149	158,731	143,692	131,678	423,184	787,162	2,046,782	472,220	1,226,505

Source: District Records

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Insurance Schedule
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Exhibit J-20

	<u>Coverage</u>	<u>Deductible</u>
Property, Inland Marine and Automobile Physical Damages		
A. Limit of Liability	150,000,000	
ACCASBOJIF Self Insured Retention, per occurrence	250,000	
Members District Deductible, per occurrence		500
Perils Included	"All Risk"	
B. Property Valuation		
Buildings and Contents	Replacement Cost	
Contractors Equipment	Actual Cash Value	
Automobiles	Replacement Cost	
Boiler and Machinery		
A. Limit of Liability	125,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		1,000
Crime		
A. Limit of Liability	500,000	
ACCASBOJIF Self Insured Retention	250,000	
Members District Deductible		500
General and Automobile Liability		
A. Limit of Liability	20,000,000	
ACCASBOJIF Self Insured Retention	250,000	
Members District Deductible		None
Workers' Compensation		
A. Limit of Liability	Statutory	
ACCASBOJIF Self Insured Retention	250,000	
Members District Deductible		None
Educator's Legal Liability		
A. Limit of Liability	20,000,000	
ACCASBOJIF Self Insured Retention	175,000	
Members District Deductible		None
Pollution Legal Liability/Mold Legal Liability		
A. Limit of Liability	3,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		25,000
Cyber Liability		
A. Limit of Liability	1,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		25,000
Violent Malicious Acts		
A. Limit of Liability	1,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		15,000

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

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Single Audit Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

K-1 INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Middle School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Township of Middle School District's basic financial statements, and have issued our report thereon dated November 28, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Middle School Districts basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements prescribed by the Division of Finance, Department of Education, and State of New Jersey.

Purpose of this Report

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

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

Leon P. Costello

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

November 28, 2016



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

K-2 INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE;
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE

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

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Middle School District, County of Cape May, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016. The Township of Middle School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Middle School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB 15-08. Those standards, the Uniform Guidance and NJ OMB 15-08 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 program occurred. An audit includes examining, on a test basis, evidence about the Township of Middle School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

In our opinion, the Township of Middle School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the Township of Middle School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Middle School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Middle School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by the Uniform Guidance and Expenditures of State Financial Assistance Required by NJ OMB 15-08

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund of the Township of Middle School District as of and for the year ended June 30, 2016, and have issued our report thereon dated November 28, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditure of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

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

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

November 28, 2016

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Federal CFDA Number	Federal Grant or Project Number	Federal Title	Grant Period	Program or Award Amount	Balance June 30, 2015	Carryover/Amount	Cash Received	Source Pass Through	Budgetary Expenditures		Adjustments	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2016 Unearned Revenue	Due to Grantor
									Direct	Total					
U.S. Department of Education															
83.778	1609J5MAP	Medical Assistance (SEMI) Program	7/1/2015 - 6/30/2016	\$ 121,480.51	\$ -	-	98,854.81	(121,480.51)	-	(121,480.51)	20.94	-	(22,625.70)	-	-
Total General Fund															
U.S. Department of Education Passed-Through State Department of Education Special Revenue Fund:															
84.010A	S310A150030	NCLB - Title I, Part A	7/1/2014 - 6/30/2015	726,289.00	(237,710.00)	-	237,710.00	(667,427.94)	-	(667,427.94)	20.94	-	(412,306.00)	-	-
84.010A	S310A150030	NCLB - Title I, Part A	7/1/2015 - 6/30/2016	746,152.00	(237,710.00)	-	492,811.00	(667,427.94)	-	(667,427.94)	20.94	-	(412,306.00)	-	-
Total Title I - Part A Cluster															
84.367A	S367A150029	NCLB-3130-15	7/1/2014 - 6/30/2015	152,788.00	(59,516.86)	-	59,697.00	-	-	-	(180.14)	-	(0.00)	-	-
84.367D	S367A150029	NCLB-3130-16	7/1/2015 - 6/30/2016	128,907.00	(59,516.86)	-	35,945.00	(110,427.69)	-	(110,427.69)	(0.31)	-	(74,483.00)	-	-
84.281D	N/A	NCLB-3130-09	9/1/2008 - 8/31/2009	4,779.00	314.00	-	9,602.00	-	-	-	(314.00)	-	-	-	-
84.365A	S365A150030	NCLB-3130-15	7/1/2014 - 6/30/2015	19,883.00	(9,602.00)	-	9,602.00	-	-	-	3.49	-	(12,033.00)	-	-
84.365A	S365A150030	NCLB-3130-16	7/1/2015 - 6/30/2016	20,371.00	(9,602.00)	-	6,218.00	(20,255.49)	-	(20,255.49)	(902.58)	-	(3,324.00)	-	-
84.365A	S365A150030	NCLB-3130-13	9/1/2012 - 8/31/2013	20,371.00	802.58	-	-	-	-	-	(802.58)	-	-	-	-
84.048A	V048A140030	PERK-3130-11	7/1/2010 - 6/30/2011	54,661.00	1,073.58	-	5,366.00	(3,324.00)	-	(3,324.00)	(1,073.58)	-	(0.00)	-	-
84.048A	V048A140030	PERK-3130-15	7/1/2014 - 6/30/2015	16,251.00	(5,366.00)	-	1,988.00	-	-	-	0.44	-	(0.00)	-	-
84.395	N/A	PERK-3130-12	7/1/2012 - 11/30/2015	46,480.00	(1,988.44)	-	-	-	-	-	0.44	-	(0.00)	-	-
Special Education Cluster:															
84.027	S327A150100	I.D.E.A. Part B, Basic Regular Education - ARRA	7/1/2015 - 6/30/2016	635,333.00	(147,904.00)	-	608,970.00	(632,797.64)	-	(632,797.64)	0.64	-	(23,827.00)	-	-
84.391	S327A150100	I.D.E.A. Part B, Basic Regular Education - ARRA	9/30/10 - 8/31/2015	528,484.00	65.93	-	147,394.00	-	-	-	(65.93)	-	-	-	-
84.391	N/A	I.D.E.A. Part B, Basic Regular Education - ARRA	9/30/10 - 8/31/2011	26,795.00	45.77	-	26,795.00	-	-	-	(45.77)	-	-	-	-
84.173	S173A150114	I.D.E.A. Part B, Basic PreSchool	7/1/2010 - 6/30/2016	27,563.00	-	-	-	(26,795.00)	-	(26,795.00)	-	-	-	-	-
84.173	S173A150114	I.D.E.A. Part B, Basic PreSchool	9/1/2010 - 8/31/2011	26,113.00	45.77	-	1,816.00	-	-	-	(45.77)	-	-	-	-
84.173	S173A150114	I.D.E.A. Part B, Basic PreSchool	7/1/2014 - 6/30/2015	26,113.00	(45.77)	-	-	-	-	-	(45.77)	-	-	-	-
84.392	N/A	I.D.E.A. Part B, Basic PreSchool-ARRA	9/30/10 - 8/31/2011	19,080.00	550.25	-	785,485.00	(659,592.64)	-	(659,592.64)	(661.31)	-	(23,827.00)	-	-
Total Special Education Cluster															
Total Special Revenue Fund															
U.S. Department of Agriculture Passed-Through State Dept. of Education:															
10.550	16161NJ304N1099	Food Distribution Program	7/1/2015 - 6/30/2016	68,757.93	-	-	68,757.93	(68,757.93)	-	(68,757.93)	-	-	-	-	-
Child Nutrition Program Cluster:															
10.553	16161NJ304N1099	School Breakfast Program	7/1/2014 - 6/30/2015	97,209.17	(9,170.21)	-	9,170.21	-	-	-	-	-	(8,066.16)	-	-
10.553	16161NJ304N1099	School Breakfast Program	7/1/2015 - 6/30/2016	114,652.85	(35,570.02)	-	106,598.69	(114,652.85)	-	(114,652.85)	-	-	(8,066.16)	-	-
10.555	16161NJ304N1099	National School Lunch Program	7/1/2015 - 6/30/2016	443,037.52	(437.98)	-	411,817.99	(443,037.52)	-	(443,037.52)	-	-	(31,719.53)	-	-
10.555	16161NJ304N1099	National School Lunch Program	07/01/12 - 6/30/2013	359,613.32	(45,178.21)	-	565,144.91	(557,690.37)	-	(557,690.37)	-	-	(437.98)	-	-
Total Child Nutrition Program Cluster															
Total Enterprise Fund															
Total Federal Financial Awards															
(A) Transfer to General Fund															

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Program or Award Amount	Unearned Revenue (Accts Receiv)	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Years' Balances	(Accounts Receivable)	Balance June 30, 2016 Unearned Revenue	Due to Grantor	Budgetary Receivable	MEMO		
														Cumulative Total Expenditures	Budgetary Receivable	
State Department of Education																
General Fund:																
State Aid - Public Cluster:																
Equalization Aid	16-495-034-5120-078	7/1/2015	6,233,727.00	\$			6,233,727.00	(6,233,727.00)					(626,676.13)	6,233,727.00		
Special Education Aid	16-495-034-5120-089	7/1/2015	1,295,884.00				1,295,884.00	(1,295,884.00)					(109,528.43)	1,295,884.00		
Security Aid	16-495-034-5120-084	7/1/2015	455,997.00				455,997.00	(455,997.00)					(38,540.98)	455,997.00		
School Choice Aid	16-495-034-5120-068	7/1/2015	131,307.00				131,307.00	(131,307.00)					(11,098.10)	131,307.00		
PARCC Readiness Aid	16-495-034-5120-098	7/1/2015	22,560.00				22,560.00	(22,560.00)					(1,906.77)	22,560.00		
Per Pupil Growth Aid	16-495-034-5120-097	7/1/2015	22,560.00				22,560.00	(22,560.00)					(1,906.77)	22,560.00		
Adjustment Aid	16-495-034-5120-085	7/1/2015	3,724,488.00				3,724,488.00	(3,724,488.00)					(314,794.64)	3,724,488.00		
Adjustment Aid	16-495-034-5120-085	7/1/2015	119,889.00				119,889.00	(119,889.00)					(10,133.05)	119,889.00		
Total State Aid - Public Cluster							12,006,412.00	(12,006,412.00)					(1,014,784.87)	12,006,412.00		
Transportation Aid	16-495-034-5120-014	7/1/2015	1,479,169.00				1,479,169.00	(1,479,169.00)					(125,019.73)	1,479,169.00		
Extraordinary Aid	16-100-034-5120-473	7/1/2014	171,015.00					(171,015.00)						171,015.00		
Extraordinary Aid	15-100-034-5120-473	7/1/2014	89,098.00				89,098.00						(24,564.00)	89,098.00		
Non-Public Transportation	16-100-034-5120-014	7/1/2015	24,564.00					(24,564.00)						24,564.00		
Non-Public Transportation	15-100-034-5120-014	7/1/2014	13,782.00				13,782.00									
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/2015	1,160,373.29				1,160,373.29						(66,348.26)	1,160,373.29		
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	7/1/2014	1,177,811.12				88,556.29									
Reimbursed TPAF Social Security Contributions	14-495-034-5094-003	7/1/2013	1,228,807.74				(376.05)		376.05							
Total General Fund							14,749,044.32	(14,841,533.29)	376.05	(253,927.26)			(1,139,604.60)	14,841,533.29		
Special Revenue Fund:																
Preschool Education Aid	16-495-034-5120-086	7/1/2015	816,324.00				816,324.00				121,882.04		(81,632.40)	816,324.00		
Preschool Education Aid	15-495-034-5120-086	7/1/2014	927,012.00													
NJ Nonpublic Aid:																
Textbook Aid	16-100-034-5120-064	7/1/2015	4,796.00				4,796.00					5.41		4,790.59		
Textbook Aid	15-100-034-5120-064	7/1/2014	5,422.00						(275.10)							
Technology Aid	16-100-034-5120-373	7/1/2015	2,184.00				2,184.00					3.90		2,180.10		
Security Aid	16-100-034-5120-509	7/1/2015	2,100.00				2,100.00					16.25		2,083.75		
Handicapped Services:																
Exam & Classification	15-100-034-5120-066	7/1/2014	13,874.00						(12,159.14)							
Exam & Classification	16-100-034-5120-066	7/1/2015	3,975.00				5,975.00					2,970.40		3,004.60		
Corrective Speech	15-100-034-5120-066	7/1/2014	1,672.00						(1.00)							
Corrective Speech	16-100-034-5120-066	7/1/2015	1,672.00				1,672.00					922.00		750.00		
Supplemental Instruction	13-100-034-5120-066	7/1/2012	6,330.00						(1.20)							
Supplemental Instruction	15-100-034-5120-066	7/1/2015	4,455.00				4,455.00							4,455.00		
Auxiliary Services:																
Home Instruction	15-100-034-5120-067	7/1/2014	8,111.04						(2.96)							
Home Instruction	16-100-034-5120-067	7/1/2015	1,100.00				7,560.00		(0.20)					1,099.80		
Nursing Aid	16-100-034-5120-070	7/1/2015	7,560.00									1,247.03		6,312.97		
Total Special Revenue Fund							854,653.00	(851,610.39)	(12,439.60)	(1,100.00)	121,882.04	5,164.99	(81,632.40)	851,610.39		
State Department of Agriculture																
Enterprise Fund:																
National School Lunch Program (State Share)	13-100-010-3350-023	7/1/2012	33,060.15													
National School Lunch Program (State Share)	15-100-010-3350-023	7/1/2014	9,396.23				799.65						(1.74)			
National School Lunch Program (State Share)	16-100-010-3350-023	7/1/2015	10,321.02				9,524.05						(796.97)	10,321.02		
Total Enterprise Fund							10,323.70	(10,321.02)							10,321.02	
Total State Financial Assistance							15,614,021.02	(15,703,464.70)	(12,063.95)	(255,825.97)	121,882.04	5,164.99	(1,221,437.00)	15,703,464.70		

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Notes to the Schedules of Financial Assistance
June 30, 2016

K-5

Note 1: General

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

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

Note 3: Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$31,012.80) for the general fund and \$13,904.34 for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	Federal	State	TPAF Pension	Total
General Fund	\$ 121,480.51	17,708,267.29	(2,866,734.00)	14,963,013.80
Special Revenue Fund	1,461,027.76	851,610.39		2,312,638.15
Food Service Fund	626,448.30	10,321.02		636,769.32
Total Financial Award Revenues	<u>\$ 2,208,956.57</u>	<u>18,570,198.70</u>	<u>(2,866,734.00)</u>	<u>17,912,421.27</u>

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

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
Notes to the Schedules of Financial Assistance
June 30, 2016
(Continued)

K-5

Note 4: Relationship to Federal and State Financial Reports

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

Note 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

Note 6: Adjustments

The District has instances where a grant period overlaps fiscal years and the grant has not closed out at the end of the current fiscal year. In addition, local contributions are reflected as adjustments. The following adjustments were a result of final grant payments being rounded by the grantor, prior encumbrances being canceled and grantor cost disallowances from a prior period.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2016**

K-6

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified Opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified? _____ Yes X No
- 2) Significant deficiencies identified? _____ Yes X None reported
- Noncompliance material to basic financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- 1) Material weakness(es) identified? _____ Yes X No
- 2) Significant deficiencies identified? _____ Yes X None reported

Type of auditor’s report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Special Education Cluster:		
84.027	S027A150100	I.D.E.A. Part B, Basic
84.173	S173A150114	I.D.E.A. Part B, Preschool

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2016
(CONTINUED)**

K-6

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

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

Internal Control over major programs:

1) Material weakness(es) identified? Yes X No

2) Significant deficiencies identified? Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 X Yes No

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
	State Aid Public Cluster:
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-068	School Choice Aid
495-034-5120-096	Under Adequacy Aid
495-034-5120-084	Security Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-114	Transportation Aid

TOWNSHIP OF MIDDLE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2016
(CONTINUED)

K-6

Section II – Financial Statement Findings

In accordance with *Government Auditing Standards*, our audit disclosed no findings relating to the financial statements that are required to be reported under this section.

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

Our audit disclosed no matters to be reported.

STATE AWARDS

Finding 2016-3:

We were only able to view the signed B8T's for aid-in-lieu nonpublic students. The district did not have signed B8T's on file for transported nonpublic students.

Information on Program:

Transportation Aid – 16-495-034-5120-014 – (Major Program)

Criteria:

School Districts shall provide transportation or Aid in Lieu of Transportation, to eligible students in nonprofit private schools, based upon proper registration and certification of attendance by the nonprofit private school. (N.J.A.C. 6A:27-2.4.)

Condition:

New Jersey Department of Education Form B-8T used to verify attendance at private schools was not prepared or maintained by the District.

Context:

The District did not comply with the New Jersey Administrative Code requiring verification of attendance at private schools.

Questioned Costs:

There are no questioned costs related to this finding.

Cause:

The cause is not known.

Effect:

District did not comply with a major program compliance requirement.

Recommendation:

Completed B-8T forms should be maintained by the District to support a student's attendance at a nonpublic school.

View of Responsible Official:

The Transportation Supervisor has had instruction regarding proper submission of B-8T's.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}