

**SCHOOL DISTRICT OF
MIDDLETOWN TOWNSHIP**

MIDDLETOWN BOARD OF EDUCATION
Middletown, New Jersey
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION

MIDDLETOWN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared by

**Middletown Township Board of Education
Business Office**

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INTRODUCTORY SECTION

MIDDLETOWN TOWNSHIP PUBLIC SCHOOLS

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Assistant Business Administrator/
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October 1, 2010

Honorable President and Members
of the Board of Education
Middletown Township School District
County of Monmouth
Middletown, NJ 07748

Dear Board Members:

The comprehensive annual financial report of the Middletown Township School District (District) for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District.

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 list of principal officials. The financial section includes management's discussion and analysis, the basic financial statements, required supplementary information and other supplementary information as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 04-04-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. Reporting Entity and Its Service

The Middletown Township School District is an independent reporting entity within the criteria adopted by the GASB. All funds of Middletown Board of Education are included in this report. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. Middletown School District is comprised of twelve elementary schools, three middle schools and two high schools. The district operates an alternative high school program (Austin Academy) as well as an alternative program at the middle school level. The District student count at October 15, 2009 was 10,248.

2. Economic Condition and Outlook

Middletown Township has remained relatively stable insofar as residential, commercial, and industrial growth. There has been a slight increase in residential growth from multi-unit dwellings although ratable increases have been largely offset by a reduction in commercial ratables based on tax appeals. A proposed commercial/residential "Town Center" may also provide tax base growth, although the size, scope and timing of the project remain uncertain. The short-term status of the economies of the United States and New Jersey remain uncertain at this time. The Township property revaluation is in effect for 2010, and is impacting individual local property owners.

Despite implementing a new State Aid formula, the aid to our District has remained flat (State mandates in the new State Aid formula are not fully funded) and the State has now again "delayed" the final two 2009-2010 state aid payments (prior to 2008-9 only one payment was delayed). The State also withheld over \$2.8 million from our 2009-10 State Aid based on the surplus we had reserved for tax relief for 2010-11. Until the State adequately and fairly funds public education in New Jersey, local property owners will continue to bear a disproportionately high percentage of the costs necessary to operate their local school districts. The District will continue to challenge existing state aid funding formulas, seek new sources of revenue, focus on cost containment and be legislatively proactive.

3. Major Initiatives

Standardized Testing: The District has completed the review of the NJASK Tests for Grade 4 and Grade 8 and the High School Proficiency Assessment (HSPA), Grade 11.

The results of the Cycle II NJASK test on the 4th grade level for 2010 are as follows:

	Language Arts	Math	Science
Percent of total student population exceeding/making State standards	71.9	89.0	97.7

The results of the Cycle II NJASK test on the 8th grade level for 2010 are as follows:

	Language Arts	Math	Science
Percent of total student population exceeding/making State standards	89.6	78.5	90.2

The results of the Cycle II 11th grade HSPA 2010 are as follows:

	Reading	Math
Percent of total student population exceeding/ making State standards	93.7	83.1

Professional Development Activities: Professional development continued to be the highest priority in the Middletown Township School District during the 2009-2010 school year. The central office and building administration along with the Local Professional Development Committee reviewed and analyzed available test data and evaluations of prior in-service training of staff as the basis to revise curricula and programs and to use in planning further in-service to best address the needs of the students. The focus is on moving toward student-centered, differentiated, and integrated instruction at all levels and in all subject areas. Major staff development activities included training on how to assess reading levels and on tiered instruction at the elementary and middle school levels as well as additional training to support the elementary teachers and administrators in the implementation of the process writing approach. Elementary and Middle School teachers continued to receive professional development in the areas of the IDEAL and LEADS instructional model. Middle and Elementary teachers also received training on using rubrics with meaningful PBLs. Reading Specialists continued to train staff on the development of the model and on reading assessments. High School teachers were offered two summer one week workshops on the High School Redesign model. These workshops focused on the delivery of high school instruction. Back-to-back scheduling for English and History classes at the high schools was implemented in the 2009-2010 school year. Middle school teachers continued to be trained in the use of the Learnia assessments in language arts and mathematics so that they may have additional data to assist them with informing instruction. The process of transitioning the “problem-centered” approach for math instruction to high school continued and visitations by teachers to classrooms in other schools and at other levels were arranged. New staff members at the elementary level were provided training on this approach as well so that they would be better prepared to implement the *Investigations* and *Connected Math Programs* at those levels. The Test of Number Knowledge was used district wide in the 2009-2010 school year. Progress Monitoring Records training continued in the elementary and middle schools. This documentation was kept for special education students, students who were more than 2 years behind in literacy and math, and gifted and talented students.

Formal Professional Learning Communities (PLC) were established at each of the two high schools. One day each month the high school schedules were adjusted to accommodate these PLCs giving teachers the opportunity to identify and discuss curricular issues pertinent to school improvement.

Individual schools employed consultants for major staff development activities, including *Innovative Designs in Education* (IDE Consultants) who worked in the classroom with teachers as well as in separate training sessions to assist teachers in being better prepared to differentiate instruction through the use of Problem-Based Learning, as well as to utilize district principals and teachers with expertise in an area to train other staff members. In particular, staff members with expertise in the use of the Co-Teaching Model for instruction prepared the staff to provide instruction for the G&T students as well as to the formerly pull-out resource students as the district prepared to include more students in the mainstream classroom. The inclass instructional model for Gifted and Talented students was put in place as well as the inclass resource instructional model for special education students. In addition, staff members who have become proficient on the use of Smart Board technology in their subject areas were videotaped doing demonstration lessons made available on the district website for use by other teachers.

Training continued for the two new major new initiatives that were undertaken as the district trained Social Studies teachers at all levels through the American Institute for History Education supported by the “Teaching American History” Grant, and the training of the elementary teachers of World Language on the TPRS methodology of instruction, also provided by a district principal with expertise, with the

intention of expanding the training to the middle and secondary level moving forward. Other professional development included the training provided to the elementary guidance counselors with regard to “Social Emotional Learning” as well as a variety of workshops provided to the staff in general on “Teaching Children with Autism and Other Developmental Disabilities” and the state mandated training on “Hazardous Chemicals”, etc.

District teachers attended a variety of out-of-district single and multi-day workshops related to fulfilling the goals of their Individual Professional Improvement Plans. To this end, our district continued to participate with other districts in Monmouth County and Ocean County in the Brookdale Community College Math/Science/Technology Network, which is directly related to the Core Curriculum Content Standards and linked to pupil performance. Again, approximately 100 staff members took advantage of this opportunity.

The Local Professional Development Committee, along with Central Office personnel and a Middle School Principal, developed a Mentoring Plan in which each novice teacher is assigned a mentor and those teachers selected to be a mentor has to apply for the position and have to supply three letters of recommendation. Throughout the year, mentors and mentees attend a series of scheduled workshops and principals in each school were encouraged to provide an opportunity for the mentor and mentee to have release time to visit each other’s classrooms so that strategies and classroom management techniques may be shared and demonstrated.

Throughout the year, summary reports and analysis were presented to parents’ groups, to the administrative council, and to the Board of Education with regard to the professional development provided to the staff.

Special Education: With the expectation based on federal law that children with disabilities be educated with non-disabled peers and have access to the general education curriculum, parents have placed a high priority on inclusion and in-class resource. This has created a significant impact on staffing as more special education teachers team with general education teachers and more personal paraprofessionals accompany children with moderate to significant disabilities to general education classes.

The District has continued to move to an inclusive model of literacy with the IDEAL and LEADS (NJDOE Models of Literacy Instruction) during the 2009-2010 School Year. The models are research based, student centered, inclusive and interdisciplinary. They are focused on supporting primary students in reading and writing instruction while connecting these skills to the content areas through a strong focus on expository reading. While LEADS focuses on reading to learn, IDEAL, as the primary model, focuses on learning to read. The model incorporates three tiers of instruction.

These changes are being implemented in order to support the inclusion of students with disabilities in general education settings, with appropriate modifications and accommodations:

- to comply with required changes identified through the Self Assessment in Special Education process
- to deliver services within the general education setting in order to provide support to the student in general education with peers, to provide instruction within inclusionary settings, to provide team teaching models, and to eliminate the breakdown in learning when pullout resource room settings have multiple grades and multiple levels of students
- to consider inclusionary instructional models, as per N.J.A.C., and to base this decision-making on research, student performance, and data-driven analysis
- to support the district initiatives IDEAL and Math Investigations (on the elementary level) and LEADS and Connected Math (on the middle school level)

Staff Development: Extensive staff development was conducted in the district for Special Education teachers and related service providers for the 2009-2010. Staff development was conducted in the following areas:

- ABA (Applied Behavior Analysis) Manual Distribution Workshop
- APA (Alternative Proficiency Assessment Training)
- Assistive Technology (Tech Connections)
- Augmentative Communication in the Classroom
- Autism Acceptance and Peer Mentoring
- Behavior Disorders and Crisis Behavior Management
- Behavior Intervention Plans
- Co-Teaching for In-Class Support
- EasyTRAC Training for SEMI Reporting
- Home Instruction
- Threat Assessment/Fit to Returns
- Implementation of Allowable Accommodations for Statewide Assessments
- Innovative Designs in Education (IDE)
- IDEAL and LEADS Training
- Linda Mood-Bell Visualizing and Verbalizing
- Lucy Calkins Writer's Workshop Training
- Safe Physical Management Restraint Training
- Threat Assessment/Crisis Intervention
- Wilson Reading in a Balanced Literacy Program
- Legally Defensible IEP's

Student Assessment/ Progress Monitoring and Intervention: Teachers and administrators are trained to use assessment data to guide instruction. This includes the use of screening instruments (DRA2) and interpretation of results to identify students' guided reading levels and possible areas for intervention in Tier 3. Also, teachers are advised to record on-going assessments to map daily instruction; this includes running records as well as anecdotal records during guided reading. Clearly, as the data show, some students enrolled at these levels have not mastered essential reading skills. Not all students have developed the requisite late decoding skills needed to read effectively, nor do all students have the vocabulary needed to help them make sense of the decoding process. Additionally, the necessary background knowledge and skills may not be in place among English Language Learners (ELLs) to facilitate the development of key reading and writing skills. Teachers must become aware of strategies needed to assure that students develop these skill sets to the appropriate levels to enable them to become strong readers.

Literacy Models/ Project Based Learning/ Organizing & Managing the Block: All Middletown teachers in grades K-5 and the language arts, social studies, science and special education teachers in the middle schools were trained in the new model of literacy instruction called IDEAL/LEADS. The model contains three tiers of instruction. The first tier provides whole group instruction on the main objective derived from the Core Curriculum Content Standards. The second tier consists of small group instruction, where guided reading groups are led by the general education teacher and the special education co-teacher who comes in to provide services at this time. The third tier is for focused intervention based on identified student needs. During the second tier when teachers are leading guided reading groups, the remaining students are working on Projects (Project Based Learning), which allow students to access a variety of texts to learn more about the topics related to the theme. While working on projects, students work in cooperative learning groups or independently research the information needed for their project. Students are assigned both short-term and long-term projects on which they are graded. They are also asked to

report out on their topics to their peers who are held responsible for knowing about their classmates' topics. Projects reflect the core curriculum content standards of the subject area, e.g. social studies or science. They should challenge while enabling the student to become an independent learner.

Organizing and managing the literacy block is critical to the success of the model. Teachers learn how to plan for each tier of instruction. They also need to know how to plan short and long-term projects that engage the students. While students are working independently and in their cooperative reading groups, teachers can meet with small groups of students and direct instruction to their specific learning needs. This is a relatively new approach for many teachers, yet a critical one for the success of the model.

In Middletown, a major effort is already in place with outside consultants who provide a resource called the IDEPortal. Many teachers have already been trained, and every secondary teacher has an individual subscription to an electronic library of PBLs' organized by topic, referencing the subject areas and grade ranges. Math teachers have been involved in a process of change for several years now – extensive use of cooperative learning, investigations, problem solving, etc. The extension of these practices to the Humanities compliments the district vision of a student-centered, inquiry based paradigm shift.

Structured Learning Experiences Program: The District continued the Structured Learning Experience Program. High School students with disabilities aged 16 and over are identified through the IEP process to participate in the Structured Learning Experience Program. Vocational interests are identified. Actual work experiences are provided in the community one day or more per week, on such worksites as: Meridian Health; Cost Cutters; Beacon Awards and Signs; Super Foodtown; Marshall's; Modells; A&P; Sports Authority; Horizon National Contract Services; and Riverview Hospital.

Paraprofessionals:

The procedural manual for paraprofessionals developed in February 2005 is distributed to all newly hired paraprofessionals and administrators, with reference copies available for teachers. All newly hired paraprofessionals meet the guidelines to be highly qualified.

A systematic initiative was implemented throughout the course of the year through the Pupil Services administrators with the case managers to insure that the duties and responsibilities of paraprofessionals were spelled out in each student's IEP for every subject that the paraprofessional was needed. Those written duties are then provided to every paraprofessional to insure that the needs of the students are being met through that intensive service. The following training was provided to paraprofessionals:

- ABA (Applied Behavioral Analysis) Manual Distribution Workshop
- Safe Physical Management

Behavioral Disabilities Program:

The Vision Program is a self-contained structured educational setting that offers individualized instruction and co-operative learning in a supportive environment. The program is located at High School North, and is comprised of several behavioral components including a levels point system, monthly reward trips, weekly reward lunches, and individual counseling.

4. Internal Control

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

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

As a recipient of federal and state financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control 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 internal control, 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

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

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

6. Accounting System and Reports

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

The financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued in June 1999. In fiscal year 2002, the District adopted this new standard. GASB 34 creates a new set of basic financial statements for reporting on the District's financial activities. The supplemental information schedules (J schedules) reflect the changes and detail required (where available) by GASB 44.

7. 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 utilizes 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 public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. Risk Management

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, student accident, workers compensation, hazard and theft insurance on property and contents and fidelity bonds.

9. Major Operational or Financial Concerns

The 2010-2011 budget was defeated and subsequent budget defeats and budget cuts could have a tremendous impact on the District's operations. State Aid for the 2010-11 School Year was cut by over \$7 million. The District remains concerned about the level of current and future funding from State Aid. The allocated amounts and the delaying of State Aid payments (now the State is delaying the last two State Aid payments) while costs continue to increase will have a negative impact on local property taxes and may seriously affect the District's ability to secure the passage of future budgets.

In an effort to address state aid and legislated cost containment measures, the District continues to take a proactive role with legislation. The district continues to be negatively impacted by legislation known as S-1701, and notably the surplus provisions, which require districts to keep surplus at 2%. This fund balance threshold is precariously low, and mandating a reduction to 2% every year can cause significant fluctuations in school taxes from year to year.

The district is also concerned about certain provisions of the State Aid formula. The district is currently receiving over \$8 million in 'adjustment aid' (after having \$2.8 withheld in 2009-10), and there is concern regarding that aid being sustained by the State over the long-term. The district will continue to challenge the new State Aid formula in terms of fully funding State mandates, providing aid based on actual classification rates and determining aid based on 'wealth equalizations' that only include a community's residential income.

Finally, the district remains concerned about the impact of the Township's 2009 property revaluation and the outcome of some commercial tax appeals that could negatively affect Middletown's ratable base. The ratable base did decrease by .4% for 2010. The district is also concerned about the local impact of the Country's current economic condition, volatility and future outlook.

10. Other Information

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman & Frenia, P.C. was selected by the board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04-OMB. The auditors' report on the basic financial statements, required supplementary information, and other supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

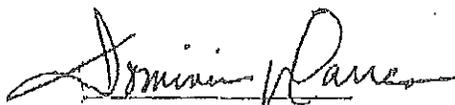
Accounting principles generally accepted in the United States require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement

MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

11. Acknowledgments

We would like to express our appreciation to the members of the Middletown Township School Board for their concern in assuring fiscal responsibility to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Dominic V. Carrea".

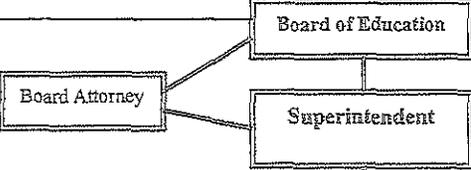
Dominic V. Carrea
Interim Business Administrator/Board Secretary



Middletown School District 2008-2009 Organizational Chart

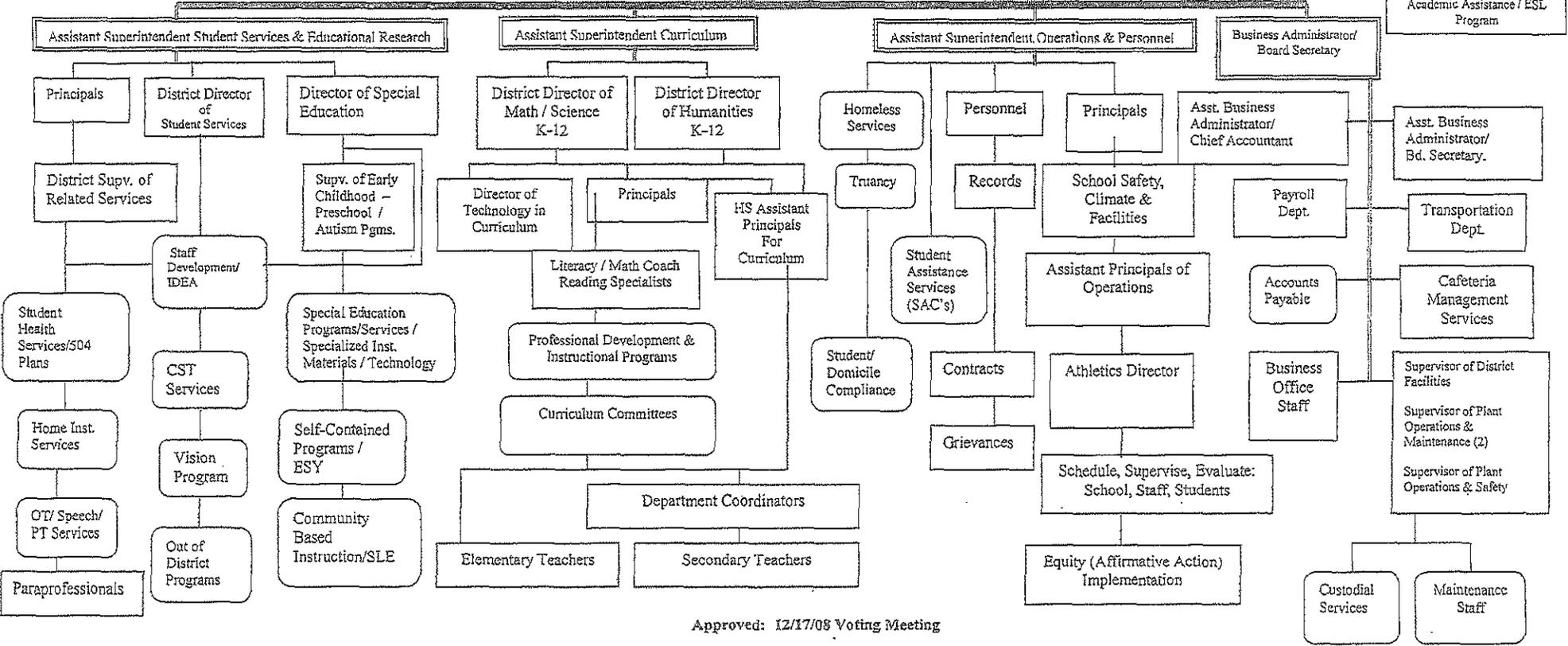
District Director of Assessment and Special Projects

Board Committee / Administrative Liaison	
Finance	Business Administrator
Legislative	Business Administrator
Negotiations	Superintendent / Business Administrator
Facilities	Business Administrator
Policy	Superintendent / Business Administrator
Personnel	Sup't / Asst. Sup't Personnel & Operations
Student Services	Asst. Sup't for Student Services & Research
Curriculum	Asst. Sup't for Curriculum & Instruction
Co-Curricular	Asst. Sup't for Personnel & Operations
Technology	District Director of Assessment



Assistant Superintendent of Accountability

- Policy Development
- Student Assessment
- NCLB/State Monitoring
- Community Partnership
- Strategic Planning
- State Reports
- Technology
- Academic Assistance / ESL Program



Approved: 12/17/08 Voting Meeting

10

MIDDLETOWN TOWNSHIP PUBLIC SCHOOLS
59 Tindall Road
Middletown, New Jersey 07748

ROSTER OF OFFICIALS
JUNE 30, 2010

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Michael Donlon, President	2012
Daniel Skelton, Vice President	2012
Laura Agin	2011
Chris Aveta	2013
Vincent Brand	2013
Michael Mascone	2013
Joan Minnuies	2012
Kevin Ryan	2011
Rose Stallmeyer	2011

OTHER OFFICIALS

Karen L Bilbao, Superintendent of Schools

William J. Doering, CPA, School Business Administrator/Board Secretary

Judith Werchinski, CTC, Treasurer

Christopher Parton, Board Attorney

MIDDLETOWN TOWNSHIP PUBLIC SCHOOLS
59 Tindall Road
Middletown, New Jersey 07748

CONSULTANTS AND ADVISORS

INDEPENDENT AUDITORS

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Kenney, Gross, Kovats & Parton
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Red Bank, New Jersey 07701

OFFICIAL DEPOSITORY

TD Bank
207 Harmony Road
Middletown, New Jersey 07748

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Certified Public Accountants & Consultants

Honorable President and Members
of the Board of Education
Middletown Township
County of Monmouth
Middletown, New Jersey 07748

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Middletown Township School District, County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2010, which collectively comprise the District's financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2010, on our consideration of the Middletown Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

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

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Middletown Township School District's financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the financial statements, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey
October 11, 2010

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

MIDDLETOWN BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Years Ended June 30, 2010 and 2009

This section of the Middletown Board of Education's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal years that ended on June 30, 2010 and 2009. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments* issued in June 1999 that is now being required by the New Jersey State Department of Education. Certain comparative information between the current fiscal year (2009-2010) and the prior fiscal year (2008-2009) is required to be presented in the MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds

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

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

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

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

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

Proprietary funds

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

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

Fiduciary funds

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

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

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

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2009-2010 fiscal year include the following:

- At the conclusion of 2009-10, the District's unrestricted General fund balance was \$1,355,835, compared to \$1,594,406 at the conclusion of 2008-2009.
- The unrestricted General fund balance decreased \$238,571 from the prior fiscal year.
- At June 30, 2010, excess surplus (as defined by the State) equals \$2,343,891. The amount of surplus utilized to fund the 2010-2011 budget was \$1,211,031.
- The State of New Jersey again delayed final state aid payments to all districts. This year, the last two state aid payments were delayed. As instructed by the New Jersey Department of Education, our final two payments totaling \$2,080,925 are not recorded as receivable in the district-wide financial statements. This resulted in a reduction in unrestricted General fund balance of \$2,080,925.
- The total local tax levy increased by \$4,182,092 to \$123,951,368 for 2009-2010 due primarily to the overall increase necessary to support the District's General Fund budget.

District-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net assets for June 30, 2010 and 2009, respectively:

June 30, 2010:

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$13,529,546	\$138,071	\$13,667,617
Capital assets, net	113,285,418	186,407	113,471,825
Total assets	126,814,964	324,478	127,139,442
Long-term liabilities outstanding	76,793,965	-	79,507,886
Other liabilities	10,139,048	107,689	10,554,872
Total liabilities	86,933,013	107,689	87,040,702
Net assets:			
Investment in capital assets, net of related debt	37,477,962	186,407	37,664,369
Restricted	5,472,204	-	5,472,204
Unrestricted	(3,068,215)	30,382	(3,037,833)
Total net assets	\$39,881,951	\$216,789	\$40,098,740

June 30, 2009:

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$15,623,108	\$191,944	\$15,815,052
Capital assets, net	114,143,956	55,912	114,199,868
Total assets	129,767,064	247,856	130,014,920
Long-term liabilities outstanding	79,507,886	-	79,507,886
Other liabilities	10,409,634	145,238	10,554,872
Total liabilities	89,917,520	145,238	90,062,758
Net assets:			
Investment in capital assets, net of related debt	30,953,572	55,912	31,009,484
Restricted	6,437,559		6,437,559
Unrestricted	2,458,413	46,706	2,505,119
Total net assets	\$39,849,544	\$102,618	\$39,952,162

The District's largest net asset is the investment in capital assets, net of the related debt portion as shown above. Investment in capital assets, net of related debt represents resources that are subject to external restrictions on how they may be used. Within this category, the investment amount of \$37,477,962 represents primarily the capital investment relating to the \$78,400,000 referendum approved December 10, 1996 and the \$10,500,000 referendum approved December 11, 2001. These funds are legally restricted to provide for the construction and renovations at the District's three middle schools and two high schools. The investment in capital assets, net of related debt, also includes portion of capital assets not yet fully depreciated at June 30, 2010.

Restricted net assets decreased from the prior year to \$5,472,204 at June 30, 2010 due to the decreases in encumbrances payable, Excess Surplus, and Excess Surplus Designated for Subsequent Year, offset by the increase in the Capital Reserve Fund. Excess Surplus amounts decreased from the prior year due to the State withholding over \$2.8 million of our 2009-10 State Aid based on the surplus we had reserved for tax relief in 2010-11 (\$1,211,031) as well as reserves.

Unrestricted net assets may be used to meet the District's ongoing operating obligations to vendors, debtors and employees. The unrestricted net assets include the unrestricted General Fund balance netted with the amount of long-term obligations that are not invested in capital assets, such as compensated absences. The (\$3,068,215) shown as unrestricted net assets for Governmental Activities, compared to \$2,458,413 the prior year is due to an increase in the investment in capital assets while overall net assets increased.

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

The following table provides a summary of revenues and expenses for the District's governmental and business-type activities and the change in net assets for June 30, 2010 and 2009. Significant variances in revenues and expenditures from year to year, and explanations thereof, are detailed in the 'Financial Analysis of the District's Funds' section later in this report.

June 30, 2010

	Governmental Activities	Business- type Activities	Total
Revenues:			
Program revenues:			
Charges for services		\$1,793,480	\$1,793,480
Operating grants and contributions	8,030,281	718,351	8,748,632
General revenues:			
Property taxes	123,951,368		123,951,368
Federal and state aid not restricted to Specific purposes	28,371,241		28,371,241
Change in compensated absences payable	56,593		56,593
Miscellaneous (includes interest and tuition)	1,164,273	436	1,164,709
Total revenue	<u>161,573,756</u>	<u>2,512,267</u>	<u>164,086,023</u>
Expenses:			
Instructional services	71,665,208		71,665,208
Support services	83,228,989	2,398,096	85,627,085
Interest on long-term debt and other bond costs	2,597,887		2,597,887
Adjustment/Reduction in Fixed Assets	1,118,749		1,118,749
Amortization of bond issuance costs	6,748		6,748
Unallocated depreciation	2,923,768		2,923,768
Total expenses	<u>161,541,349</u>	<u>2,398,096</u>	<u>163,939,445</u>
Increase (decrease) in net assets before transfers	<u>32,407</u>	<u>114,171</u>	<u>146,578</u>
Change in net assets	32,407	114,171	146,578
Net Assets – Beginning	39,849,544	102,618	39,952,162
Net assets – ending	<u>\$39,881,951</u>	<u>\$216,789</u>	<u>\$40,098,740</u>

June 30, 2009:

	Governmental Activities	Business- type Activities	Total
Revenues:			
Program revenues:			
Charges for services		\$1,901,977	\$1,901,977
Operating grants and contributions	6,893,070	536,654	7,429,724
General revenues:			
Property taxes	119,769,276		119,769,276
Federal and state aid not restricted to Specific purposes	30,059,527		30,059,527
Change in compensated absences payable	(34,386)		(34,386)
Miscellaneous (includes interest and tuition)	1,990,048	1,873	1,991,921
Total revenue	<u>158,677,535</u>	<u>2,440,504</u>	<u>161,118,039</u>
Expenses:			
Instructional services	68,768,653		68,768,653
Support services	80,986,663	2,503,332	83,489,995
Interest on long-term debt and other bond costs	3,723,019		3,723,019

June 30, 2009 (continued):

	Governmental Activities	Business- type Activities	Total
Adjustment/Reduction in Fixed Assets	97,701		97,701
Amortization of bond issuance costs	2,865,895		2,865,895
Unallocated depreciation	23,377		23,377
Total expenses	<u>156,465,308</u>	<u>2,503,332</u>	<u>158,968,640</u>
Increase (decrease) in net assets before transfers	<u>2,212,227</u>	<u>(62,828)</u>	<u>2,149,399</u>
Change in net assets	2,212,227	(62,828)	2,149,399
Net assets – Beginning	37,637,317	165,446	37,802,763
Net assets – ending	<u><u>\$39,849,544</u></u>	<u><u>\$102,618</u></u>	<u><u>\$39,952,162</u></u>

Financial Analysis of the District's Funds

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

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

Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2010 and 2009 and the amount and percentage of increases and (decreases) in relation to prior year revenues. The Capital Projects Fund has been excluded as amounts vary substantially from year to year.

June 30, 2010

	<u>Revenue</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2009</u>	<u>Percent of Increase (Decrease)</u>
Local sources:				
District Taxes	\$123,951,368	76.8%	\$4,182,092	3.4%
Miscellaneous	1,164,066	0.7%	(813,860)	-62.3%
State sources	31,175,887	19.3%	(1,743,289)	-5.6%
Federal sources	<u>5,225,635</u>	<u>3.2%</u>	<u>1,192,214</u>	<u>22.8%</u>
Total	<u><u>\$161,516,956</u></u>	<u><u>100.0%</u></u>	<u><u>\$2,819,880</u></u>	<u><u>1.7%</u></u>

June 30, 2009

	Revenue	Percent Of Total	Increase (Decrease) From 2008	Percent of Increase (Decrease)
Local sources:				
District Taxes	\$119,769,276	75.6%	\$4,281,811	3.7%
Miscellaneous	1,975,252	1.2%	(867,889)	-30.5%
State sources	32,919,176	20.7%	(6,189,272)	-15.8%
Federal sources	4,033,421	2.5%	530,647	15.1%
Total	<u>\$158,697,125</u>	<u>100.0%</u>	<u>(\$2,244,703)</u>	<u>-1.4%</u>

The increase in taxes was due primarily to the overall tax increase necessary to support the District's General Fund budget.

Miscellaneous revenue decreased primarily due to the 2008-9 realization of revenue from the release of excess GPU rebates from the referendum, which were previously reserved for referendum litigation. The rebates were transferred to Capital Reserve. Also, interest rates continued to drop, resulting in interest earnings less than originally budgeted.

The decrease in State sources is mainly attributable to the withholding of 2009-10 State Aid of \$2,862,350, offset by the increases in on-behalf and reimbursed TPAF/Social Security contributions.

The increase in Federal sources is primarily attributable to the receipt of IDEA/ARRA funding, and related expenditures under the federal stimulus plan. In grant accounting, revenue is recognized only to the extent that expenditures are made.

The following schedule presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2010 and 2009 and the percentage of increases and (decreases) in relation to prior year amounts. The Capital Projects Fund has been excluded as amounts vary substantially from year to year.

June 30, 2010:

	Amount	Percent Of Total	Increase (Decrease) From 2009	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$71,665,208	43.5%	2,896,555	4.1%
Undistributed	83,228,989	50.5%	2,242,326	2.7%
Capital outlay	5,141,907	2.3%	(1,280,411)	-24.9%
Debt service:				
Principal	2,440,000	1.5%	105,000	4.3%
Interest	3,544,737	2.2%	(106,426)	-3.0%
Total	<u>\$166,020,841</u>	<u>100.0%</u>	<u>2,861,414</u>	<u>2.3%</u>

June 30, 2009:	Amount	Percent Of Total	Increase (Decrease) From 2008	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$68,768,653	42.5%	1,799,069	2.7%
Undistributed	80,986,663	50.0%	(4,585,984)	-5.4%
Capital outlay	6,173,071	3.8%	(3,430,994)	-35.7%
Debt service:				
Principal	2,335,000	1.4%	110,000	4.9%
Interest	3,651,163	2.3%	(105,542)	-2.8%
Total	<u>\$161,914,550</u>	<u>100.0%</u>	<u>(6,213,451)</u>	<u>-3.7%</u>

Instruction costs increased primarily due to contractual increases. Undistributed expenditures increased primarily due to increases in costs for health benefits and the required payment of PERS pension costs as well as the increase in on-behalf and reimbursed TPAF pension costs.

Capital outlay has decreased this year due to the bulk of the payments for our Elementary HVAC Project being paid in previous years. For the Elementary HVAC project, funded by an \$8,400,000 capital lease, \$1,156,903 was expended in 2009-2010, \$1,429,134 was expended in 2008-2009 and \$6,011,829 in 2007-2008.

There was a minimal increase in total debt service based on existing approved bond payment schedules.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$1,611,246. This difference is comprised entirely of the June 30, 2009 encumbrances, which rollover into the subsequent year's budget (2009-2010) and are added to the original budget appropriations.

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2009-2010 budget. Budget transfers were made to re-allocate district salaries as well as transportation, health benefits, capital and tuition accounts, etc. where necessary. Budget transfers were effectuated based on expected positive and negative budget variances. The budget is continually managed and revised with budget transfers as necessary or practical to do so.

Based on the financial results of 2009-10 unrestricted fund balance decreased by \$238,571 to \$1,355,835 (2% required per S-1701, net of allowable adjustments).

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

The Food Services Enterprise Fund showed a gain of \$114,171 in 2009-10 as compared to a loss of \$62,828 in 2008-2009. The guaranteed profit per the contract with Chartwells rose from \$35,000 in the 2008-9 contract to \$258,531 for 2009-10. Both operating revenues and expenses decreased by a similar amount, but we received more funding from the State and Federal Government under the State and National Programs due to more families becoming eligible for free and reduced meals due to the economy. The unrestricted net assets of the food service program were \$30,382 and the restricted amount invested in capital assets, net of related debt totaled \$186,407 at June 30, 2010. The food services program continues to be self-sustaining, and does not require any appropriation of funds from the District's general fund budget.

Capital Assets

At June 30, 2010 the District has capital assets of over \$113 million, net of depreciation, which includes land, land improvements, buildings/construction, machinery and equipment and vehicles.

The following provides a summary of the capital assets held by the District at June 30, 2010 and 2009:

June 30, 2010:

	Governmental Activities	Business- Type Activities
Land	\$16,909,500	
Land Improvements	4,443,252	
Buildings / Construction	89,428,287	
Machinery and Equipment	2,331,403	\$186,407
Vehicles	172,976	
Total	\$113,285,418	\$186,407

June 30, 2009:

	Governmental Activities	Business- Type Activities
Land	\$16,909,500	
Land Improvements	3,957,700	
Buildings / Construction	90,511,079	
Machinery and Equipment	2,525,569	\$55,912
Vehicles	240,108	
Total	\$114,143,956	\$55,912

The largest balance within the capital assets above, Buildings/Construction, is comprised of the referendum program for the renovations/additions at the District’s three middle schools and two high schools, as well as the construction for the Elementary HVAC Project.

Additional information on the District's capital assets can be found in Note 6 to the basic financial statements.

Debt Administration and Other Obligations

At June 30, 2010 and 2009, the District’s outstanding debt issues included \$67,350,000 and \$74,275,000 respectively of general obligation bonds (2010 refunding bonds, 2002 bonds, and 2001 refunding bonds – last payment), \$8,457,456 and \$8,915,384 respectively of capital leases (Sun Trust Elementary HVAC, High School North Synthetic Turf Field, MCIA 1999 (2009 only), Savin Copiers) and \$2,887,181 and \$2,943,774 respectively in compensated absences payable.

Additional information on the District's debt administration and other obligations can be found in Note 6 to the basic financial statements.

Economic Factors and Subsequent Year’s Budgets

- The District anticipates that the approved 2010-11 budget will be adequate to satisfy all 2010-11 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.

- At this time it appears that it will be a challenge to sustain the level of surplus utilization we have used in funding budgets in recent years.
- It is expected the State of New Jersey will again delay the final state aid payments to school districts for 2010-11.
- State aid to the District was flat for 2009-10 prior to the State withholding over \$2.8 million of our 2009-10 State Aid based on the surplus we had reserved for tax relief in 2010-11 (\$2,281,226) as well as reserves. For 2010-2011, State Aid was drastically reduced by over \$7 million. There is continued concern about the provisions of the State Aid Formula as the District is currently still receiving “adjustment aid” and it is uncertain whether or not that aid will be sustained by the State over the long-term.
- The District continues to be negatively impacted by legislation known as S-1701, and notably the surplus provisions, which require districts to keep surplus at 2%. This fund balance threshold is precariously low, and forcing a reduction to 2% every year can cause significant fluctuations in school taxes from year to year.
- The District remains concerned about the impact of the Township’s property revaluation (new property values in effect in 2009), on individual taxpayers as well as the outcome of some commercial tax appeals that could negatively affect Middletown’s ratable base. The District is also concerned about the local impact of the Country’s current economic condition, volatility and future outlook.

Requests for Information

This financial report is designed to provide a general overview of the Middletown School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator / Board Secretary's Office, Middletown Board of Education, PO Box 4170, Middletown, NJ 07748.

BASIC FINANCIAL STATEMENTS



A. District-Wide Financial Statements

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
COMBINED STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2010	JUNE 30, 2009
Cash & Cash Equivalents	\$6,213,138	58,911	6,272,049	9,590,826
Cash on Hand with Fiscal Agent	289,659		289,659	1,191,105
Receivables, Net	2,156,068	44,277	2,200,345	2,022,798
Other Receivables	2,067,316		2,067,316	1,092,444
Interfund Receivable	357,973	1,090	359,063	203
Inventory		33,793	33,793	12,059
Unamortized Bond Issuance Costs	691,677		691,677	422,741
Restricted Assets:				
Restricted Cash & Cash Equivalents	1,753,715		1,753,715	1,482,876
Capital Assets, Net (Note 6)	113,285,418	186,407	113,471,825	114,199,868
Total Assets	126,814,964	324,478	127,139,442	130,014,920
LIABILITIES				
Accounts Payable	3,118,930	6,070	3,125,000	2,307,017
Accrued Interest Payable	617,041		617,041	1,517,894
Other Liabilities	1,195,178	101,619	1,296,797	2,012,767
Payable to State Government	124,203		124,203	102,273
Deferred Revenue	696,681		696,681	216,993
Noncurrent Liabilities (Note 7):				
Due Within One Year	4,387,015		4,387,015	4,397,928
Due Beyond One Year	76,793,965		76,793,965	79,507,886
Total Liabilities	86,933,013	107,689	87,040,702	90,062,758
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	37,477,962	186,407	37,664,369	31,009,484
Restricted For:				
Debt Service	(617,029)		(617,029)	(1,502,621)
Other Purposes	6,089,233		6,089,233	7,940,180
Unrestricted	(3,068,215)	30,382	(3,037,833)	2,505,119
Total Net Assets	\$39,881,951	216,789	40,098,740	39,952,162

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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
COMBINED STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
	EXPENSES	CHARGES	OPERATING	GOVERNMENTAL	BUSINESS-	TOTALS	
		FOR	GRANTS &			ACTIVITIES	TYPE
	SERVICES	CONTRIBUTIONS			JUNE 30,	JUNE 30,	
					2010	2009	
Governmental Activities:							
Instruction:							
Regular	\$55,004,182		4,301,631	(50,702,551)	(50,702,551)	(48,686,139)	
Special Education	14,100,471			(14,100,471)	(14,100,471)	(14,978,785)	
Other Special Instruction	205,748			(205,748)	(205,748)	(205,853)	
Other Instruction	2,354,807			(2,354,807)	(2,354,807)	(1,887,986)	
Support Services & Undistributed Costs:							
Tuition	2,720,210			(2,720,210)	(2,720,210)	(3,608,930)	
Attendance & Social Work Services	44,917			(44,917)	(44,917)	(43,990)	
Health Services	2,137,857			(2,137,857)	(2,137,857)	(2,051,480)	
Student & Instruction Related Services	11,247,959		1,914,604	(9,333,355)	(9,333,355)	(8,775,578)	
Educational Media Services/School Library	545,493			(545,493)	(545,493)	(629,293)	
Instructional Staff Training	379,620			(379,620)	(379,620)	(524,221)	
Other Administrative Services	1,570,465			(1,570,465)	(1,570,465)	(1,792,100)	
Central Services	1,577,706			(1,577,706)	(1,577,706)	(1,539,224)	
Administration Information Technology Services	819,694			(819,694)	(819,694)	(787,982)	
School Administrative Services	6,819,282			(6,819,282)	(6,819,282)	(6,444,702)	
Plant Operations & Maintenance	13,742,032			(13,742,032)	(13,742,032)	(13,029,719)	
Pupil Transportation	9,526,916			(9,526,916)	(9,526,916)	(9,760,696)	
Unallocated Benefits	32,096,838			(32,096,838)	(32,096,838)	(29,930,094)	
Interest on Long-Term Debt & Other Bond Costs	2,597,887		1,814,046	(783,841)	(783,841)	(1,908,493)	
Adjustment/Reduction of Fixed Assets	1,118,749			(1,118,749)	(1,118,749)	(97,701)	
Unallocated Depreciation	2,923,768			(2,923,768)	(2,923,768)	(2,865,895)	
Amortization of Bond Issuance Costs	6,748			(6,748)	(6,748)	(23,377)	

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
COMBINED STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	CHARGES FOR SERVICES EXPENSES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2010	JUNE 30, 2009
Total Governmental Activities	161,541,349	8,030,281	(153,511,068)		(153,511,068)	(149,572,238)
Business-Type Activities:						
Food Service	2,398,096	1,793,480	718,351	113,735	113,735	(64,701)
Total Business-Type Activities	2,398,096	1,793,480	718,351	113,735	113,735	(64,701)
Total Primary Government	\$163,939,445	1,793,480	8,748,632	(153,511,068)	113,735	(153,397,333)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				119,793,275	119,793,275	115,646,345
Taxes Levied for Debt Service				4,158,093	4,158,093	4,122,931
Federal & State Aid Not Restricted				28,371,241	28,371,241	30,059,527
Tuition Received				78,950	78,950	68,138
Investment Earnings					436	1,873
Miscellaneous Income				1,085,323	1,085,323	1,921,910
(Increase)/Reduction in Compensated Absences				56,593	56,593	(34,386)
Total General Revenues, Special Items, Extraordinary Items & Transfers				153,543,475	436	153,543,911
Change In Net Assets				32,407	114,171	146,578
Net Assets - Beginning				39,849,544	102,618	39,952,162
Net Assets - Ending				\$39,881,951	\$216,789	\$40,098,740

See Accompanying Notes to Financial Statements

B. Fund Financial Statements

Governmental Funds

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
COMBINED BALANCE SHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2010	JUNE 30, 2009
Cash & Cash Equivalents	\$6,210,392	71	11	2,675	6,213,149	9,452,956
Cash on Hand with Fiscal Agent	289,659				289,659	1,191,105
Restricted Cash	1,753,704				1,753,704	1,480,202
Due From Other Funds	791,591			11	791,602	388,122
Receivables From Other Governments	808,623	1,347,445			2,156,068	1,983,457
Other Receivables	2,014,927	52,389			2,067,316	1,092,444
Total Assets	\$11,868,896	1,399,905	11	2,686	13,271,498	15,588,286
LIABILITIES & FUND BALANCES						
Liabilities:						
Accounts Payable	\$2,941,290	177,640			3,118,930	2,183,779
Intergovernmental - Accounts Payable		124,203			124,203	102,273
Other Liabilities	1,174,189	20,989			1,195,178	1,990,767
Interfund Payable	1,090	432,528	11		433,629	387,919
Deferred Revenue	307,259	644,545			951,804	1,373,689
Total Liabilities	4,423,828	1,399,905	11		5,823,744	6,038,427
Fund Balances:						
Reserved for:						
Encumbrances	780,607				780,607	1,611,246
Excess Surplus	2,343,891				2,343,891	2,281,226
Excess Surplus Designated for Subsequent Year	1,211,031				1,211,031	2,298,801
Capital Reserve	1,753,704				1,753,704	1,480,202
Unreserved - Reported in:						
Unrestricted - Designated for Subsequent Year's Expenditures				2,674	2,674	268,705
General Fund	1,355,835				1,355,835	1,594,406
Debt Service Fund				12	12	15,273
Capital Projects Fund						205,073
Total Fund Balances	7,445,068			2,686	7,447,754	9,549,859
Total Liabilities & Fund Balances	\$11,868,896	1,399,905	11	2,686		

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

Capital assets used in governmental activities are not financial resources and therefore are not resources and therefore are not reported in the funds. The cost of the assets is \$157,660,335 and the accumulated depreciation is \$44,374,917.	113,285,418	114,143,956
Unexpended Capital Lease Proceeds	255,123	1,156,696
Unamortized Bond Issuance Costs	691,677	422,741
Accrued interest payable is not recorded in the fund financial due to the fact that payable is not due in the current period.	(617,041)	(1,517,894)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Illustrative Note 7)	(81,180,980)	(83,905,814)
Net assets of Governmental Activities	\$39,881,951	39,849,544

See Accompanying Notes to Financial Statements

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2010	JUNE 30, 2009
Revenues:						
Local Tax Levy	\$119,793,275			4,158,093	123,951,368	119,769,276
Tuition Charges	78,950				78,950	68,138
Miscellaneous	1,030,953	54,152	11		1,085,116	1,909,788
State Sources	28,362,823	999,018		1,814,046	31,175,887	32,919,176
Federal Sources	59,733	5,165,902			5,225,635	4,033,421
Total Revenues	149,325,734	6,219,072	11	5,972,139	161,516,956	158,699,799
Expenditures:						
Current:						
Regular Instruction	50,702,551	4,301,631			55,004,182	51,696,029
Special Education Instruction	14,100,471				14,100,471	14,978,785
Other Special Instruction	205,748				205,748	205,853
Other Instruction	2,354,807				2,354,807	1,887,986
Support Services & Undistributed Costs:						
Tuition	2,720,210				2,720,210	3,608,930
Attendance & Social Work Services	44,917				44,917	43,990
Health Services	2,137,857				2,137,857	2,051,480
Student & Instruction Related Services	9,333,355	1,914,604			11,247,959	10,844,232
Educational Media Services/ School Library	545,493				545,493	629,293
Instructional Staff Training	379,620				379,620	524,221
Other Administrative Services	1,570,465				1,570,465	1,792,100
Central Services	1,577,706				1,577,706	1,539,224
Administration Information Technology Services	819,694				819,694	787,982
School Administrative Services	6,819,282				6,819,282	6,444,702
Plant Operations & Maintenance	13,742,032				13,742,032	13,029,719
Pupil Transportation	9,526,916				9,526,916	9,760,696
Unallocated Benefits	32,096,838				32,096,838	29,930,094
Debt Service:						
Principal				2,440,000	2,440,000	2,335,000
Interest				3,544,737	3,544,737	3,651,163
Capital Outlay	5,139,070	2,837			5,141,907	6,422,318
Total Expenditures	153,817,032	6,219,072		5,984,737	166,020,841	162,163,797
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(4,491,298)		11	(12,598)	(4,503,885)	(3,463,998)
Other Financing Sources/(Uses):						
Capital Leases (Nonbudgeted)	2,401,780				2,401,780	2,791,171
Transfers In				11	11	2,674
Transfers Out			(11)		(11)	(2,674)
Total Other Financing Sources/ Uses	2,401,780		(11)	11	2,401,780	2,791,171
Net Change in Fund Balances	(2,089,518)			(12,587)	(2,102,105)	(672,827)
Fund Balance - July 1	9,534,586			15,273	9,549,859	10,222,686
Fund Balance - June 30	\$7,445,068	-	-	2,686	7,447,754	9,549,859

See Accompanying Notes to Financial Statements

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Total Net Change in Fund Balances - Governmental Funds (From B-2) (\$2,102,105)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period:

Depreciation Expense	(\$2,923,768)	
Capital Leases in Capital Outlay Expenditures & Other Adjustments	(3,076,677)	
Capital Outlays	5,141,907	(858,538)

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. 62,590,000

Interest earnings on unspent capital lease proceeds that is revenue on statement of activities and is recorded as deferred revenue on governmental funds 207

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

Bond Issuance Costs	275,684	
Loss on Refunding	1,561,202	
Original Issuance Premium	(6,321,886)	
Issuance of Refunding Bonds	(55,665,000)	
Lease Proceeds	(2,401,780)	(62,551,780)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 1,957,928

Net difference of accrued interest on bonds and capital leases is not recorded in the fund financial statements 900,853

Loss on the early extinguishments of debt, costs of issuance on refunding, and original issue premiums are recorded when incurred in the governmental funds but are deferred and recognized in the statement of activities over the life of the refunding:

Amortization of Bond Issuance Costs	(6,748)	
Amortization of Loss on Refunding	(15,084)	
Amortization of Original Issue Premium	61,081	39,249

Repayment of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 56,593

Change in Net Assets of Governmental Activities \$32,407

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

Proprietary Funds

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 COMBINED STATEMENT OF NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010
 (With Comparative Totals for June 30, 2009)**

ASSETS	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUNDS</u>	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2010	JUNE 30, 2009
Current Assets:			
Cash & Cash Equivalents	\$58,911	58,911	140,544
Due from Other Governments	44,159	44,159	37,411
Due from General Fund	1,090	1,090	1,930
Other Receivables	118	118	
Inventories	33,793	33,793	12,059
Total Current Assets	138,071	138,071	191,944
Noncurrent Assets:			
Furniture, Machinery & Equipment	807,881	807,881	610,061
Less: Accumulated Depreciation	(621,474)	(621,474)	(554,149)
Total Noncurrent Assets	186,407	186,407	55,912
Total Assets	324,478	324,478	247,856
LIABILITIES			
Accounts Payable	6,070	6,070	123,238
Other Liabilities	101,619	101,619	22,000
Total Liabilities	107,689	107,689	145,238
NET ASSETS			
Investment in Capital Assets	186,407	186,407	55,912
Unrestricted	30,382	30,382	46,706
Total Net Assets	\$216,789	216,789	102,618

See Accompanying Notes to Financial Statements

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
PROPRIETARY FUNDS
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)

	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUNDS</u>	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2010	JUNE 30, 2009
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$1,074,225	1,074,225	1,083,720
Daily Sales - Nonreimbursable Programs	704,573	704,573	788,378
Miscellaneous	14,682	14,682	29,879
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	1,793,480	1,793,480	1,901,977
Operating Expenses:			
Cost of Sales	1,143,636	1,143,636	1,183,743
Rebates - Cost of Sales Offset	(140,366)	(140,366)	
Salaries	755,905	755,905	729,305
Employee Benefits	276,387	276,387	253,286
Cleaning, Repair & Maintenance Services	105,940	105,940	110,126
Miscellaneous	76,987	76,987	90,244
General Supplies	112,282	112,282	98,262
Depreciation	67,325	67,325	38,366
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	2,398,096	2,398,096	2,503,332
Operating Income/(Loss)	<hr/>	<hr/>	<hr/>
	(604,616)	(604,616)	(601,355)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	32,734	32,734	30,622
State School Breakfast Program	2,035	2,035	2,057
Federal Sources:			
National School Lunch Program	449,950	449,950	378,428
National School Breakfast Program	22,275	22,275	21,782
Special Milk Program	296	296	3,771
Food Distribution Program	146,422	146,422	99,994
Interest & Investment Revenue	436	436	1,873
Vendor Contribution, Based on Guaranteed Profit	64,639	64,639	
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues/(Expenses)	718,787	718,787	538,527
Income/(Loss) Before Contributions & Transfers	<hr/>	<hr/>	<hr/>
	114,171	114,171	(62,828)
Change in Net Assets	114,171	114,171	(62,828)
Total Net Assets - Beginning	<hr/>	<hr/>	<hr/>
	102,618	102,618	165,446
Total Net Assets - Ending	<hr/>	<hr/>	<hr/>
	\$216,789	216,789	102,618

See Accompanying Notes to Financial Statements

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 COMBINED STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010
 (With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2010	JUNE 30, 2009
Cash Flows From Operating Activities:			
Receipts from Customers	\$1,801,884	1,801,884	1,900,164
Payments to Employees	(755,905)	(755,905)	(729,305)
Payments for Employee Benefits	(276,387)	(276,387)	(253,286)
Payments to Suppliers	(1,290,958)	(1,290,958)	(1,328,381)
Net Cash Provided/(Used) by Operating Activities	(521,366)	(521,366)	(410,808)
Cash Flows From Noncapital Financing Activities:			
State Sources	34,526	34,526	32,126
Federal Sources	466,015	466,015	394,197
Vendor Contribution, Based on Guaranteed Profit	64,639	64,639	
Net Cash Provided/(Used) by Noncapital Financing Activities	565,180	565,180	426,323
Cash Flows From Capital & Related Financing Activities:			
Purchases of Capital Assets	(125,883)	(125,883)	(11,000)
Net Cash Provided/(Used) by Capital & Related Financing Activities	(125,883)	(125,883)	(11,000)
Cash Flows From Investing Activities:			
Interest & Dividends	436	436	1,873
Net Cash Provided/(Used) by Investing Activities	436	436	1,873
Net Increase/(Decrease) in Cash & Cash Equivalents	(81,633)	(81,633)	6,388
Balances - Beginning of Year	140,544	140,544	134,156
Balances - End of Year	\$58,911	58,911	140,544

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

Operating Income/(Loss)	(\$604,616)	(604,616)	(601,355)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	67,325	67,325	38,366
Food Distribution Program	146,422	146,422	99,994
(Increase)/Decrease in Accounts Receivable, Net	722	722	(1,813)
(Increase)/Decrease in Inventories	(21,733)	(21,733)	8,969
Vendor Contribution, Based on Guaranteed Profit	7,682	7,682	
Increase/(Decrease) in Accounts Payable	(117,168)	(117,168)	45,031
Total Adjustments	83,250	83,250	190,547
Net Cash Provided/(Used) by Operating Activities	(\$521,366)	(521,366)	(410,808)

See Accompanying Notes to Financial Statements

Fiduciary Fund

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINED STATEMENT OF FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

ASSETS	PRIVATE PURPOSE		AGENCY			TOTALS (MEMORANDUM ONLY)	
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND	PAYROLL FUND	STUDENT ACTIVITY FUND	ACTIVITY FUND	JUNE 30, 2010	JUNE 30, 2009
Cash & Cash Equivalents	\$1,249,209	658,015	1,225,756	446,230	13	3,579,223	3,344,794
Interfund Receivable	133,262					133,262	128,285
Total Assets	1,382,471	658,015	1,225,756	446,230	13	3,712,485	3,473,079
LIABILITIES							
Payable for Student Related Activities				446,230	13	446,243	461,804
Payroll Deductions & Withholdings			1,090,791			1,090,791	952,342
Interfund Payable	357,360		134,965			492,325	130,418
Total Liabilities	357,360		1,225,756	446,230	13	2,029,359	1,544,564
NET ASSETS							
Held in Trust for Unemployment Claims & Other Purposes	1,025,111					1,025,111	1,246,169
Reserved for Scholarships		658,015				658,015	682,346
Total Net Assets	\$1,025,111	658,015	-	-	-	1,683,126	1,928,515

See Accompanying Notes to Financial Statements

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

ADDITIONS:	PRIVATE PURPOSE		TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND	(MEMORANDUM ONLY) JUNE 30, 2010	JUNE 30, 2009
Contributions:				
Other	\$133,262	34,565	167,827	170,425
Total Contributions	133,262	34,565	167,827	170,425
Investment Earnings:				
Interest	3,040	3,929	6,969	20,533
Net Investment Earnings	3,040	3,929	6,969	20,533
Total Additions	136,302	38,494	174,796	190,958
DEDUCTIONS:				
Quarterly Contribution Reports				
Unemployment Claims	357,360		357,360	246,493
Scholarships Awarded		62,825	62,825	71,350
Total Deductions	357,360	62,825	420,185	317,843
Change in Net Assets	(221,058)	(24,331)	(245,389)	(126,885)
Net Assets - Beginning of the Year	1,246,169	682,346	1,928,515	2,055,400
Net Assets - End of the Year	\$1,025,111	658,015	1,683,126	1,928,515

See Accompanying Notes to Financial Statements

**MIDDLETOWN TOWNSHIP
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1. Summary of Significant Accounting Policies

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

The District has implemented these standards for the fiscal year-ending June 30, 2002 and forward. With the implementation of GASB Statement 34, the District has prepared required supplementary information titled *Management's Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures* and Statement 44 – *Economic Condition Reporting – The Statistical Section*. Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2010 and for the year then ended and for the year then ended with comparative totals as of and for the year ended June 30, 2009 (Memorandum Only).

A. Reporting Entity:

The Middletown Township Board of Education is a Type II district located in the County of Monmouth, 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 appointed to three-year terms. These terms are staggered so that three members' terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The Middletown Township Board of Education has an approximate enrollment at June 30, 2010 of 10,248 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:

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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

- ◆ 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. District-Wide and Fund Financial Statements

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

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

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

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

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

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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued):

Governmental Fund Financial Statements – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

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

D. Fund Accounting:

The accounts of the Middletown Township Board of Education are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

Governmental Funds

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

As required by the New Jersey Department of Education Middletown Township Board of Education includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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

Governmental Funds (continued):

used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund

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

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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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

Proprietary Fund (continued):

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

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

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

Food Service Fund:	
Equipment	5 - 20 Years

Fiduciary Fund

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

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

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

E. Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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

resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

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

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

F. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6A:23-1.2*. All budget amendments must be approved by School Board resolution.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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

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

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

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$149,918,705	\$6,752,517
Difference – Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		(533,445)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	1,487,954	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>(2,080,925)</u>	<u> </u>

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2010

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

	General Fund	Special Revenue Fund
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$149,325,734</u>	<u>\$6,219,072</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$153,817,032	\$6,752,517
Differences – 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	_____	<u>(533,445)</u>
Total expenditures as reported on the statement of revenues; expenditures and changes in fund balances – governmental funds	<u>\$153,817,032</u>	<u>\$6,219,072</u>

G. Encumbrances:

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

Open encumbrances in the special revenue fund for which the Middletown Township Board of Education has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

H. Cash, Cash Equivalents and Investments:

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.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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

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

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

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

I. Tuition Receivable/Payable

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

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2010, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2006-2007 have been established. According to the School District's records, these amounts of adjustments are immaterial to the financial statements.

J. Inventories & Prepaid Expenses

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

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

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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

K. Short-Term Interfund Receivables/Payables

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

L. Fixed Assets:

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

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Machinery and Equipment	3 – 20 Years
Building & Other Improvements	5 – 50 Years
Vehicles	5 – 10 Years

M. Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2010 for such salaries.

N. Compensated Absences

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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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

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

O. Deferred Revenue

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

P. Long-term Obligations

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

Q. Fund Equity

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

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

Note 2. Cash and Cash Equivalents and Investments

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2010, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	\$11,894,646
Total Deposits	<u>\$11,894,646</u>

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2010

Note 2. Cash and Cash Equivalents and Investments (continued):

Type	Carrying Value
Reconciliation of Statements of Net Assets:	
Governmental Funds	\$ 8,256,512
Proprietary Fund	58,911
Fiduciary Fund	<u>3,579,223</u>
Total Cash and Cash Equivalents	<u>\$11,894,646</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$14,204,116 at June 30, 2010. Of the bank balance \$515,762 was fully insured by depository insurance and \$13,688,354 was secured by a collateral pool held by the bank, but not in the District’s name, as required by New Jersey statutes.

Investment Interest Rate Risk – The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investment held at June 30, 2010, are provided in the above schedule.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the School District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the School District;

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 2. Cash and Cash Equivalents and Investments (continued):

- Local Governments investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer. At June 30, 2010, all of the District’s investments are with NJARM, New Jersey Cash Management Fund.

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The District has deposited cash in 2010 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the District invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

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

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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

after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

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

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

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

Note 4. Capital Reserve Account

The Middletown Township Board of Education established a capital reserve account by inclusion of \$1.00 on August 22, 2000 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-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. As of June 30, 2010 the District's Long Range Facilities Plan projected total cost is \$274,936,376.

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 4. Capital Reserve Account (continued):

Beginning Balance, July 1, 2009	\$1,480,202
Increased by:	
Budget	268,705
Interest	<u>4,797</u>
Ending Balance, June 30, 2010	<u>\$1,753,704</u>

Note 5. Transfers to Capital Projects

During the year ending June 30, 2010, the District transferred \$ -0- to the capital projects fund for NJSCC grants.

Note 6. Fixed Assets

The following schedule is a summarization of the general fixed assets by source for the fiscal year ended June 30, 2010:

	June 30, 2009	Additions	Deletions	June 30, 2010
Land	\$ 16,909,500			\$ 16,909,500
Land Improvements	5,759,698	\$ 722,527		6,482,225
Construction	120,083,838	9,134,997		129,218,835
Construction in Progress	7,943,286		\$(7,943,286)	
Machinery & Equipment	4,603,111	313,335	(710,140)	4,206,306
Licensed Vehicles	843,469			<u>843,469</u>
Subtotal	156,142,902	10,170,859	(8,653,426)	157,660,335
Accumulated Depreciation	<u>(41,988,946)</u>	<u>(2,923,768)</u>	<u>547,797</u>	<u>(44,374,917)</u>
Total	<u>\$114,143,956</u>	<u>\$ 7,247,091</u>	<u>\$(8,105,629)</u>	<u>\$113,285,418</u>

The following is a summary of proprietary fund type fixed assets at June 30, 2010:

	June 30, 2009	Additions	June 30, 2010
Machinery and Equipment	\$610,061	\$197,820	\$807,881
Less: Accumulated Depreciation	<u>(554,149)</u>	<u>(67,325)</u>	<u>(621,474)</u>
Net Fixed Assets	<u>\$ 55,912</u>	<u>\$130,495</u>	<u>\$186,407</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 7. Long-Term Debt

During the fiscal year ended June 30, 2010 the following changes occurred in liabilities reported in the long-term debt:

	Balance 6/30/09	Accrued/ Increases	Retired/ Decreases	Net Adjustment	Balance 6/30/10	Due Within One Year
Compensated Absences Payable	\$ 2,943,774		\$ (56,593)		\$ 2,887,181	
Bonds Payable	72,046,656	\$55,665,000	(62,590,000)	\$4,714,687	69,836,343	\$3,315,000
Obligations Under Capital Leases	8,915,384	1,500,000	(1,957,928)		8,457,456	1,072,015
Total	<u>\$83,905,814</u>	<u>\$57,165,000</u>	<u>\$(64,604,521)</u>	<u>\$4,714,687</u>	<u>\$81,180,980</u>	<u>\$4,387,015</u>

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with state law. All bonds are retired in serial installments within the statutory period of usefulness.

Advance Refunding of School Bonds, Series 1997

During February 2001, the Board of Education had a partial defeasance of the 1997 Series Bonds. The Board issued \$67,200,000 of general obligation refunding bonds Series 2001 to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt. In summary, the advance refunding of outstanding callable 1997 school bonds generated \$4,252,286 in gross debt service savings and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$2,908,508, or a net annual present value savings of 4.594%.

Principal and interest due on Refunding School Bonds, Series 2001 is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	<u>\$2,290,000</u>	<u>\$57,250</u>	<u>\$2,347,250</u>
Total	<u>\$2,290,000</u>	<u>\$57,250</u>	<u>\$2,347,250</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 7. Long-Term Debt (continued):

Principal and interest due on Refunding School Bonds, Series 2002 is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	\$ 275,000	\$ 404,300	\$ 679,300
2012	300,000	392,800	692,800
2013	315,000	380,500	695,500
2014	340,000	367,400	707,400
2015	360,000	353,400	713,400
2016-2020	2,230,000	1,516,966	3,746,966
2021-2025	3,135,000	942,817	4,077,817
2026-2028	<u>2,440,000</u>	<u>174,363</u>	<u>2,614,363</u>
Total	<u>\$9,395,000</u>	<u>\$4,532,546</u>	<u>\$13,927,546</u>

Advance Refunding of School Bonds, Series 2001

During May 2010, the Board of Education had a partial defeasance of the 2001 Series Bonds. The Board issued \$55,665,000 of general obligation refunding bonds Series 2010 to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt. In summary, the advance refunding of outstanding callable 2001 school bonds generated \$8,413,160 in gross debt service savings and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$6,417,302, or a net annual present value savings of 3.2880%.

Principal and interest due on Refunding School Bonds, Series 2010 is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	\$ 750,000	\$1,744,883	\$ 2,494,883
2012	2,245,000	2,589,850	4,834,850
2013	2,335,000	2,498,250	4,833,250
2014	2,420,000	2,403,150	4,823,150
2015	2,510,000	2,304,550	4,814,550
2016-2020	14,325,000	9,619,175	24,721,175
2021-2025	18,060,000	5,595,500	23,655,500
2026-2028	<u>13,020,000</u>	<u>996,750</u>	<u>14,016,750</u>
Total	<u>\$55,665,000</u>	<u>\$27,752,108</u>	<u>\$83,417,108</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 7. Long-Term Debt (continued):

The following schedule reflects the Debt requirements until 2028:

	Principal	Interest	Total
Bond Series 2001	\$ 2,290,000	\$ 57,250	\$ 2,347,250
Bond Series 2002	9,395,000	4,532,546	13,927,546
Bond Series 2010	<u>55,665,000</u>	<u>27,752,108</u>	<u>83,417,108</u>
Total	<u>\$67,350,000</u>	<u>\$32,341,904</u>	<u>\$ 99,691,904</u>
Deferred Bond Premium & Loss on Refunding	<u>\$ 2,486,343</u>		
Total	<u>\$69,836,343</u>		

Obligations Under Capital Leases

The District is leasing capital items and equipment under capital leases. All capital leases are for terms of five to ten years. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2010:

Year	Amount
2011	\$1,685,629
2012	1,685,346
2013	1,513,686
2014	1,516,766
2015	1,318,351
2016	989,613
2017	<u>992,364</u>
Total Minimum Lease Payments	9,701,755
Less: Amount Representing Interest	<u>1,244,299</u>
Present Value of Net Minimum Lease Payments	<u>\$8,457,456</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 8. Operating Lease Commitments

The School District has future minimum rental commitments for technology equipment, accounted for as an operating lease at June 30, 2010 as follows:

Year-ending June 30,	
2011	\$430,652
2012	260,389
2013	<u>104,975</u>
Total	<u>\$796,016</u>

Note 9. Pension Plans

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

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

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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 9. Pension Plans (continued):

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B* and *N.J.S.A.18A:66* for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation – During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

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

Contribution Requirements – The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 9. Pension Plans (continued):

TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$1,303,416	100%	\$1,303,416
6/30/09	1,141,682	100%	1,141,682
6/30/08	839,496	80%	839,496

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$ 4,626,482	100%	\$ -0-
6/30/09	4,396,717	100%	-0-
6/30/08	10,145,557	100%	-0-

During the year ended June 30, 2010 the State of New Jersey contributed \$4,626,482 to the TPAF for normal post-retirement benefits on behalf of the District. Also in accordance with *N.J.S.A. 18A:66-66* the State of New Jersey reimbursed the District \$5,381,908 for the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 10. 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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 10. Post-Retirement Benefits (continued)

employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

Note 11. Risk Management

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District has elected to fund their New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s expendable trust fund for the current and previous two years:

Fiscal Year	District Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2009-2010	\$133,262	\$ 3,040	\$357,360	\$1,025,111
2008-2009	128,285	13,322	246,493	1,246,169
2007-2008	121,445	45,347	131,372	1,351,055

Note 12. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 12. Contingent Liabilities (continued):

the collectability of any related receivable at June 30, 2010 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

The District is also involved in several claims and lawsuits incidental to its operations. The District believes the suits are without merit and intends to vigorously defend its position. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

Note 13. Economic Dependency

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

Note 14. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2010:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 791,591	\$ 1,090
Capital Projects Fund		11
Trust & Agency Fund	133,262	492,325
Special Revenue Fund		432,528
Enterprise Fund	1,090	
Debt Service Fund	<u>11</u>	<u> </u>
Total	<u>\$925,954</u>	<u>\$925,954</u>

The purpose of these interfunds are short-term borrowings.

Note 15. Fund Balance Appropriated

General Fund – of the \$7,445,068 General Fund fund balance at June 30, 2010, \$780,607 is reserved for encumbrances; \$1,211,031 is excess surplus designated for Subsequent Years Expenditures; \$2,343,891 is reserved for excess surplus; \$1,753,704 is reserved for capital reserve and \$1,355,835 is unreserved and undesignated.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 15. Fund Balance Appropriated (continued):

Debt Service Fund -- of the \$2,686 Debt Service Fund fund balance at June 30, 2010, \$2,674 is unrestricted designated for subsequent year expenditures and \$12 is unreserved and undesignated.

Note 16. Deferred Compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 403(b)(7). The plans, which are administered by the entities listed below, permits 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:

For 403(b):			
Metropolitan Life	Lincoln National Life	Lincoln Investment Planning, Inc.	
AIG	Security Benefit	AXA Equitable	
USAA			
For 403(b)(7):			
403(b) ASP	AXA Equitable/Penserve		

Note 17. Compensated Absences

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2010 is \$2,887,181.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 17. Compensated Absences (continued)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2010 no liability existed for compensated absences in the proprietary fund types.

Note 18. 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 as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 is \$2,343,891.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBERS	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2009				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:											
Local Sources:											
Local Tax Levy	10-1210	\$119,793,275		119,793,275	119,793,275		115,646,345		115,646,345	115,646,345	
Tuition	10-1320									11,638	11,638
Tuition - Preschool	10-1340				78,950	78,950				56,500	56,500
Miscellaneous	10-1990	1,046,036		1,046,036	1,030,953	(15,083)	1,592,350		1,592,350	1,854,067	261,717
Total Local Sources		120,839,311		120,839,311	120,903,178	63,867	117,238,695		117,238,695	117,568,550	329,855
State Sources:											
Categorical Transportation Aid	10-3121	3,210,221		3,210,221	3,210,221		2,394,650		2,394,650	2,394,650	
Categorical Special Education Aid	10-3132	5,528,200		5,528,200	5,528,200		5,382,478		5,382,478	5,382,478	
Equalization Aid	10-3176						347,074		347,074		(347,074)
Categorical Security Aid	10-3177	780,559		780,559	780,559		794,730		794,730	794,730	
Adjustment Aid	10-3178	11,443,465		11,443,465	8,598,494	(2,844,971)	12,043,513	(511,967)	11,531,546	11,392,185	(139,361)
Extraordinary Aid	10-3131	200,000		200,000	674,865	474,865	200,000	511,967	711,967	911,285	199,318
Aid for Adult & Post Grad Program	10-3191				21,307	21,307	24,552		24,552	24,552	
Other State Aids	10-3xxx				133,758	133,758				113,679	113,679
Nonbudgeted:											
On-Behalf TPAF Contributions					4,626,482	4,626,482				4,396,717	4,396,717
Reimbursed TPAF Social Security Contributions					5,381,908	5,381,908				5,075,983	5,075,983
Total State Sources		21,162,445		21,162,445	28,955,794	7,793,349	21,186,997		21,186,997	30,486,259	9,299,262
Federal Sources:											
Medicaid Reimbursement	10-4200	28,464		28,464	59,733	31,269				16,551	16,551
Total Federal Services		28,464		28,464	59,733	31,269				16,551	16,551
Total Revenues		142,030,220		142,030,220	149,918,705	7,888,485	138,425,692		138,425,692	148,071,360	9,645,668

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBERS	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2009				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Current Expense:											
Instruction - Regular Programs:											
Salaries of Teachers:											
Preschool/Kindergarten	11-110-100-101	1,058,834	1,218,116	2,276,950	2,276,950		1,152,005	(20,620)	1,131,385	1,131,385	
Grades 1 - 5	11-120-100-101	22,515,739	(3,501,749)	19,013,990	19,013,990		17,997,966	607,337	18,605,303	18,252,693	352,610
Grades 6 - 8	11-130-100-101	11,001,536	163,491	11,165,027	11,165,026	1	10,718,614		10,718,614	10,543,855	174,759
Grades 9 - 12	11-140-100-101	14,655,196	(280,180)	14,375,016	14,374,851	165	14,005,052		14,005,052	13,956,356	48,696
Regular Programs - Home Instruction:											
Salaries of Teachers	11-150-100-101	123,000	290	123,290	98,949	24,341	232,500	1,039	233,539	100,793	132,746
Purchased Educational Services	11-150-100-320	2,000		2,000	821	1,179					
Regular Programs - Undistributed Instruction:											
Other Salaries for Instruction	11-190-100-106	82,767	974	83,741	83,741		111,764	780	112,544	112,539	5
Purchased Educational Services	11-190-100-320	22,000	5,500	27,500	18,000	9,500		50,500	50,500	44,500	6,000
Purchased Technical Services	11-190-100-340	277,890	42,200	320,090	269,558	50,532	271,076	65,108	336,184	293,983	42,201
Other Purchased Service	11-190-100-580	33,095		33,095	17,442	15,653					
General Supplies	11-190-100-610	2,785,457	668,525	3,453,982	3,032,558	421,424	2,569,844	1,173,536	3,743,380	3,312,618	430,762
Textbooks	11-190-100-640	280,208	12,656	292,864	228,720	64,144	793,845	30,914	824,759	812,430	12,329
Other Objects	11-190-100-890	140,000	46,627	186,627	121,945	64,682	165,000	6,615	171,615	124,987	46,628
Total Regular Programs - Instruction		52,977,722	(1,623,550)	51,354,172	50,702,551	651,621	48,017,666	1,915,209	49,932,875	48,686,139	1,246,736
Special Education:											
Cognitive - Mild:											
Other Salaries for Instruction	11-201-100-106	7,410		7,410	7,410	7,410	6,860	2,739	9,599	9,599	
General Supplies	11-201-100-610						500	(500)			
Textbooks	11-201-100-640						500	(500)			
Total Cognitive - Mild		7,410		7,410	7,410	7,410	7,860	1,739	9,599	9,599	
Learning and/or Language Disabilities:											
Salaries of Teachers	11-204-100-101	1,261,888	18,170	1,280,058	1,280,057	1	1,339,342	(47,164)	1,292,178	1,292,177	1
Other Salaries for Instruction	11-204-100-106	1,181,436		1,181,436	1,167,496	13,940	1,093,680	215,165	1,308,845	1,308,845	
General Supplies	11-204-100-610	12,594	219	12,813	6,834	5,979	10,594	2,000	12,594	12,078	516
Textbooks	11-204-100-640	400	500	900	182	718	5,000	(4,600)	400		400
Total Learning and/or Language Disabilities		2,456,318	18,889	2,475,207	2,454,569	20,638	2,448,616	165,401	2,614,017	2,613,100	917

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBERS	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2009				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Behavioral Disabilities:											
Salaries of Teachers	11-209-100-101	250,140		250,140	250,140		237,809	667	238,476	238,475	1
Other Salaries for Instruction	11-209-100-106	111,157		111,157	109,021	2,136	102,900	21,346	124,246	124,246	
General Supplies	11-209-100-610	8,000	(3,000)	5,000	2,310	2,690	8,000		8,000	3,019	4,981
Textbooks	11-209-100-640	400	(400)				2,400	(2,000)	400	200	200
Total Behavioral Disabilities		369,697	(3,400)	366,297	361,471	4,826	351,109	20,013	371,122	365,940	5,182
Multiple Disabilities:											
Salaries of Teachers	11-212-100-101	137,893		137,893	137,893		177,142	663	177,805	177,805	
Other Salaries for Instruction	11-212-100-106	833,146	(108,288)	724,858	708,262	16,596	771,260	(54,173)	717,087	717,087	
General Supplies	11-212-100-610	3,500	(1,214)	2,286	938	1,348	3,500	989	4,489	3,730	759
Textbooks	11-212-100-640						1,000	(1,000)			
Total Multiple Disabilities		974,539	(109,502)	865,037	847,093	17,944	952,902	(53,521)	899,381	898,622	759
Resource Room/Resource Center											
Salaries of Teachers	11-213-100-101	5,432,286	2,564,382	7,996,668	7,837,039	159,629	7,779,908	314,038	8,093,946	8,093,945	1
Other Salaries for Instruction	11-213-100-106	140,798	(60,000)	80,798	73,739	7,059	130,340	(36,974)	93,366	93,366	
General Supplies	11-213-100-610	42,400	(2,355)	40,045	16,266	23,779	27,800	(743)	27,057	23,920	3,137
Textbooks	11-213-100-640	5,406	5,000	10,406	3,791	6,615	13,406	(10,165)	3,241	2,870	371
Total Resource Room/Resource Center		5,620,890	2,507,027	8,127,917	7,930,835	197,082	7,951,454	266,156	8,217,610	8,214,101	3,509
Autism:											
Salaries of Teachers	11-214-100-101	568,835	(16,487)	552,348	429,668	122,680	595,650	(55,727)	539,923	539,923	
Other Salaries for Instruction	11-214-100-106	1,193,082	38,288	1,231,370	1,231,370		1,104,460	94,147	1,198,607	1,198,606	1
General Supplies	11-214-100-610	4,500	3,136	7,636	3,557	4,079	4,500	20,144	24,644	17,197	7,447
Textbooks	11-214-100-640						500	(500)			
Total Autism		1,766,417	24,937	1,791,354	1,664,595	126,759	1,705,110	58,064	1,763,174	1,755,726	7,448
Preschool Disabilities - Full Time:											
Salaries of Teachers	11-216-100-101	458,565	(49,905)	408,660	306,700	101,960	366,834	12,184	379,018	379,018	
Other Salaries for Instruction	11-216-100-106	750,572	(211,465)	539,107	389,857	149,250	694,820	(85,410)	609,410	609,410	
General Supplies	11-216-100-610	4,000	2,000	6,000	4,120	1,880	3,500	31,028	34,528	32,884	1,644

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBERS	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2009				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Preschool Disabilities - Full Time	1,213,137	(259,370)	953,767	700,677	253,090	1,065,154	(42,198)	1,022,956	1,021,312	1,644	
Home Instruction:											
Salaries of Teachers	11-219-100-101	152,500	(58,456)	94,044	92,548	1,496	75,000	32,628	107,628	100,385	7,243
Purchased Educational Services	11-219-100-320	30,000	65,698	95,698	48,683	47,015					
Total Home Instruction -		182,500	7,242	189,742	141,231	48,511	75,000	32,628	107,628	100,385	7,243
Total Special Education		12,590,908	2,185,823	14,776,731	14,100,471	676,260	14,557,205	448,282	15,005,487	14,978,785	26,702
Basic Skills/Remedial:											
Salaries of Teachers	11-230-100-101	170,091	13,331	183,422	183,421	1	1,032,845	(897,621)	135,224	130,988	4,236
Other Salaries for Instruction	11-230-100-106	76,222	(13,331)	62,891	9,828	53,063	70,560	(19,012)	51,548	51,546	2
General Supplies	11-230-100-610	25,000	1,053	26,053	12,499	13,554	25,000	2,726	27,726	23,319	4,407
Textbooks	11-230-100-640						3,000		3,000		3,000
Other Objects	11-230-100-800						10,000		10,000		10,000
Total Basic Skills/Remedial		271,313	1,053	272,366	205,748	66,618	1,141,405	(913,907)	227,498	205,853	21,645
School Sponsored Cocurricular Activities:											
Salaries	11-401-100-100	575,000	13,073	588,073	588,072	1	652,306		652,306	586,062	66,244
Total School Sponsored Cocurricular Activities		575,000	13,073	588,073	588,072	1	652,306		652,306	586,062	66,244
School Sponsored Athletics -Instruction:											
Salaries	11-402-100-100	827,948		827,948	807,332	20,616	809,213		809,213	789,153	20,060
Supplies and Materials	11-402-100-600	202,450	9,025	211,475	201,424	10,051	202,450	25,191	227,641	210,497	17,144
Other Objects	11-402-100-800	345,000	33,851	378,851	370,570	8,281	270,000	78,362	348,362	302,274	46,088
Total School Sponsored Athletics - Instruction		1,375,398	42,876	1,418,274	1,379,326	38,948	1,281,663	103,553	1,385,216	1,301,924	83,292
Alternative Education Programs - Instruction:											
Salaries of Teachers	11-423-100-101	166,682	11,237	177,919	177,919						
General Supplies	11-423-100-610	9,400		9,400	3,545	5,855					
Textbooks	11-423-100-640	4,600		4,600		4,600					

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

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ACCOUNT NUMBERS	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2009				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Alternative Education Programs - Instruction	180,682	11,237	191,919	181,464	10,455					
Alternative Education Programs -Support Services:										
Salaries 11-423-200-100	214,954		214,954	205,945	9,009					
Total Alternative Education Programs -Support Services	214,954		214,954	205,945	9,009					
Total Alternative Education Programs	395,636	11,237	406,873	387,409	19,464					
Total Instruction	68,185,977	630,512	68,816,489	67,363,577	1,452,912	65,650,245	1,553,137	67,203,382	65,758,763	1,444,619
Undistributed Expenditures:										
Instruction:										
Tuition to Other LEA's -State Regular 11-000-100-561	75,941	37,565	113,506	105,143	8,363	116,079	(27,400)	88,679	79,620	9,059
Tuition to Other LEA's -State Special 11-000-100-562	39,749	(11,807)	27,942	27,941	1	154,350	(75,375)	78,975	74,570	4,405
Tuition to County Vocational School Districts Regular 11-000-100-563	1,300,550	(34,985)	1,265,565	1,243,102	22,463	1,291,700	(65,853)	1,225,847	1,224,235	1,612
Tuition to County Vocational School Districts Special 11-000-100-564	337,000	(12,875)	324,125	323,424	701	335,000	(62,000)	273,000	272,575	425
Tuition to County Special School Districts & Regional Day Schools 11-000-100-565	411,128	(67,637)	343,491	343,491		442,316	(102,000)	340,316	340,210	106
Tuition to Private Schools for the Handicapped - State 11-000-100-566	1,556,358	(909,396)	646,962	576,634	70,328	1,508,420	(74,525)	1,433,895	1,348,180	85,715
Tuition to Private Schools for the Handicapped - Outside State 11-000-100-567	57,488	10,919	68,407	65,077	3,330	128,339	42,116	170,455	165,416	5,039
Tuition - State Facilities 11-000-100-568		35,398	35,398	35,398		93,271	4,440	97,711	97,711	
Tuition - Other 11-000-100-569							6,413	6,413	6,413	
Total Undistributed Expenditures - Instruction	3,778,214	(952,818)	2,825,396	2,720,210	105,186	4,069,475	(354,184)	3,715,291	3,608,930	106,361
Attendance & Social Work Services:										
Salaries 11-000-211-100	44,960		44,960	44,917	43	43,821		43,821	43,821	
Other Purchased Service 11-000-211-580	1,000		1,000		1,000					
Other Objects 11-000-211-890						1,000		1,000	169	831

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBERS	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2009				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Attendance & Social Work Services	45,960		45,960	44,917	1,043	44,821		44,821	43,990	831	
Health Services:											
Salaries	11-000-213-100	1,621,671	34,778	1,656,449	1,656,448	1	1,557,343	55,154	1,612,497	1,612,497	
Purchased Professional & Technical Services	11-000-213-300	448,600	5,604	454,204	413,146	41,058	319,600	186,816	506,416	381,401	125,015
Supplies and Materials	11-000-213-600	44,000	6,651	50,651	33,608	17,043	44,000	1,768	45,768	24,749	21,019
Other Objects	11-000-213-800	40,000	7,183	47,183	34,655	12,528	40,000	3,165	43,165	32,833	10,332
Total Health Services		2,154,271	54,216	2,208,487	2,137,857	70,630	1,960,943	246,903	2,207,846	2,051,480	156,366
Other Support Services - Students - Related Services:											
Salaries	11-000-216-100	1,592,318		1,592,318	1,562,393	29,925	1,452,878	(227,685)	1,225,193	1,167,814	57,379
Purchased Professional - Educational Services	11-000-216-320	560,271	212,949	773,220	748,459	24,761	20,000	4,700	24,700	24,700	
Supplies and Materials	11-000-216-600	6,300		6,300	5,886	414	6,300	160	6,460	6,266	194
Total Other Support Services - Students - Related Services		2,158,889	212,949	2,371,838	2,316,738	55,100	1,479,178	(222,825)	1,256,353	1,198,780	57,573
Other Support Services - Students - Regular:											
Salaries of Other Professional Staff	11-000-218-104	2,603,300		2,603,300	2,403,943	199,357	2,525,480		2,525,480	2,328,322	197,158
Salaries of Secretarial & Clerical Assistants	11-000-218-105	302,606		302,606	297,302	5,304	242,432	1,387	243,819	243,819	
Purchased Professional - Educational Services	11-000-218-320	10,000		10,000	10,000		10,000		10,000	10,000	
Total Other Support Services - Students - Regular		2,915,906		2,915,906	2,711,245	204,661	2,777,912	1,387	2,779,299	2,582,141	197,158
Other Support Services - Students - Special Services:											
Salaries of Other Professional Staff	11-000-219-104	3,682,231	(104,842)	3,577,389	3,544,216	33,173	3,699,732	(45,200)	3,654,532	3,642,525	12,007
Salaries of Secretarial & Clerical Assistants	11-000-219-105	588,647		588,647	514,933	73,714	556,885		556,885	550,728	6,157
Purchased Professional - Technical Services	11-000-219-320	126,000	68,648	194,648	162,958	31,690	356,271	365,384	721,655	679,523	42,132
Miscellaneous Purchased Services	11-000-219-592	10,300		10,300	9,432	868					
Supplies and Materials	11-000-219-600	42,900	3,379	46,279	23,698	22,581	42,900	9,852	52,752	48,551	4,201
Other Objects	11-000-219-890	2,000		2,000	1,144	856	12,300	110	12,410	11,858	552

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
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FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBERS	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2009				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Other Support Services - Students - Special Services	4,452,078	(32,815)	4,419,263	4,256,381	162,882	4,668,088	330,146	4,998,234	4,933,185	65,049
Improvement of Instruction Services/Other Support Services - Instruction Staff:										
Supplies and Materials 11-000-221-600	76,108	7,987	84,095	48,991	35,104	74,108	2,884	76,992	61,472	15,520
Total Improvement of Instruction Services/Other Support Services - Instructional Staff	76,108	7,987	84,095	48,991	35,104	74,108	2,884	76,992	61,472	15,520
Educational Media Services/School Library:										
Salaries 11-000-222-100	530,735		530,735	477,402	53,333	563,587		563,587	556,362	7,225
Supplies and Materials 11-000-222-600	97,844	14,525	112,369	68,091	44,278	102,344	(11,796)	90,548	72,931	17,617
Total Educational Media Services/School Library	628,579	14,525	643,104	545,493	97,611	665,931	(11,796)	654,135	629,293	24,842
Instructional Staff Training Services:										
Other Salaries 11-000-223-110	570,473	(126)	570,347	326,830	243,517	486,700	41,395	528,095	524,221	3,874
Purchased Professional - Educational Services 11-000-223-320	188,574	(76,844)	111,730	36,057	75,673					
Other Purchased Services 11-000-223-500		83,552	83,552	16,733	66,819					
Total Instructional Staff Training Services	759,047	6,582	765,629	379,620	386,009	486,700	41,395	528,095	524,221	3,874
Support Services General Administration:										
Salaries 11-000-230-100	857,021	(195,131)	661,890	660,970	920	840,575	12,654	853,229	853,229	
Legal Services 11-000-230-331	240,000	109,462	349,462	283,704	65,758	235,000	119,058	354,058	304,554	49,504
Audit Services 11-000-230-332	42,822		42,822	42,822		41,175		41,175	41,175	
Purchased Technical Services 11-000-230-340	35,000	5,677	40,677	28,031	12,646	35,000	3,675	38,675	28,894	9,781
Communications/Telephone 11-000-230-530	500,000	(18,714)	481,286	448,548	32,738	550,515	(41,227)	509,288	437,525	71,763
Other Purchased Services 11-000-230-585	5,000		5,000	2,404	2,596	5,000		5,000	2,145	2,855
Misc. Purchased Services 11-000-230-590	5,000		5,000		5,000					
BOE In House Training 11-000-230-630	2,500		2,500	595	1,905	2,500		2,500	1,181	1,319
Judgments Against School District 11-000-230-820	5,000		5,000		5,000	5,000		5,000	5,000	
Miscellaneous Expenditures 11-000-230-890	85,000	529	85,529	75,325	10,204	90,000	942	90,942	90,331	611
BOE Membership Dues & Fees 11-000-230-895	28,900		28,900	28,066	834	29,000		29,000	28,066	934

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

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ACCOUNT NUMBERS	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2009				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Support Services General Administration	1,806,243	(98,177)	1,708,066	1,570,465	137,601	1,833,765	95,102	1,928,867	1,792,100	136,767	
Support Services School Administration:											
Salaries of Principals & Assistant Principals	11-000-240-103	3,962,792	34,594	3,997,386	3,997,385	1	3,824,450	138,437	3,962,887	3,953,199	9,688
Salaries of Other Professional Staff	11-000-240-104	873,321	59,883	933,204	933,203	1	895,125	(132,113)	763,012	733,201	29,811
Salaries of Secretarial & Clerical Assistants	11-000-240-105	1,762,881	88,635	1,851,516	1,851,516		1,745,036		1,745,036	1,722,483	22,553
Other Objects	11-000-240-800	38,000	562	38,562	37,178	1,384	36,500		36,500	35,819	681
Total Support Services School Administration		6,636,994	183,674	6,820,668	6,819,282	1,386	6,501,111	6,324	6,507,435	6,444,702	62,733
Central Services:											
Salaries	11-000-251-100	1,129,485	24,145	1,153,630	1,153,629	1	1,083,525	12,491	1,096,016	1,079,140	16,876
Miscellaneous Purchased Services	11-000-251-592	80,000	(3,125)	76,875	58,236	18,639	87,500	11,707	99,207	53,485	45,722
Lease Purchase Interest - Copiers	11-000-251-600	2,746	38,676	41,422	41,422		2,746		2,746	2,746	
Interest on Lease Purchase Agreements	11-000-251-832	303,456		303,456	303,456		381,029	2,581	383,610	375,808	7,802
Miscellaneous Expenditures	11-000-251-890	25,000	362	25,362	20,963	4,399	25,000	3,629	28,629	28,045	584
Total Central Services		1,540,687	60,058	1,600,745	1,577,706	23,039	1,579,800	30,408	1,610,208	1,539,224	70,984
Administrative Information Technology:											
Salaries	11-000-252-100	739,661		739,661	733,419	6,242	704,312	9,242	713,554	713,554	
Purchased Technical Services	11-000-252-340	95,960	300	96,260	76,785	19,475	72,520		72,520	71,607	913
Other Objects	11-000-252-800	2,500	7,000	9,500	9,490	10	12,500		12,500	2,821	9,679
Total Administrative Information Technology		838,121	7,300	845,421	819,694	25,727	789,332	9,242	798,574	787,982	10,592
Required Maintenance for School Facilities:											
Salaries	11-000-261-100	2,210,847	(6,966)	2,203,881	2,149,891	53,990	2,166,646	(38,000)	2,128,646	2,047,017	81,629
Cleaning, Repair & Maintenance Services	11-000-261-420	483,762	40,188	523,950	523,787	163	508,762	71,756	580,518	522,552	57,966
General Supplies	11-000-261-610	270,000	61,076	331,076	328,191	2,885	270,000	10,760	280,760	274,886	5,874

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBERS	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2009				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Required Maintenance for School Facilities	2,964,609	94,298	3,058,907	3,001,869	57,038	2,945,408	44,516	2,989,924	2,844,455	145,469	
Custodial Services:											
Salaries	11-000-262-100	3,542,094	(20,749)	3,521,345	3,370,411	150,934	5,069,009	(45,000)	5,024,009	4,916,103	107,906
Salaries of Non-Instructional Aids	11-000-262-107	823,618	694,649	1,518,267	1,518,267						
Purchased Professional & Technical Services	11-000-262-300	23,586	761	24,347	5,306	19,041	24,500	(15,541)	8,959	4,005	4,954
Cleaning, Repair & Maintenance Services	11-000-262-420	459,234	(115,973)	343,261	341,888	1,373	478,234	53,231	531,465	497,600	33,865
Other Purchased Property Services	11-000-262-490	170,000		170,000	144,723	25,277	211,680	15,246	226,926	165,629	61,297
Insurance	11-000-262-520	830,809	3,922	834,731	796,921	37,810	767,845	5,000	772,845	770,172	2,673
General Supplies	11-000-262-610	283,000	25,557	308,557	308,556	1	373,000	5,192	378,192	377,030	1,162
Energy (Heat & Electricity)	11-000-262-620						3,185,123	357,065	3,542,188	3,394,736	147,452
Energy (Natural Gas)	11-000-262-621	650,000	(23,398)	626,602	467,030	159,572					
Energy (Electricity)	11-000-262-622	2,850,000	24,049	2,874,049	2,822,724	51,325					
Other Objects	11-000-262-800	60,000		60,000	59,953	47	60,000	25	60,025	59,989	36
Total Custodial Services		9,692,341	588,818	10,281,159	9,835,779	445,380	10,169,391	375,218	10,544,609	10,185,264	359,345
Care & Upkeep of Grounds:											
Salaries	11-000-263-100	545,979	19,957	565,936	565,936						
Cleaning, Repair & Maintenance	11-000-263-420	44,000		44,000	43,929	71					
General Supplies	11-000-263-610	85,000	(23,000)	62,000	53,175	8,825					
Total Care & Upkeep of Grounds		674,979	(3,043)	671,936	663,040	8,896					
Security:											
Salaries	11-000-266-100	238,650	2,695	241,345	241,344	1					
Purchased Professional & Technical Services	11-000-266-300	5,000		5,000		5,000					
Total Security:		243,650	2,695	246,345	241,344	5,001					

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBERS	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2009				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Student Transportation Services:											
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	145,955	402	146,357	146,356	1	140,154	3,506	143,660	143,660	
Contracted Services (Between Home & School) - Vendors	11-000-270-511	4,619,163	(50,000)	4,569,163	4,418,319	150,844	4,533,244		4,533,244	4,512,366	20,878
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	345,500	2,438	347,938	315,789	32,149	320,000	11,613	331,613	321,734	9,879
Contracted Services (Between Home & School) - Joint Agreements	11-000-270-513	420,000	177,323	597,323	576,315	21,008	420,000	164,103	584,103	579,293	4,810
Contracted Services (Special Education Students) - Vendors	11-000-270-514	4,352,293	(123,237)	4,229,056	3,919,405	309,651	4,357,949	(147,350)	4,210,599	4,047,455	163,144
Contracted Services - Aid in Lieu - Nonpublic	11-000-270-503	160,000		160,000	134,613	25,387	190,000		190,000	121,791	68,209
Supplies and Materials	11-000-270-600	4,090	1,023	5,113	2,729	2,384	4,090	910	5,000	2,213	2,787
Miscellaneous Expenditures	11-000-270-890	15,000	1,449	16,449	13,390	3,059	5,000	28,750	33,750	32,184	1,566
Total Student Transportation Services		10,062,001	9,398	10,071,399	9,526,916	544,483	9,970,437	61,532	10,031,969	9,760,696	271,273
Unallocated Benefits Employee Benefits:											
Social Security Contributions	11-000-291-220	1,775,750		1,775,750	1,651,173	124,577	1,731,948		1,731,948	1,692,262	39,686
Other Retirement Contributions	11-000-291-241	1,255,850	47,566	1,303,416	1,303,416		1,532,500	(190,818)	1,341,682	1,141,682	200,000
Workman's Compensation	11-000-291-260	1,058,112	(2,797)	1,055,315	1,021,738	33,577	940,000	87,630	1,027,630	1,027,630	
Health Benefits	11-000-291-270	17,741,000	(12,565)	17,728,435	17,475,799	252,636	17,944,973	(1,291,224)	16,653,749	16,031,194	622,555
Tuition Reimbursement	11-000-291-280							4,400	4,400		4,400
Other Health Benefits	11-000-291-290	550,000	86,323	636,323	636,322	1	460,000	104,626	564,626	564,626	
Total Unallocated Benefits - Employee Benefits		22,380,712	118,527	22,499,239	22,088,448	410,791	22,609,421	(1,285,386)	21,324,035	20,457,394	866,641
Nonbudgeted:											
On-Behalf TPAF Pension Contributions					4,626,482	(4,626,482)				4,396,717	(4,396,717)
Reimbursed TPAF Social Security Contributions					5,381,908	(5,381,908)				5,075,983	(5,075,983)
Total Undistributed Expenditures		73,809,389	274,174	74,083,563	81,314,385	(7,230,822)	72,625,821	(629,134)	71,996,687	78,918,009	(6,921,322)

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MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBERS	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2009				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	BUDGET	FINAL ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	BUDGET	FINAL ACTUAL	
Total Expenditures - Current Expense	141,995,366	904,686	142,900,052	148,677,962	(5,777,910)	138,276,066	924,003	139,200,069	144,676,772	(5,476,703)
Equipment:										
Grades 6 - 8	12-130-100-730	400		400	400	400		400		400
Grades 9 - 12	12-140-100-730	9,000		9,000	3,969	5,031	9,000	7,886	16,886	15,886
Special Education - Instruction:										
Learning and/or Language										
Disability	12-204-100-730	2,500	(2,500)			2,500	140	2,640	140	2,500
Multiple Disabilities	12-212-100-730	5,000	3,885	8,885	8,883	2	5,000	5,130	10,130	8,415
School Sponsored - Other										
Instruction Programs	12-402-100-730	48,000		48,000	23,763	24,237	48,000	5,388	53,388	46,680
Undistributed Expenditures:										
Instruction	12-000-100-730		2,448	2,448	2,448		15,000	198,321	213,321	210,873
Central Services	12-000-251-730	120,255	53,671	173,926	173,926		120,255		120,255	110,004
Noninstructional Services	12-000-300-730	30,000	9,969	39,969	35,712	4,257	30,000	130,377	160,377	150,388
Total Equipment		215,155	67,473	282,628	248,701	33,927	230,155	347,242	577,397	542,386
Facilities Acquisition & Construction Services:										
Legal Services	12-000-400-331	20,000	528	20,528	20,039	489	20,000	(17,886)	2,114	1,542
Other Purchased Professional/										
Technical Services	12-000-400-390	100,000	30,912	130,912	68,444	62,468	100,000	40,237	140,237	93,997
Construction Services	12-000-400-450	200,000	607,647	807,647	616,106	191,541	200,000	1,330,631	1,530,631	918,157
Lease Purchase Agreement -										
Principal	12-000-400-721	1,784,000		1,784,000	1,784,000		1,708,000		1,708,000	1,708,000
Total Facilities Acquisition & Construction Services		2,104,000	639,087	2,743,087	2,488,589	254,498	2,028,000	1,352,982	3,380,982	2,721,696
Assets Acquired Under Capital Leases (Non-Budgeted):										
School Administration				2,401,780		(2,401,780)			2,791,170	(2,791,170)
Total Assets Acquired Under Capital Leases (Nonbudgeted)				2,401,780		(2,401,780)			2,791,170	(2,791,170)
Total Capital Outlay		2,319,155	706,560	3,025,715	5,139,070	(2,113,355)	2,258,155	1,700,224	3,958,379	6,055,253

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MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBERS	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2009				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Expenditures	144,314,521	1,611,246	145,925,767	153,817,032	(7,891,265)	140,534,221	2,624,227	143,158,448	150,732,025	(7,573,576)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures Before Other Financing Sources/(Uses)	(2,284,301)	(1,611,246)	(3,895,547)	(3,898,327)	(2,780)	(2,108,529)	(2,624,227)	(4,732,756)	(2,660,665)	2,072,092
Other Financing Sources/(Uses):										
Operating Transfers Out:										
Transfer to Charter Schools	10-000-100-560	(10,000)	(10,000)		10,000	(20,000)		(20,000)		20,000
Transfer to Capital Reserve		(268,705)	(268,705)		268,705					
Interest Earned on Capital Reserve		(4,500)	(4,500)		4,500					
Capital Leases (Nonbudgeted)				2,401,780	2,401,780				2,791,170	2,791,170
Total Other Financing Sources/(Uses)		(283,205)	(283,205)	2,401,780	2,684,985	(20,000)		(20,000)	2,791,170	2,811,170
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures After Other Financing Sources/(Uses)		(2,567,506)	(4,178,752)	(1,496,547)	2,682,205	(2,128,529)	(2,624,227)	(4,752,756)	130,506	4,883,262
Fund Balances, July 1		11,022,540	11,022,540	11,022,540		10,892,034		10,892,034	10,892,034	
Fund Balances, June 30		\$8,455,034	6,843,788	9,525,993	2,682,205	8,763,505	(2,624,227)	6,139,278	11,022,540	4,883,262

RECAPITULATION

Reserve for Encumbrances	\$780,607
Reserve for Excess Surplus	2,343,891
Excess Surplus Designated for Subsequent Year's Expenditures	1,211,031
Unrestricted - Designated for Subsequent Year's Expenditures	
Capital Reserve	1,753,704
Unrestricted Fund Balance	<u>3,436,760</u>
Subtotal	9,525,993
Reconciliation to Governmental Funds Statements (GAAP):	
Last Two State Aid Payments not recognized on GAAP basis	<u>(2,080,925)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$7,445,068</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2009				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES										
Local Sources	\$139,629	(55,000)	84,629	54,152	30,477	139,639	(55,000)	84,639	52,697	31,942
State Sources	967,349	82,217	1,049,566	999,018	50,548	1,077,476	66,020	1,143,496	1,097,826	45,670
Federal Sources	7,410,202	197	7,410,399	5,699,347	1,711,052	5,272,440	(64,973)	5,207,467	3,945,587	1,261,880
Total Revenues	8,517,180	27,414	8,544,594	6,752,517	1,792,077	6,489,555	(53,953)	6,435,602	5,096,110	1,339,492
EXPENDITURES:										
Instruction:										
Salaries of Teachers	1,313,353	(50,279)	1,263,074	850,942	412,132	1,063,419	81,318	1,144,737	731,328	413,409
Purchased Professional & Technical Services	22,325	(3)	22,322		22,322	26,036	(674)	25,362	3,037	22,325
Other Purchased Services (400-500 series)	3,306,072	(31,142)	3,274,930	3,048,022	226,908	2,027,941	(126,423)	1,901,518	1,866,930	34,588
General Supplies	459,406	(17,293)	442,113	154,950	287,163	129,709	(64,159)	65,550	43,900	21,650
Textbooks	206,091	(9,814)	196,277	167,357	28,920	169,282		169,282	140,191	29,091
Other Objects	319,456	(55,000)	264,456	246,444	18,012	313,589	(57,711)	255,878	240,723	15,155
Total Instruction	5,626,703	(163,531)	5,463,172	4,467,715	995,457	3,729,976	(167,649)	3,562,327	3,026,109	536,218
Support Services:										
Salaries of Other Professional Staff	561,938	44,379	606,317	239,570	366,747	564,670	(3,124)	561,546	150,316	411,230
Personal Services - Employee Benefits	203,920	(32,595)	171,325	109,277	62,048	147,251	4,591	151,842	72,228	79,614
Purchased Professional - Educational Services	150,523	27,573	178,096	175,637	2,459	340,871	(4,657)	336,214	196,306	139,908
Purchased Technical Services	1,020,325	87,099	1,107,424	978,904	128,520	823,654	51,953	875,607	797,182	78,425
Transportation	26,010	(1,010)	25,000	24,069	931	27,000		27,000	7,203	19,797
Other Purchased Services (400-500 Series)	598,621	79,832	678,453	661,443	17,010	633,948	54,924	688,872	662,102	26,770
Supplies & Materials	139,104	(12,414)	126,690	85,704	40,986	101,388	10,009	111,397	66,846	44,551
Other Objects	2,026	(1,919)	107	107						
Total Support Services	2,702,467	190,945	2,893,412	2,274,711	618,701	2,638,782	113,696	2,752,478	1,952,183	800,295
Facilities Acquisition & Construction Services:										
Land & Building						2,117		2,117	2,117	
Instructional Equipment	188,010		188,010	10,091	177,919	118,680		118,680	115,701	2,979
Total Facilities Acquisition & Construction Services	188,010		188,010	10,091	177,919	120,797		120,797	117,818	2,979
Total Expenditures	8,517,180	27,414	8,544,594	6,752,517	1,792,077	6,489,555	(53,953)	6,435,602	5,096,110	1,339,492
Total Outflows	8,517,180	27,414	8,544,594	6,752,517	1,792,077	6,489,555	(53,953)	6,435,602	5,096,110	1,339,492
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	-	-	-	-	-	-	-	-	-

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

	GENERAL FUND N-1	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$149,918,705	6,752,517
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(611,391)
Prior Year		77,946
The last state aid payment is recognized as revenue for revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense per GASB statement 33.		
Current Year	(2,080,925)	
Prior Year	1,487,954	
<hr/>		
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$149,325,734</u>	<u>6,219,072</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$153,817,032	6,752,517
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Instructional Services		(166,084)
Support Services		(360,107)
Equipment		(7,254)
<hr/>		
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$153,817,032</u>	<u>6,219,072</u>

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

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules

Not Applicable

E. Special Revenue Fund

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2009)**

	2009-2010 TITLE I-PART A	2008-2009 TITLE I-PART A	2008-2009 TITLE IID	2008-2009 TITLE I SIA	I.D.E.A. PRESCHOOL		I.D.E.A. PART B	
					2009-2010	2008-2009	2009-2010	2008-2009
Revenues:								
Local Sources								
State Sources								
Federal Sources	\$320.902	168.396	107	3.923	78.363	5.158	2.281.401	263.197
Total Revenues	<u>\$320.902</u>	<u>168.396</u>	<u>107</u>	<u>3.923</u>	<u>78.363</u>	<u>5.158</u>	<u>2.281.401</u>	<u>263.197</u>
Expenditures:								
Instruction:								
Salaries of Teachers	\$258,928	128,005		3,617				209,850
Technical Services								
Other Purchased Services (400-500 Series)	15,021						1,678,535	
General Supplies	3,454	44					3,640	99
Textbooks								
Other Objects								
Total Instruction	<u>277,403</u>	<u>128,049</u>		<u>3,617</u>			<u>1,682,175</u>	<u>209,949</u>
Support Services:								
Salaries of Other Professional Staff		28,174						40,704
Personal Services - Employee Benefits	35,814	12,173		306				12,544
Purchased Professional - Educational Services	4,635							
Purchased Technical Services					76,363	5,158	584,476	
Transportation					2,000		14,750	
Other Purchased Services (400-500 Series)	3,050							
Supplies & Materials								
Other Objects								
Total Support Services	<u>43,499</u>	<u>40,347</u>	<u>107</u>	<u>306</u>	<u>78,363</u>	<u>5,158</u>	<u>599,226</u>	<u>53,248</u>
Facilities Acquisition & Construction Services:								
Land Improvements								
Instructional Equipment								
Total Facilities Acquisition & Construction Services								
Total Expenditures	<u>\$320.902</u>	<u>168.396</u>	<u>107</u>	<u>3.923</u>	<u>78.363</u>	<u>5.158</u>	<u>2.281.401</u>	<u>263.197</u>

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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2009)**

	TITLE IIA EISENHOWER/ MATH		TITLE IID EISENHOWER/ MATH		TITLE IV SAFE & DRUG FREE SCHOOLS & COMMUNITIES		TITLE IV SAFE & DRUG FREE SCHOOLS & COMMUNITIES		TITLE III	
	2009-2010	2008-2009	2009-2010	2009-2010	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Revenues:										
Local Sources										
State Sources										
Federal Sources	\$232,316	53,823	3,091		24,475	8,741			2,270	14,064
Total Revenues	\$232,316	53,823	3,091		24,475	8,741			2,270	14,064
Expenditures:										
Instruction:										
Salaries of Teachers	\$60,245					4,619				3,449
Technical Services										
Other Purchased Services (400-500 Series)										
General Supplies				2,835	1,997	3,769		1,633		7,486
Textbooks										
Other Objects				256						
Total Instruction	60,245		3,091	1,997	8,388	1,633		10,935		
Support Services:										
Salaries of Other Professional Staff	\$71,836	49,796			9,000					362
Personal Services - Employee Benefits	18,862	3,809			1,315	353				292
Purchased Professional - Educational Services	3,500				10,844					
Purchased Technical Services										
Transportation										
Other Purchased Services (400-500 Series)	\$21,825	218			1,319			637		
Supplies & Materials	56,048									2,475
Other Objects										
Total Support Services	172,071	53,823			22,478	353		637		3,129
Facilities Acquisition & Construction Services:										
Land Improvements										
Instructional/Non Equipment										
Total Facilities Acquisition & Construction Services										
Total Expenditures	\$232,316	53,823	3,091		24,475	8,741		2,270		14,064

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2009)**

Revenue:	HOCKEY IN MIDDLETOWN	IDEA/ARRA BASIC 2009-2010	IDEA/ARRA PRESCHOOL 2009-2010	NEW JERSEY NONPUBLIC TEXTBOOK AID	TEACHING AMERICAN HISTORY GRANT
Local Sources	\$54,152				
State Sources				167,357	
Federal Sources		1,891,931	72,705		274,484
Total Revenues	\$54,152	1,891,931	72,705	167,357	274,484
Expenditures:					
Instruction:					
Salaries of Teachers	\$22,345	61,610	63,450		32,952
Technical Services					
Other Purchased Services (400-500 Series)		1,354,466			
General Supplies		129,993			
Textbooks				167,357	
Other Objects	24,488				
Total Instruction	46,833	1,546,069	63,450	167,357	32,952
Support Services:					
Salaries of Other Professional Staff		1,530			38,168
Personal Services - Employee Benefits		9,113	9,255		5,441
Purchased Professional - Educational Services					156,658
Purchased Technical Services		312,907			
Transportation	7,319				
Other Purchased Services (400-500 Series)					26,305
Supplies & Materials		12,221			14,960
Other Objects					
Total Support Services	7,319	335,771	9,255		241,532
Facilities Acquisition & Construction Services:					
Land Improvements					
Instructional Equipment		10,091			
Total Facilities Acquisition & Construction Services		10,091			
Total Expenditures	\$54,152	1,891,931	72,705	167,357	274,484

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL PERIOD ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2009)**

	NEW JERSEY NONPUBLIC NURSING AID			NJ NONPUBLIC AUXILIARY SERVICES		NJ NONPUBLIC HANDICAPPED SERVICES			2010	2009
		CHAPTER 192 HOME INSTRUCTION		CHAPTER 192 COMPENSATORY EDUCATION		CHAPTER 193 SUPPLEMENTAL INSTRUCTION	CHAPTER 193 EXAMINATION & CLASSIFICATION	CHAPTER 193 CORRECTIVE SPEECH		
Revenues:										
Local Sources									54,152	52,697
State Sources	\$221,700	1,872		243,282		88,723	179,329	96,755	999,018	1,097,826
Federal Sources									5,699,347	3,945,587
Total Revenues	\$221,700	1,872		243,282		88,723	179,329	96,755	6,752,517	5,096,110
Expenditures:										
Instruction:										
Salaries of Teachers		1,872							850,942	731,328
Technical Services										3,037
Other Purchased Services (400-500 Series)									3,048,022	1,866,930
General Supplies									154,950	43,900
Textbooks									167,357	140,191
Other Objects	\$221,700								246,444	240,723
Total Instruction	221,700	1,872							4,467,715	3,026,109
Support Services:										
Salaries of Other Professional Staff									239,570	150,316
Personal Services - Employee Benefits									109,277	72,228
Purchased Professional - Educational Services									175,637	196,306
Purchased Technical Services									978,904	797,182
Transportation									24,069	7,203
Other Purchased Services (400-500 Series)				243,282		88,723	179,329	96,755	661,443	662,102
Supplies & Materials									85,704	66,846
Other Objects									107	
Total Support Services				243,282		88,723	179,329	96,755	2,274,711	1,952,183
Facilities Acquisition & Construction Services:										
Land Improvements										2,117
Instructional Equipment									10,091	115,701
Total Facilities Acquisition & Construction Services									10,091	117,818
Total Expenditures	\$221,700	1,872		243,282		88,723	179,329	96,755	6,752,517	5,096,110

F. Capital Projects Fund

Not Applicable

G. Proprietary Funds

Enterprise Funds

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2010
(With Comparative Totals for June 30, 2009)

ASSETS	BUSINESS-TYPE ACTIVITIES -		
	FOOD SERVICE	2010	2009
Current Assets:			
Cash & Cash Equivalents	\$58,911	58,911	140,544
Due from Other Governments	44,159	44,159	37,410
Due from General Fund	1,090	1,090	
Other Receivables	118	118	1,930
Inventories	33,793	33,793	12,060
Total Current Assets	138,071	138,071	191,944
Noncurrent Assets:			
Furniture, Machinery & Equipment	807,881	807,881	610,061
Less: Accumulated Depreciation	(621,474)	(621,474)	(554,149)
Total Noncurrent Current Assets	186,407	186,407	55,912
Total Assets	324,478	324,478	247,856
LIABILITIES			
Current Liabilities:			
Accounts Payable	6,070	6,070	123,238
Other Liabilities	101,619	101,619	22,000
Total Liabilities	107,689	107,689	145,238
NET ASSETS			
Investment in Capital Assets	186,407	186,407	55,912
Unrestricted	30,382	30,382	46,706
Total Net Assets	\$216,789	216,789	102,618

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
AS OF JUNE 30, 2010**

	BUSINESS-TYPE ACTIVITIES -		
	FOOD SERVICE	2010	2009
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$1,074,225	1,074,225	1,083,720
Daily Sales - Nonreimbursable Programs	704,573	704,573	788,378
Miscellaneous	14,682	14,682	29,879
	<hr/>		
Total Operating Revenues	1,793,480	1,793,480	1,901,977
	<hr/>		
Operating Expenses:			
Cost of Sales	1,143,636	1,143,636	1,183,743
Rebates - Cost of Sales Offset	(140,366)	(140,366)	
Salaries	755,905	755,905	729,305
Employee Benefits	276,387	276,387	253,286
Cleaning, Repair & Maintenance Services	105,940	105,940	110,126
Miscellaneous	76,987	76,987	90,244
General Supplies	112,282	112,282	98,262
Depreciation	67,325	67,325	38,366
	<hr/>		
Total Operating Expenses	2,398,096	2,398,096	2,503,332
	<hr/>		
Operating Income/(loss)	(604,616)	(604,616)	(601,355)
	<hr/>		
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	32,734	32,734	30,622
State School Breakfast Program	2,035	2,035	2,057
Federal Sources:			
National School Lunch Program	449,950	449,950	378,428
National School Breakfast Program	22,275	22,275	21,782
Special Milk Program	296	296	3,771
Food Distribution Program	146,422	146,422	99,994
Interest & Investment Revenue	436	436	1,873
Vendor Contribution, Based on Guaranteed Profit	64,639	64,639	
	<hr/>		
Total Nonoperating Revenues/(Expenses)	718,787	718,787	538,527
	<hr/>		
Income/(Loss) Before Contributions & Transfers	114,171	114,171	(62,828)
	<hr/>		
Change in Net Assets	114,171	114,171	(62,828)
Total Net Assets - Beginning	102,618	102,618	165,446
	<hr/>		
Total Net Assets - Ending	\$216,789	216,789	102,618
	<hr/>		

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2010**

(With Comparative Totals for June 30, 2009)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS SERVICE	2010	2009
Cash Flows From Operating Activities:			
Receipts from Customers	1,801,884	1,801,884	1,900,164
Payments to Employees	(755,905)	(755,905)	(729,305)
Payments for Employee Benefits	(276,387)	(276,387)	(253,286)
Payments to Suppliers	(1,290,958)	(1,290,958)	(1,328,381)
Net Cash Provided/(Used) by Operating Activities	(521,366)	(521,366)	(410,808)
Cash Flows From Noncapital Financing Activities:			
State Sources	34,526	34,526	32,126
Federal Sources	466,015	466,015	394,197
Vendor contribution, based on guaranteed profit	64,639	64,639	
Net Cash Provided/(Used) by Noncapital Financing Activities	565,180	565,180	426,323
Purchases of Capital Assets	(125,883)	(125,883)	(11,000)
Net Cash Provided/(Used) by Capital & Related Financing Activities	(125,883)	(125,883)	(11,000)
Cash Flows From Investing Activities:			
Interest & Dividends	436	436	1,873
Net Cash Provided/(Used) by Investing Activities	436	436	1,873
Net Increase/(Decrease) in Cash & Cash Equivalents	(81,633)	(81,633)	6,388
Balances - Beginning of Year	140,544	140,544	134,156
Balances - End of Year	\$58,911	58,911	140,544

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

Operating Income/(Loss)	(\$604,616)	(604,616)	(601,355)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	67,325	67,325	38,366
Food Distribution Program	146,422	146,422	99,994
(Increase)/Decrease in Accounts Receivable, Net	722	722	(1,813)
(Increase)/Decrease in Inventories	(21,733)	(21,733)	8,969
(Increase) Decrease in Other Liabilities- not capital relate	7,682	7,682	
Increase/(Decrease) in Accounts Payable	(117,168)	(117,168)	45,031
Total Adjustments	83,250	83,250	190,547
Net Cash Provided/(Used) by Operating Activities	(\$521,366)	(521,366)	(410,808)

Internal Service Fund

Not Applicable



H. Fiduciary Fund

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMPARATIVE COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

ASSETS	PRIVATE PURPOSE		AGENCY			2010	2009
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND	PAYROLL FUND	STUDENT ACTIVITY FUND	ATHLETIC FUND		
Cash & Cash Equivalents	\$1,249,209	658,015	1,225,756	446,230	13	3,579,223	3,344,794
Interfund Receivable	133,262					133,262	128,285
Total Assets	1,382,471	658,015	1,225,756	446,230	13	3,712,485	3,473,079
LIABILITIES							
Payable for Student Related Activities				446,230	13	446,243	461,804
Payroll Deductions & Withholdings			1,090,791			1,090,791	952,342
Interfund Payable	357,360		134,965			492,325	130,418
Total Liabilities	357,360		1,225,756	446,230	13	2,029,359	1,544,564
Held in Trust for Unemployment Claims & Other Purposes	1,025,111					1,025,111	1,246,169
Reserved for Scholarships		658,015				658,015	682,346
Total Net Assets	\$1,025,111	658,015	-	-	-	1,683,126	1,928,515

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMPARATIVE COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

ADDITIONS	PRIVATE PURPOSE		2010	2009
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND		
Contributions:				
Other	\$133,262	34,565	167,827	170,425
Total Contributions	133,262	34,565	167,827	170,425
Investment Earnings:				
Interest	3,040	3,929	6,969	20,533
Net Investment Earnings	3,040	3,929	6,969	20,533
Total Additions	136,302	38,494	174,796	190,958
DEDUCTIONS				
Unemployment Claims	357,360		357,360	246,493
Scholarship Payments		62,825	62,825	71,350
Total Deductions	357,360	62,825	420,185	317,843
Change in Net Assets	(221,058)	(24,331)	(245,389)	(126,885)
Net Assets - Beginning of the Year	1,246,169	682,346	1,928,515	2,055,400
Net Assets - End of the Year	\$1,025,111	658,015	1,683,126	1,928,515

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

	JULY 1, 2009	CASH RECEIPTS	CASH DISBURSEMENTS	JUNE 30, 2010
Elementary Schools:				
Port Monmouth	\$3,833	184	210	3,807
Bayview	4,460	3,262	1,795	5,927
Nutswamp	2,023	6,699	7,014	1,708
Middletown Village	741	9,865	9,666	940
Harmony	7,969	24,364	21,740	10,593
Leonardo	865	7,132	4,955	3,042
Navesink	2,875	19,608	16,866	5,617
New Monmouth	13,700	10,791	11,868	12,623
Ocean Avenue	10,348	8,564	11,031	7,881
Fairview	932	8,834	4,666	5,100
Lincroft	70	14,644	14,297	417
River Plaza	2,498	1,589	1,086	3,001
Total Elementary Schools	50,314	115,536	105,194	60,656
Middle Schools				
Bayshore	10,821	70,094	66,110	14,805
Thorne	40,598	83,331	86,130	37,799
Thompson	79,526	125,736	130,725	74,537
Total Middle Schools	130,945	279,161	282,965	127,141
High Schools:				
North	144,461	362,933	379,185	128,209
South	134,651	372,053	376,480	130,224
Total High Schools	279,112	734,986	755,665	258,433
Total All Schools	\$460,371	1,129,683	1,143,824	446,230

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

ASSETS	BALANCE JULY 1, 2009	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2010
Cash & Cash Equivalents	\$1,082,760	100,187,312	100,044,316	1,225,756
Total Assets	\$1,082,760	100,187,312	100,044,316	1,225,756
LIABILITIES				
Payroll Deductions & Withholdings	\$952,342	100,052,347	99,913,898	1,090,791
Interfunds Payable	130,418	134,965	130,418	134,965
Total Liabilities	\$1,082,760	100,187,312	100,044,316	1,225,756

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
ATHLETIC AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

ASSETS	BALANCE JULY 1, 2009	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2010
Cash & Cash Equivalents	\$1,433	260,837	262,257	13
Total Assets	\$1,433	260,837	262,257	13
LIABILITIES				
Interfund Account Payable Payable for Student Related Activities	\$1,433	260,837	262,257	13
Total Liabilities	\$1,433	260,837	262,257	13

I. Long-Term Debt

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS PAYABLE
 JUNE 30, 2010

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS		INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2009	ISSUED	REFUNDED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2010
			DATE	AMOUNT						
Buildings, Alterations & Renovations (Refunding Issue - 1997)	2/15/01	\$66,720,000	8/01/10	\$2,290,000	5.000%	\$64,625,000		60,150,000	2,185,000	2,290,000
Buildings, Alterations & Renovations (Refunding Issue - 2010)	5/11/10	55,665,000	8/1/2010	750,000	2.500%	55,665,000				55,665,000
			8/1/2011	2,245,000	4.000%					
			8/1/2012	2,335,000	4.000%					
			8/1/2013	2,420,000	4.000%					
			8/1/2014	2,510,000	4.000%					
			8/1/2015	1,590,000	4.000%					
			8/1/2015	1,020,000	5.000%					
			8/1/2016	2,725,000	5.000%					
			8/1/2017	2,855,000	5.000%					
			8/1/2018	2,995,000	5.000%					
			8/1/2019	3,140,000	5.000%					
			8/1/2020	3,290,000	5.000%					
			8/1/2021	3,440,000	5.000%					
			8/1/2022	3,605,000	5.000%					
			8/1/2023	3,770,000	5.000%					
			8/1/2024	3,955,000	5.000%					
			8/1/2025	4,140,000	5.000%					
8/1/2026	4,335,000	5.000%								
8/1/5027	4,545,000	5.000%								
Buildings, Alterations & Renovations	09/10/02	10,500,000	8/01/10	275,000	4.000%	9,650,000			255,000	9,395,000
			8/01/11	300,000	4.000%					
			8/01/12	315,000	4.000%					
			8/01/13	340,000	4.000%					
			8/01/14	360,000	4.000%					
			8/01/15	390,000	4.000%					
			8/01/16	415,000	4.000%					
			8/01/17	445,000	4.100%					
			8/01/18	475,000	4.125%					
			8/01/19	505,000	4.250%					
			8/01/20	540,000	4.350%					
			8/01/21	585,000	4.450%					
			8/01/22	625,000	4.550%					
			8/01/23	670,000	4.600%					
			8/01/24	715,000	4.625%					
			8/01/25	760,000	4.625%					
			8/01/26	810,000	4.625%					
8/01/27	870,000	4.625%								
Total						\$74,275,000	55,665,000	60,150,000	2,440,000	67,350,000

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2010**

SERIES	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2009	ISSUED	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2010
Sun-Trust Elementary HVAC	3.99%	\$8,400,000	\$6,580,000		700,000	5,880,000
Commerce High School North Synthetic Turf Field Lease	3.61%	800,000	490,000		155,000	335,000
Monmouth County Improvement Authority: Series 1999	4.50 - 5.00%	7,068,000	929,000		929,000	
Savin Copiers	4.98%	906,132	906,132		163,676	742,456
Savin Copiers	4.185%	554,054	10,252		10,252	
Technology Lease	4.58%	1,500,000		1,500,000		1,500,000
Total			\$8,915,384	1,500,000	1,957,928	8,457,456

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:										
Local Sources:										
Local Tax Levy	\$4,158,093		4,158,093	4,158,093		4,122,931		4,122,931	4,122,931	
State Sources:										
Debt Service Aid Type II	1,814,046		1,814,046	1,814,046		1,814,526		1,814,526	1,814,526	
Total Revenues	5,972,139		5,972,139	5,972,139		5,937,457		5,937,457	5,937,457	
Expenditures:										
Regular Debt Service:										
Interest	3,544,738		3,544,738	3,544,737	1	3,651,163		3,651,163	3,651,163	
Redemption of Principal	2,440,000		2,440,000	2,440,000		2,335,000		2,335,000	2,335,000	
Total Regular Debt Service	5,984,738		5,984,738	5,984,737	1	5,986,163		5,986,163	5,986,163	
Total Expenditures	5,984,738		5,984,738	5,984,737	1	5,986,163		5,986,163	5,986,163	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(12,599)		(12,599)	(12,598)	1	(48,706)		(48,706)	(48,706)	
Other Financing Sources (Uses):										
Operating Transfers In:										
Interest Earned in Capital Projects Fund				11		11			2,674	2,674
Excess/(Deficiency) of Revenues & Other Financing Sources Over/ (Under) Expenditures	(12,599)		(12,599)	(12,587)	12	(48,706)		(48,706)	(46,032)	2,674
Fund Balance, July 1,	15,273		15,273	15,273		61,305		61,305	61,305	
Fund Balance, June 30,	\$2,674	-	2,674	2,686	12	12,599	-	12,599	15,273	2,674

STATISTICAL SECTION (Unaudited)

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

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:								
Invested in Capital Assets, Net of Related Debt	\$37,477,962	30,953,572	26,315,229	26,714,346	25,180,881	21,878,901	18,676,636	14,092,721
Restricted	5,472,204	6,437,559	6,267,290	7,232,146	5,048,312	6,561,902	4,685,740	3,332,235
Unrestricted	(3,068,215)	2,458,413	5,054,798	(1,153,361)	(1,017,094)	(859,379)	(85,115)	1,369,510
Total Governmental Activities Net Assets	\$39,881,951	39,849,544	37,637,317	32,793,131	29,212,099	27,581,424	23,277,261	18,794,466
Business-Type Activities:								
Invested in Capital Assets, Net of Related Debt	\$186,407	55,912	94,277	117,581	91,757	103,160	107,656	90,767
Unrestricted	30,382	46,706	71,169	108,951	151,176	177,654	145,149	137,077
Total Business-Type Activities Net Assets	\$216,789	102,618	165,446	226,532	242,933	280,814	252,805	227,844
District-Wide:								
Invested in Capital Assets, Net of Related Debt	\$37,664,369	31,009,484	26,409,506	26,831,927	25,272,638	21,982,061	18,784,292	14,183,488
Restricted	5,472,204	6,437,559	6,267,290	7,232,146	5,048,312	6,561,902	4,685,740	3,332,235
Unrestricted	(3,037,833)	2,505,119	5,125,967	(1,044,410)	(865,918)	(681,725)	60,034	1,506,587
Total District Net Assets	\$40,098,740	39,952,162	37,802,763	33,019,663	29,455,032	27,862,238	23,530,066	19,022,310

Source :CAFR Schedule A-1

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST EIGHT FISCAL YEARS

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:								
Governmental Activities								
Instruction:								
Regular	\$55,004,182	51,696,029	49,535,561	46,265,089	42,591,885	43,705,533	42,229,334	40,159,933
Special Education	14,100,471	14,978,785	13,959,547	13,427,985	12,506,282	11,419,319	10,373,744	9,382,519
Other Special Education	205,748	205,853	1,391,443	1,102,205	1,024,120	1,017,449	980,681	923,587
Other Instruction	2,354,807	1,887,986	2,083,033	1,811,801	1,683,884	1,758,372	1,512,696	1,614,825
Support Services:								
Tuition	2,720,210	3,608,930	4,131,985	3,723,053	4,884,315	5,060,171	4,831,214	4,615,911
Attendance & Social Work Services	44,917	43,990	42,744	40,128	38,400	37,290	36,868	34,565
Health Services	2,137,857	2,051,480	1,825,537	1,857,619	1,768,481	1,472,628	1,461,937	1,345,113
Student & Instruction Related Services	11,247,959	10,844,232	10,659,731	9,662,581	9,027,791	8,584,405	7,860,343	7,472,785
Educational Media Services/School Library	545,493	629,293	578,921	602,782	578,844	776,367	857,074	815,981
Instructional Staff Training	379,620	524,221	376,913	494,793	415,829	263,463	225,671	225,208
Other Administrative Services	1,570,465	1,792,100	1,767,363	1,836,249	1,828,062	1,781,239	1,919,202	2,081,821
Central Services	1,577,706	1,539,224	1,595,736	1,238,053	1,237,058	1,350,769		
Administration Information Technology Services	819,694	787,982	789,215	728,494	755,986	732,626		
School Administrative Services	6,819,282	6,444,702	6,174,931	5,800,536	5,654,731	5,275,665	4,989,035	4,717,627
Plant Operations & Maintenance	13,742,032	13,029,719	13,120,492	12,364,925	12,247,101	11,403,170	10,851,303	10,744,536
Pupil Transportation	9,526,916	9,760,696	9,232,429	8,873,932	8,646,278	8,223,369	7,965,004	7,982,472
Business & Other Support Services							1,612,261	1,616,816
Unallocated Benefits	32,096,838	29,930,094	35,276,650	33,683,621	28,498,185	25,898,963	22,951,623	20,138,946
Charter Schools					8,305	16,126	19,506	36,485
Interest on Long-Term Debt & Other Bond Costs	2,597,887	3,723,019	3,821,788	3,821,056	3,892,552	4,045,893	4,090,500	4,141,014
Reduction of Capital Leases Adjustment/Reduction of Fixed Assets	1,118,749	97,701	220,100	616,522	108,513	747,021	89,560	3,557,845
Unallocated Depreciation	2,923,768	2,865,895	2,808,082	2,741,866	2,198,216	2,197,875	2,021,004	3,547,791
Amortization of Bond Issuance Costs	6,748	23,377	23,377					
Total Governmental Activities Expenses	161,541,349	156,465,308	159,415,578	150,693,290	139,594,818	135,767,713	126,878,560	121,523,929
Business-Type Activities:								
Food Service	2,398,096	2,503,332	2,476,198	2,350,797	2,386,821	2,169,209	2,051,526	1,887,652
Total Business-Type Activities Expense	2,398,096	2,503,332	2,476,198	2,350,797	2,386,821	2,169,209	2,051,526	1,887,652
Total District Expenses	\$163,939,445	158,968,640	161,891,776	153,044,087	141,981,639	137,936,922	128,930,086	123,411,581
Program Revenues:								
Operating Grants & Contributions	\$8,030,281	6,893,070	6,458,421	5,831,626	5,821,877	5,808,337	5,723,309	5,586,286
Total Governmental Activities Program Revenues	8,030,281	6,893,070	6,458,421	5,831,626	5,821,877	5,808,337	5,723,309	5,586,286
Business-Type Activities:								
Charges for Services:								
Food Service	1,793,480	1,901,977	1,906,138	1,855,232	1,908,827	1,835,002	1,724,755	1,629,020
Operating Grants & Contributions	718,351	536,654	502,229	468,135	429,923	356,513	348,713	292,958
Total Business Type Activities Program Revenues	2,511,831	2,438,631	2,408,367	2,323,367	2,338,750	2,191,515	2,073,468	1,921,978
Total District Program Revenues	\$10,542,112	9,331,701	8,866,788	8,154,993	8,160,627	7,999,852	7,796,777	7,508,264

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

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue:								
Governmental Activities	(\$153,511,068)	(149,572,238)	(152,957,157)	(144,861,664)	(133,772,941)	(129,959,376)	(121,155,251)	(115,937,643)
Business-Type Activities	113,735	(64,701)	(67,831)	(27,430)	(48,071)	22,306	21,942	34,326
Total District-Wide Net Expense	(\$153,397,333)	(149,636,939)	(153,024,988)	(144,889,094)	(133,821,012)	(129,937,070)	(121,133,309)	(115,903,317)
General Revenues & Other Changes in Net Assets:								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	\$119,793,275	115,646,345	111,352,142	107,070,009	102,285,049	97,631,986	92,353,253	90,255,928
Taxes Levied for Debt Service	4,158,093	4,122,931	4,135,323	4,061,960	3,775,363	3,798,331	3,936,343	2,692,828
Unrestricted Grants & Contributions	28,371,241	30,059,527	36,152,801	35,042,835	29,737,004	28,756,146	27,607,975	24,497,881
Tuition Received	78,950	68,138	48,293	25,536	31,351	8,778	21,309	38,975
Miscellaneous Income	1,085,323	1,921,910	2,943,736	2,454,496	2,406,089	2,243,661	1,431,284	1,945,924
Change in Compensated Absences	56,593	(34,386)	224,756	(212,140)	(185,602)	222,316	38,868	785,778
Increase in Capital Reserve							514	4,135
Changes in IBNR					(2,031,900)	310,200	248,500	63,084
Total Governmental Activities	153,543,475	151,784,465	154,857,051	148,442,696	136,017,354	132,971,418	125,638,046	120,284,533
Business-Type Activities:								
Investment Earnings	436	1,873	6,745	11,029	10,190	5,703	3,019	3,560
Total Business-Type Activities	436	1,873	6,745	11,029	10,190	5,703	3,019	3,560
Total District-Wide	\$153,543,911	151,786,338	154,863,796	148,453,725	136,027,544	132,977,121	125,641,065	120,288,093
Change in Net Assets:								
Governmental Activities	\$32,407	2,212,227	1,899,894	3,581,032	2,244,413	3,012,042	4,482,795	4,346,890
Business-Type Activities	114,171	(62,828)	(61,086)	(16,401)	(37,881)	28,009	24,961	37,886
Total District	\$146,578	2,149,399	1,838,808	3,564,631	2,206,532	3,040,051	4,507,756	4,384,776

Source: CAFR Schedule A-2

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:								
Reserved	\$6,089,233	7,671,475	7,666,881	8,677,412	6,438,755	7,171,470	6,121,119	5,956,972
Unreserved	1,355,835	1,863,111	2,245,253	2,061,838	2,013,233	2,196,660	3,710,093	4,367,096
Total General Fund	\$7,445,068	9,534,586	9,912,134	10,739,250	8,451,988	9,368,130	9,831,212	10,324,068
All Other Governmental Funds:								
Reserved			44,174	42,504	822,462	2,990,338	7,229,109	12,424,883
Unreserved, Reported in:								
Capital Projects Fund			205,073	267,031	357,615	22,356	574,625	667,034
Debt Service Fund	\$2,686	15,273	61,305	101,088	52,382	126,500	168,778	3,918
Permanent Fund					613,738	606,761	618,903	639,146
Total All Other Governmental Funds	\$2,686	15,273	310,552	410,623	1,846,197	3,745,955	8,591,415	13,734,981

Source: CAFR Schedule B-1

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
Tax Levy	\$123,951,368	119,769,276	115,487,465	111,131,969	106,060,412	101,430,317	96,289,596	92,948,756	85,165,251	82,523,711
Tuition Charges	78,950	68,138	48,293	25,536	31,351	8,778	21,309	38,975	91,460	159,431
Miscellaneous	1,085,116	1,909,788	2,807,447	2,454,496	2,406,089	2,243,661	1,431,284	1,945,924	2,243,918	4,965,887
State Sources	31,175,887	32,919,176	39,108,448	37,843,623	32,410,990	31,485,409	30,480,256	27,463,489	26,306,182	24,065,919
Federal Sources	5,225,635	4,033,421	3,502,774	3,030,838	3,147,891	3,079,074	2,851,028	2,620,678	2,421,543	1,957,740
Total Revenue	161,516,956	158,699,799	160,954,427	154,486,462	144,056,733	138,247,239	131,073,473	125,017,822	116,228,354	113,672,688
Expenditures										
Instruction:										
Regular Instruction	55,004,182	51,696,029	49,535,561	46,265,089	42,591,885	43,705,533	42,229,334	40,159,933	39,944,679	37,902,348
Special Education Instruction	14,100,471	14,978,785	13,959,547	13,427,985	12,506,282	11,419,319	10,373,744	9,382,519	8,592,903	7,822,095
Other Special Instruction	205,748	205,853	1,391,443	1,102,205	1,024,120	1,017,449	980,681	923,587	891,688	862,319
Other Instruction	2,354,807	1,887,986	2,083,033	1,811,801	1,683,884	1,758,372	1,512,696	1,614,825	1,394,955	1,374,626
Support Services:										
Tuition	2,720,210	3,608,930	4,131,985	3,723,053	4,884,315	5,060,171	4,831,214	4,615,911	4,330,405	3,906,650
Attendance & Social Work Services	44,917	43,990	42,744	40,128	38,400	37,290	36,868	34,565	35,774	32,066
Health Services	2,137,857	2,051,480	1,825,537	1,857,619	1,768,481	1,472,628	1,461,937	1,345,113	1,270,930	1,307,417
Student & Instruction Related Services	11,247,959	10,844,232	10,659,731	9,662,581	9,027,791	8,584,405	7,860,343	7,472,785	7,281,060	6,989,303
Educational Media Services/ School Library	545,493	629,293	578,921	602,782	578,844	776,367	857,074	815,981	406,213	386,606
Instructional Staff Training	379,620	524,221	376,913	494,793	415,829	263,463	225,671	225,208	149,069	190,688
Other Administrative Services	1,570,465	1,792,100	1,767,363	1,836,249	1,828,062	1,781,239	1,919,202	2,081,821	2,148,577	2,031,768
Central Services	1,577,706	1,539,224	1,595,736	1,238,053	1,237,058	1,350,769				
Administration Information										
Technology Services	819,694	787,982	789,215	728,494	755,986	732,626				
School Administrative Services	6,819,282	6,444,702	6,174,931	5,800,536	5,654,731	5,275,665	4,989,035	4,717,627	4,455,680	4,160,781
Plant Operations & Maintenance	13,742,032	13,029,719	13,120,492	12,364,925	12,247,101	11,403,170	10,851,303	10,744,536	9,447,790	9,518,946
Pupil Transportation	9,526,916	9,760,696	9,232,429	8,873,932	8,646,278	8,223,369	7,965,004	7,982,472	7,674,433	7,043,816
Business & Other Support Services							1,612,261	1,616,816	1,670,100	1,453,798
Unallocated Benefits	32,096,838	29,930,094	35,276,650	33,683,621	28,498,185	25,898,963	22,951,623	20,138,946	15,675,270	16,177,089
Capital outlay	5,141,907	6,422,318	9,664,353	3,525,895	5,919,048	10,111,033	10,582,663	19,621,421	25,450,815	35,319,148
Debt service:										
Principal	2,440,000	2,335,000	2,225,000	2,110,000	1,555,000	1,475,000	1,400,000	1,398,000	1,475,000	1,315,000
Interest & Other Charges	3,544,737	3,651,163	3,756,705	3,871,295	3,971,148	4,057,078	4,298,750	3,765,676	3,616,495	4,319,910
Total Expenditures	166,020,841	162,163,797	168,188,289	153,021,036	144,832,428	144,403,909	136,939,403	138,657,742	135,911,836	142,114,374

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(4,503,885)	(3,463,998)	(7,233,862)	1,465,426	(775,695)	(6,156,670)	(5,865,930)	(13,639,920)	(19,683,482)	(28,441,686)
Other Financing Sources/(Uses):										
Proceeds from Borrowing								10,500,000		
Arbitrage Remittance									(1,038,958)	
Capital Leases (Non-budgeted)	2,401,780	2,791,171	6,306,675			554,054				6,500,000
Transfer to Charter Schools				-	(8,305)	(16,126)	(19,506)	(36,485)	(31,160)	(17,716)
Increase in Capital Reserve							514	4,135	200,000	
I.B.N.R.					(2,031,900)	310,200	248,500	63,084	342,573	
Transfers in	11	2,674	12,599	48,712	52,382	126,500	415,503	632,252	747,595	4,385,395
Transfers Out	(11)	(2,674)	(12,599)	(48,712)	(52,382)	(126,500)	(415,503)	(632,252)	(747,595)	(3,317,851)
Total Other Financing Sources/(Uses)	2,401,780	2,791,171	6,306,675	-	(2,040,205)	848,128	229,508	10,530,734	(527,545)	7,549,828
Net Change in Fund Balances	(\$2,102,105)	(672,827)	(927,187)	1,465,426	(2,815,900)	(5,308,542)	(5,636,422)	(3,109,186)	(20,211,027)	(20,891,858)
Debt Service as a Percentage of Noncapital Expenditures	3.9%	4.0%	3.9%	4.2%	4.1%	4.3%	4.7%	4.5%	4.8%	5.6%

Source: District records CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	SALE OF EQUIPMENT	INSURANCE/ LEGAL SETTLEMENT	RENTALS	PRIOR YEAR REFUNDS	TELEPHONE COMMISSIONS	HEALTH INSURANCE CONTRIBUTIONS	SALE OF PLANS/ SPECS	MISCELLANEOUS	TOTAL
2010	\$151,934	-	92,778	54,201	166,530	-	544,824	-	20,686	1,030,953
2009	284,224	-	61,305	47,021	898,824	-	556,092	1,200	5,401	1,854,067
2008	1,185,264	-	99,665	45,301	670,870	-	586,916	945	9,230	2,598,191
2007	1,492,596	-	74,557	96,611	57,628	-	574,752	2,400	1,008	2,299,552
2006	934,249	-	40,990	89,979	304,512	-	560,188	400	30,242	1,960,560
2005	565,499	68,000	71,746	108,943	154,738	-	541,436	-	23,124	1,533,486
2004	253,117	33,174	52,632	59,364	85,055	1,861	536,438	1,530	41,683	1,064,854
2003	354,840	20,220	26,374	105,597	206,213	545	436,065	1,725	44,393	1,195,972
2002	526,822	26,082	52,684	89,367	219,130	1,032	413,426	11,950	22,566	1,363,059
2001	969,818	-	41,196	64,027	177,668	1,476	249,246	-	39,304	1,542,735
Total	\$6,718,363	147,476	613,927	760,411	2,941,168	4,914	4,999,383	20,150	237,637	16,443,429

Source: District records

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

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
2010	\$85,622,700	9,636,409,200	149,035,500	697,900	1,384,038,100	2,792,700	108,714,800	11,367,310,900	16,143,398	11,383,454,298	1.109	11,928,886,176
2009	95,524,100	9,668,867,900	135,825,600	671,300	1,396,112,100	2,792,700	108,714,800	11,408,508,500	16,720,537	11,425,229,037	1.085	11,955,302,056
2008	47,481,660	4,232,317,778	48,137,000	466,800	606,184,000	1,052,500	45,671,100	4,981,310,838	5,964,127	4,987,274,965	2.402	12,512,393,547
2007	52,305,760	4,195,008,178	40,885,100	487,100	605,039,300	1,152,500	46,721,100	4,941,599,038	6,465,349	4,948,064,387	2.334	12,488,402,803
2006	46,520,660	4,153,537,978	38,781,500	484,800	626,854,300	1,152,500	44,337,800	4,911,669,538	6,769,985	4,918,439,523	2.260	11,539,217,832
2005	48,092,060	4,103,775,578	40,970,800	499,300	661,326,000	1,152,500	45,413,800	4,901,230,038	7,986,408	4,909,216,446	2.160	10,348,134,167
2004	59,630,360	4,048,378,278	39,459,700	504,600	662,076,200	1,152,500	45,566,000	4,856,767,638	8,826,328	4,865,593,966	2.085	9,182,924,624
2003	55,979,260	3,999,888,338	31,179,900	492,200	674,258,900	3,750,700	46,416,000	4,811,965,298	10,978,465	4,822,943,763	1.996	8,121,487,985
2002	46,466,560	3,968,051,438	28,533,100	468,700	689,464,800	3,750,700	46,416,000	4,783,151,298	11,958,977	4,795,110,275	1.938	6,974,333,501
2001	45,780,360	3,937,051,738	29,014,000	479,600	682,705,000	3,750,700	47,960,500	4,746,741,898	12,532,485	4,759,274,383	1.789	6,120,809,281

Source: Monmouth County Board of Taxation

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

Reassessment occurs when ordered by the County Board of Taxation

a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b. Tax rates are per \$100

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	TOWNSHIP OF MIDDLETOWN	MONMOUTH COUNTY	COUNTY OPEN SPACE	
2010	1.074	0.035	1.109	0.418	0.252	0.016	1.795
2009	1.049	0.036	1.085	0.370	0.253	0.017	1.725
2008	2.318	0.083	2.401	0.778	0.570	0.038	3.787
2007	2.250	0.084	2.334	0.727	0.563	0.035	3.659
2006	2.176	0.083	2.259	0.706	0.560	0.032	3.557
2005	2.083	0.077	2.160	0.669	0.566	0.034	3.429
2004	2.007	0.078	2.085	0.642	0.563	0.034	3.324
2003	1.914	0.082	1.996	0.631	0.542	0.035	3.204
2002	1.882	0.056	1.938	0.606	0.517	0.022	3.083
2001	1.744	0.045	1.789	0.606	0.500	0.023	2.918

Source: Municipal Tax Collector, Monmouth County Board of Taxation.

Note: There was a property revaluation in 2009

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2010		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
200 Laurel (AT&T Lease Admin.)	\$211,329,700	1	1.86%
Four Ponds (CB Richard Ellis, Inc.)	67,568,000	2	0.59%
One River Associates (Mack-Cali Realty Corp.)	56,482,400	3	0.50%
Investors Warranty of America, LLC	40,265,200	4	0.35%
Middletown VF, LLC (V.R. Trust)	33,410,300	5	0.29%
Centro NP Middletown Plaza Owner	31,797,600	6	0.28%
Hensyn, Inc.	26,873,000	7	0.24%
Thousand Oaks Village	26,143,200	8	0.23%
Navesink Country Club	23,235,700	9	0.20%
Lincroft Enterprises Associates	19,762,300	10	0.17%
Total	\$536,867,400		4.71%

Taxpayer	2001		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Laurel Associates (AT&T)	\$215,029,300	1	4.57%
One River Associates (Belcore)	48,140,100	2	1.02%
Four Ponds (AT&T)	31,000,000	3	0.66%
Weill, Maurice M. Trustee (Lucent)	28,637,500	4	0.61%
Middletown VF, LLC	15,000,000	5	0.32%
Shav Associates	14,743,300	6	0.31%
Thousand Oaks Village	13,702,001	7	0.29%
J&A International Corp.	13,042,300	8	0.28%
Hensyn, Inc.	12,964,000	9	0.28%
Jill Nackel, McGuire's Grove Apartments	11,712,500	10	0.25%
Total	\$403,971,001		8.59%

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2010	\$123,951,368	123,951,368	100.00%	-
2009	119,769,276	119,769,276	100.00%	-
2008	115,487,465	115,487,465	100.00%	-
2007	111,131,969	111,131,969	100.00%	-
2006	106,060,412	106,060,412	100.00%	-
2005	101,430,317	101,430,317	100.00%	-
2004	96,289,596	96,289,596	100.00%	-
2003	92,948,756	92,948,756	100.00%	-
2002	85,165,251	85,165,251	100.00%	-
2001	82,523,711	82,523,711	100.00%	-

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

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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2010	\$67,350,000	6,957,456	74,307,456	N/A	N/A
2009	74,275,000	8,915,384	83,190,384	N/A	N/A
2008	76,610,000	9,827,256	86,437,256	2.29%	1,298
2007	78,835,000	10,789,593	89,624,593	2.42%	1,350
2006	80,945,000	3,822,211	84,767,211	2.42%	1,269
2005	82,500,000	6,276,836	88,776,836	2.70%	1,321
2004	83,977,004	8,115,164	92,092,168	2.90%	1,368
2003	85,375,000	10,935,431	96,310,431	3.28%	1,438
2002	86,773,000	14,567,282	101,340,282	3.47%	1,513
2001	77,748,000	17,888,287	95,636,287	3.24%	1,419

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
See Exhibit J-14 for personal income and population data.

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

FISCAL YEAR ENDED JUNE 30,	ESTIMATED SCHOOL DISTRICT POPULATION	NET ASSESSED VALUATION TAXABLE	NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
2010*	66,603	\$11,383,454,298	67,350,000	0.59%	1,011
2009	66,603	11,425,229,037	74,275,000	0.65%	1,114
2008	66,591	4,987,274,965	76,610,000	1.54%	1,149
2007	66,402	4,948,064,387	78,835,000	1.58%	1,182
2006	66,796	4,918,439,523	80,945,000	1.64%	1,218
2005	67,213	4,909,216,446	82,500,000	1.68%	1,235
2004	67,340	4,865,593,966	83,977,004	1.71%	1,249
2003	66,964	4,822,943,763	85,375,000	1.75%	1,268
2002	66,991	4,795,110,275	86,773,000	1.80%	1,296
2001	67,377	4,759,274,383	77,748,000	1.62%	1,161

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.
See Exhibit J-6 for property tax data.

Population data can be found in Exhibit J-14.

* Used 2009 data as 2010 not yet available

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Middletown	\$73,957,829	100.0%	\$73,957,829
Other Debt:			
County of Monmouth - Township's Share (9.487%)	510,047,018	9.4871%	48,388,672
Township of Middletown Sewerage Authority	7,595,000	100.00%	7,595,000
Township of Middletown Housing Authority	1,845,000	100.0%	<u>1,845,000</u>
Subtotal, Overlapping Debt			131,786,501
Middletown Township School District Direct Debt			<u>67,350,000</u>
Total Direct & Overlapping Debt			<u><u>\$199,136,501</u></u>

Sources: Monmouth County Office of the Treasurer, Township of Middletown, Township of Middletown Sewerage Authority, Township of Middletown Housing Authority

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

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

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

	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt Limit	\$492,359,312	492,359,312	486,944,196	458,060,441	413,955,919	368,330,074	323,293,098	282,415,478	248,473,518	224,530,619
Total Net Debt Applicable to Limit	<u>67,350,000</u>	<u>74,275,000</u>	<u>76,610,000</u>	<u>78,835,000</u>	<u>80,945,000</u>	<u>82,500,000</u>	<u>83,977,004</u>	<u>85,375,000</u>	<u>86,773,000</u>	<u>77,748,000</u>
Legal Debt Margin	<u>\$425,009,312</u>	<u>418,084,312</u>	<u>410,334,196</u>	<u>379,225,441</u>	<u>333,010,919</u>	<u>285,830,074</u>	<u>239,316,094</u>	<u>197,040,478</u>	<u>161,700,518</u>	<u>146,782,619</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.68%	15.09%	15.73%	17.21%	19.55%	22.40%	25.98%	30.23%	34.92%	34.63%

Legal Debt Margin Calculation for Fiscal Year 2010

	Equalized Valuation Basis
	2009 \$11,938,581,519
	2008 12,506,429,420
	2007 <u>12,481,937,454</u>
	<u>\$36,926,948,393</u>
Average Equalized Valuation of Taxable Property	<u>\$12,308,982,798</u>
Debt Limit (4 % of Average Equalization Value)	\$492,359,312
Net Bonded School Debt	<u>67,350,000</u>
Legal Debt Margin	<u>\$425,009,312</u>

Source: Equalized valuation bases were obtained from the Monmouth County Board of Taxation

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

YEAR	POPULATION (a)	PERSONAL INCOME (b)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2009	66,603	N/A	N/A	8.3%
2008	66,591	3,779,372,205	56,755	4.1%
2007	66,402	3,706,958,052	55,826	3.1%
2006	66,796	3,506,723,204	52,499	3.4%
2005	67,213	3,289,434,390	48,072	3.2%
2004	67,340	3,173,003,816	46,545	3.6%
2003	66,964	2,935,872,443	43,634	4.3%
2002	66,991	2,916,799,200	43,387	4.2%
2001	67,377	2,954,651,100	43,863	3.0%
2000	67,793	2,894,652,801	43,161	2.5%

Source: U.S. Department of Commerce, Bureau of Economic Analysis. These numbers are estimated by the Bureau and may be revised from year to year.

a Population information provided by the NJ Dept of Labor and Workforce Development. These numbers are estimated by the Department and may be revised from year to year.

b Personal income has been estimated based upon the county 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. Note that there is recent revised data for the years 2004 through 2001 due to the new unemployment estimation procedure.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

	2010		PERCENTAGE OF TOTAL EMPLOYMENT
	EMPLOYEES	RANK	
Middletown Township Board of Education	1,532		4.68%
Food Circus Super Markets, Inc.	860		2.63%
Brookdale Community College	748		2.28%
Township of Middletown	601		1.83%
T&M Associates	N/A		N/A
AT&T	N/A		N/A
Academy Bus Lines	N/A		N/A
Marriott Senior Living Services	N/A		N/A
Sears Roebuck & Co.	N/A		N/A
Courtyard Management Group	N/A		N/A
Total	3,741		11.42%
Total Employment - 2010 (Estimated)	32,754		
	2001		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
AT&T Laurel Avenue	4,132		12.09%
Middletown Township Board of Education	1,119		3.28%
AT&T Midd-Line Road	914		2.68%
Brookdale Community College	658		1.93%
Township of Middletown	467		1.37%
Academy Bus Lines	405		1.19%
Marriott Senior Living Services	325		0.95%
Sears Roebuck & Co.	320		0.94%
Courtyard Management Group	310		0.91%
K. Hovnanian Enterprises, Inc.	290		0.85%
Total	8,940		26.17%
Total Employment - 2001 (Estimated)	34,163		

Source: Monmouth County Department of Economic Development and Tourism;
The Township of Middletown, Official Statements

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS**

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction:									
Regular	613.76	617.64	597.18	593.87	612.07	614.45	606.78	602.53	597.97
Special Education	160.76	148.68	153.17	174.84	164.00	163.37	160.50	156.85	143.40
Other Special Instruction	10.82	15.59	19.73	13.30	13.37	13.96	13.51	13.70	14.70
Classroom Paraprofessionals	255.08	232.93	239.30	197.60	190.00	179.30	154.50	143.10	127.00
Support Services:									
Attendance Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Health Services	24.00	24.00	24.00	24.00	23.00	23.00	23.00	23.00	23.00
Student & Instruction Related Services	116.00	115.60	115.89	100.60	86.50	86.00	74.76	73.50	70.80
Educational Media Services/School									
Library	6.00	6.00	6.00	6.00	6.00	11.00	11.00	11.00	5.00
School Administrative Services	90.40	89.50	89.00	82.00	83.50	83.50	90.00	90.00	88.00
Central Services	18.00	18.00	18.00	18.00	18.00	18.00	-	-	-
Administrative Information Technology									
Service	12.00	12.00	12.00	12.00	12.00	12.00	-	-	-
Other Administrative Service	7.00	8.00	9.00	9.00	9.00	9.00	14.50	14.00	15.00
Plant Operations & Maintenance	171.00	168.90	163.40	142.00	147.00	142.00	142.50	141.00	135.00
Pupil Transportation	3.00	3.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Business & Other Support Services	-	-	-	-	-	-	26.00	23.00	19.00
Total	1,488.82	1,460.84	1,450.17	1,376.71	1,367.94	1,359.08	1,320.55	1,295.18	1,242.37

Source: District Personnel Records

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO (d)	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2010	10,248	\$144,885,807	14,138	4.97%	906	13.3	10,374	9,863	0.73%	95.07%
2009	10,160	140,282,616	13,807	9.63%	903	13.1	10,085	9,607	-0.40%	95.26%
2008	10,208	137,489,212	13,469	12.76%	901	11.5	10,299	9,766	1.10%	94.82%
2007	10,242	128,987,057	12,594	5.44%	893	11.5	10,125	9,604	-0.61%	94.85%
2006	10,331	123,397,148	11,944	3.40%	891	13.5	10,187	9,633	-0.89%	94.56%
2005	10,389	120,006,978	11,551	6.82%	884	13.5	10,278	9,639	0.23%	93.78%
2004	10,420	112,680,244	10,814	4.50%	887	13.7	10,254	9,616	-1.85%	93.78%
2003	10,365	107,262,518	10,349	6.69%	879	13.8	10,447	9,798	1.65%	93.79%
2002	10,475	101,606,420	9,700	5.68%	852	14.2	10,277	9,625	0.28%	93.66%
2001	10,445	95,868,674	9,178	3.40%	859	14.3	10,248	9,582	0.10%	93.50%

Sources: District records

Note: Enrollment based on annual October district count from the year prior.

a Operating expenditures equal total expenditures less debt service, capital outlay, and on-behalf TPAF Pension and reimbursed TPAF social security contributions. J-4

b Teaching staff includes only full-time equivalents of certificated staff.

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

d Pupil/Teacher ratio was obtained from the Comparative Spending Guide

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Elementary Schools:										
Bayview Elementary (1956):										
Square Feet	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
Capacity	665	665	665	665	665	665	665	665	665	665
Enrollment	481	395	401	404	403	410	411	491	457	452
Fairview Elementary (1931):										
Square Feet	32,960	32,960	32,960	32,960	32,960	32,960	32,960	32,960	32,960	32,960
Capacity	530	530	530	530	530	530	530	530	530	530
Enrollment (a)	340	323	318	340	344	345	356	345	352	354
Harmony Elementary (1960):										
Square Feet	51,405	51,405	51,405	51,405	51,405	51,405	51,405	51,405	51,405	51,405
Capacity	863	863	863	863	863	863	863	863	863	863
Enrollment	461	470	466	481	484	491	481	568	511	520
Leonardo Elementary (1931)										
Square Feet	32,255	32,255	32,255	32,255	32,255	32,255	32,255	32,255	32,255	32,255
Capacity	366	366	366	366	366	366	366	366	366	366
Enrollment	279	275	283	291	309	293	279	257	247	265
Lincroft Elementary (1956)										
Square Feet	39,560	39,560	39,560	39,560	39,560	39,560	39,560	39,560	39,560	39,560
Capacity	485	485	485	485	485	485	485	485	485	485
Enrollment	504	473	484	466	450	458	462	469	451	447
Middletown Village (1940)										
Square Feet	35,640	35,640	35,640	35,640	35,640	35,640	35,640	35,640	35,640	35,640
Capacity	611	611	611	611	611	611	611	611	611	611
Enrollment	463	423	426	393	379	387	409	431	390	377
Navesink Elementary (1941)										
Square Feet	29,113	29,113	29,113	29,113	29,113	27,974	27,974	27,974	27,974	27,974
Capacity	326	326	326	326	326	326	326	326	326	326
Enrollment	287	247	287	221	244	259	268	304	279	287
New Monmouth Elementary (1968)										
Square Feet	60,840	60,840	60,840	60,840	60,840	60,840	60,840	60,840	60,840	60,840
Capacity	699	699	699	699	699	699	699	699	699	699
Enrollment	544	438	513	475	493	492	481	502	459	506
Nut Swamp Elementary (1964)										
Square Feet	47,820	47,820	47,820	47,820	47,820	47,820	47,820	47,820	47,820	47,820
Capacity	822	822	822	822	822	822	822	822	822	822
Enrollment	579	524	534	531	509	537	501	537	533	528

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

DISTRICT BUILDINGS	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Ocean Avenue Elementary (1931)										
Square Feet	31,540	31,540	31,540	31,540	31,540	31,540	31,540	31,540	31,540	31,540
Capacity	454	454	454	454	454	454	454	454	454	454
Enrollment	293	303	345	306	321	337	360	366	410	384
Port Monmouth Elementary (1928)										
Square Feet	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750
Capacity	392	392	392	392	392	392	392	392	392	392
Enrollment	256	233	236	227	216	257	244	266	260	257
River Plaza Elementary (1928)										
Square Feet	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040
Capacity	403	403	403	403	403	403	403	403	403	403
Enrollment	322	318	311	323	317	332	314	323	314	322
Middle Schools:										
Bayshore Middle School (1931):										
Square Feet	144,069	144,069	144,069	144,069	144,069	144,069	144,069	144,069	144,069	94,610
Capacity	792	792	792	792	792	792	792	792	792	930
Enrollment	712	740	725	705	715	719	732	733	773	700
Thompson Middle School (1960)										
Square Feet	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	97,765
Capacity	930	930	930	930	930	930	930	930	930	830
Enrollment	930	932	956	957	935	932	931	920	903	898
Thorne Middle School (1960)										
Square Feet	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	97,765
Capacity	930	930	930	930	930	930	930	930	930	830
Enrollment	804	788	830	825	867	938	952	951	987	1,009
High Schools:										
Middletown High School North (1952):										
Square Feet	255,800	255,800	255,800	255,800	255,800	255,800	255,800	255,800	255,800	255,800
Capacity	1,849	1,849	1,849	1,849	1,849	1,849	1,849	1,849	1,849	1,849
Enrollment	1,688	1,718	1,719	1,733	1,738	1,666	1,672	1,650	1,646	1,692
Middletown High School South (1974):										
Square Feet	237,156	237,156	237,156	237,156	237,156	237,156	237,156	237,156	237,156	223,815
Capacity	1,793	1,793	1,793	1,793	1,793	1,793	1,793	1,793	1,793	1,586
Enrollment	1,430	1,486	1,465	1,447	1,466	1,427	1,401	1,335	1,306	1,253
Other Buildings:										
Athletic Tensile Structure (2000):										
Square Feet	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Athletic Tensile Structure (2000): Square Feet	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Central Administration (1952): Square Feet	8,544	8,544	8,544	8,544	8,544	8,544	8,544	8,544	8,544	8,544
Warehouse Square Feet	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500

Number of Schools at June 30, 2010:
 Elementary = 12
 Middle School = 3
 Senior High School = 2
 Other = 4

Source: District Facilities Office. District Records

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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED**

SCHOOL FACILITIES	PROJECT # (s)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
High Schools:											
High School North	N/A	\$144,182	149,961	152,707	132,087	148,275	170,410	217,396	205,888	122,563	125,773
High School South	N/A	109,326	131,877	239,250	114,859	137,148	166,523	172,911	223,811	111,253	114,167
Middle Schools:											
Bayshore Middle	N/A	77,285	58,642	96,650	90,057	72,858	64,618	86,485	98,882	62,950	64,598
Thompson	N/A	57,884	67,213	87,633	77,221	67,318	61,845	90,787	97,837	56,395	57,873
Thorne	N/A	93,136	62,298	73,963	63,784	68,818	84,215	75,299	100,337	56,395	57,873
Elementary Schools:											
Bayview	N/A	27,093	23,564	23,650	27,771	43,990	21,510	25,670	35,064	19,225	19,729
Fairview	N/A	29,196	35,107	23,459	23,070	16,379	14,064	20,717	26,145	14,402	14,779
Harmony	N/A	26,473	43,207	70,599	55,739	27,147	31,438	33,490	43,064	22,461	23,049
Leonardo	N/A	15,913	30,967	14,062	29,186	20,853	14,163	31,169	24,825	14,094	14,463
Lincroft	N/A	60,717	35,074	75,617	32,398	23,192	16,880	23,079	25,947	17,285	17,738
Middletown Village	N/A	45,321	13,182	24,775	19,985	16,740	19,767	21,568	24,930	15,573	15,980
Navesink	N/A	14,399	22,118	26,609	70,616	10,184	17,144	13,296	19,540	9,958	10,219
New Monmouth	N/A	47,502	64,255	107,675	29,586	31,096	26,679	45,650	40,205	26,583	27,280
Nut Swamp	N/A	37,564	20,188	23,107	39,835	25,869	31,290	28,246	31,804	20,894	21,442
Ocean Avenue	N/A	11,361	14,255	33,602	14,850	14,034	13,458	18,401	25,275	13,781	14,142
Port Monmouth	N/A	20,422	9,890	30,654	11,710	11,607	12,802	15,387	19,618	11,251	11,546
River Plaza	N/A	34,206	15,640	32,727	15,212	14,020	16,146	22,132	29,659	14,000	14,365
Grand Total		\$851,980	797,438	1,136,739	847,966	749,528	782,952	941,683	1,072,831	609,063	625,016

INSURANCE SCHEDULE
JUNE 30, 2010
UNAUDITED

	COVERAGE	DEDUCTIBLE
Commercial Package Policy - MOCSSIF:		
Property - Blanket Building & Contents (per occurrence)	\$300,000,000	5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Paper & Records	10,000,000	5,000
Demolition & Increased Cost of Const.	10,000,000	5,000
Fire Dept. Service Charge	10,000	
Arson Reward	10,000	
Pollution Cleanup and Removal	250,000	
Flood/Earthquake:		
Flood Zone A & V	10,000,000	500,000
All Other Flood Zones	50,000,000	10,000
Earthquake	50,000,000	5,000
Terrorism	1,000,000	5,000
General Liability:		
Bodily Injury & Property Damage	6,000,000	1,000
Personal Injury	6,000,000	1,000
Employee Benefit Liability	6,000,000	1,000
Sexual Abuse/Child Molestation	6,000,000	1,000
Premises Medical Payments	10,000	5,000
Terrorism	1,000,000	1,000
Automotive Coverage:		
Combined Single Limit for Bodily Injury & Property Damage	6,000,000	1,000
Personal Injury Protection	250,000	1,000
Medical Payments	10,000	1,000
Underinsured	1,000,000	1,000
Terrorism	1,000,000	1,000
Garagekeepers	Included	
Electronic Data Processing:		
Blanket Hardware/Software	1,475,000	1,000
Blanket Extra Expense	Included	
Transit	25,000	
Loss of Income	10,000	
Flood (Deductible for Zone A & Z)	1,000,000	500,000
(Deductible - All Other Flood Zones)		10,000
Crime Coverage:		
Public Employee Dishonesty	100,000	500
Theft, Disapp. & Destruction/Money Orders & Counterfeit Currency	10,000	500
Forgery or Alteration	25,000	500
Equipment Breakdown		
Combined Single Limit/Accident for Property Damage & Extra Exp.	100,000,000	5,000
Property Damage	Included	
Off Premises Property Damage	100,000	5,000
Extra Expenses	10,000,000	5,000
Service Interruption	10,000,000	5,000
Perishable Goods	500,000	5,000
Data Restoration	100,000	5,000
Demolition	1,000,000	5,000
Ordinance or Law	1,000,000	5,000
Expediting Expense	500,000	5,000
Hazardous Substances	500,000	5,000
Newly Acquired Locations	250,000	5,000

**INSURANCE SCHEDULE
JUNE 30, 2010
UNAUDITED**

	COVERAGE	DEDUCTIBLE
MOCSSIF:		
Board of Education Liability/School Leaders Errors & Omissions	2,000,000	5,000
Employee Related Practices Violations	150,000	5,000
Zurich North American AKA Fidelity & Deposit Company:		
Public Official Bonds:		
Judith Werchinski - Treasurer	600,000	1,000
William Doering - Business Administrator/Board Secretary	100,000	1,000
Workers' Compensation - MOCSSIF:		
Bodily Injury by Accident	2,000,000	
Bodily by Disease	2,000,000	
Travel Accident - UNUM Life Insurance Company:		
\$500,000 Aggregate	100,000	
Student/Athletic Volunteer Accident - McCloskey Insurance:		
Interscholastic Football/Sports	1,000,000	
Excess Coverage - Medical Expense benefits	5,000,000	
Catastrophic Cash Benefit Maximum Benefit	500,000	

Source: District records.

SINGLE AUDIT SECTION



Certified Public Accountants & Consultants

EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Middletown Township
County of Monmouth
Middletown, New Jersey 07748

We have audited the financial statements of the Board of Education of the Middletown Township School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated October 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Middletown Township School District's financial statements are free of material misstatement, we performed tests of its compliance with certain

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provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to management in a separate *Independent Auditor's Management Report on Administrative Findings – Financial Compliance and Performance* dated October 11, 2010.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in cursive script, appearing to read "Kevin Frenia".

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

Medford, New Jersey
October 11, 2010



Certified Public Accountants & Consultants

EXHIBIT K-2

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and Members
of the Board of Education
Middletown Township
County of Monmouth
Middletown, New Jersey 07748

Compliance

We have audited the compliance of the Middletown Township School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey Grants Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. The Middletown Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Middletown Township School District's management. Our responsibility is to express an opinion on the Middletown Township School District's compliance based on our audit.

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

In our opinion, the Middletown Township School District, County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2010.

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Internal Control Over Compliance

The management of the Middletown Township School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Middletown Township School District's internal control over compliance with requirements that could have a direct and material effect on a major federal and state programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Middletown Township 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Middletown Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Middletown Board of Education's response and, accordingly, we express no opinion on it.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey
October 11, 2010

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2009	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	DEFERRED REVENUE AT JUNE 30, 2010	(ACCOUNTS RECEIVABLE) JUNE 30, 2010	DUE TO GRANTOR JUNE 30, 2010
Enterprise Fund											
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:											
Food Distribution Program	10.550	N/A	\$146,422	7/1/09-6/30/10			146,422	(146,422)			
National School Lunch Program	10.555	5120-201-372573-63	449,951	7/1/09-6/30/10			410,948	(449,950)		(39,002)	
National School Lunch Program	10.555	5120-201-372573-63	378,428	7/1/08-6/30/09	(\$32,330)		32,330				
Breakfast Program	10.553	5120-201-372713-63	22,275	7/1/09-6/30/10			20,041	(22,275)		(2,234)	
Breakfast Program	10.553	5120-201-372713-63	21,782	7/1/08-6/30/09	(2,070)		2,070				
National School Milk Program	10.556	100-010-3360-070	296	7/1/09-6/30/10			296	(296)			
National School Milk Program	10.556	100-010-3360-070	3,771	7/1/08-6/30/09	(331)		331				
Total Enterprise Fund					(34,731)		612,438	(618,943)		(41,236)	
Special Revenue Fund											
U.S. DEPARTMENT OF EDUCATION											
Teaching American History	84.215X	U215X070227	959,990	7/1/07-6/30/10	(37,398)		269,473	(274,484)		(42,410)	
U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:											
Title I	84.010	NCLB316010	407,403	9/1/09-8/31/10		29,129	214,699	(320,902)		(77,074)	
Title I	84.010	NCLB316009	512,018	9/1/08-8/31/09	(46,370)	(29,129)	193,149	(168,396)		(50,746)	
Title I, SIA	84.010	NCLB316010	1,946	9/1/09-8/31/10		1,946			1,946		
Title I, SIA	84.010	NCLB316009	6,691	9/1/08-8/31/09	(822)	(1,946)		(3,923)		(6,691)	
Title IIA	84.367	NCLB316010	280,825	9/1/09-8/31/10		39,340	160,910	(232,316)		(32,066)	
Title IIA	84.367	NCLB316009	297,165	9/1/08-8/31/09	65,872	(39,340)	26,118	(53,823)		(1,173)	
Title IID	84.318	NCLB316010	4,085	9/1/09-8/31/10		1,919	1,873	(3,091)	701		
Title IID	84.318	NCLB316009	5,381	9/1/08-8/31/09	(1,402)	(1,919)		(107)		(3,428)	
Title III	84.365	NCLB316010	10,812	9/1/09-8/31/10		211	562	(2,270)		(1,497)	
Title III	84.365	NCLB316009	23,561	9/1/08-8/31/09	6,794	(211)	2,620	(14,064)		(4,861)	
Title IV	84.186	NCLB316010	26,189	9/1/09-8/31/10		4,991	4,584	(24,475)		(14,900)	
Title IV	84.186	NCLB316009	40,406	9/1/08-8/31/09	(8,111)	(4,991)	8,134	(8,741)		(13,709)	
Title V	84.298	NCLB316009	524	9/1/08-8/31/09	(524)					(524)	
ARRA/IDEA	84.391	IDEA316010	2,737,717	9/1/09-8/31/11			1,431,398	(1,891,931)		(460,533)	
ARRA/IDEA Preschool	84.392	IDEA316010	99,016	9/1/09-8/31/11			57,094	(72,705)		(15,611)	
I.D.E.A.-Basic Regular	84.027	IDEA316010	2,778,208	9/1/09-8/31/10		139,985	1,530,853	(2,281,401)		(610,563)	
I.D.E.A.-Basic Regular	84.027	IDEA316009	2,789,594	9/1/08-8/31/09	(599,582)	(139,985)	1,002,764	(263,197)			
I.D.E.A. Preschool	84.173	IDEA316010	83,129	9/1/09-8/31/10		4,766	63,810	(78,363)		(9,787)	
I.D.E.A. Preschool	84.173	IDEA316009	78,393	9/1/08-8/31/09	(2,286)	(4,766)	12,210	(5,158)			
Total U.S. Department of Education					(623,829)		4,980,251	(5,699,347)	2,647	(1,345,573)	
General Fund:											
Medical Assistance Program	93.778	N/A	59,733	7/01/09-6/30/10			59,733	(59,733)			
Total General Fund							59,733	(59,733)			
Total Federal Financial Assistance					(\$658,560)	-	5,652,422	(6,378,023)	2,647	(1,386,809)	-

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30,		REPAYMENT OF PRIOR YEARS' BALANCES	DEFERRED REVENUE AT JUNE 30, 2010	(ACCOUNTS RECEIVABLE) JUNE 30, 2010	DUE TO GRANTOR JUNE 30, 2010	MEMO			
				2009	CASH RECEIVED					BUDGETARY EXPENDITURES	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education:													
General Fund:													
Categorical Transportation Aid	10-495-034-5120-014	\$3,210,221	7/1/09-6/30/10		3,210,221	(3,210,221)				(368,284)	3,210,221		
Categorical Special Education Aid	10-495-034-5120-089	5,528,200	7/1/09-6/30/10		5,528,200	(5,528,200)				(634,209)	5,528,200		
Categorical Security Aid	10-495-034-5120-084	780,559	7/1/09-6/30/10		780,559	(780,559)				(89,548)	780,559		
Adjustment Aid	10-495-034-5120-085	8,598,494	7/1/09-6/30/10		8,598,494	(8,598,494)				(986,440)	8,598,494		
Adult and Postsecondary Education	10-495-034-5120-077	21,307	7/1/09-6/30/10		21,307	(21,307)				(2,444)	21,307		
Extraordinary Special Education Costs Aid	09-495-034-5120-044	911,285	7/1/08-6/30/09	(\$911,285)	911,285								
Extraordinary Special Education Costs Aid	10-495-034-5120-044	674,865	7/1/09-6/30/10			(674,865)			(674,865)		674,865		
Non Public Transportation Aid	09-495-034-5120-014	113,679	7/1/08-6/30/09	(113,679)	113,679								
Non Public Transportation Aid	10-495-034-5120-014	133,758	7/1/09-6/30/10			(133,758)			(133,758)		133,758		
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	10-495-034-5095-006	5,381,908	7/1/09-6/30/10		5,381,908	(5,381,908)					5,381,908		
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	09-495-034-5095-006	4,907,462	7/1/08-6/30/09	(254,620)	254,620								
On-Behalf TPAF Pension Contributions (Nonbudgeted)	10-495-034-5095-007	4,626,482	7/1/09-6/30/10		4,626,482	(4,626,482)					4,626,482		
Total General Fund					(1,279,584)	29,426,755	(28,955,794)		(808,623)	(2,080,925)	28,955,794		
Special Revenue Fund:													
NJ Character Education Aid	06-495-034-5120-053	27,652	7/1/05-6/30/06		31			31					
NJ Nonpublic Aid:													
Textbooks	10-100-034-5120-064	196,277	7/1/09-6/30/10		196,277	(167,357)			28,920		167,357		
Textbooks	09-100-034-5120-064	169,282	7/1/08-6/30/09	29,091			(29,091)						
Nursing Services	10-100-034-5120-070	232,758	7/1/09-6/30/10		232,758	(221,700)			11,058		221,700		
Nursing Services	09-100-034-5120-070	229,052	7/1/08-6/30/09	9,917			(9,917)						
Technology Initiative	09-100-034-5120-373	118,680	7/1/08-6/30/09	2,979			(2,979)						
Auxiliary Services (Chapter 192):													
Home Instruction	10-100-034-5120-067	1,872	7/1/09-6/30/10			(1,872)			(1,872)		1,872		
Home Instruction	09-100-034-5120-067	7,319	7/1/08-6/30/09	(7,319)	7,319								
ESL	09-100-034-5120-067	979	7/1/09-6/30/10		979				979				
Compensatory Education	10-100-034-5120-067	243,282	7/1/09-6/30/10		243,282	(243,282)					243,282		
Compensatory Education	09-100-034-5120-067	238,979	7/1/08-6/30/09	3,285			(3,285)						
Handicapped Services (Chapter 193):													
Examination and Classification	10-100-034-5120-066	189,237	7/1/09-6/30/10		189,237	(179,329)			9,908		179,329		
Examination and Classification	09-100-034-5120-066	189,215	7/1/08-6/30/09	367			(367)						
Corrective Speech	10-100-034-5120-066	98,279	7/1/09-6/30/10		98,279	(96,755)			1,524		96,755		
Supplementary Instruction	10-100-034-5120-066	88,723	7/1/09-6/30/10		88,723	(88,723)					88,723		
Total Special Revenue Fund					38,351	1,056,854	(999,018)		31	(1,872)	999,018		
Debt Service Fund:													
Debt Service Type II Aid	10-495-034-5120-017	1,814,046	7/1/09-6/30/10		1,814,046	(1,814,046)					1,814,046		
Total Debt Service Fund					1,814,046	(1,814,046)					1,814,046		
State Department of Agriculture													
Enterprise Fund:													
National School Breakfast Program	10-100-010-3350-021	2,035	7/1/09-6/30/10		1,844	(2,035)			(191)		2,035		
National School Breakfast Program	09-100-010-3350-021	2,057	7/1/08-6/30/09	(194)	194								
National School Lunch Program (State Share)	10-100-010-3350-023	32,734	7/1/09-6/30/10		30,002	(32,734)			(2,732)		32,734		
National School Lunch Program (State Share)	09-100-010-3350-023	30,622	7/1/08-6/30/09	(2,486)	2,486								
Total Enterprise Fund					(2,680)	34,526	(34,769)		(2,923)		34,769		
Total State Financial Assistance					(\$1,243,913)	32,332,181	(31,803,627)		31	(813,418)	52,389	(2,080,925)	31,803,627

611

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2010**

Note 1. General

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

Note 2. Basis of Accounting

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

Note 3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(592,971) for the general fund and \$(533,445) for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2010**

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

	Federal	State	Total
General Fund	\$ 59,733	\$28,362,823	\$28,422,556
Special Revenue Fund	5,165,902	999,018	6,164,920
Debt Service Fund		1,814,046	1,814,046
Food Service Fund	<u>618,943</u>	<u>34,769</u>	<u>653,712</u>
 Total Financial Assistance	 <u>\$5,844,578</u>	 <u>\$31,210,656</u>	 <u>\$37,055,234</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Other

Revenues and expenditures reported under the Food Distribution Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2010. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

Note 6. Federal and State Loans Outstanding

The Middletown Board of Education had no loan balances outstanding at June 30, 2010.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to basic financial Statements noted?	No

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance With Section .510(a) of Circular A-133	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	I.D.E.A., Part B
84.391	I.D.E.A., Recovery Act
84.392	I.D.E.A., Preschool - Recovery Act
84.010	Title I

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

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010**

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

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$954,109
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	No

Identification of major programs:

GMIS Number(s)	Name of State Program
10-495-034-5095-002	TPAF S.S. Contribution
10-495-034-5120-014	Categorical Transportation Aid
10-495-034-5095-089	Categorical Special Education Aid

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

No Current Year findings

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

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

No Current Year Findings

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2010**

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

Finding 2008-01:

Condition:

There were students identified on the master eligibility list as receiving free or reduced price meals, which the District made claims for, however, properly completed applications were not on file for such students.

Current Status:

This condition has been corrected.

**SCHOOL DISTRICT OF
MIDDLETOWN TOWNSHIP**

MIDDLETOWN BOARD OF EDUCATION
Middletown, New Jersey
County of Monmouth

**Auditor's Management Report on Administrative Findings -
Financial, Compliance and Performance
for the Year Ended June 30, 2010**

**MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Elementary & Secondary School Education Act (E.S.E.A.), as amended by the Improving America's Schools Act of 1994 (I.A.S.A.)	3
Other Special Federal and/or State Project	4
T.P.A.F. Reimbursement	4
Demonstrably Effective Program Accounting	N/A
School Purchasing Programs:	
Contracts & Agreements Requiring Advertisement for Bids	4
School Food Service	5
Student Body Activities	6
Application for State School Aid	6
Pupil Transportation	6
Facilities and Capital Assets	N/A
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Additional Information:	
Schedule of Meal Count Activity	N/A
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Certified Public Accountants & Consultants

**REPORT OF INDEPENDENT AUDITORS
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE**

Honorable President and Members
of the Board of Education
Middletown Township
County of Monmouth
Middletown, New Jersey 07748

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Middletown Township School District in the County of Monmouth for the year ended June 30, 2010, and have issued our report thereon dated October 11, 2010.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Middletown Township Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'Kevin P. Frenia', is written in a cursive style.

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

Medford, New Jersey
October 11, 2010



Certified Public Accountants & Consultants

Honorable President and Members
of the Board of Education
Middletown Township
County of Monmouth
Middletown, New Jersey 07748

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, the records of the Athletic Fund, the Student Activity Fund, Food Service Fund and Special Revenue Fund under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

Official Bonds

Name	Position	Amount
William Doering, CPA	Business Administrator/Board Secretary	\$100,000
Judith Werchinski	Treasurer of School Moneys	600,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were more than estimated costs. The Board made a proper adjustment to the billings to sending districts for the increase in per pupil costs in accordance with *N.J.A.C.6:20-3.1(e)4*.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review indicated that the vouchers were in satisfactory condition.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employee's payroll deductions and employer's share of fringe benefits were deposited in the Payroll agency account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies.

Our review of the payroll records disclosed no deficiencies.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C.6A:23-1.2* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, a transaction error rate of .0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary were found to be in satisfactory condition.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer did not disclose any exceptions.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001.

The E.S.E.A./N.C.L.B. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no areas of noncompliance.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the special projects indicated no areas of noncompliance and/or questionable costs.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A.18A:18A-3 states:

- a) "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$21,000, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipts of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1071, c.198 (C.40A:119) the board of education may establish that the bid threshold may be up to \$29,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b) Commencing in the fifth year after the year in which P.L. 1999, c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in *N.J.S.18A:18A-2* (pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A.18A:18A-4 states, "Every contract for the performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of

School Purchasing Programs (continued):

education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or calculated by the Governor pursuant to N.J.S.A.18A:18A-3 except by contract or agreement.”

Effective July 1, 2005 and thereafter the bid thresholds in accordance with *N.J.S.A.18A:18A-2* (as amended) and *18A:39-3* are \$21,000.00 and \$16,200.00 respectively.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year (contract year for July 1, 2005 and thereafter). Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S.A.18A:18A-4*.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per *N.J.S.A. 18A:18A-5*.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The financial transactions and statistical records of the School Food Services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications were completed and available for review.

Student Body Activities

Our review of the financial transaction of the Student Body Activities disclosed the following:

Finding 2010-01:

There are numerous weaknesses in the District's internal control system regarding the student activities fund. Custodians of these accounts did not receive invoices and approvals before disbursements of funds, make deposits timely or retain proper evidentiary support for receipts and disbursements. Additionally, no records are maintained or kept by advisors regarding fundraisers run by the student body.

Recommendation:

That the District review this fund and develop stronger internal controls regarding cash receipts and disbursements, including, but not limited to, obtain invoices and proper approvals before disbursement of funds, deposit cash receipts within 48 hours, retain evidentiary support for auditor review and maintain complete records for all fundraisers run by the school.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2009 Application for State School Aid (A.S.S.A.) for On-Roll, private schools for the handicapped and low-income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District has written procedures in order for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of On Roll status reported in the 2009-2010 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Follow-up on Prior Years' Findings

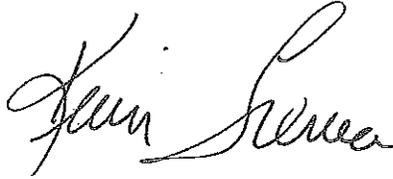
In accordance with *Government Auditing Standards*, our procedures included a review of all prior year findings. There were no prior year audit findings.

Acknowledgment

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of the audit team. Should you have any questions concerning our comments or should you desire any assistance, please call me.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in cursive script, appearing to read "Kevin Frenia".

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

Medford Office
October 11, 2010

ADDITIONAL INFORMATION

SCHEDULE OF AUDITED ENROLLMENTS (1)

MIDDLETOWN BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2009

	2010-2011 Application for State School Aid						Sample for Verification				Private Schools for Handicapped					
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified Per Registers On Roll		Errors Per Registers On Roll		Reported on ASSA	Sample for Verification	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool	42		42				4		4							
Full Day Preschool	65		65				5		5							
Full Day Kindergarten	735		735				22		22							
One	688		688				21		21							
Two	699		699				21		21							
Three	654		654				20		20							
Four	673		673				20		20							
Five	690		690				21		21							
Six	684		684				21		21							
Seven	682		682				20		20							
Eight	672		672				20		20							
Nine	661		661				20		20							
Ten	670		670				20		20							
Eleven	601	42	601	42			18	1	18	1						
Twelve	598	42	598	42			18	1	18	1						
Adult High School	22		22				1		1							
Subtotal	8,836	84	8,836	84			271	3	271	3						
Sp Ed - Elementary	542		542				16		16				14	13	13	
Sp Ed - Middle School	389		389				12		12				6	6	6	
Sp Ed - High School	450	108	450	108			14	3	14	3			36	26	26	
Subtotal	1,381	108	1,381	108			41	3	41	3			56	45	45	
Totals	10,217	192	10,217	192			313	6	313	6			56	45	45	
Percentage Error							<u>-0-</u>	<u>-0-</u>					<u>-0-</u>			<u>-0-</u>

SCHEDULE OF AUDITED ENROLLMENTS (2)

MIDDLETOWN BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2009

	Low Income				Sample for Verification				Resident LEP Low Income			Sample for Verification					
	Reported on A.S.S.A. As Free/Reduced		Reported on Workpapers As Free/Reduced		Sample Selected from Workpapers		Verified to Application & Register		Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers		Verified to Test Score and Register	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared					Full	Shared			Full
Full Day Kindergarten	61		61				16				1						
One	61		61				16				3			3			3
Two	54		54				12				4			3			3
Three	57		57				11				1			3			3
Four	60		60				13				2			1			1
Five	49		49				11				1			1			1
Six	57		57				11				1			1			1
Seven	62		62				12				1						
Eight	63		63				17										
Nine	44		44				13							1			1
Ten	43		43				8										
Eleven	38		38				9				1			1			1
Twelve	47		47				8										
Subtotal	696		696				157				15			14			14
Sp Ed - Elementary	85		85				29				1						1
Sp Ed - Middle School	75		75				26										
Sp Ed - High School	53		53				22										
Subtotal	213		213				77				1			1			
Totals	909		909				234				16			14			14
Percentage Error							-0-				-0-						-0-

TRANSPORTATION

	Reported on DRTRS By DOE	Reported on DRTRS By District	Errors	Amount Tested	Amount Verified	Errors
Regular - Public Schools Col 1	2,957.5	2,957.5	-	195	195	
Regular - Special Ed Col 4	168.5	168.5	-	5	5	
AIL Col 2	148.5	148.5	-	6	6	
Transported - Nonpublic Col 3	1,289	1,289.0	-	80	80	
Special Needs - Public Col 6	315.5	315.5	-	17	17	
Totals	4,879.0	4,879.0	-	303	303	
Percentage Errors			-0-			-0-

SCHEDULE OF AUDITED ENROLLMENTS (3)

MIDDLETOWN BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2009

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	8	8		7	7	
One	4	4		3	3	
Two	5	5		4	4	
Three	4	4		1	1	
Four	2	2		2	2	
Five	2	2		1	1	
Six	1	1		1	1	
Seven				1	1	
Eight						
Nine	3	3		2	2	
Ten	1	1		1	1	
Eleven	1	1		1	1	
Twelve						
Subtotal	31	31		24	24	
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal						
Totals	31	31		24	24	
Percentage Error						

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2009-10 Total General Fund Expenditures per the CAFR, Ex. C-1		\$ <u>153,817,032</u> (B)
Increased by:		
Transfer to Food Service Fund		\$ _____ (B1a)
Transfer from Capital Outlay to Capital Projects Fund		\$ _____ (B1b)
Transfer from Capital Reserve to Capital Projects Fund		\$ _____ (B1c)
Decrease by:		
On-Behalf TPAF Pension & Social Security		\$ <u>10,008,390</u> (B2a)
Assets Acquired Under Capital Leases		\$ <u>2,401,780</u> (B2b)
 Adjusted 2009-10 General Fund Expenditures [(B)+(B1s)-(B2s)]		 \$ <u><u>141,406,862</u></u> (B3)
 2% of adjusted 2009-10 General Fund Expenditures [(B3) times .02]		 \$ <u>2,828,137</u> (B4)
Enter Greater of (B4) or \$250,000		\$ <u>2,828,137</u> (B5)
Increased by: Allowable Adjustment *		\$ <u>608,623</u> (K)
 Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		 \$ <u><u>3,436,760</u></u> (M)

SECTION 2

Total General Fund - Fund Balance @6-30-10 (Per CAFR Budgetary Comparison Schedule C-1)		\$ <u>9,525,993</u> (C)
Decreased by:		
Reserved for Encumbrances		\$ <u>780,607</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures		\$ _____ (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**		\$ <u>1,211,031</u> (C3)
Other Reserved Fund Balances ****		\$ <u>1,753,704</u> (C4)
Unreserved - Designated for Subsequent Year's Expenditures		\$ _____ (C5)
 Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		 \$ <u>5,780,651</u> (U1)
Increased by:		
Adjustment for Disallowed Transfers Per S1701		\$ _____ (C6)
 Total Unreserved/Undesignated Fund Balance for Excess Surplus Calculation [(U1+C6)]		 \$ <u>5,780,651</u> (U2)

REGULAR DISTRICT (continued):

SECTION 3

Reserved Fund Balance - Excess Surplus *** [(U2)-(M)] IF NEGATIVE ENTER -0- \$ 2,343,891 (E)

Recapitulation of excess surplus as of June 30, 2010

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures ** \$ 1,211,031 (C3)
 Reserved Excess Surplus *** [(E)] \$ 2,343,891 (E)
 Total [(C3)+(E)] \$ 3,554,922 (D)

Footnotes:

* This adjustment line (as detailed below) is to be utilized for Impact Aid (when applicable), Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), Extraordinary Aid and Additional Nonpublic School Transportation Aid if applicable (Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid).

Detail of Allowable Adjustments

Impact Aid \$ _____ (H)
 Sale & Lease-back \$ _____ (I)
 Extraordinary Aid \$ 474,865 (J1)
 Additional Nonpublic School Transportation Aid \$ 133,758 (J2)
 Total Adjustments [(H)+(I)+J1)+(J2)] \$ 608,623 (K)

** This amount represents the June 30, 2009 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 10025.

*** Amounts must agree to the June 30, 2010 CAFR and must agree to Audit Summary Worksheet Line 10024.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government such as the judicial branch of government must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Reserved Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal \$ _____
 Capital Outlay for a District With a Capital Outlay SGLA \$ _____
 Sale/Lease-Back Reserve \$ _____
 Capital Reserve \$ 1,753,704
 Maintenance Reserve \$ _____
 Emergency Reserve \$ _____
 Waiver Offset Reserve \$ _____
 Tuition Reserve \$ _____
 Other State/Government Mandated Reserve \$ _____
 Other Reserved Fund Balance Not Noted Above **** \$ _____
 Total Other Reserved Fund Balance \$ 1,753,704 (C4)