

**SCHOOL DISTRICT OF  
MIDDLETOWN TOWNSHIP**

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
Middletown, New Jersey  
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION**

**MIDDLETOWN, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Prepared by**

**Middletown Township Board of Education  
Business Office**



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(concluded)



**INTRODUCTORY SECTION**



# MIDDLETOWN TOWNSHIP PUBLIC SCHOOLS

*Office of the School Business Administrator/Board Secretary*

P.O Box 4170, Middletown, NJ 07748

(732) 671-3850

Fax (732) 291-1035

[www.middletownk12.org](http://www.middletownk12.org)

Ernest W. Donnelly  
Interim Superintendent of Schools

Amy P. Gallagher  
School Business Administrator/  
Board Secretary

September 29, 2011

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, 2011, 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 of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, a roster of officials, the list of independent auditors, and advisors. The financial section includes the management's discussion and analysis (presented immediately after the report of independent auditors), 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 and is unaudited. 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 New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control and compliance with applicable major programs 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 Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds of the District are included in this report. The district provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The Middletown Township 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, 2010 was 10,142.

2. Economic Condition and Outlook

Ratables have been declining over the last few years due to the weak economy and reduced valuations. Our bonded indebtedness is \$66,375,801, as compared to our school-borrowing margin of \$413,647,563.

3. Long-Term Financial Planning/Major Initiatives

The Board's Finance and Facilities Committees are currently monitoring and evaluating the financial and facilities needs of the district. The District has recently approved participation in a solar project through the Monmouth County Improvement Authority which will include the installation of solar canopies at five of the District's school sites. District administrators and the Board are also evaluating the long-term financial impact of state mandated initiatives and the allocation of state aid.

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 accounting principles generally accepted in the United States of America (GAAP) as they pertain to governmental entities. 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 evaluate whether the District has complied with the applicable laws and regulations relating to its major programs.

5. Budgetary Controls

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

6. Accounting System and Reports

The District's financial statements are presented in conformity with accounting principles generally accepted in the United States, 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 the Basic Financial Statements," Note 1.

7. Debt Administration

At June 30, 2011, the District's outstanding debt issues included bonds of \$66,375,801. The district's current bond rating is AA.

8. 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.

9. 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.

10. Other Information

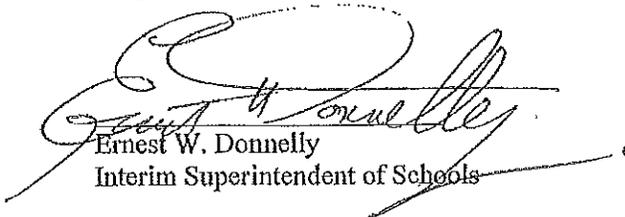
State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman & Frenia, P.C. was selected by the board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB circular A-133 and New Jersey OMB Circular 04-04. 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.

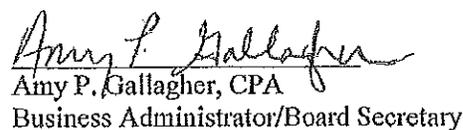
Accounting principles generally accepted in the United States require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A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

  
Ernest W. Donnelly  
Interim Superintendent of Schools

  
Amy P. Gallagher, CPA  
Business Administrator/Board Secretary



Middletown School District Organization Chart 2010-2011

**CURRENT 2010-2011**

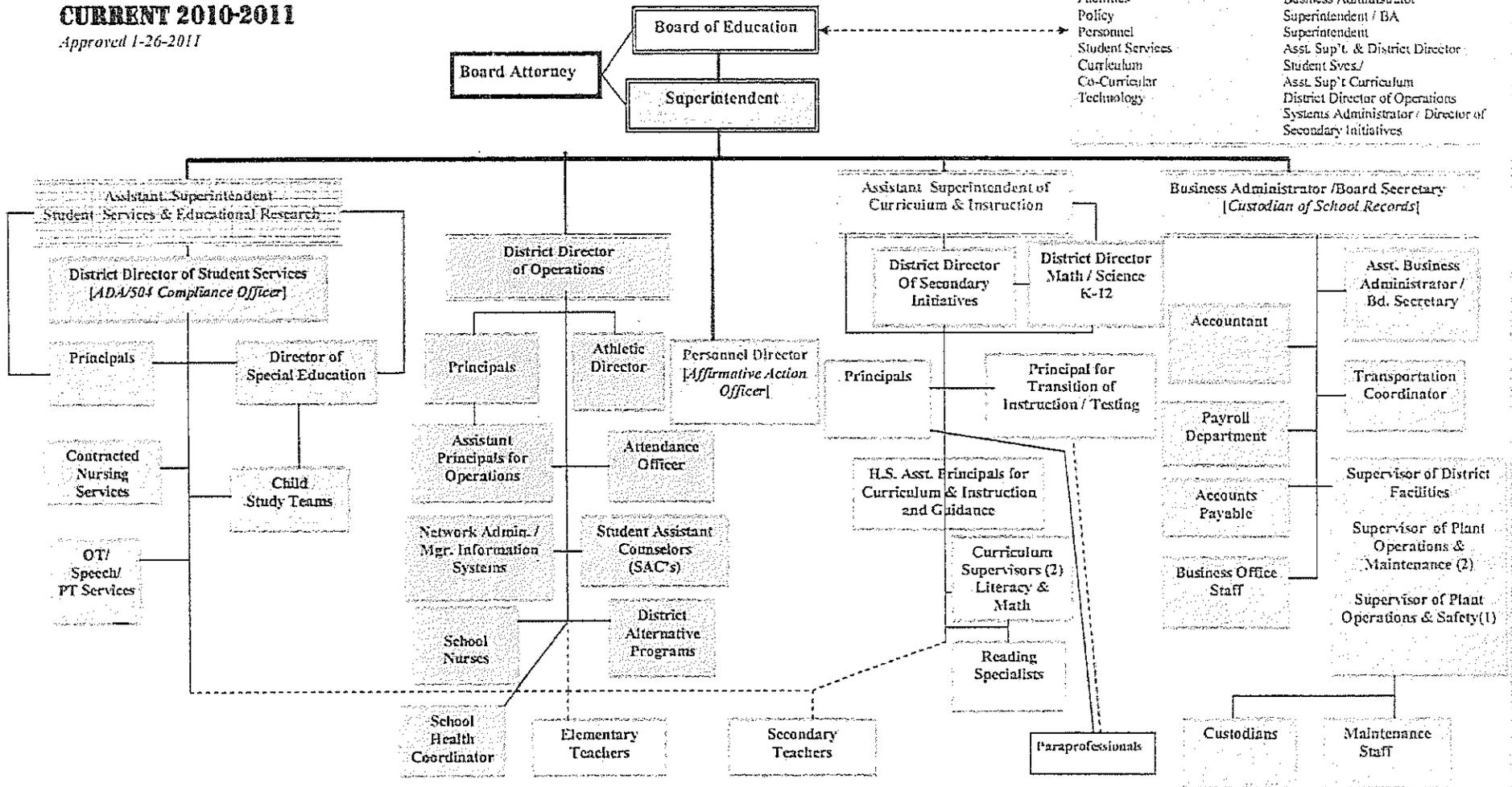
Approved 1-26-2011

BOE Committee

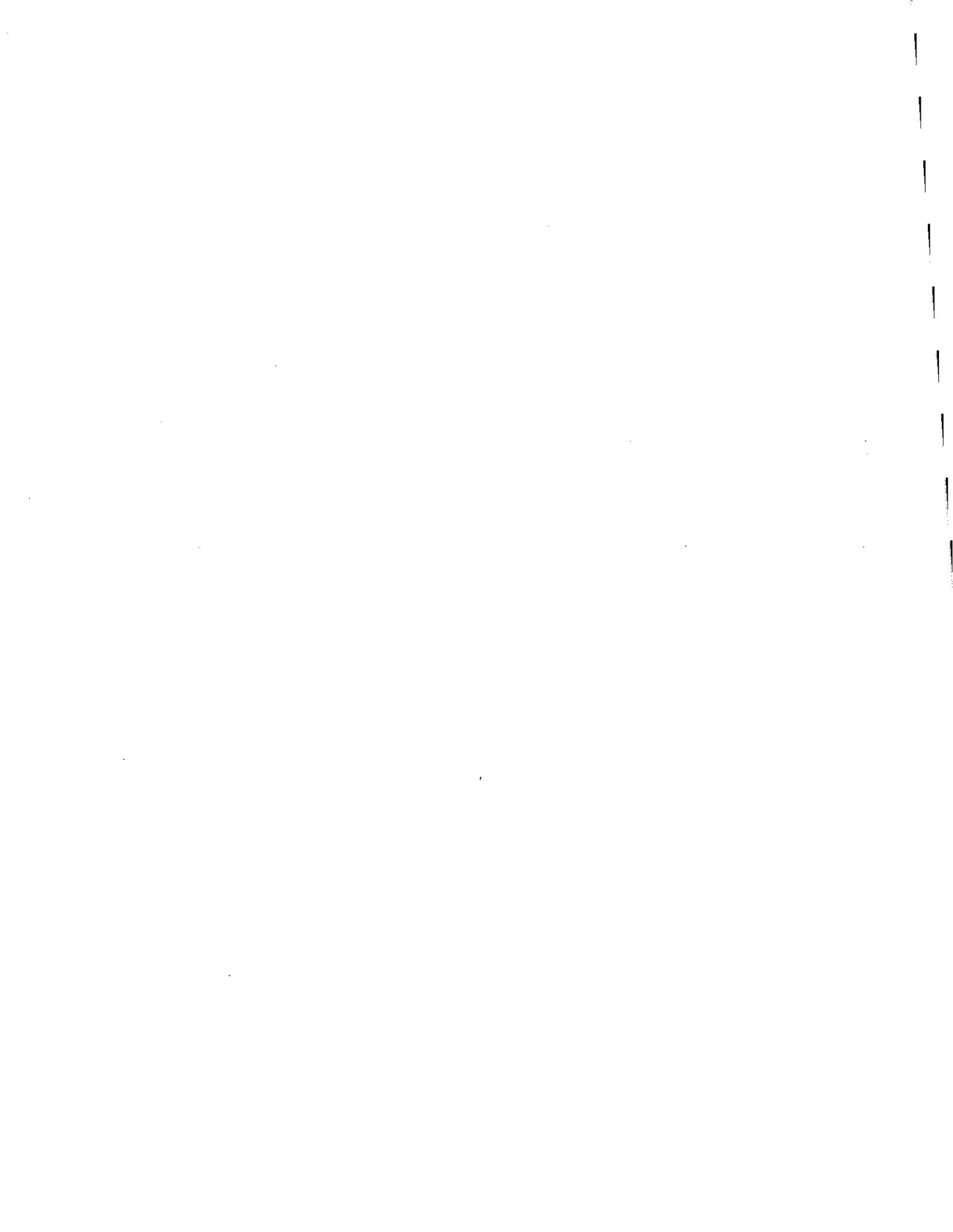
- Finance
- Legislative
- Negotiations
- Facilities
- Policy
- Personnel
- Student Services
- Curriculum
- Co-Curricular
- Technology

Administrative Liaison

- Business Administrator
- Business Administrator
- Superintendent / BA
- Business Administrator
- Superintendent / BA
- Superintendent
- Asst. Sup't. & District Director
- Student Svcs./
- Asst. Sup't Curriculum
- District Director of Operations
- Systems Administrator / Director of Secondary Initiatives



Board Approved on 8/25/10 / Approved 1/26/2011



**MIDDLETOWN TOWNSHIP PUBLIC SCHOOLS**  
834 Leonardville Road, 2<sup>nd</sup> Floor  
Leonardo, New Jersey 07737

**ROSTER OF OFFICIALS**  
**JUNE 30, 2011**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Joan Minnuies, President	2012
Christopher Aveta, Vice President	2013
Vincent Brand	2013
Leonora Caminiti	2012
Michael A. Donlon	2012
John Macrae	2014
Michael Mascone	2013
Gerald Wexelberg	2014

**OTHER OFFICIALS**

Patrick C. Houston, Interim Superintendent of Schools

Amy P. Gallagher, CPA, School Business Administrator/Board Secretary

Judith Vassallo, CTC, Treasurer

Christopher B. Parton, Board Attorney

**MIDDLETOWN TOWNSHIP PUBLIC SCHOOLS**  
834 Leonardville Road, 2<sup>nd</sup> Floor  
Leonardo, New Jersey 07737

**CONSULTANTS AND ADVISORS**

**INDEPENDENT AUDITORS**

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

**ATTORNEY**

Christopher Parton, Esq.  
Kenney, Gross, Kovats & Parton  
130 Maple Avenue, Building Six  
Red Bank, New Jersey 07701

**OFFICIAL DEPOSITORIES**

TD Bank  
207 Harmony Road  
Middletown, New Jersey 07748

Beneficial Bank  
MBIA Municipal Investors  
State of NJ Cash Management  
New Jersey ARM

**FINANCIAL SECTION**





Certified Public Accountants & Consultants

## INDEPENDENT AUDITOR'S REPORT

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, 2011, 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, 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 June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 02, 2011, 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.

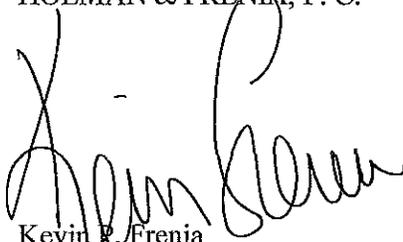
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 through 18 and 55 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Middletown Township School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, schedule of expenditures of federal awards and state financial assistance and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the financial statements. The combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey  
September 02, 2011

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

Management's Discussion and Analysis



## MIDDLETOWN TOWNSHIP BOARD OF EDUCATION

### Management's Discussion and Analysis Fiscal Years Ended June 30, 2011 and 2010

This section of the Middletown Township 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, 2011 and 2010. 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 (2010-2011) and the prior fiscal year (2009-2010) 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 are comprised of 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 2010-2011 fiscal year include the following:

- At the conclusion of 2010-11, the District’s unrestricted General fund balance was \$1,872,541, compared to \$1,355,835 at the conclusion of 2009-2010.
- The unrestricted General fund balance increased \$516,706 from the prior fiscal year.
- At June 30, 2011, excess surplus (as defined by the State) equals \$2,181,276. The amount of surplus utilized to fund the 2010- 2011 budget was \$2,343,891.
- 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 \$1,355,897 are not recorded as receivable in the district-wide financial statements. This resulted in a reduction in unrestricted General fund balance of \$1,355,897.
- The total local tax levy increased by \$2,278,095 to \$126,229,463 for 2010-2011 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, 2011 and 2010, respectively:

**June 30, 2011:**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$17,233,357	\$163,022	\$17,396,379
Capital assets, net	110,155,016	130,933	110,285,949
Total assets	127,388,373	293,955	127,682,328
Long –term liabilities outstanding	72,204,585	-	72,204,585
Other liabilities	9,657,354	94,538	9,751,892
Total liabilities	81,861,939	94,538	81,956,477
Net assets:			
Investment in capital assets, net of related debt	39,334,393	130,933	39,465,326
Restricted	8,920,219		8,920,219
Unrestricted	(2,728,178)	68,484	(2,659,694)
Total net assets	\$45,526,434	\$199,417	\$45,725,851

**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		76,793,965
Other liabilities	10,139,048	107,689	12,246,737
Total liabilities	86,933,013	107,689	89,040,702
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

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 \$39,334,393 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 the portion of capital assets not yet fully depreciated at June 30, 2011.

Restricted net assets increased from the prior year to \$8,920,219 at June 30, 2011 due to the decreases in committed and assigned fund balance, offset by increases in the Capital Reserve, Maintenance Reserve, and excess surplus designated for the subsequent year.

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 (\$2,728,178) shown as unrestricted net assets for Governmental Activities, compared to \$(3,068,215) the prior year is due to a decrease 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, 2011 and 2010. 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, 2011**

	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services		\$1,725,994	\$1,725,994
Operating grants and contributions	7,286,223	669,797	7,956,020
General revenues:			
Property taxes	126,229,463		126,229,463
Federal and state aid not restricted to Specific purposes	25,346,126		25,346,126
Change in compensated absences payable	(107,162)		(107,162)
Miscellaneous (includes interest and tuition)	1,653,380	193	1,653,573
<b>Total revenue</b>	<b>160,408,030</b>	<b>2,395,984</b>	<b>162,804,014</b>
<b>Expenses:</b>			
Instructional services	67,182,938		67,182,938
Support services	81,745,200	2,413,356	84,158,556
Interest on long-term debt and other bond costs	2,736,767		2,736,767
Adjustment/Reduction in Fixed Assets	(84,119)		(84,119)
Amortization of bond issuance costs	40,488		40,488
Unallocated depreciation	3,142,273		3,142,273
<b>Total expenses</b>	<b>154,763,547</b>	<b>2,413,356</b>	<b>157,176,903</b>
<b>Increase (decrease) in net assets before transfers</b>	<b>5,644,483</b>	<b>(17,372)</b>	<b>5,627,111</b>
Change in net assets	5,644,483	(17,372)	5,627,111
Net Assets – Beginning	39,881,951	216,789	40,098,740
<b>Net assets – ending</b>	<b>\$45,526,434</b>	<b>\$199,417</b>	<b>\$45,725,851</b>

**June 30, 2010:**

	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
<b>Revenues:</b>			
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
<b>Total revenue</b>	<b>161,573,756</b>	<b>2,512,267</b>	<b>164,086,023</b>

<b>Expenses:</b>			
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>
<b>Increase (decrease) in net assets before transfers</b>	<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
<b>Net assets – ending</b>	<u>\$39,881,951</u>	<u>\$216,789</u>	<u>\$40,098,740</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 unrestricted 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, 2011 and 2010 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, 2011

	<u>Revenue</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2010</u>	<u>Percent of Increase (Decrease)</u>
Local sources:				
District Taxes	\$126,229,463	78.6%	\$2,278,095	1.8%
Miscellaneous	1,653,326	1.0%	(489,260)	42.0%
State sources	27,867,772	17.4%	(3,308,115)	-10.6%
Federal sources	4,764,577	3.0%	(461,058)	-8.8%
Total	<u>\$160,515,138</u>	<u>100.0%</u>	<u>(\$1,001,818)</u>	<u>-0.6%</u>

**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>\$161,516,956</u>	<u>100.0%</u>	<u>(\$2,819,880)</u>	<u>1.7%</u>

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

Miscellaneous revenue increased primarily due to increased employee health insurance contributions.

The decrease in State sources is attributable to the reduction of the district's state aid for 2010-2011 of \$7,221,210, offset by the increases in on-behalf and reimbursed TPAF/Social Security contributions.

The decrease in Federal sources is primarily attributable to the receipt of IDEA/ARRA funding, and related expenditures under the federal stimulus plan for the 2009-2010 year that decreased in 2010-2011. The IDEA/ARRA grant period ended August 31, 2011. 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, 2011 and 2010 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, 2011:**

	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2009</u>	<u>Percent of Increase (Decrease)</u>
Current expenditures:				
Instruction	67,182,938	43.1%	(4,482,270)	-6.3%
Undistributed	81,779,736	52.4%	(1,449,253)	-1.7%
Capital outlay	1,599,585	1.0%	(3,542,322)	-68.9%
Debt service:				
Principal	3,325,000	2.1%	875,000	35.9%
Interest	<u>2,206,433</u>	<u>1.4%</u>	<u>(1,338,304)</u>	<u>-37.8%</u>
Total	<u>\$156,083,692</u>	<u>100.0%</u>	<u>(9,937,149)</u>	<u>-6.0%</u>

**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>

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 reduction in budgeted projects, which is a result of the significant reduction in state aid.

There was a minimal decrease in total debt service based on existing approved bond payment schedules, and a bond advance refunding done in May 2010.

**General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was \$780,607. This difference is comprised entirely of the June 30, 2010 encumbrances which rollover into the subsequent year's budget (2010-2011) and are added to the original budget appropriations.

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2010-2011 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 2010-11 unrestricted fund balance increased by \$516,706 to \$1,872,541 (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 loss of (\$17,372) in 2010-11 as compared to a gain of \$114,171 in 2009-2010. The guaranteed profit per the contract with Chartwells dropped from \$258,531 in the 2009-10 contract to \$50,000 for 2010-11. Operating revenues decreased and expenses increased. Funding from the State and Federal Government under the State and National Programs decreased. The unrestricted net assets of the food service program were \$68,484 and the restricted amount invested in capital assets, net of related debt totaled \$130,933 at June 30, 2011. 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, 2011 the District has capital assets of over \$110 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, 2011 and 2010:

### June 30, 2011:

	Governmental Activities	Business-Type Activities
Land	\$16,909,500	
Land Improvements	4,207,965	
Buildings / Construction	86,940,817	
Machinery and Equipment	1,990,890	\$130,933
Vehicles	105,844	
Total	<u>\$110,155,016</u>	<u>\$130,933</u>

### 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	\$55,912
Vehicles	172,976	
Total	<u>\$113,285,418</u>	<u>\$186,407</u>

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 7 to the basic financial statements.

## Debt Administration and Other Obligations

At June 30, 2011 and 2010, the District's outstanding debt issues included \$64,035,000 and \$67,350,000 respectively of general obligation bonds (2010 refunding bonds, 2002 bonds, and 2001 refunding bonds – last payment), \$6,785,623 and \$8,457,456 respectively of capital leases (Sun Trust Elementary HVAC, High School North Synthetic Turf Field, Savin Copiers) and \$2,994,343 and \$2,887,181 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 2011-12 budget will be adequate to satisfy all 2011-12 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 2011-12.
- 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. However, for the 2011-12 budget year the district received an increase of \$1.4 million with an additional increase announced in July 2011 of \$1.4 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 2011), 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, 2011  
(With Comparative Totals for June 30, 2010)**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$8,126,364	110,093	8,236,457	6,272,049
Cash on Hand with Fiscal Agent	492,347		492,347	289,659
Receivables, Net	2,691,955	34,265	2,726,220	2,200,345
Other Receivables	186,767		186,767	2,067,316
Prepaid Expenses	18,665		18,665	
Interfund Receivable	7,963		7,963	359,063
Inventory		18,664	18,664	33,793
Unamortized Bond Issuance Costs	651,189		651,189	691,677
Restricted Assets:				
Restricted Cash & Cash Equivalents	5,058,107		5,058,107	1,753,715
Capital Assets, Net (Note 7)	110,155,016	130,933	110,285,949	113,471,825
<b>Total Assets</b>	<b>127,388,373</b>	<b>293,955</b>	<b>127,682,328</b>	<b>127,139,442</b>
<b>LIABILITIES</b>				
Accounts Payable	1,502,868	15,348	1,518,216	3,125,000
Accrued Interest Payable	1,292,917		1,292,917	617,041
Other Liabilities	2,223,626	70,453	2,294,079	1,296,797
Payable to State Government	81,104		81,104	124,203
Deferred Revenue	605,657	8,737	614,394	696,681
Noncurrent Liabilities (Note 8):				
Due Within One Year	3,951,182		3,951,182	4,387,015
Due Beyond One Year	72,204,585		72,204,585	76,793,965
<b>Total Liabilities</b>	<b>81,861,939</b>	<b>94,538</b>	<b>81,956,477</b>	<b>87,040,702</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	39,334,393	130,933	39,465,326	37,664,369
Restricted For:				
Debt Service	(1,292,904)		(1,292,904)	(617,029)
Other Purposes	10,213,123		10,213,123	6,089,233
Unrestricted	(2,728,178)	68,484	(2,659,694)	(3,037,833)
<b>Total Net Assets</b>	<b>\$45,526,434</b>	<b>199,417</b>	<b>45,725,851</b>	<b>40,098,740</b>

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, 2011  
(With Comparative Totals for June 30, 2010)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
						JUNE 30, 2011	JUNE 30, 2010
Governmental Activities:							
Instruction:							
Regular	\$50,650,154		3,355,289	(47,294,865)		(47,294,865)	(50,702,551)
Special Education	14,636,606			(14,636,606)		(14,636,606)	(14,100,471)
Other Special Instruction	148,770			(148,770)		(148,770)	(205,748)
Other Instruction	1,747,408			(1,747,408)		(1,747,408)	(2,354,807)
Support Services & Undistributed Costs:							
Tuition	3,567,540			(3,567,540)		(3,567,540)	(2,720,210)
Attendance & Social Work Services	45,093			(45,093)		(45,093)	(44,917)
Health Services	2,109,521			(2,109,521)		(2,109,521)	(2,137,857)
Student & Instruction Related Services	10,554,067		2,388,419	(8,165,648)		(8,165,648)	(9,333,355)
Educational Media Services/School Library	372,482			(372,482)		(372,482)	(545,493)
Instructional Staff Training	167,153			(167,153)		(167,153)	(379,620)
Other Administrative Services	1,566,517			(1,566,517)		(1,566,517)	(1,570,465)
Central Services	1,518,040			(1,518,040)		(1,518,040)	(1,577,706)
Administration Information Technology Services	772,975			(772,975)		(772,975)	(819,694)
School Administrative Services	5,960,494			(5,960,494)		(5,960,494)	(6,819,282)
Plant Operations & Maintenance	12,237,023			(12,237,023)		(12,237,023)	(13,742,032)
Pupil Transportation	9,303,552			(9,303,552)		(9,303,552)	(9,526,916)
Unallocated Benefits	33,570,743			(33,570,743)		(33,570,743)	(32,096,838)
Interest on Long-Term Debt & Other Bond Costs	2,736,767		1,542,515	(1,194,252)		(1,194,252)	(783,841)
Adjustment/Reduction of Fixed Assets	(84,119)			84,119		84,119	(1,118,749)
Unallocated Depreciation	3,142,273			(3,142,273)		(3,142,273)	(2,923,768)
Amortization of Bond Issuance Costs	40,488			(40,488)		(40,488)	(6,748)

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
COMBINED STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
						JUNE 30, 2011	JUNE 30, 2010
Total Governmental Activities	154,763,547		7,286,223	(147,477,324)		(147,477,324)	(153,511,068)
Business-Type Activities:							
Food Service	2,413,356	1,725,994	669,797		(17,565)	(17,565)	113,735
Total Business-Type Activities	2,413,356	1,725,994	669,797		(17,565)	(17,565)	113,735
Total Primary Government	\$157,176,903	1,725,994	7,956,020	(147,477,324)	(17,565)	(147,494,889)	(153,397,333)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				122,253,218		122,253,218	119,793,275
Taxes Levied for Debt Service				3,976,245		3,976,245	4,158,093
Federal & State Aid Not Restricted				25,346,126		25,346,126	28,371,241
Tuition Received				88,600		88,600	78,950
Investment Earnings					193	193	436
Miscellaneous Income				1,564,780		1,564,780	1,085,323
(Increase)/Reduction in Compensated Absences				(107,162)		(107,162)	56,593
Total General Revenues, Special Items, Extraordinary Items & Transfers				153,121,807	193	153,122,000	153,543,911
Change In Net Assets				5,644,483	(17,372)	5,627,111	146,578
Net Assets - Beginning				39,881,951	216,789	40,098,740	39,952,162
Net Assets - Ending				\$45,526,434	199,417	45,725,851	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, 2011  
(With Comparative Totals for June 30, 2010)**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$8,126,289	73	11	2	8,126,375	6,213,149
Cash on Hand with Fiscal Agent	492,347				492,347	289,659
Restricted Cash	5,058,096				5,058,096	1,753,704
Due From Other Funds	787,696			11	787,707	791,602
Receivables From Other						
Governments	1,043,531	1,648,424			2,691,955	2,156,068
Other Receivables	105,694	81,073			186,767	2,067,316
Prepaid Expenses	18,665				18,665	
<b>Total Assets</b>	<b>\$15,632,318</b>	<b>1,729,570</b>	<b>11</b>	<b>13</b>	<b>17,361,912</b>	<b>13,271,498</b>
<b>LIABILITIES &amp; FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable	\$1,237,909	264,959			1,502,868	3,118,930
Intergovernmental - Accounts Payable		81,104			81,104	124,203
Other Liabilities	2,223,626				2,223,626	1,195,178
Interfund Payable		779,733	11		779,744	433,629
Deferred Revenue	85,119	603,774			688,893	951,804
<b>Total Liabilities</b>	<b>3,546,654</b>	<b>1,729,570</b>	<b>11</b>		<b>5,276,235</b>	<b>5,823,744</b>
<b>Fund Balances:</b>						
<b>Restricted for:</b>						
Excess Surplus	2,181,276				2,181,276	2,343,891
Excess Surplus Designated for Subsequent Year	2,343,891				2,343,891	1,211,031
Capital Reserve	4,058,096				4,058,096	1,753,704
Maintenance Reserve	1,000,000				1,000,000	
<b>Committed to:</b>						
Other Purposes	229,292				229,292	
<b>Assigned to:</b>						
Other Purposes	400,568				400,568	780,607
<b>Unassigned - Reported in:</b>						
Unrestricted - Designated for Subsequent Year's Expenditures						2,674
General Fund	1,872,541				1,872,541	1,355,835
Debt Service Fund				13	13	12
<b>Total Fund Balances</b>	<b>12,085,664</b>			<b>13</b>	<b>12,085,677</b>	<b>7,447,754</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$15,632,318</b>	<b>1,729,570</b>	<b>11</b>	<b>13</b>		

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 \$157,871,876 and the accumulated depreciation is \$47,716,860.	110,155,016	113,285,418
Unexpended Capital Lease Proceeds	83,236	255,123
Unamortized Bond Issuance Costs	651,189	691,677
Accrued interest payable is not recorded in the fund financial due to the fact that payable is not due in the current period.	(1,292,917)	(617,041)
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 8)	(76,155,767)	(81,180,980)
<b>Net assets of Governmental Activities</b>	<b>\$45,526,434</b>	<b>39,881,951</b>

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, 2011  
(With Comparative Totals for June 30, 2010)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2011	JUNE 30, 2010
<b>Revenues:</b>						
Local Tax Levy	\$122,253,218			3,976,245	126,229,463	123,951,368
Tuition Charges	88,600				88,600	78,950
Miscellaneous	1,382,412	182,314			1,564,726	1,085,116
State Sources	25,435,771	889,486		1,542,515	27,867,772	31,175,887
Federal Sources	81,025	4,683,552			4,764,577	5,225,635
<b>Total Revenues</b>	<b>149,241,026</b>	<b>5,755,352</b>		<b>5,518,760</b>	<b>160,515,138</b>	<b>161,516,956</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Regular Instruction	47,294,865	3,355,289			50,650,154	55,004,182
Special Education Instruction	14,636,606				14,636,606	14,100,471
Other Special Instruction	148,770				148,770	205,748
Other Instruction	1,747,408				1,747,408	2,354,807
<b>Support Services &amp; Undistributed Costs:</b>						
Tuition	3,567,540				3,567,540	2,720,210
Attendance & Social Work Services	45,093				45,093	44,917
Health Services	2,109,521				2,109,521	2,137,857
Student & Instruction Related Services	8,165,648	2,388,419			10,554,067	11,247,959
Educational Media Services/ School Library	372,482				372,482	545,493
Instructional Staff Training	167,153				167,153	379,620
Other Administrative Services	1,566,517				1,566,517	1,570,465
Central Services	1,518,040				1,518,040	1,577,706
Administration Information Technology Services	772,975				772,975	819,694
School Administrative Services	5,960,494				5,960,494	6,819,282
Plant Operations & Maintenance	12,271,559				12,271,559	13,742,032
Pupil Transportation	9,303,552				9,303,552	9,526,916
Unallocated Benefits	33,570,743				33,570,743	32,096,838
<b>Debt Service:</b>						
Principal				3,315,000	3,315,000	2,440,000
Interest				2,206,433	2,206,433	3,544,737
Capital Outlay	1,587,941	11,644			1,599,585	5,141,907
<b>Total Expenditures</b>	<b>144,806,907</b>	<b>5,755,352</b>		<b>5,521,433</b>	<b>156,083,692</b>	<b>166,020,841</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>4,434,119</b>			<b>(2,673)</b>	<b>4,431,446</b>	<b>(4,503,885)</b>
<b>Other Financing Sources/(Uses):</b>						
Capital Leases (Nonbudgeted)	206,477				206,477	2,401,780
Transfers In						11
Transfers Out						(11)
<b>Total Other Financing Sources/ Uses</b>	<b>206,477</b>				<b>206,477</b>	<b>2,401,780</b>
<b>Net Change in Fund Balances</b>	<b>4,640,596</b>			<b>(2,673)</b>	<b>4,637,923</b>	<b>(2,102,105)</b>
<b>Fund Balance - July 1</b>	<b>7,445,068</b>			<b>2,686</b>	<b>7,447,754</b>	<b>9,549,859</b>
<b>Fund Balance - June 30</b>	<b>\$12,085,664</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>12,085,677</b>	<b>7,447,754</b>

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, 2011**

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$4,637,923
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	(\$3,142,273)	
Capital Leases in Capital Outlay Expenditures & Other Adjustments	(1,587,714)	
Capital Outlays	1,599,585	(3,130,402)
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.		
		3,315,000
Interest earnings on unspent capital lease proceeds that is revenue on statement of activities and is recorded as deferred revenue on governmental funds		
		54
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.		
Adjustment to Unexpended Capital Lease Proceeds	34,536	
Lease Proceeds	(206,477)	(171,941)
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.		
		1,671,833
Net difference of accrued interest on bonds and capital leases is not recorded in the fund financial statements		
		(675,876)
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	(40,488)	
Amortization of Loss on Refunding	(95,937)	
Amortization of Original Issue Premium	241,479	105,054
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.		
Prior Year	2,887,181	
Current Year	(2,994,343)	(107,162)
Change in Net Assets of Governmental Activities		\$5,644,483

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, 2011  
 (With Comparative Totals for June 30, 2010)**

ASSETS	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUNDS</u>	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2011	JUNE 30, 2010
Current Assets:			
Cash & Cash Equivalents	\$110,093	110,093	58,911
Due from Other Governments	34,048	34,048	44,159
Due from General Fund			1,090
Other Receivables	217	217	118
Inventories	18,664	18,664	33,793
Total Current Assets	<u>163,022</u>	<u>163,022</u>	<u>138,071</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	814,031	814,031	807,881
Less: Accumulated Depreciation	(683,098)	(683,098)	(621,474)
Total Noncurrent Assets	<u>130,933</u>	<u>130,933</u>	<u>186,407</u>
Total Assets	<u>293,955</u>	<u>293,955</u>	<u>324,478</u>
LIABILITIES			
Accounts Payable	15,348	15,348	6,070
Deferred Revenue	8,737	8,737	
Other Liabilities	70,453	70,453	101,619
Total Liabilities	<u>94,538</u>	<u>94,538</u>	<u>107,689</u>
NET ASSETS			
Investment in Capital Assets	130,933	130,933	186,407
Unrestricted	68,484	68,484	30,382
Total Net Assets	<u>\$199,417</u>	<u>199,417</u>	<u>216,789</u>

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, 2011  
 (With Comparative Totals for June 30, 2010)**

	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUNDS</u>	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2011	JUNE 30, 2010
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$1,053,590	1,053,590	1,074,225
Daily Sales - Nonreimbursable Programs	661,397	661,397	704,573
Miscellaneous	11,007	11,007	14,682
	<hr/>		
Total Operating Revenues	1,725,994	1,725,994	1,793,480
	<hr/>		
Operating Expenses:			
Cost of Sales	1,326,488	1,326,488	1,143,636
Rebates - Cost of Sales Offset	(187,443)	(187,443)	(140,366)
Salaries	762,599	762,599	755,905
Employee Benefits	296,561	296,561	276,387
Cleaning, Repair & Maintenance Services	38,459	38,459	105,940
Miscellaneous	83,975	83,975	76,987
General Supplies	31,093	31,093	112,282
Depreciation	61,624	61,624	67,325
	<hr/>		
Total Operating Expenses	2,413,356	2,413,356	2,398,096
	<hr/>		
Operating Income/(Loss)	(687,362)	(687,362)	(604,616)
	<hr/>		
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	27,837	27,837	32,734
State School Breakfast Program			2,035
Federal Sources:			
National School Lunch Program	469,051	469,051	449,950
National School Breakfast Program	19,692	19,692	22,275
Special Milk Program			296
Food Distribution Program	111,731	111,731	146,422
Interest & Investment Revenue	193	193	436
Vendor Contribution, Based on Guaranteed Profit	41,486	41,486	64,639
	<hr/>		
Total Nonoperating Revenues/(Expenses)	669,990	669,990	718,787
	<hr/>		
Change in Net Assets	(17,372)	(17,372)	114,171
Total Net Assets - Beginning	216,789	216,789	102,618
	<hr/>		
Total Net Assets - Ending	\$199,417	199,417	216,789
	<hr/> <hr/>		

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, 2011  
 (With Comparative Totals for June 30, 2010)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2011	JUNE 30, 2010
<b>Cash Flows From Operating Activities:</b>			
Receipts from Customers	\$1,728,040	1,728,040	1,801,884
Payments to Employees	(762,599)	(762,599)	(755,905)
Payments for Employee Benefits	(296,561)	(296,561)	(276,387)
Payments to Suppliers	(1,179,918)	(1,179,918)	(1,290,958)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>(511,038)</b>	<b>(511,038)</b>	<b>(521,366)</b>
<b>Cash Flows From Noncapital Financing Activities:</b>			
State Sources	27,646	27,646	34,526
Federal Sources	499,045	499,045	466,015
Vendor Contribution, Based on Guaranteed Profit	41,486	41,486	64,639
<b>Net Cash Provided/(Used) by Noncapital Financing Activities</b>	<b>568,177</b>	<b>568,177</b>	<b>565,180</b>
<b>Cash Flows From Capital &amp; Related Financing Activities:</b>			
Purchases of Capital Assets	(6,150)	(6,150)	(125,883)
<b>Net Cash Provided/(Used) by Capital &amp; Related Financing Activities</b>	<b>(6,150)</b>	<b>(6,150)</b>	<b>(125,883)</b>
<b>Cash Flows From Investing Activities:</b>			
Interest & Dividends	193	193	436
<b>Net Cash Provided/(Used) by Investing Activities</b>	<b>193</b>	<b>193</b>	<b>436</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>51,182</b>	<b>51,182</b>	<b>(81,633)</b>
Balances - Beginning of Year	58,911	58,911	140,544
<b>Balances - End of Year</b>	<b>\$110,093</b>	<b>110,093</b>	<b>58,911</b>

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

Operating Income/(Loss)	(\$687,362)	(687,362)	(604,616)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	61,624	61,624	67,325
Food Distribution Program	111,731	111,731	146,422
(Increase)/Decrease in Accounts Receivable, Net	991	991	722
(Increase)/Decrease in Inventories	15,129	15,129	(21,733)
Vendor Contribution, Based on Guaranteed Profit	(22,429)	(22,429)	7,682
Increase/(Decrease) in Accounts Payable	9,278	9,278	(117,168)
<b>Total Adjustments</b>	<b>176,324</b>	<b>176,324</b>	<b>83,250</b>
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>(\$511,038)</b>	<b>(511,038)</b>	<b>(521,366)</b>

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, 2011  
(With Comparative Totals for June 30, 2010)**

ASSETS	PRIVATE PURPOSE		AGENCY			TOTALS (MEMORANDUM ONLY)	
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND	PAYROLL FUND	STUDENT ACTIVITY FUND	ATHLETIC FUND	JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$240,319	638,804	649,138	399,013	1,355	1,928,629	3,579,223
Interfund Receivable							133,262
<b>Total Assets</b>	<b>240,319</b>	<b>638,804</b>	<b>649,138</b>	<b>399,013</b>	<b>1,355</b>	<b>1,928,629</b>	<b>3,712,485</b>
<b>LIABILITIES</b>							
Payable for Student Related Activities				399,013	1,355	400,368	446,243
Payroll Deductions & Withholdings			641,175			641,175	1,090,791
Interfund Payable			7,963			7,963	492,325
<b>Total Liabilities</b>			<b>649,138</b>	<b>399,013</b>	<b>1,355</b>	<b>1,049,506</b>	<b>2,029,359</b>
<b>NET ASSETS</b>							
Held in Trust for Unemployment Claims & Other Purposes	240,319					240,319	1,025,111
Reserved for Scholarships		638,804				638,804	658,015
<b>Total Net Assets</b>	<b>\$240,319</b>	<b>638,804</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>879,123</b>	<b>1,683,126</b>

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, 2011  
(With Comparative Totals for June 30, 2010)**

	PRIVATE PURPOSE		TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND	(MEMORANDUM ONLY) JUNE 30, 2011	JUNE 30, 2010
<b>ADDITIONS:</b>				
Contributions:				
Other	\$127,538	54,250	181,788	167,827
Total Contributions	127,538	54,250	181,788	167,827
Investment Earnings:				
Interest	1,096	3,309	4,405	6,969
Net Investment Earnings	1,096	3,309	4,405	6,969
Total Additions	128,634	57,559	186,193	174,796
<b>DEDUCTIONS:</b>				
Quarterly Contribution Reports				
Unemployment Claims	913,426		913,426	357,360
Scholarships Awarded		76,770	76,770	62,825
Total Deductions	913,426	76,770	990,196	420,185
Change in Net Assets	(784,792)	(19,211)	(804,003)	(245,389)
Net Assets - Beginning of the Year	1,025,111	658,015	1,683,126	1,928,515
Net Assets - End of the Year	\$240,319	638,804	879,123	1,683,126

See Accompanying Notes to Financial Statements

**MIDDLETOWN TOWNSHIP  
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**



**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**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*; and Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2011 and for the year then ended with comparative totals as of and for the year ended June 30, 2010 (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, 2011 of 10,142 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, 2011**

**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, 2011**

**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, 2011**

**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, 2011**

**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, 2011**

**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, 2011**

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

**F. Budgets/Budgetary Control (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.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$148,515,998	\$5,663,862
Difference – Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		(91,490)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	2,080,925	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>(1,355,897)</u>	<u>                    </u>



**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

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

**H. Cash, Cash Equivalents and Investments (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, 2011, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2007-2008 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, 2011.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**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, 2011 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, 2011**

**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.

**R. Subsequent Events**

The District has evaluated subsequent events occurring after June 30, 2011 through September 02, 2011, which is the date the financial statements were available to be issued.

**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, 2011, and reported at fair value are as follows:

<b>Type</b>	<b>Carrying Value</b>
<b>Deposits:</b>	
Demand Deposits	<u>\$15,715,540</u>
Total Deposits	<u>\$15,715,540</u>

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

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

Type	Carrying Value
<b>Reconciliation of Statements of Net Assets:</b>	
Governmental Funds	\$13,676,818
Proprietary Fund	110,093
Fiduciary Fund	<u>1,928,629</u>
Total Cash and Cash Equivalents	<u>\$15,715,540</u>

**Custodial Credit Risk** – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$17,241,754 at June 30, 2011. Of the bank balance \$1,099,020 was fully insured by depository insurance and \$16,142,734 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, 2011, 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, 2011**

**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, 2011, 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 2011 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, 2011**

**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, 2011 the District's Long Range Facilities Plan projected total cost is \$274,936,376.

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 4. Capital Reserve Account (continued):**

Beginning Balance, July 1, 2010	\$1,753,704
Increased by:	
Budget	2,300,000
Interest	<u>4,391</u>
Ending Balance, June 30, 2011	<u>\$4,058,095</u>

**Note 5. Maintenance Reserve Account:**

The Middletown Township Board of Education established a maintenance reserve account by inclusion of \$1,000,000 on June 30, 2011 for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Increased by:	
Budget	<u>\$1,000,000</u>
Ending Balance, June 30, 2011	<u>\$1,000,000</u>

**Note 6. Transfers to Capital Projects**

During the year ending June 30, 2011, the District transferred \$ -0- to the capital projects fund for NJSCC grants.

**Note 7. Fixed Assets**

The following schedule is a summarization of the general fixed assets by source for the fiscal year ended June 30, 2011:

	June 30, 2010	Additions	Deletions	June 30, 2011
Land	\$ 16,909,500			\$ 16,909,500
Land Improvements	6,482,225	\$ 36,338		6,518,563
Construction	129,218,835	194,646		129,413,481
Machinery & Equipment	4,206,306	64,887	\$(84,330)	4,186,863
Licensed Vehicles	<u>843,469</u>			<u>843,469</u>
Subtotal	157,660,335	295,871	(84,330)	157,871,876
Accumulated Depreciation	<u>(44,374,917)</u>	<u>(3,412,273)</u>	70,330	<u>(47,716,860)</u>
Total	<u>\$113,285,418</u>	<u>\$(3,116,402)</u>	<u>\$(14,000)</u>	<u>\$110,155,016</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 7. Fixed Assets (continued)**

The following is a summary of proprietary fund type fixed assets at June 30, 2011:

	June 30, 2010	Additions	June 30, 2011
Machinery and Equipment	\$807,881	\$ 6,150	\$814,031
Less: Accumulated Depreciation	<u>(621,474)</u>	<u>(61,624)</u>	<u>(683,098)</u>
Net Fixed Assets	<u>\$186,407</u>	<u>\$(55,474)</u>	<u>\$130,933</u>

**Note 8. Long-Term Debt**

During the fiscal year ended June 30, 2011 the following changes occurred in liabilities reported in the long-term debt:

	Balance 6/30/10	Accrued/ Increases	Retired/ Decreases	Net Adjustment	Balance 6/30/11	Due Within One Year
Compensated Absences Payable	\$ 2,887,181	\$107,162			\$ 2,994,343	
Bonds Payable	69,836,343		\$(3,315,000)	\$(145,542)	66,375,801	\$2,545,000
Obligations Under Capital Leases	<u>8,457,456</u>		<u>(1,671,833)</u>		<u>6,785,623</u>	<u>1,406,182</u>
Total	<u>\$81,180,980</u>	<u>\$107,162</u>	<u>\$(4,986,833)</u>	<u>\$(145,542)</u>	<u>\$76,155,767</u>	<u>\$3,951,182</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%.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 8. Long-Term Debt (continued)**

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

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	390,000	338,400	728,400
2017-2021	2,380,000	1,421,519	3,801,519
2022-2026	3,355,000	795,138	4,150,138
2027-2028	<u>1,680,000</u>	<u>79,089</u>	<u>1,759,089</u>
<b>Total</b>	<b><u>\$9,120,000</u></b>	<b><u>\$4,128,246</u></b>	<b><u>\$13,248,246</u></b>

**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 3.2881%.

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

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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
2015	2,610,000	2,197,050	4,807,050
2017-2021	15,005,000	8,893,875	23,898,875
2022-2026	18,910,000	4,671,250	23,581,250
2027-2031	<u>8,880,000</u>	<u>449,250</u>	<u>9,329,250</u>
<b>Total</b>	<b><u>\$54,915,000</u></b>	<b><u>\$26,007,225</u></b>	<b><u>\$80,922,225</u></b>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 8. Long-Term Debt (continued)**

The following schedule reflects the Debt requirements until 2028:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Bond Series 2002	\$ 9,120,000	\$ 4,128,246	\$13,248,246
Bond Series 2010	<u>54,915,000</u>	<u>26,007,225</u>	<u>80,922,225</u>
Total	<u>\$64,035,000</u>	<u>\$30,135,471</u>	<u>\$94,170,471</u>
Deferred Bond Premium & Loss on Refunding	<u>\$ 2,340,801</u>		
Total	<u>\$66,375,801</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, 2011:

<b>Year</b>	<b>Amount</b>
2012	\$1,671,538
2013	1,499,877
2014	1,502,957
2015	984,526
2016	989,613
2017	<u>992,364</u>
Total Minimum Lease Payments	7,640,875
Less: Amount Representing Interest	<u>855,252</u>
Present Value of Net Minimum Lease Payments	<u>\$6,785,623</u>

**Note 9. Operating Lease Commitments**

The School District has future minimum rental commitments for technology equipment, accounted for as an operating lease at June 30, 2011 as follows:

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011

**Note 9. Operating Lease Commitments (continued):**

Year-ending June 30,	
2012	\$260,389
2013	<u>104,975</u>
Total	<u>\$365,364</u>

**Note 10. Pension Plans**

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

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

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

**Vesting and Benefit Provisions** - The vesting and benefit provisions of PERS are set by *N.J.S.A. 43:15A* and *43.3B* and *N.J.S.A. 18A: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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 10. Pension Plans (continued):**

to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

**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

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.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 10. Pension Plans (continued):**

**Three-Year Trend Information for PERS**

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$1,753,523	100%	\$1,753,523
6/30/10	1,303,416	100%	1,303,416
6/30/09	1,141,682	100%	1,141,682

**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
6/30/11	\$4,795,214	100%	\$ -0-
6/30/10	4,626,482	100%	-0-
6/30/09	4,396,717	100%	-0-

During the year ended June 30, 2011 the State of New Jersey contributed \$4,795,214 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 \$5,139,177 for the year ended June 30, 2011 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 11. Post-Retirement Benefits**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 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.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 11. Post-Retirement Benefits (continued)**

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 \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

**Note 12. 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:

<b>Fiscal Year</b>	<b>District Contributions</b>	<b>Interest Earned</b>	<b>Amount Reimbursed</b>	<b>Ending Balance</b>
2010-2011	\$127,538	\$ 1,096	\$913,426	\$ 240,319
2009-2010	133,262	3,040	357,360	1,025,111
2008-2009	128,285	13,322	246,493	1,246,169

**Note 13. Contingent Liabilities**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2011 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.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011**

**Note 13. Contingent Liabilities (continued)**

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 14. 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 15. Interfund Receivables and Payables**

The following interfund balances remained on the balance sheet at June 30, 2011:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$787,696	
Capital Projects Fund		\$ 11
Trust & Agency Fund		7,963
Special Revenue Fund		779,733
Debt Service Fund	<u>11</u>	<u>          </u>
<b>Total</b>	<b><u>\$787,707</u></b>	<b><u>\$787,707</u></b>

The purpose of these interfunds are short-term borrowings.

**Note 16. Fund Balance Appropriated**

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

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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 16. Fund Balance Appropriated (continued):**

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

**General Fund** – Of the \$12,085,664 General Fund fund balance at June 30, 2011, \$4,058,664 has been restricted for the Capital Reserve Account; \$1,000,000 has been reserved as maintenance reserve; \$229,292 has been committed for other purposes; \$2,343,891 is restricted to be designated for subsequent year's expenditures; \$400,568 has been assigned for other purposes; \$2,181,276 is restricted for excess surplus; and \$1,872,541 is unassigned.

The Middletown Township School District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation. Additionally, the Middletown Township School District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**Debt Service Fund** – of the \$13 Debt Service Fund fund balance at June 30, 2011, \$12 is unrestricted designated for subsequent year expenditures and \$1 is unreserved and undesignated.

**Note 17. 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
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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 18. 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, 2011 is \$2,994,343.

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, 2011 no liability existed for compensated absences in the proprietary fund types.

**Note 19. 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, 2011 is \$2,181,276.



**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, 2011 AND 2010

ACCOUNT NUMBERS	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2010				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	\$122,253,218		122,253,218	122,253,218		119,793,275		119,793,275	119,793,275	
Tuition - Preschool	10-1340	84,000		84,000	88,600	4,600				78,950	78,950
Interest Earned on Capital Reserve Fund	10-1XXX	5,230		5,230	4,391	(839)					
Miscellaneous	10-1990	921,745		921,745	1,378,021	456,276	1,046,036		1,046,036	1,030,953	(15,083)
<b>Total Local Sources</b>		<b>123,264,193</b>		<b>123,264,193</b>	<b>123,724,230</b>	<b>460,037</b>	<b>120,839,311</b>		<b>120,839,311</b>	<b>120,903,178</b>	<b>63,867</b>
State Sources:											
Categorical Transportation Aid	10-3121	2,949,895		2,949,895	2,949,895		3,210,221		3,210,221	3,210,221	
Categorical Special Education Aid	10-3132	5,738,180		5,738,180	5,738,180		5,528,200		5,528,200	5,528,200	
Equalization Aid	10-3176	1,252,494		1,252,494	1,252,494						
Categorical Security Aid	10-3177	834,888		834,888	834,888		780,559		780,559	780,559	
Adjustment Aid	10-3178	2,965,778		2,965,778	2,965,778		11,443,465		11,443,465	8,598,494	(2,844,971)
Extraordinary Aid	10-3131	500,000		500,000	891,765	391,765	200,000		200,000	674,865	474,865
Aid for Adult & Post Grad Program	10-3191									21,307	21,307
Other State Aids	10-3xxx				143,352	143,352				133,758	133,758
Nonbudgeted:											
On-Behalf TPAF Contributions					4,795,214	4,795,214				4,626,482	4,626,482
Reimbursed TPAF Social Security Contributions					5,139,177	5,139,177				5,381,908	5,381,908
<b>Total State Sources</b>		<b>14,241,235</b>		<b>14,241,235</b>	<b>24,710,743</b>	<b>10,469,508</b>	<b>21,162,445</b>		<b>21,162,445</b>	<b>28,955,794</b>	<b>7,793,349</b>
Federal Sources:											
Medicaid Reimbursement	10-4200	25,255		25,255	81,025	55,770	28,464		28,464	59,733	31,269
<b>Total Federal Services</b>		<b>25,255</b>		<b>25,255</b>	<b>81,025</b>	<b>55,770</b>	<b>28,464</b>		<b>28,464</b>	<b>59,733</b>	<b>31,269</b>
<b>Total Revenues</b>		<b>137,530,683</b>		<b>137,530,683</b>	<b>148,515,998</b>	<b>10,985,315</b>	<b>142,030,220</b>		<b>142,030,220</b>	<b>149,918,705</b>	<b>7,888,485</b>

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MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

	ACCOUNT NUMBERS	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2010				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	2,689,994		2,689,994	2,475,202	214,792	1,058,834	1,218,116	2,276,950	2,276,950	
Grades 1 - 5	11-120-100-101	18,097,253	(196,549)	17,900,704	17,685,635	215,069	22,515,739	(3,501,749)	19,013,990	19,013,990	
Grades 6 - 8	11-130-100-101	11,234,170		11,234,170	10,974,935	259,235	11,001,536	163,491	11,165,027	11,165,026	1
Grades 9 - 12	11-140-100-101	13,929,116	(20,000)	13,909,116	13,838,466	70,650	14,655,196	(280,180)	14,375,016	14,374,851	165
Regular Programs - Home Instruction:											
Salaries of Teachers	11-150-100-101	90,000	25,220	115,220	115,220		123,000	290	123,290	98,949	24,341
Purchased Educational Services	11-150-100-320	2,000	18,000	20,000	9,172	10,828	2,000		2,000	821	1,179
Regular Programs - Undistributed Instruction:											
Other Salaries for Instruction	11-190-100-106	36,643		36,643	10,428	26,215	82,767	974	83,741	83,741	
Purchased Educational Services	11-190-100-320						22,000	5,500	27,500	18,000	9,500
Purchased Technical Services	11-190-100-340	290,625		290,625	271,238	19,387	277,890	42,200	320,090	269,558	50,532
Other Purchased Service	11-190-100-580	23,095	241	23,336	13,086	10,250	33,095		33,095	17,442	15,653
General Supplies	11-190-100-610	1,809,397	266,138	2,075,535	1,740,225	335,310	2,785,457	668,525	3,453,982	3,032,558	421,424
Textbooks	11-190-100-640	251,441	(100,207)	151,234	98,124	53,110	280,208	12,656	292,864	228,720	64,144
Other Objects	11-190-100-890	140,000	1,523	141,523	63,134	78,389	140,000	46,627	186,627	121,945	64,682
<b>Total Regular Programs - Instruction</b>		<b>48,593,734</b>	<b>(5,634)</b>	<b>48,588,100</b>	<b>47,294,865</b>	<b>1,293,235</b>	<b>52,977,722</b>	<b>(1,623,550)</b>	<b>51,354,172</b>	<b>50,702,551</b>	<b>651,621</b>
Special Education:											
Cognitive - Mild:											
Other Salaries for Instruction	11-201-100-106						7,410		7,410		7,410
<b>Total Cognitive - Mild</b>							<b>7,410</b>		<b>7,410</b>		<b>7,410</b>
Learning and/or Language Disabilities:											
Salaries of Teachers	11-204-100-101	1,224,298	152,146	1,376,444	1,376,444		1,261,888	18,170	1,280,058	1,280,057	1
Other Salaries for Instruction	11-204-100-106	1,083,603	7,563	1,091,166	1,091,166		1,181,436		1,181,436	1,167,496	13,940
General Supplies	11-204-100-610	9,594	(81)	9,513	5,050	4,463	12,594	219	12,813	6,834	5,979
Textbooks	11-204-100-640	900		900		900	400	500	900	182	718
<b>Total Learning and/or Language Disabilities</b>		<b>2,318,395</b>	<b>159,628</b>	<b>2,478,023</b>	<b>2,472,660</b>	<b>5,363</b>	<b>2,456,318</b>	<b>18,889</b>	<b>2,475,207</b>	<b>2,454,569</b>	<b>20,638</b>

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

ACCOUNT NUMBERS	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2010				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	314,545	(114,566)	199,979	198,260	1,719	250,140		250,140	250,140	
Other Salaries for Instruction	11-209-100-106	93,206		93,206	83,344	9,862	111,157		111,157	109,021	2,136
General Supplies	11-209-100-610	5,000	225	5,225	1,251	3,974	8,000	(3,000)	5,000	2,310	2,690
Textbooks	11-209-100-640		500	500		500	400	(400)			
<b>Total Behavioral Disabilities</b>		<b>412,751</b>	<b>(113,841)</b>	<b>298,910</b>	<b>282,855</b>	<b>16,055</b>	<b>369,697</b>	<b>(3,400)</b>	<b>366,297</b>	<b>361,471</b>	<b>4,826</b>
Multiple Disabilities:											
Salaries of Teachers	11-212-100-101	147,306		147,306	147,306		137,893		137,893	137,893	
Other Salaries for Instruction	11-212-100-106	723,060	(42,212)	680,848	680,848		833,146	(108,288)	724,858	708,262	16,596
General Supplies	11-212-100-610	2,115	115	2,230	646	1,584	3,500	(1,214)	2,286	938	1,348
<b>Total Multiple Disabilities</b>		<b>872,481</b>	<b>(42,097)</b>	<b>830,384</b>	<b>828,800</b>	<b>1,584</b>	<b>974,539</b>	<b>(109,502)</b>	<b>865,037</b>	<b>847,093</b>	<b>17,944</b>
Resource Room/Resource Center											
Salaries of Teachers	11-213-100-101	8,110,112	(147,669)	7,962,443	7,947,820	14,623	5,432,286	2,564,382	7,996,668	7,837,039	159,629
Other Salaries for Instruction	11-213-100-106	87,848	108,685	196,533	196,533		140,798	(60,000)	80,798	73,739	7,059
General Supplies	11-213-100-610	12,750	2,573	15,323	11,519	3,804	42,400	(2,355)	40,045	16,266	23,779
Textbooks	11-213-100-640	2,406	(2,406)				5,406	5,000	10,406	3,791	6,615
<b>Total Resource Room/Resource Center</b>		<b>8,213,116</b>	<b>(38,817)</b>	<b>8,174,299</b>	<b>8,155,872</b>	<b>18,427</b>	<b>5,620,890</b>	<b>2,507,027</b>	<b>8,127,917</b>	<b>7,930,835</b>	<b>197,082</b>
Autism:											
Salaries of Teachers	11-214-100-101	517,145	121,791	638,936	638,936		568,835	(16,487)	552,348	429,668	122,680
Other Salaries for Instruction	11-214-100-106	1,220,391	(33,406)	1,186,985	1,186,985		1,193,082	38,288	1,231,370	1,231,370	
General Supplies	11-214-100-610	4,500		4,500	1,202	3,298	4,500	3,136	7,636	3,557	4,079
<b>Total Autism</b>		<b>1,742,036</b>	<b>88,385</b>	<b>1,830,421</b>	<b>1,827,123</b>	<b>3,298</b>	<b>1,766,417</b>	<b>24,937</b>	<b>1,791,354</b>	<b>1,664,595</b>	<b>126,759</b>
Preschool Disabilities - Full Time:											
Salaries of Teachers	11-216-100-101	443,100	14,578	457,678	457,678		458,565	(49,905)	408,660	306,700	101,960
Other Salaries for Instruction	11-216-100-106	350,486	44,056	394,542	394,542		750,572	(211,465)	539,107	389,857	149,250
General Supplies	11-216-100-610	5,000		5,000	1,919	3,081	4,000	2,000	6,000	4,120	1,880
<b>Total Preschool Disabilities - Full Time</b>		<b>798,586</b>	<b>58,634</b>	<b>857,220</b>	<b>854,139</b>	<b>3,081</b>	<b>1,213,137</b>	<b>(259,370)</b>	<b>953,767</b>	<b>700,677</b>	<b>253,090</b>

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

ACCOUNT NUMBERS	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Home Instruction:											
Salaries of Teachers	11-219-100-101	100,000	38,384	138,384	138,384		152,500	(58,456)	94,044	92,548	1,496
Purchased Educational Services	11-219-100-320	90,000	11,016	101,016	76,773	24,243	30,000	65,698	95,698	48,683	47,015
Total Home Instruction -		190,000	49,400	239,400	215,157	24,243	182,500	7,242	189,742	141,231	48,511
Total Special Education		14,547,365	161,292	14,708,657	14,636,606	72,051	12,590,908	2,185,823	14,776,731	14,100,471	676,260
Basic Skills/Remedial:											
Salaries of Teachers	11-230-100-101	94,562	44,066	138,628	138,485	143	170,091	13,331	183,422	183,421	1
Other Salaries for Instruction	11-230-100-106	10,948	560	11,508	10,141	1,367	76,222	(13,331)	62,891	9,828	53,063
General Supplies	11-230-100-610	10,000	(3,306)	6,694	144	6,550	25,000	1,053	26,053	12,499	13,554
Total Basic Skills/Remedial		115,510	41,320	156,830	148,770	8,060	271,313	1,053	272,366	205,748	66,618
School Sponsored Cocurricular Activities:											
Salaries	11-401-100-100	440,613		440,613	396,805	43,808	575,000	13,073	588,073	588,072	1
Total School Sponsored Cocurricular Activities		440,613		440,613	396,805	43,808	575,000	13,073	588,073	588,072	1
School Sponsored Athletics -Instruction:											
Salaries	11-402-100-100	772,535		772,535	758,120	14,415	827,948		827,948	807,332	20,616
Supplies and Materials	11-402-100-600	151,850	(27,548)	124,302	104,817	19,485	202,450	9,025	211,475	201,424	10,051
Other Objects	11-402-100-800	258,750	35,981	294,731	258,087	36,644	345,000	33,851	378,851	370,570	8,281
Total School Sponsored Athletics - Instruction		1,183,135	8,433	1,191,568	1,121,024	70,544	1,375,398	42,876	1,418,274	1,379,326	38,948
Alternative Education Programs - Instruction:											
Salaries of Teachers	11-423-100-101	23,900	897	24,797	24,797		166,682	11,237	177,919	177,919	
General Supplies	11-423-100-610	9,400	(4,763)	4,637	3,365	1,272	9,400		9,400	3,545	5,855
Textbooks	11-423-100-640	4,600	(4,600)				4,600		4,600		4,600
Total Alternative Education Programs - Instruction		37,900	(8,466)	29,434	28,162	1,272	180,682	11,237	191,919	181,464	10,455

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

ACCOUNT NUMBERS	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Alternative Education Programs -Support Services:											
Salaries 11-423-200-100	190,758	15,060	205,818	201,417	4,401	214,954		214,954	205,945	9,009	
Total Alternative Education Programs -Support Services	190,758	15,060	205,818	201,417	4,401	214,954		214,954	205,945	9,009	
Total Alternative Education Programs	228,658	6,594	235,252	229,579	5,673	395,636	11,237	406,873	387,409	19,464	
Total Instruction	65,109,015	212,005	65,321,020	63,827,649	1,493,371	68,185,977	630,512	68,816,489	67,363,577	1,452,912	
Undistributed Expenditures:											
Instruction:											
Tuition to Other LEA's -State Regular 11-000-100-561	121,475	7,578	129,053	96,561	32,492	75,941	37,565	113,506	105,143	8,363	
Tuition to Other LEA's -State Special 11-000-100-562	29,059	42,000	71,059	63,123	7,936	39,749	(11,807)	27,942	27,941	1	
Tuition to County Vocational School Districts Regular 11-000-100-563	1,358,240	(64,631)	1,293,609	1,164,010	129,599	1,300,550	(34,985)	1,265,565	1,243,102	22,463	
Tuition to County Vocational School Districts Special 11-000-100-564	371,280	700	371,980	337,805	34,175	337,000	(12,875)	324,125	323,424	701	
Tuition to County Special School Districts & Regional Day Schools 11-000-100-565	526,442		526,442	521,757	4,685	411,128	(67,637)	343,491	343,491		
Tuition to Private Schools for the Handicapped - State 11-000-100-566	1,525,200	(144,700)	1,380,500	1,278,720	101,780	1,556,358	(909,396)	646,962	576,634	70,328	
Tuition to Private Schools for the Handicapped - Outside State 11-000-100-567	58,079	3,840	61,919	57,115	4,804	57,488	10,919	68,407	65,077	3,330	
Tuition - State Facilities 11-000-100-568	50,000		50,000	48,449	1,551		35,398	35,398	35,398		
Total Undistributed Expenditures - Instruction	4,039,775	(155,213)	3,884,562	3,567,540	317,022	3,778,214	(952,818)	2,825,396	2,720,210	105,186	
Attendance & Social Work Services:											
Salaries 11-000-211-100	44,917	176	45,093	45,093		44,960		44,960	44,917	43	
Other Purchased Service 11-000-211-580	1,000	(176)	824		824	1,000		1,000		1,000	
Total Attendance & Social Work Services	45,917		45,917	45,093	824	45,960		45,960	44,917	1,043	

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

ACCOUNT NUMBERS	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
<b>Health Services:</b>											
Salaries	11-000-213-100	1,707,832	2,920	1,710,752	1,710,752		1,621,671	34,778	1,656,449	1,656,448	1
Purchased Professional & Technical Services	11-000-213-300	298,600	236,829	535,429	327,641	207,788	448,600	5,604	454,204	413,146	41,058
Supplies and Materials	11-000-213-600	44,000	7,075	51,075	34,329	16,746	44,000	6,651	50,651	33,608	17,043
Other Objects	11-000-213-800	40,000	12,490	52,490	36,799	15,691	40,000	7,183	47,183	34,655	12,528
<b>Total Health Services</b>		<b>2,090,432</b>	<b>259,314</b>	<b>2,349,746</b>	<b>2,109,521</b>	<b>240,225</b>	<b>2,154,271</b>	<b>54,216</b>	<b>2,208,487</b>	<b>2,137,857</b>	<b>70,630</b>
<b>Other Support Services - Students - Related Services:</b>											
Salaries	11-000-216-100	1,564,004		1,564,004	1,515,039	48,965	1,592,318		1,592,318	1,562,393	29,925
Purchased Professional - Educational Services	11-000-216-320	600,271	58,726	658,997	634,369	24,628	560,271	212,949	773,220	748,459	24,761
Supplies and Materials	11-000-216-600	6,300	228	6,528	6,189	339	6,300		6,300	5,886	414
<b>Total Other Support Services - Students - Related Services</b>		<b>2,170,575</b>	<b>58,954</b>	<b>2,229,529</b>	<b>2,155,597</b>	<b>73,932</b>	<b>2,158,889</b>	<b>212,949</b>	<b>2,371,838</b>	<b>2,316,738</b>	<b>55,100</b>
<b>Other Support Services - Students - Regular:</b>											
Salaries of Other Professional Staff	11-000-218-104	2,388,440	(403,008)	1,985,432	1,976,549	8,883	2,603,300		2,603,300	2,403,943	199,357
Salaries of Secretarial & Clerical Assistants	11-000-218-105	323,485	25,000	348,485	291,091	57,394	302,606		302,606	297,302	5,304
Purchased Professional - Educational Services	11-000-218-320	10,000		10,000	9,000	1,000	10,000		10,000	10,000	
<b>Total Other Support Services - Students - Regular</b>		<b>2,721,925</b>	<b>(378,008)</b>	<b>2,343,917</b>	<b>2,276,640</b>	<b>67,277</b>	<b>2,915,906</b>		<b>2,915,906</b>	<b>2,711,245</b>	<b>204,661</b>
<b>Other Support Services - Students - Special Services:</b>											
Salaries of Other Professional Staff	11-000-219-104	3,208,910	(228,445)	2,980,465	2,980,465		3,682,231	(104,842)	3,577,389	3,544,216	33,173
Salaries of Secretarial & Clerical Assistants	11-000-219-105	480,219	106,009	586,228	495,389	90,839	588,647		588,647	514,933	73,714
Purchased Professional - Technical Services	11-000-219-320	136,000	152,239	288,239	209,049	79,190	126,000	68,648	194,648	162,958	31,690
Miscellaneous Purchased Services	11-000-219-592	10,300	32	10,332	6,488	3,844	10,300		10,300	9,432	868
Supplies and Materials	11-000-219-600	37,900	(8,850)	29,050	5,811	23,239	42,900	3,379	46,279	23,698	22,581
Other Objects	11-000-219-890	2,000		2,000	23	1,977	2,000		2,000	1,144	856
<b>Total Other Support Services - Students - Special Services</b>		<b>3,875,329</b>	<b>20,985</b>	<b>3,896,314</b>	<b>3,697,225</b>	<b>199,089</b>	<b>4,452,078</b>	<b>(32,815)</b>	<b>4,419,263</b>	<b>4,256,381</b>	<b>162,882</b>

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

ACCOUNT NUMBERS	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Improvement of Instruction Services/Other Support Services - Instruction Staff:											
Supplies and Materials	11-000-221-600	76,728	(23,061)	53,667	36,186	17,481	76,108	7,987	84,095	48,991	35,104
Total Improvement of Instruction Services/Other Support Services - Instructional Staff		76,728	(23,061)	53,667	36,186	17,481	76,108	7,987	84,095	48,991	35,104
Educational Media Services/School Library:											
Salaries	11-000-222-100	266,065	80,000	346,065	345,815	250	530,735		530,735	477,402	53,333
Supplies and Materials	11-000-222-600	96,844	(45,670)	51,174	26,667	24,507	97,844	14,525	112,369	68,091	44,278
Total Educational Media Services/School Library		362,909	34,330	397,239	372,482	24,757	628,579	14,525	643,104	545,493	97,611
Instructional Staff Training Services:											
Other Salaries	11-000-223-110	505,933	(363,708)	142,225	135,906	6,319	570,473	(126)	570,347	326,830	243,517
Purchased Professional - Educational Services	11-000-223-320	51,530	(6,500)	45,030	23,919	21,111	188,574	(76,844)	111,730	36,057	75,673
Other Purchased Services	11-000-223-500	71,052	(47,418)	23,634	7,328	16,306		83,552	83,552	16,733	66,819
Total Instructional Staff Training Services		628,515	(417,626)	210,889	167,153	43,736	759,047	6,582	765,629	379,620	386,009
Support Services General Administration:											
Salaries	11-000-230-100	710,347	(14,000)	696,347	653,766	42,581	857,021	(195,131)	661,890	660,970	920
Legal Services	11-000-230-331	240,000	122,256	362,256	292,011	70,245	240,000	109,462	349,462	283,704	65,758
Audit Services	11-000-230-332	44,535		44,535	41,537	2,998	42,822		42,822	42,822	
Purchased Technical Services	11-000-230-340	33,796	(1,400)	32,396	16,590	15,806	35,000	5,677	40,677	28,031	12,646
Communications/Telephone	11-000-230-530	471,000	20,238	491,238	469,195	22,043	500,000	(18,714)	481,286	448,548	32,738
Other Purchased Services	11-000-230-585	2,500		2,500	264	2,236	5,000		5,000	2,404	2,596
Misc. Purchased Services	11-000-230-590	1,000		1,000		1,000	5,000		5,000		5,000
BOE In House Training	11-000-230-630	1,000	60	1,060	660	400	2,500		2,500	595	1,905
Judgments Against School District	11-000-230-820	5,000	100,000	105,000		105,000	5,000		5,000		5,000
Miscellaneous Expenditures	11-000-230-890	65,000	6,518	71,518	65,831	5,687	85,000	529	85,529	75,325	10,204
BOE Membership Dues & Fees	11-000-230-895	29,623		29,623	26,663	2,960	28,900		28,900	28,066	834
Total Support Services General Administration		1,603,801	233,672	1,837,473	1,566,517	270,956	1,806,243	(98,177)	1,708,066	1,570,465	137,601

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

	ACCOUNT NUMBERS	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
<b>Support Services School Administration:</b>											
Salaries of Principals & Assistant Principals	11-000-240-103	3,579,831	67,990	3,647,821	3,615,310	32,511	3,962,792	34,594	3,997,386	3,997,385	1
Salaries of Other Professional Staff	11-000-240-104	809,489		809,489	749,925	59,564	873,321	59,883	933,204	933,203	1
Salaries of Secretarial & Clerical Assistants	11-000-240-105	1,661,971	76,300	1,738,271	1,579,005	159,266	1,762,881	88,635	1,851,516	1,851,516	
Other Objects	11-000-240-800	38,760	90	38,850	16,254	22,596	38,000	562	38,562	37,178	1,384
<b>Total Support Services School Administration</b>		<b>6,090,051</b>	<b>144,380</b>	<b>6,234,431</b>	<b>5,960,494</b>	<b>273,937</b>	<b>6,636,994</b>	<b>183,674</b>	<b>6,820,668</b>	<b>6,819,282</b>	<b>1,386</b>
<b>Central Services:</b>											
Salaries	11-000-251-100	1,135,719	29,917	1,165,636	1,093,068	72,568	1,129,485	24,145	1,153,630	1,153,629	1
Purchased Professional Services	11-000-251-340		92,217	92,217	74,403	17,814					
Miscellaneous Purchased Services	11-000-251-592	55,000	11,372	66,372	50,858	15,514	80,000	(3,125)	76,875	58,236	18,639
Lease Purchase Interest - Copiers	11-000-251-600	33,083		33,083	33,082	1	2,746	38,676	41,422	41,422	
Interest on Lease Purchase Agreements	11-000-251-832	246,706		246,706	246,706		303,456		303,456	303,456	
Miscellaneous Expenditures	11-000-251-890	10,000	10,985	20,985	19,923	1,062	25,000	362	25,362	20,963	4,399
<b>Total Central Services</b>		<b>1,480,508</b>	<b>144,491</b>	<b>1,624,999</b>	<b>1,518,040</b>	<b>106,959</b>	<b>1,540,687</b>	<b>60,058</b>	<b>1,600,745</b>	<b>1,577,706</b>	<b>23,039</b>
<b>Administrative Information Technology:</b>											
Salaries	11-000-252-100	741,240		741,240	738,005	3,235	739,661		739,661	733,419	6,242
Purchased Technical Services	11-000-252-340	83,702	(30,469)	53,233	34,340	18,893	95,960	300	96,260	76,785	19,475
Other Objects	11-000-252-800	2,500		2,500	630	1,870	2,500	7,000	9,500	9,490	10
<b>Total Administrative Information Technology</b>		<b>827,442</b>	<b>(30,469)</b>	<b>796,973</b>	<b>772,975</b>	<b>23,998</b>	<b>838,121</b>	<b>7,300</b>	<b>845,421</b>	<b>819,694</b>	<b>25,727</b>
<b>Required Maintenance for School Facilities:</b>											
Salaries	11-000-261-100	1,913,163	95,000	2,008,163	1,994,544	13,619	2,210,847	(6,966)	2,203,881	2,149,891	53,990
Cleaning, Repair & Maintenance Services	11-000-261-420	378,762	(135,471)	243,291	231,860	11,431	483,762	40,188	523,950	523,787	163
General Supplies	11-000-261-610	194,910	60,343	255,253	220,713	34,540	270,000	61,076	331,076	328,191	2,885
<b>Total Required Maintenance for School Facilities</b>		<b>2,486,835</b>	<b>19,872</b>	<b>2,506,707</b>	<b>2,447,117</b>	<b>59,590</b>	<b>2,964,609</b>	<b>94,298</b>	<b>3,058,907</b>	<b>3,001,869</b>	<b>57,038</b>

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

ACCOUNT NUMBERS	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
<b>Custodial Services:</b>											
Salaries	11-000-262-100	3,372,854	(62,191)	3,310,663	3,197,776	112,887	3,542,094	(20,749)	3,521,345	3,370,411	150,934
Salaries of Non-Instructional Aids	11-000-262-107	1,192,336	19,815	1,212,151	1,212,151		823,618	694,649	1,518,267	1,518,267	
Purchased Professional & Technical Services	11-000-262-300	22,500	(12,200)	10,300	4,566	5,734	23,586	761	24,347	5,306	19,041
Cleaning, Repair & Maintenance Services	11-000-262-420	297,136	46,053	343,189	321,210	21,979	459,234	(115,973)	343,261	341,888	1,373
Other Purchased Property Services	11-000-262-490	173,400	12,963	186,363	165,988	20,375	170,000		170,000	144,723	25,277
Insurance	11-000-262-520	865,260	23,670	888,930	886,726	2,204	830,809	3,922	834,731	796,921	37,810
General Supplies	11-000-262-610	235,000	111,588	346,588	345,476	1,112	283,000	25,557	308,557	308,556	1
Energy (Natural Gas)	11-000-262-621	663,000	593	663,593	431,956	231,637	650,000	(23,398)	626,602	467,030	159,572
Energy (Electricity)	11-000-262-622	2,907,000	(193,314)	2,713,686	2,362,789	350,897	2,850,000	24,049	2,874,049	2,822,724	51,325
Other Objects	11-000-262-800	60,000	1,042	61,042	60,886	156	60,000		60,000	59,953	47
<b>Total Custodial Services</b>		<b>9,788,486</b>	<b>(51,981)</b>	<b>9,736,505</b>	<b>8,989,524</b>	<b>746,981</b>	<b>9,692,341</b>	<b>588,818</b>	<b>10,281,159</b>	<b>9,835,779</b>	<b>445,380</b>
<b>Care &amp; Upkeep of Grounds:</b>											
Salaries	11-000-263-100	556,136	(5,245)	550,891	522,296	28,595	545,979	19,957	565,936	565,936	
Cleaning, Repair & Maintenance	11-000-263-420	24,000	1,947	25,947	24,844	1,103	44,000		44,000	43,929	71
General Supplies	11-000-263-610	42,000	4,681	46,681	40,251	6,430	85,000	(23,000)	62,000	53,175	8,825
<b>Total Care &amp; Upkeep of Grounds</b>		<b>622,136</b>	<b>1,383</b>	<b>623,519</b>	<b>587,391</b>	<b>36,128</b>	<b>674,979</b>	<b>(3,043)</b>	<b>671,936</b>	<b>663,040</b>	<b>8,896</b>
<b>Security:</b>											
Salaries	11-000-266-100	260,496		260,496	247,527	12,969	238,650	2,695	241,345	241,344	1
Purchased Professional & Technical Services	11-000-266-300						5,000		5,000		5,000
<b>Total Security:</b>		<b>260,496</b>		<b>260,496</b>	<b>247,527</b>	<b>12,969</b>	<b>243,650</b>	<b>2,695</b>	<b>246,345</b>	<b>241,344</b>	<b>5,001</b>

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

	ACCOUNT NUMBERS	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL (UNFAVORABLE)	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL (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	147,783	25,000	172,783	148,002	24,781	145,955	402	146,357	146,356	1
Contracted Services (Between Home & School) - Vendors	11-000-270-511	4,507,014	(111,178)	4,395,836	4,343,415	52,421	4,619,163	(50,000)	4,569,163	4,418,319	150,844
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	368,294	(30,523)	337,771	279,276	58,495	345,500	2,438	347,938	315,789	32,149
Contracted Services (Between Home & School) - Joint Agreements	11-000-270-513	570,000	37,945	607,945	607,944	1	420,000	177,323	597,323	576,315	21,008
Contracted Services (Special Education Students) - Vendors	11-000-270-514	4,322,958	(268,333)	4,054,625	3,787,936	266,689	4,352,293	(123,237)	4,229,056	3,919,405	309,651
Contracted Services - Aid in Lieu - Nonpublic	11-000-270-503	130,000		130,000	124,737	5,263	160,000		160,000	134,613	25,387
Supplies and Materials	11-000-270-600	1,190		1,190	1,081	109	4,090	1,023	5,113	2,729	2,384
Miscellaneous Expenditures	11-000-270-890	13,130	3,010	16,140	11,161	4,979	15,000	1,449	16,449	13,390	3,059
<b>Total Student Transportation Services</b>		<b>10,060,369</b>	<b>(344,079)</b>	<b>9,716,290</b>	<b>9,303,552</b>	<b>412,738</b>	<b>10,062,001</b>	<b>9,398</b>	<b>10,071,399</b>	<b>9,526,916</b>	<b>544,483</b>
Unallocated Benefits Employee Benefits:											
Social Security Contributions	11-000-291-220	1,775,750	(187,000)	1,588,750	1,510,779	77,971	1,775,750		1,775,750	1,651,173	124,577
Other Retirement Contributions	11-000-291-241	1,368,587	384,936	1,753,523	1,753,523		1,255,850	47,566	1,303,416	1,303,416	
Workman's Compensation	11-000-291-260	1,005,249	(84,080)	921,169	874,764	46,405	1,058,112	(2,797)	1,055,315	1,021,738	33,577
Health Benefits	11-000-291-270	18,157,772	692,216	18,849,988	18,849,988		17,741,000	(12,565)	17,728,435	17,475,799	252,636
Other Health Benefits	11-000-291-290	655,000		655,000	647,298	7,702	550,000	86,323	636,323	636,322	1
<b>Total Unallocated Benefits - Employee Benefits</b>		<b>22,962,358</b>	<b>806,072</b>	<b>23,768,430</b>	<b>23,636,352</b>	<b>132,078</b>	<b>22,380,712</b>	<b>118,527</b>	<b>22,499,239</b>	<b>22,088,448</b>	<b>410,791</b>
Nonbudgeted:											
On-Behalf TPAF Pension Contributions					4,795,214	(4,795,214)				4,626,482	(4,626,482)
Reimbursed TPAF Social Security Contributions					5,139,177	(5,139,177)				5,381,908	(5,381,908)
<b>Total Undistributed Expenditures</b>		<b>72,194,587</b>	<b>323,016</b>	<b>72,517,603</b>	<b>79,391,317</b>	<b>(6,873,714)</b>	<b>73,809,389</b>	<b>274,174</b>	<b>74,083,563</b>	<b>81,314,385</b>	<b>(7,230,822)</b>

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MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

ACCOUNT NUMBERS	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL (UNFAVORABLE)	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL (UNFAVORABLE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Expenditures - Current Expense	137,303,602	535,021	137,838,623	143,218,966	(5,380,343)	141,995,366	904,686	142,900,052	148,677,962	(5,777,910)
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	9,000	9,000		9,000	3,969	5,031
Special Education - Instruction:										
Learning and/or Language										
Disability	12-204-100-730					2,500	(2,500)			
Multiple Disabilities	12-212-100-730	8,885		8,885	8,885	5,000	3,885	8,885	8,883	2
School Sponsored - Other										
Instruction Programs	12-402-100-730	36,000	(35,349)	651	651	48,000		48,000	23,763	24,237
Undistributed Expenditures:										
Instruction	12-000-100-730						2,448	2,448	2,448	
Central Services	12-000-251-730	172,016		172,016	172,015	1	120,255	53,671	173,926	173,926
Noninstructional Services	12-000-300-730	22,500	51,473	73,973	47,953	26,020	30,000	9,969	39,969	35,712
Total Equipment		248,801	16,124	264,925	219,968	44,957	215,155	67,473	282,628	248,701
Facilities Acquisition & Construction Services:										
Legal Services	12-000-400-331	20,000	(10,000)	10,000	10,000	20,000	528	20,528	20,039	489
Other Purchased Professional/										
Technical Services	12-000-400-390	70,000	(21,596)	48,404	6,994	41,410	100,000	30,912	130,912	62,468
Construction Services	12-000-400-450	150,000	261,058	411,058	220,421	190,637	200,000	607,647	807,647	616,106
Lease Purchase Agreement -										
Principal	12-000-400-721	900,000		900,000	900,000		1,784,000	1,784,000	1,784,000	
Other Objects	12-000-400-800	34,081		34,081	34,081					
Total Facilities Acquisition & Construction Services		1,174,081	229,462	1,403,543	1,161,496	242,047	2,104,000	639,087	2,743,087	2,488,589
Assets Acquired Under Capital Leases (Non-Budgeted):										
School Administration				206,477		(206,477)			2,401,780	(2,401,780)
Total Assets Acquired Under Capital Leases (Nonbudgeted)				206,477		(206,477)			2,401,780	(2,401,780)
Total Capital Outlay		1,422,882	245,586	1,668,468	1,587,941	80,527	2,319,155	706,560	3,025,715	5,139,070

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

ACCOUNT NUMBERS	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Expenditures	138,726,484	780,607	139,507,091	144,806,907	(5,299,816)	144,314,521	1,611,246	145,925,767	153,817,032	(7,891,265)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures Before Other Financing Sources/(Uses)	(1,195,801)	(780,607)	(1,976,408)	3,709,091	5,685,499	(2,284,301)	(1,611,246)	(3,895,547)	(3,898,327)	(2,780)
Other Financing Sources/(Uses):										
Operating Transfers Out:										
Transfer to Charter Schools 10-000-100-560	(10,000)		(10,000)		10,000	(10,000)		(10,000)		10,000
Transfer to Capital Reserve						(268,705)		(268,705)		268,705
Interest Earned on Capital Reserve	(5,230)		(5,230)		5,230	(4,500)		(4,500)		4,500
Capital Leases (Nonbudgeted)				206,477	206,477				2,401,780	2,401,780
Total Other Financing Sources/(Uses)	(15,230)		(15,230)	206,477	221,707	(283,205)		(283,205)	2,401,780	2,684,985
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures After Other Financing Sources/(Uses)	(1,211,031)	(780,607)	(1,991,638)	3,915,568	5,907,206	(2,567,506)	(1,611,246)	(4,178,752)	(1,496,547)	2,682,205
Fund Balances, July 1	9,525,993		9,525,993	9,525,993		11,022,540		11,022,540	11,022,540	
Fund Balances, June 30	\$8,314,962	(780,607)	7,534,355	13,441,561	5,907,206	8,455,034	(1,611,246)	6,843,788	9,525,993	2,682,205

RECAPITULATION

Restricted Fund Balance:	
Capital Reserve	\$4,058,096
Maintenance Reserve	1,000,000
Excess Surplus	2,181,276
Excess Surplus Designated for Subsequent Year's Expenditures	2,343,891
Committed Fund Balance:	
Year-end Encumbrances	229,292
Assigned Fund Balance:	
Year-end Encumbrances	400,568
Unassigned Fund Balance	<u>3,228,438</u>
Subtotal	13,441,561
Reconciliation to Governmental Funds Statements (GAAP):	
Last Two State Aid Payments not recognized on GAAP basis	<u>(1,355,897)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$12,085,664</u>

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

	JUNE 30, 2011				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)	JUNE 30, 2010				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>										
Local Sources	\$85,175	176,847	262,022	182,314	79,708	139,629	(55,000)	84,629	54,152	30,477
State Sources	879,068		879,068	797,996	81,072	967,349	82,217	1,049,566	999,018	50,548
Federal Sources	5,154,300	298,738	5,453,038	4,683,552	769,486	7,410,202	197	7,410,399	5,699,347	1,711,052
<b>Total Revenues</b>	<b>6,118,543</b>	<b>475,585</b>	<b>6,594,128</b>	<b>5,663,862</b>	<b>930,266</b>	<b>8,517,180</b>	<b>27,414</b>	<b>8,544,594</b>	<b>6,752,517</b>	<b>1,792,077</b>
<b>EXPENDITURES:</b>										
<b>Instruction:</b>										
Salaries of Teachers	982,169	(18,273)	963,896	664,472	299,424	1,313,353	(50,279)	1,263,074	850,942	412,132
Purchased Professional & Technical Services	22,322		22,322		22,322	22,325	(3)	22,322		22,322
Other Purchased Services (400-500 series)	2,139,381	(50,306)	2,089,075	2,071,812	17,263	3,306,072	(31,142)	3,274,930	3,048,022	226,908
General Supplies	308,163	13,742	321,905	167,653	154,252	459,406	(17,293)	442,113	154,950	287,163
Textbooks	143,237		143,237	139,822	3,415	206,091	(9,814)	196,277	167,357	28,920
Other Objects	228,532	(656)	227,876	210,642	17,234	319,456	(55,000)	264,456	246,444	18,012
<b>Total Instruction</b>	<b>3,823,804</b>	<b>(55,493)</b>	<b>3,768,311</b>	<b>3,254,401</b>	<b>513,910</b>	<b>5,626,703</b>	<b>(163,531)</b>	<b>5,463,172</b>	<b>4,467,715</b>	<b>995,457</b>
<b>Support Services:</b>										
Salaries of Other Professional Staff	539,189	(185,483)	353,706	259,627	94,079	561,938	44,379	606,317	239,570	366,747
Personal Services - Employee Benefits	151,037	(28,454)	122,583	97,262	25,321	203,920	(32,595)	171,325	109,277	62,048
Purchased Professional - Educational Services	762,150	767,501	1,529,651	1,348,099	181,552	150,523	27,573	178,096	175,637	2,459
Purchased Technical Services	507,963	(9,156)	498,807	489,639	9,168	1,020,325	87,099	1,107,424	978,904	128,520
Transportation	17,250	(250)	17,000	16,190	810	26,010	(1,010)	25,000	24,069	931
Other Purchased Services (400-500 Series)	28,144	58,766	86,910	55,767	31,143	598,621	79,832	678,453	661,443	17,010
Supplies & Materials	111,087	14,949	126,036	115,851	10,185	139,104	(12,414)	126,690	85,704	40,986
Other Objects						2,026	(1,919)	107	107	
<b>Total Support Services</b>	<b>2,116,820</b>	<b>617,873</b>	<b>2,734,693</b>	<b>2,382,435</b>	<b>352,258</b>	<b>2,702,467</b>	<b>190,945</b>	<b>2,893,412</b>	<b>2,274,711</b>	<b>618,701</b>
<b>Facilities Acquisition &amp; Construction Services:</b>										
Land & Building		51,402	51,402	4,390	47,012					
Instructional Equipment	177,919	(138,197)	39,722	22,636	17,086	188,010		188,010	10,091	177,919
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>177,919</b>	<b>(86,795)</b>	<b>91,124</b>	<b>27,026</b>	<b>64,098</b>	<b>188,010</b>		<b>188,010</b>	<b>10,091</b>	<b>177,919</b>
<b>Total Expenditures</b>	<b>6,118,543</b>	<b>475,585</b>	<b>6,594,128</b>	<b>5,663,862</b>	<b>930,266</b>	<b>8,517,180</b>	<b>27,414</b>	<b>8,544,594</b>	<b>6,752,517</b>	<b>1,792,077</b>
<b>Total Outflows</b>	<b>6,118,543</b>	<b>475,585</b>	<b>6,594,128</b>	<b>5,663,862</b>	<b>930,266</b>	<b>8,517,180</b>	<b>27,414</b>	<b>8,544,594</b>	<b>6,752,517</b>	<b>1,792,077</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures &amp; Other Financing Sources/(Uses)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**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, 2011**

**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)	\$148,515,998	5,663,862
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		(519,901)
Prior Year		611,391
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	(1,355,897)	
Prior Year	2,080,925	
<hr/>		
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$149,241,026</u>	<u>5,755,352</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$144,806,907	5,663,862
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		100,888
Support Services		5,984
Equipment		(15,382)
<hr/>		
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$144,806,907</u>	<u>5,755,352</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, 2011  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	2010-2011 TITLE I-PART A	2009-2010 TITLE I-PART A	2009-2010 TITLE I SIA	I.D.E.A. PRESCHOOL		I.D.E.A. PART B	
				2010-2011	2009-2010	2010-2011	2009-2010
Revenues:							
Local Sources							
State Sources							
Federal Sources	\$363,774	85,889	1,946	49,740	2,185	2,289,120	573,852
<b>Total Revenues</b>	<b>\$363,774</b>	<b>85,889</b>	<b>1,946</b>	<b>49,740</b>	<b>2,185</b>	<b>2,289,120</b>	<b>573,852</b>
Expenditures:							
Instruction:							
Salaries of Teachers	\$280,063	57,722					228,317
Other Purchased Services (400-500 Series)	23,380					1,810,369	189,273
General Supplies	4,089	12,985	1,946			3,973	598
Textbooks							
Other Objects							
<b>Total Instruction</b>	<b>307,532</b>	<b>70,707</b>	<b>1,946</b>			<b>1,814,342</b>	<b>418,188</b>
Support Services:							
Salaries of Other Professional Staff	2,538	10,001				880	83,874
Personal Services - Employee Benefits	43,248	5,181					15,826
Purchased Professional - Educational Services	6,317			48,440	2,185		55,964
Purchased Technical Services						459,008	
Transportation				1,300		14,890	
Other Purchased Services (400-500 Series)	3,825						
Supplies & Materials	314						
Other Objects							
<b>Total Support Services</b>	<b>56,242</b>	<b>15,182</b>		<b>49,740</b>	<b>2,185</b>	<b>474,778</b>	<b>155,664</b>
Facilities Acquisition & Construction Services:							
Land Improvements							
Instructional Equipment							
<b>Total Facilities Acquisition &amp; Construction Services</b>							
<b>Total Expenditures</b>	<b>\$363,774</b>	<b>85,889</b>	<b>1,946</b>	<b>49,740</b>	<b>2,185</b>	<b>2,289,120</b>	<b>573,852</b>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

	TITLE IIA EISENHOWER/ MATH		TITLE IID EISENHOWER/ MATH		TITLE IID EISENHOWER/ MATH		TITLE IV SAFE & DRUG FREE SCHOOLS & COMMUNITIES		TITLE III	
	2010-2011	2009-2010	2010-2011	2009-2010	2009-2010	2009-2010	2010-2011	2009-2010		
<b>Revenues:</b>										
Local Sources										
State Sources										
Federal Sources	\$231,354	50,245	628	1,098	1,657		5,623	8,542		
<b>Total Revenues</b>	<b>\$231,354</b>	<b>50,245</b>	<b>628</b>	<b>1,098</b>	<b>1,657</b>		<b>5,623</b>	<b>8,542</b>		
<b>Expenditures:</b>										
<b>Instruction:</b>										
Salaries of Teachers	\$51,800						75			
Other Purchased Services (400-500 Series)										
General Supplies	6,053				1,083	1,657	3,793	8,542		
Textbooks										
Other Objects					15					
<b>Total Instruction</b>	<b>57,853</b>				<b>1,098</b>	<b>1,657</b>	<b>3,868</b>	<b>8,542</b>		
<b>Support Services:</b>										
Salaries of Other Professional Staff	69,795	44,716								
Personal Services - Employee Benefits	24,319	3,421					6			
Purchased Professional - Educational Services	1,025	1,400								
Purchased Technical Services										
Transportation										
Other Purchased Services (400-500 Series)	19,814	378	600							
Supplies & Materials	58,548	330	28				1,749			
Other Objects										
<b>Total Support Services</b>	<b>173,501</b>	<b>50,245</b>	<b>628</b>				<b>1,755</b>			
<b>Facilities Acquisition &amp; Construction Services:</b>										
Land Improvements										
Instructional/Non Equipment										
<b>Total Facilities Acquisition &amp; Construction Services</b>										
<b>Total Expenditures</b>	<b>\$231,354</b>	<b>50,245</b>	<b>628</b>	<b>1,098</b>	<b>1,657</b>		<b>5,623</b>	<b>8,542</b>		

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

Revenue:	HOCKEY IN MIDDLETOWN	ENERGY SAFETY AUDIT GRANT	IDEA/ARRA BASIC 2010-2011	IDEA/ARRA PRESCHOOL 2010-2011	NEW JERSEY NONPUBLIC TEXTBOOK AID	TEACHING AMERICAN HISTORY GRANT
Local Sources	\$56,979	98,445	26,890			
State Sources					139,822	
Federal Sources				882,463	23,211	112,225
<b>Total Revenues</b>	<b>\$56,979</b>	<b>98,445</b>	<b>26,890</b>	<b>882,463</b>	<b>23,211</b>	<b>139,822</b>
<b>Expenditures:</b>						
<b>Instruction:</b>						
Salaries of Teachers	\$22,399			7,603	1,125	10,907
Other Purchased Services (400-500 Series)				48,790		
General Supplies				122,934		
Textbooks					139,822	
Other Objects	26,449					
<b>Total Instruction</b>	<b>48,848</b>			<b>179,327</b>	<b>1,125</b>	<b>10,907</b>
<b>Support Services:</b>						
Salaries of Other Professional Staff				27,113		20,710
Personal Services - Employee Benefits				4,489	86	686
Purchased Professional - Educational Services		98,445		642,788	22,000	
Purchased Technical Services	8,131		22,500			
Transportation						
Other Purchased Services (400-500 Series)						31,150
Supplies & Materials				6,110		48,772
Other Objects						
<b>Total Support Services</b>	<b>8,131</b>	<b>98,445</b>	<b>22,500</b>	<b>680,500</b>	<b>22,086</b>	<b>101,318</b>
<b>Facilities Acquisition &amp; Construction Services:</b>						
Land Improvements			4,390			
Instructional Equipment				22,636		
<b>Total Facilities Acquisition &amp; Construction Services</b>			<b>4,390</b>	<b>22,636</b>		
<b>Total Expenditures</b>	<b>\$56,979</b>	<b>98,445</b>	<b>26,890</b>	<b>882,463</b>	<b>23,211</b>	<b>139,822</b>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL PERIOD ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

	NEW JERSEY NONPUBLIC NURSING AID	NJ NONPUBLIC AUXILIARY SERVICES CHAPTER 192 HOME INSTRUCTION	NJ NONPUBLIC AUXILIARY SERVICES CHAPTER 192 COMPENSATORY EDUCATION	NJ NONPUBLIC HANDICAPPED SERVICES CHAPTER 193 SUPPLEMENTAL INSTRUCTION	NJ NONPUBLIC HANDICAPPED SERVICES CHAPTER 193 EXAMINATION & CLASSIFICATION	NJ NONPUBLIC HANDICAPPED SERVICES CHAPTER 193 CORRECTIVE SPEECH	2011	2010
Revenues:								
Local Sources							182,314	54,152
State Sources	\$184,178	4,461	164,942	77,126	146,106	81,361	797,996	999,018
Federal Sources							4,683,552	5,699,347
<b>Total Revenues</b>	<b>\$184,178</b>	<b>4,461</b>	<b>164,942</b>	<b>77,126</b>	<b>146,106</b>	<b>81,361</b>	<b>5,663,862</b>	<b>6,752,517</b>
Expenditures:								
Instruction:								
Salaries of Teachers		4,461					664,472	850,942
Other Purchased Services (400-500 Series)							2,071,812	3,048,022
General Supplies							167,653	154,950
Textbooks							139,822	167,357
Other Objects	\$184,178						210,642	246,444
<b>Total Instruction</b>	<b>184,178</b>	<b>4,461</b>					<b>3,254,401</b>	<b>4,467,715</b>
Support Services:								
Salaries of Other Professional Staff							259,627	239,570
Personal Services - Employee Benefits							97,262	109,277
Purchased Professional - Educational Services			164,942	77,126	146,106	81,361	1,348,099	175,637
Purchased Technical Services							489,639	978,904
Transportation							16,190	24,069
Other Purchased Services (400-500 Series)							55,767	661,443
Supplies & Materials							115,851	85,704
Other Objects								107
<b>Total Support Services</b>			<b>164,942</b>	<b>77,126</b>	<b>146,106</b>	<b>81,361</b>	<b>2,382,435</b>	<b>2,274,711</b>
Facilities Acquisition & Construction Services:								
Land Improvements							4,390	
Instructional Equipment							22,636	10,091
<b>Total Facilities Acquisition &amp; Construction Services</b>							<b>27,026</b>	<b>10,091</b>
<b>Total Expenditures</b>	<b>\$184,178</b>	<b>4,461</b>	<b>164,942</b>	<b>77,126</b>	<b>146,106</b>	<b>81,361</b>	<b>5,663,862</b>	<b>6,752,517</b>

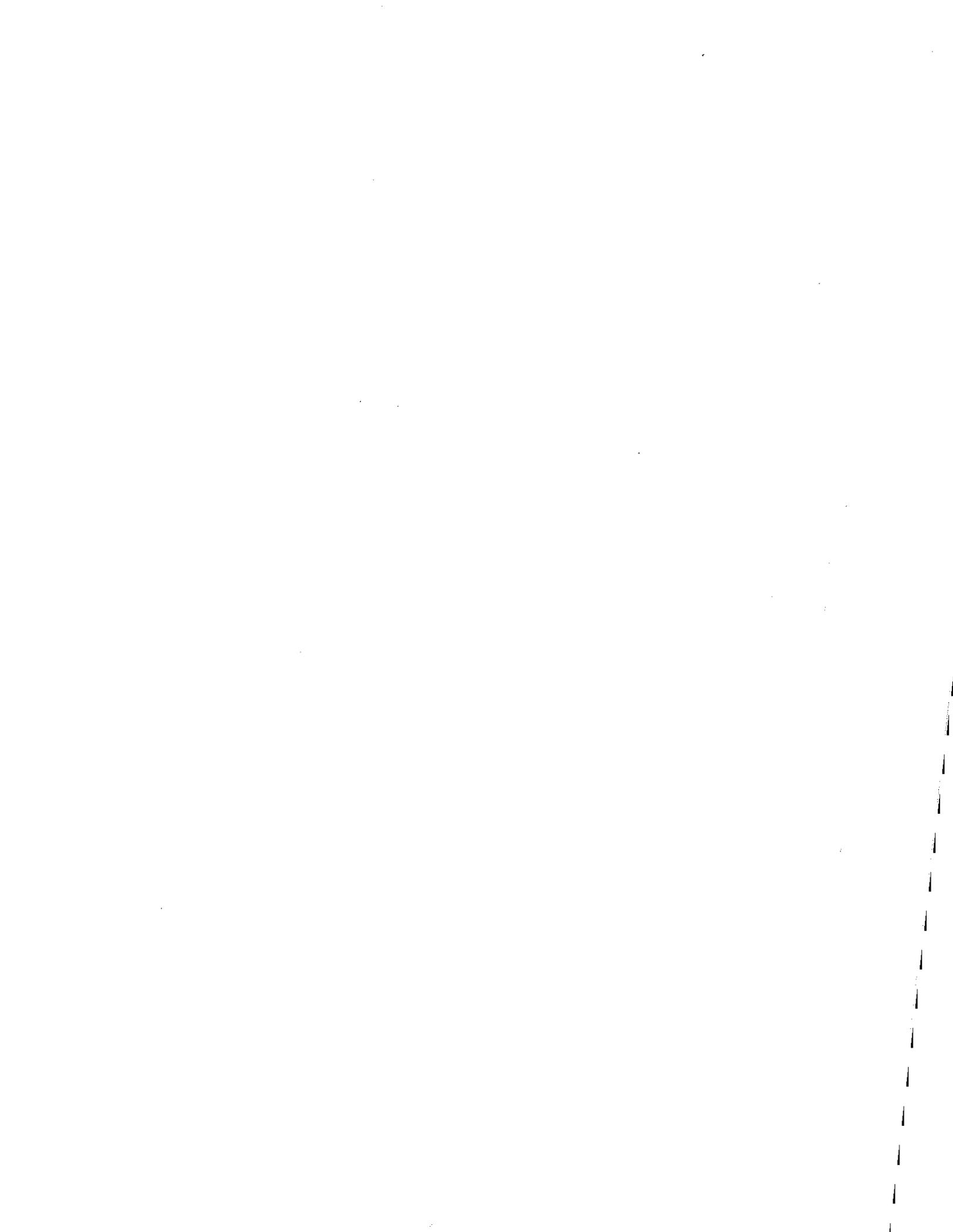
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F. Capital Projects Fund

Not Applicable



## G. Proprietary Funds



Enterprise Funds



**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING SCHEDULE OF NET ASSETS  
AS OF JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

ASSETS	BUSINESS-TYPE ACTIVITIES - FOOD SERVICE	2011	2010
<b>Current Assets:</b>			
Cash & Cash Equivalents	\$110,093	110,093	58,911
Due from Other Governments	34,048	34,048	44,159
Due from General Fund			1,090
Other Receivables	217	217	118
Inventories	18,664	18,664	33,793
<b>Total Current Assets</b>	<b>163,022</b>	<b>163,022</b>	<b>138,071</b>
<b>Noncurrent Assets:</b>			
Furniture, Machinery & Equipment	814,031	814,031	807,881
Less: Accumulated Depreciation	(683,098)	(683,098)	(621,474)
<b>Total Noncurrent Current Assets</b>	<b>130,933</b>	<b>130,933</b>	<b>186,407</b>
<b>Total Assets</b>	<b>293,955</b>	<b>293,955</b>	<b>324,478</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	15,348	15,348	6,070
Deferred Revenue	8,737	8,737	
Other Liabilities	70,453	70,453	101,619
<b>Total Liabilities</b>	<b>94,538</b>	<b>94,538</b>	<b>107,689</b>
<b>NET ASSETS</b>			
Investment in Capital Assets	130,933	130,933	186,407
Unrestricted	68,484	68,484	30,382
<b>Total Net Assets</b>	<b>\$199,417</b>	<b>199,417</b>	<b>216,789</b>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2011**

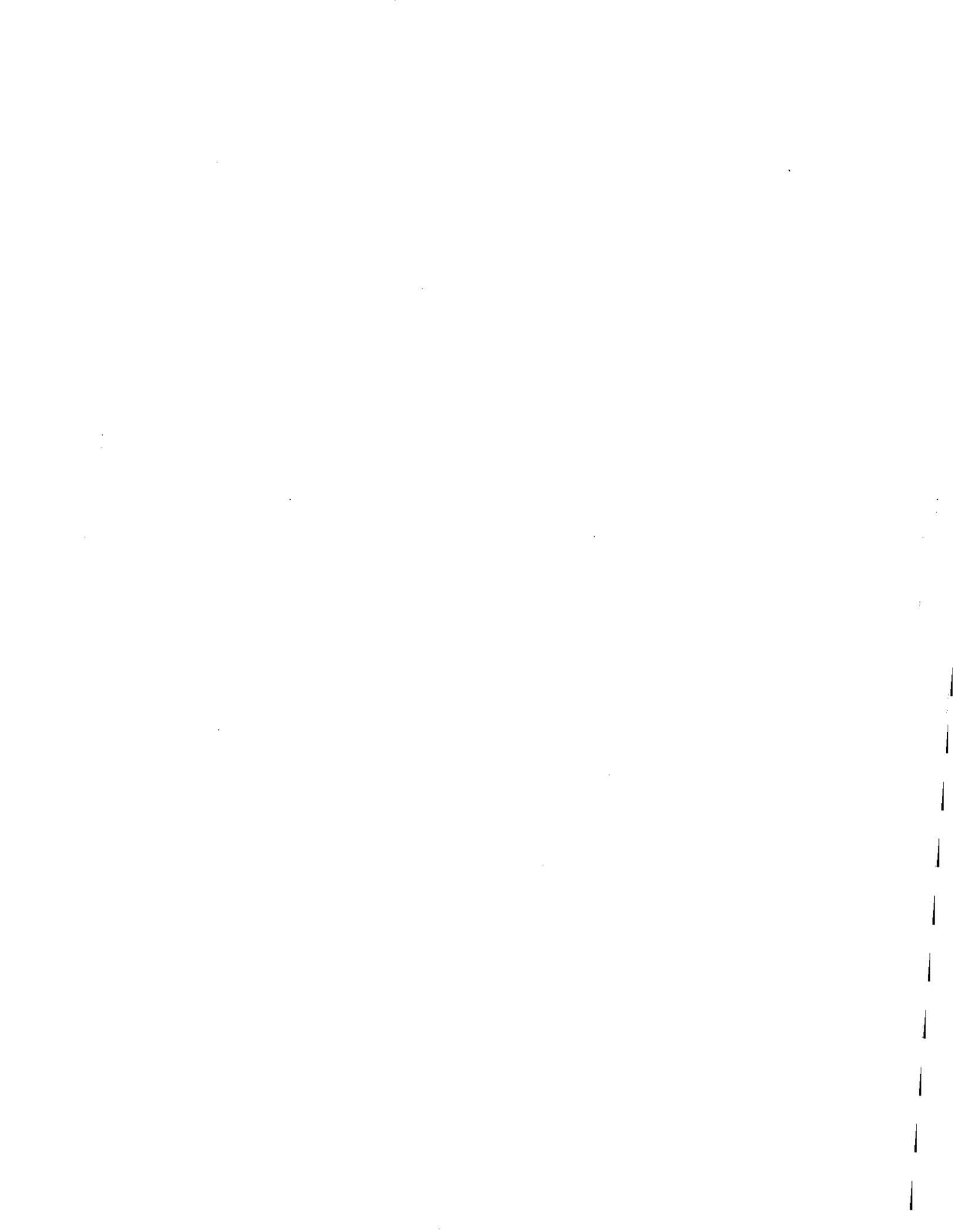
	BUSINESS-TYPE ACTIVITIES -		
	FOOD SERVICE	2011	2010
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$1,053,590	1,053,590	1,074,225
Daily Sales - Nonreimbursable Programs	661,397	661,397	704,573
Miscellaneous	11,007	11,007	14,682
<b>Total Operating Revenues</b>	<b>1,725,994</b>	<b>1,725,994</b>	<b>1,793,480</b>
Operating Expenses:			
Cost of Sales	1,326,488	1,326,488	1,143,636
Rebates - Cost of Sales Offset	(187,443)	(187,443)	(140,366)
Salaries	762,599	762,599	755,905
Employee Benefits	296,561	296,561	276,387
Cleaning, Repair & Maintenance Services	38,459	38,459	105,940
Miscellaneous	83,975	83,975	76,987
General Supplies	31,093	31,093	112,282
Depreciation	61,624	61,624	67,325
<b>Total Operating Expenses</b>	<b>2,413,356</b>	<b>2,413,356</b>	<b>2,398,096</b>
<b>Operating Income/(loss)</b>	<b>(687,362)</b>	<b>(687,362)</b>	<b>(604,616)</b>
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	27,837	27,837	32,734
State School Breakfast Program			2,035
Federal Sources:			
National School Lunch Program	469,051	469,051	449,950
National School Breakfast Program	19,692	19,692	22,275
Special Milk Program			296
Food Distribution Program	111,731	111,731	146,422
Interest & Investment Revenue	193	193	436
Vendor Contribution, Based on Guaranteed Profit	41,486	41,486	64,639
<b>Total Nonoperating Revenues/(Expenses)</b>	<b>669,990</b>	<b>669,990</b>	<b>718,787</b>
Change in Net Assets	(17,372)	(17,372)	114,171
Total Net Assets - Beginning	216,789	216,789	102,618
<b>Total Net Assets - Ending</b>	<b>\$199,417</b>	<b>199,417</b>	<b>216,789</b>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**AS OF JUNE 30, 2011**  
**(With Comparative Totals for June 30, 2010)**

	ACTIVITIES - ENTERPRISE FUNDS SERVICE		
	2011	2010	
Cash Flows From Operating Activities:			
Receipts from Customers	\$1,728,040	1,728,040	1,801,884
Payments to Employees	(762,599)	(762,599)	(755,905)
Payments for Employee Benefits	(296,561)	(296,561)	(276,387)
Payments to Suppliers	(1,179,918)	(1,179,918)	(1,290,958)
Net Cash Provided/(Used) by Operating Activities	(511,038)	(511,038)	(521,366)
Cash Flows From Noncapital Financing Activities:			
State Sources	27,646	27,646	34,526
Federal Sources	499,045	499,045	466,015
Vendor contribution, based on guaranteed profit	41,486	41,486	64,639
Net Cash Provided/(Used) by Noncapital Financing Activities	568,177	568,177	565,180
Cash Flows From Capital & Related Financing Activities:			
Purchases of Capital Assets	(6,150)	(6,150)	(125,883)
Net Cash Provided/(Used) by Capital & Related Financing Activities	(6,150)	(6,150)	(125,883)
Cash Flows From Investing Activities:			
Interest & Dividends	193	193	436
Net Cash Provided/(Used) by Investing Activities	193	193	436
Net Increase/(Decrease) in Cash & Cash Equivalents	51,182	51,182	(81,633)
Balances - Beginning of Year	58,911	58,911	140,544
Balances - End of Year	\$110,093	110,093	58,911

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

Operating Income/(Loss)	(\$687,362)	(687,362)	(604,616)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	61,624	61,624	67,325
Food Distribution Program	111,731	111,731	146,422
(Increase)/Decrease in Accounts Receivable, Net	991	991	722
(Increase)/Decrease in Inventories	15,129	15,129	(21,733)
Increase/(Decrease) in Other Liabilities- Not Capital Related (Money on Account)	(22,429)	(22,429)	7,682
Increase/(Decrease) in Accounts Payable	9,278	9,278	(117,168)
Total Adjustments	176,324	176,324	83,250
Net Cash Provided/(Used) by Operating Activities	(\$511,038)	(511,038)	(521,366)



Internal Service Fund

Not Applicable



## H. Fiduciary Fund



**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMPARATIVE COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

ASSETS	PRIVATE PURPOSE		AGENCY			2011	2010
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND	PAYROLL FUND	STUDENT ACTIVITY FUND	ATHLETIC FUND		
Cash & Cash Equivalents	\$240,319	638,804	649,138	399,013	1,355	1,928,629	3,579,223
Interfund Receivable							133,262
<b>Total Assets</b>	<b>240,319</b>	<b>638,804</b>	<b>649,138</b>	<b>399,013</b>	<b>1,355</b>	<b>1,928,629</b>	<b>3,712,485</b>
<b>LIABILITIES</b>							
Payable for Student Related Activities				399,013	1,355	400,368	446,243
Payroll Deductions & Withholdings			641,175			641,175	1,090,791
Interfund Payable			7,963			7,963	492,325
<b>Total Liabilities</b>			<b>649,138</b>	<b>399,013</b>	<b>1,355</b>	<b>1,049,506</b>	<b>2,029,359</b>
Held in Trust for Unemployment Claims & Other Purposes	240,319					240,319	1,025,111
Reserved for Scholarships		638,804				638,804	658,015
<b>Total Net Assets</b>	<b>\$240,319</b>	<b>638,804</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>879,123</b>	<b>1,683,126</b>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMPARATIVE COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

ADDITIONS	PRIVATE PURPOSE		2011	2010
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND		
Contributions:				
Other	\$127,538	54,250	181,788	167,827
Total Contributions	127,538	54,250	181,788	167,827
Investment Earnings:				
Interest	1,096	3,309	4,405	6,969
Net Investment Earnings	1,096	3,309	4,405	6,969
Total Additions	128,634	57,559	186,193	174,796
DEDUCTIONS				
Unemployment Claims	913,426		913,426	357,360
Scholarship Payments		76,770	76,770	62,825
Total Deductions	913,426	76,770	990,196	420,185
Change in Net Assets	(784,792)	(19,211)	(804,003)	(245,389)
Net Assets - Beginning of the Year	1,025,111	658,015	1,683,126	1,928,515
Net Assets - End of the Year	\$240,319	638,804	879,123	1,683,126

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

	JULY 1, 2010	CASH RECEIPTS	CASH DISBURSEMENTS	JUNE 30, 2011
Elementary Schools:				
Port Monmouth	\$3,807	416	302	3,921
Bayview	5,927	2,694	5,344	3,277
Nutswamp	1,708	18,451	16,417	3,742
Middletown Village	940	11,657	11,382	1,215
Harmony	10,593	11,227	14,839	6,981
Leonardo	3,042	5,728	6,571	2,199
Navesink	5,617	15,889	16,161	5,345
New Monmouth	12,623	10,688	10,727	12,584
Ocean Avenue	7,881	7,810	6,976	8,715
Fairview	5,100	4,625	6,062	3,663
Lincroft	417	19,528	19,044	901
River Plaza	3,001	9,737	10,154	2,584
<b>Total Elementary Schools</b>	<b>60,656</b>	<b>118,450</b>	<b>123,979</b>	<b>55,127</b>
Middle Schools				
Bayshore	14,805	82,192	79,844	17,153
Thorne	37,799	90,808	96,869	31,738
Thompson	74,537	117,428	149,305	42,660
<b>Total Middle Schools</b>	<b>127,141</b>	<b>290,428</b>	<b>326,018</b>	<b>91,551</b>
High Schools:				
North	128,209	366,512	361,513	133,208
South	130,224	290,342	301,439	119,127
<b>Total High Schools</b>	<b>258,433</b>	<b>656,854</b>	<b>662,952</b>	<b>252,335</b>
<b>Total All Schools</b>	<b>\$446,230</b>	<b>1,065,732</b>	<b>1,112,949</b>	<b>399,013</b>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

ASSETS	BALANCE JULY 1, 2010	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2011
Cash & Cash Equivalents	\$1,225,756	96,640,754	97,217,372	649,138
<b>Total Assets</b>	<b>\$1,225,756</b>	<b>96,640,754</b>	<b>97,217,372</b>	<b>649,138</b>
LIABILITIES				
Payroll Deductions & Withholdings	\$1,090,791	96,632,791	97,082,407	641,175
Interfunds Payable	134,965	7,963	134,965	7,963
<b>Total Liabilities</b>	<b>\$1,225,756</b>	<b>96,640,754</b>	<b>97,217,372</b>	<b>649,138</b>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
ATHLETIC AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

ASSETS	BALANCE 2010	RECEIPTS	DISBURSEMENTS	BALANCE 2011
Cash & Cash Equivalents	\$13	209,668	208,326	1,355
Total Assets	\$13	209,668	208,326	1,355
<b>LIABILITIES</b>				
Interfund Account Payable Payable for Student Related Activities	\$13	209,668	208,326	1,355
Total Liabilities	\$13	209,668	208,326	1,355

## I. Long-Term Debt



MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS PAYABLE  
 JUNE 30, 2011

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS		INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2010	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2011
			DATE	AMOUNT					
Buildings, Alterations & Renovations (Refunding Issue - 1997)	2/15/01	\$66,720,000				\$2,290,000		2,290,000	
Buildings, Alterations & Renovations (Refunding Issue - 2010)	5/11/10	55,665,000	8/1/2011	\$2,245,000	4.000%	55,665,000		750,000	54,915,000
			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%							
8/1/2027	4,545,000	5.000%							
Buildings, Alterations & Renovations	09/10/02	10,500,000	8/01/11	300,000	4.000%	9,395,000		275,000	9,120,000
			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						\$67,350,000	-	3,315,000	64,035,000

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
JUNE 30, 2011**

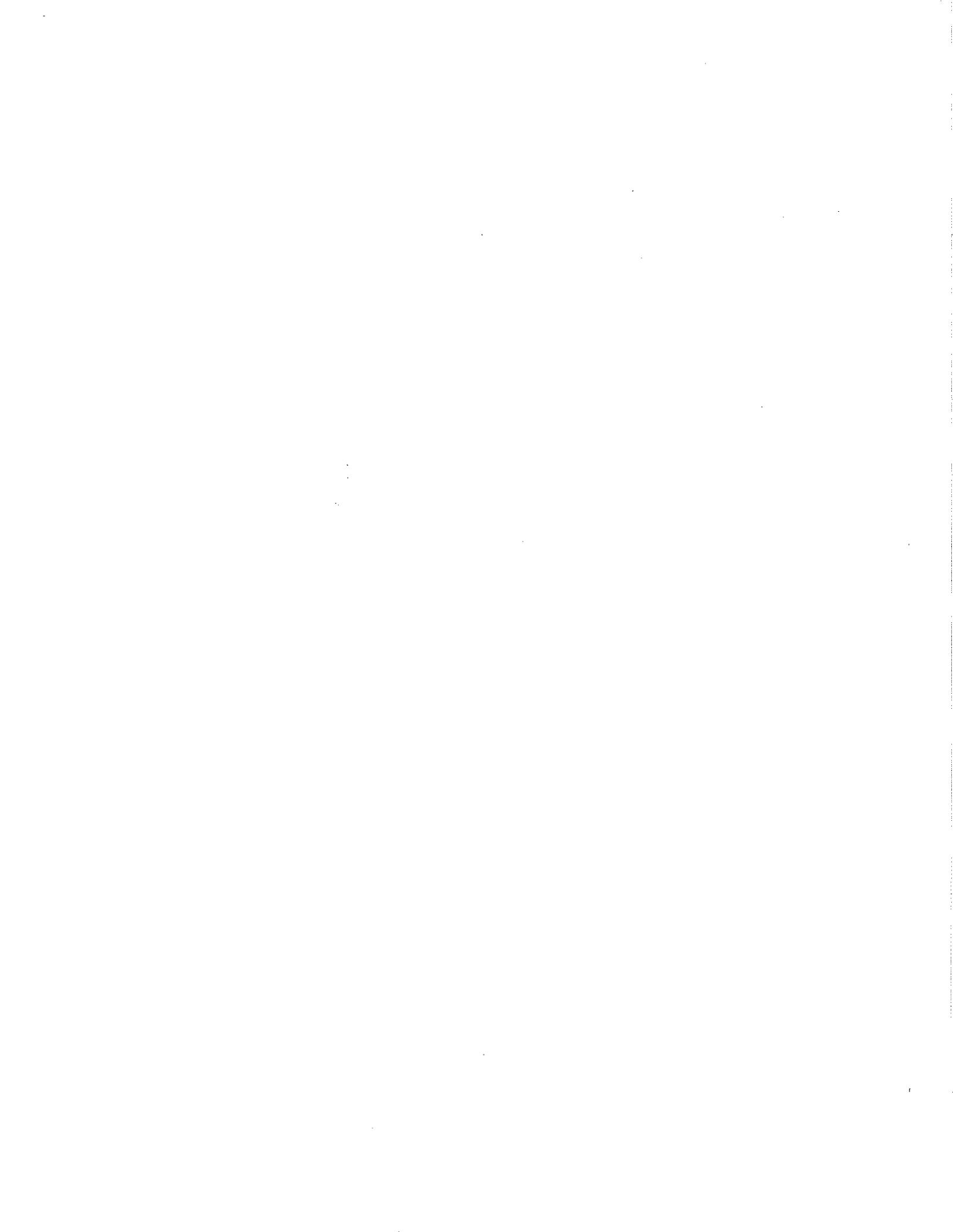
SERIES	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2010	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2011
Bank of America Elementary HVAC	3.99%	\$8,400,000	\$5,880,000	735,000	5,145,000
Commerce High School North Synthetic Turf Field Lease	3.61%	800,000	335,000	165,000	170,000
Savin Copiers	4.98%	906,132	742,456	172,015	570,441
Technology Lease	4.58%	1,500,000	1,500,000	599,818	900,182
		Total	<u>\$8,457,456</u>	<u>1,671,833</u>	<u>6,785,623</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	JUNE 30, 2011				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				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	\$3,976,245		3,976,245	3,976,245		4,158,093		4,158,093	4,158,093	
State Sources:										
Debt Service Aid Type II	1,542,515		1,542,515	1,542,515		1,814,046		1,814,046	1,814,046	
<b>Total Revenues</b>	<b>5,518,760</b>		<b>5,518,760</b>	<b>5,518,760</b>		<b>5,972,139</b>		<b>5,972,139</b>	<b>5,972,139</b>	
Expenditures:										
Regular Debt Service:										
Interest	2,206,434		2,206,434	2,206,433	1	3,544,738		3,544,738	3,544,737	(1)
Redemption of Principal	3,315,000		3,315,000	3,315,000		2,440,000		2,440,000	2,440,000	
<b>Total Regular Debt Service</b>	<b>5,521,434</b>		<b>5,521,434</b>	<b>5,521,433</b>	<b>1</b>	<b>5,984,738</b>		<b>5,984,738</b>	<b>5,984,737</b>	<b>(1)</b>
<b>Total Expenditures</b>	<b>5,521,434</b>		<b>5,521,434</b>	<b>5,521,433</b>	<b>1</b>	<b>5,984,738</b>		<b>5,984,738</b>	<b>5,984,737</b>	<b>(1)</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(2,674)		(2,674)	(2,673)	1	(12,599)		(12,599)	(12,598)	1
Other Financing Sources (Uses):										
Operating Transfers In:										
Interest Earned in Capital Projects Fund									11	11
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures	(2,674)		(2,674)	(2,673)	1	(12,599)		(12,599)	(12,587)	12
Fund Balance, July 1,	2,686		2,686	2,686		15,273		15,273	15,273	
<b>Fund Balance, June 30,</b>	<b>\$12</b>	<b>-</b>	<b>12</b>	<b>13</b>	<b>1</b>	<b>2,674</b>		<b>2,674</b>	<b>2,686</b>	<b>12</b>



**STATISTICAL SECTION (Unaudited)**



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

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Governmental Activities:</b>									
Invested in Capital Assets, Net of Related Debt	\$39,334,393	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	8,920,219	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	(2,728,178)	(3,068,215)	2,458,413	5,054,798	(1,153,361)	(1,017,094)	(859,379)	(85,115)	1,369,510
<b>Total Governmental Activities Net Assets</b>	<b>\$45,526,434</b>	<b>39,881,951</b>	<b>39,849,544</b>	<b>37,637,317</b>	<b>32,793,131</b>	<b>29,212,099</b>	<b>27,581,424</b>	<b>23,277,261</b>	<b>18,794,466</b>
<b>Business-Type Activities:</b>									
Invested in Capital Assets, Net of Related Debt	\$130,933	186,407	55,912	94,277	117,581	91,757	103,160	107,656	90,767
Unrestricted	68,484	30,382	46,706	71,169	108,951	151,176	177,654	145,149	137,077
<b>Total Business-Type Activities Net Assets</b>	<b>\$199,417</b>	<b>216,789</b>	<b>102,618</b>	<b>165,446</b>	<b>226,532</b>	<b>242,933</b>	<b>280,814</b>	<b>252,805</b>	<b>227,844</b>
<b>District-Wide:</b>									
Invested in Capital Assets, Net of Related Debt	\$39,465,326	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	8,920,219	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	(2,659,694)	(3,037,833)	2,505,119	5,125,967	(1,044,410)	(865,918)	(681,725)	60,034	1,506,587
<b>Total District Net Assets</b>	<b>\$45,725,851</b>	<b>40,098,740</b>	<b>39,952,162</b>	<b>37,802,763</b>	<b>33,019,663</b>	<b>29,455,032</b>	<b>27,862,238</b>	<b>23,530,066</b>	<b>19,022,310</b>

Source :CAFR Schedule A-1

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

		FISCAL YEAR ENDING JUNE 30,								
		2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental Activities										
Instruction:										
	Regular	\$50,650,154	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	14,636,606	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	148,770	205,748	205,853	1,391,443	1,102,205	1,024,120	1,017,449	980,681	923,587
	Other Instruction	1,747,408	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	3,567,540	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	45,093	44,917	43,990	42,744	40,128	38,400	37,290	36,868	34,565
	Health Services	2,109,521	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	10,554,067	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	372,482	545,493	629,293	578,921	602,782	578,844	776,367	857,074	815,981
	Instructional Staff Training	167,153	379,620	524,221	376,913	494,793	415,829	263,463	225,671	225,208
	Other Administrative Services	1,566,517	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	1,518,040	1,577,706	1,539,224	1,595,736	1,238,053	1,237,058	1,350,769		
	Administration Information Technology									
	Services	772,975	819,694	787,982	789,215	728,494	755,986	732,626		
	School Administrative Services	5,960,494	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	12,237,023	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	9,303,552	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	33,570,743	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	2,736,767	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									(3,631,851)
	Adjustment/Reduction of Fixed									
	Assets	(84,119)	1,118,749	97,701	220,100	616,522	108,513	747,021	89,560	3,557,845
	Unallocated Depreciation	3,142,273	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	40,488	6,748	23,377	23,377					

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

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total Governmental Activities Expenses	154,763,547	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	2,413,356	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	2,413,356	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	<u>\$157,176,903</u>	<u>163,939,445</u>	<u>158,968,640</u>	<u>161,891,776</u>	<u>153,044,087</u>	<u>141,981,639</u>	<u>137,936,922</u>	<u>128,930,086</u>	<u>123,411,581</u>
Program Revenues:									
Operating Grants & Contributions	\$7,286,223	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	7,286,223	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	1,725,994	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	669,797	718,351	536,654	502,229	468,135	429,923	356,513	348,713	292,958
Total Business Type Activities Program Revenues	2,395,791	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	<u>\$9,682,014</u>	<u>10,542,112</u>	<u>9,331,701</u>	<u>8,866,788</u>	<u>8,154,993</u>	<u>8,160,627</u>	<u>7,999,852</u>	<u>7,796,777</u>	<u>7,508,264</u>
Net (Expense)/Revenue:									
Governmental Activities	(\$147,477,324)	(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	(17,565)	113,735	(64,701)	(67,831)	(27,430)	(48,071)	22,306	21,942	34,326
Total District-Wide Net Expense	<u>(\$147,494,889)</u>	<u>(153,397,333)</u>	<u>(149,636,939)</u>	<u>(153,024,988)</u>	<u>(144,889,094)</u>	<u>(133,821,012)</u>	<u>(129,937,070)</u>	<u>(121,133,309)</u>	<u>(115,903,317)</u>

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

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues & Other Changes in Net Assets:									
Governmental Activities:									
Property Taxes Levied for General Purposes, Net	\$122,253,218	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	3,976,245	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	25,346,126	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	88,600	78,950	68,138	48,293	25,536	31,351	8,778	21,309	38,975
Miscellaneous Income	1,564,780	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	(107,162)	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	<u>153,121,807</u>	<u>153,543,475</u>	<u>151,784,465</u>	<u>154,857,051</u>	<u>148,442,696</u>	<u>136,017,354</u>	<u>132,971,418</u>	<u>125,638,046</u>	<u>120,284,533</u>
Business-Type Activities:									
Investment Earnings	193	436	1,873	6,745	11,029	10,190	5,703	3,019	3,560
Total Business-Type Activities	<u>193</u>	<u>436</u>	<u>1,873</u>	<u>6,745</u>	<u>11,029</u>	<u>10,190</u>	<u>5,703</u>	<u>3,019</u>	<u>3,560</u>
Total District-Wide	<u>\$153,122,000</u>	<u>153,543,911</u>	<u>151,786,338</u>	<u>154,863,796</u>	<u>148,453,725</u>	<u>136,027,544</u>	<u>132,977,121</u>	<u>125,641,065</u>	<u>120,288,093</u>
Change in Net Assets:									
Governmental Activities	\$5,644,483	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	(17,372)	114,171	(62,828)	(61,086)	(16,401)	(37,881)	28,009	24,961	37,886
Total District	<u>\$5,627,111</u>	<u>146,578</u>	<u>2,149,399</u>	<u>1,838,808</u>	<u>3,564,631</u>	<u>2,206,532</u>	<u>3,040,051</u>	<u>4,507,756</u>	<u>4,384,776</u>

Source: CAFR Schedule A-2

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

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:									
Reserved	\$10,213,123	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	1,872,541	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	<u>\$12,085,664</u>	<u>7,445,068</u>	<u>9,534,586</u>	<u>9,912,134</u>	<u>10,739,250</u>	<u>8,451,988</u>	<u>9,368,130</u>	<u>9,831,212</u>	<u>10,324,068</u>
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	\$13	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	<u>\$13</u>	<u>2,686</u>	<u>15,273</u>	<u>310,552</u>	<u>410,623</u>	<u>1,846,197</u>	<u>3,745,955</u>	<u>8,591,415</u>	<u>13,734,981</u>

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)*

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenues</b>										
Tax Levy	\$126,229,463	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
Tuition Charges	88,600	78,950	68,138	48,293	25,536	31,351	8,778	21,309	38,975	91,460
Miscellaneous	1,564,726	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
State Sources	27,867,772	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
Federal Sources	4,764,577	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
<b>Total Revenue</b>	<b>160,515,138</b>	<b>161,516,956</b>	<b>158,699,799</b>	<b>160,954,427</b>	<b>154,486,462</b>	<b>144,056,733</b>	<b>138,247,239</b>	<b>131,073,473</b>	<b>125,017,822</b>	<b>116,228,354</b>
<b>Expenditures</b>										
∞ Instruction:										
Regular Instruction	50,650,154	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
Special Education Instruction	14,636,606	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
Other Special Instruction	148,770	205,748	205,853	1,391,443	1,102,205	1,024,120	1,017,449	980,681	923,587	891,688
Other Instruction	1,747,408	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
Support Services:										
Tuition	3,567,540	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
Attendance & Social Work Services	45,093	44,917	43,990	42,744	40,128	38,400	37,290	36,868	34,565	35,774
Health Services	2,109,521	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
Student & Instruction Related Services	10,554,067	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
Educational Media Services/										
School Library	372,482	545,493	629,293	578,921	602,782	578,844	776,367	857,074	815,981	406,213
Instructional Staff Training	167,153	379,620	524,221	376,913	494,793	415,829	263,463	225,671	225,208	149,069
Other Administrative Services	1,566,517	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
Central Services	1,518,040	1,577,706	1,539,224	1,595,736	1,238,053	1,237,058	1,350,769			
Administration Information										
Technology Services	772,975	819,694	787,982	789,215	728,494	755,986	732,626			
School Administrative Services	5,960,494	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
Plant Operations & Maintenance	12,271,559	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
Pupil Transportation	9,303,552	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
Business & Other Support Services								1,612,261	1,616,816	1,670,100
Unallocated Benefits	33,570,743	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
Capital outlay	1,599,585	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
Debt service:										
Principal	3,315,000	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
Interest & Other Charges	2,206,433	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
<b>Total Expenditures</b>	<b>156,083,692</b>	<b>166,020,841</b>	<b>162,163,797</b>	<b>168,188,289</b>	<b>153,021,036</b>	<b>144,832,428</b>	<b>144,403,909</b>	<b>136,939,403</b>	<b>138,657,742</b>	<b>135,911,836</b>

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Excess (Deficiency) of Revenues Over/(Under) Expenditures	4,431,446	(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)
Other Financing Sources/(Uses):										
Proceeds from Borrowing									10,500,000	
Arbitrage Remittance										(1,038,958)
Capital Leases (Non-budgeted)	206,477	2,401,780	2,791,171	6,306,675			554,054			
Transfer to Charter Schools					-	(8,305)	(16,126)	(19,506)	(36,485)	(31,160)
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
Transfers Out		(11)	(2,674)	(12,599)	(48,712)	(52,382)	(126,500)	(415,503)	(632,252)	(747,595)
Total Other Financing Sources/(Uses)	206,477	2,401,780	2,791,171	6,306,675	-	(2,040,205)	848,128	229,508	10,530,734	(527,545)
Net Change in Fund Balances	\$4,637,923	(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)
Debt Service as a Percentage of Noncapital Expenditures	3.7%	3.9%	4.0%	3.9%	4.2%	4.1%	4.3%	4.7%	4.5%	4.8%

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
2011	\$96,837	1,000	242,262	25,632	396,683	-	565,033	-	54,965	1,382,412
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
<b>Total</b>	<b>\$5,845,382</b>	<b>148,476</b>	<b>814,993</b>	<b>722,016</b>	<b>3,160,183</b>	<b>3,438</b>	<b>5,315,170</b>	<b>20,150</b>	<b>253,298</b>	<b>16,283,106</b>

Source: District records

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

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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
2011	\$74,469,600	8,410,857,000	119,842,300	754,300	1,170,814,200	2,777,700	102,640,900	9,882,156,000	16,808,581	9,898,964,581	1.293	9,898,964,580
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

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	
2011	1.250	0.043	1.293	0.491	0.286	0.017	2.087
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

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	2011		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
200 Laurel (AT&T Lease Admin.)	\$211,354,700	1	2.14%
One River Associates (Mack-Cali Realty Corp.)	50,000,000	2	0.51%
Four Ponds (CB Richard Ellis, Inc.)	63,883,400	3	0.64%
Middletown VF, LLC (V.R. Trust)	33,410,300	4	0.34%
Centro NP Middletown Plaza Owner	31,895,000	5	0.32%
Hensyn, Inc.	25,000,000	6	0.25%
Thousand Oaks Village	25,000,000	7	0.25%
Navesink Country Club	20,570,900	8	0.21%
Middletown Shopping Center	19,615,000	9	0.20%
Alfieri (100 Shultz Associates LP)	18,584,700	10	0.19%
Total	<u>\$499,314,000</u>		<u>5.04%</u>

Taxpayer	2001		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Laurel Associates (AT&T)	\$215,029,300	1	4.48%
One River Associates (Belcore)	48,140,100	2	1.00%
Four Ponds (AT&T)	31,000,000	3	0.65%
Weill, Maurice M. Trustee (Lucent)	28,637,500	4	0.60%
Middletown Holding Corp.	15,000,000	5	0.31%
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	0.27%
Hensyn, Inc.	12,964,000	9	0.27%
Jill Nackel, McGuire's Grove Apartments	11,712,500	10	0.24%
Total	<u>\$403,971,001</u>		<u>8.42%</u>

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	
2011	\$126,229,463	126,229,463	100.00%	-
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%	-

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			
2011	\$64,035,000	6,785,623	70,820,623	N/A	N/A
2010	67,350,000	8,457,456	75,807,456	N/A	1,140
2009	74,275,000	8,915,384	83,190,384	N/A	1,249
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

**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
2011	66,522	\$9,898,964,581	64,035,000	0.65%	961
2010* Census	66,522	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

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.

\* 2010 Census

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2011**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Middletown	\$71,812,284	100.0%	\$71,812,284
Other Debt:			
County of Monmouth - Township's Share (9.487%)	470,129,103	9.4476%	44,416,077
Township of Middletown Sewerage Authority	13,626,954	100.0%	13,626,954
Township of Middletown Housing Authority	1,560,000	100.0%	<u>1,560,000</u>
Subtotal, Overlapping Debt			131,415,315
Middletown Township School District Direct Debt			<u>64,035,000</u>
Total Direct & Overlapping Debt			<u><u>\$195,450,315</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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt Limit	\$477,682,563	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
Total Net Debt Applicable to Limit	<u>64,035,000</u>	<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>
Legal Debt Margin	<u>\$413,647,563</u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.41%	13.68%	15.09%	15.73%	17.21%	19.55%	22.40%	25.98%	30.23%	34.92%

**Legal Debt Margin Calculation for Fiscal Year 2011**

	Equalized Valuation Basis
	2010    \$11,381,181,290
	2009    11,938,581,519
	2008 <u>12,506,429,420</u>
	<u>\$35,826,192,229</u>
Average Equalized Valuation of Taxable Property	<u>\$11,942,064,076</u>
Debt Limit (4 % of Average Equalization Value)	\$477,682,563
Net Bonded School Debt	<u>64,035,000</u>
Legal Debt Margin	<u>\$413,647,563</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)
2011	* Census	66,522	N/A	N/A	8.3%
2010		66,603	N/A	N/A	8.2%
2009		66,591	3,779,372,205	56,755	4.1%
2008		66,402	3,706,958,052	55,826	3.1%
2007		66,796	3,506,723,204	52,499	3.4%
2006		67,213	3,289,434,390	48,072	3.2%
2005		67,340	3,173,003,816	46,545	3.6%
2004		66,964	2,935,872,443	43,634	4.3%
2003		66,991	2,916,799,200	43,387	4.2%
2002		67,377	2,954,651,100	43,863	3.0%

\* 2010 Census

**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.

<sup>a</sup> 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.

<sup>b</sup> Personal income has been estimated based upon the county population and per capita personal income presented.

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

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development. Note that that there is recent revised data for the years 2004 through 2001 due to the new unemployment estimation procedure.



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

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction:										
Regular	581.70	613.76	617.64	597.18	593.87	612.07	614.45	606.78	602.53	597.97
Special Education	146.50	160.76	148.68	153.17	174.84	164.00	163.37	160.50	156.85	143.40
Other Special Instruction	5.05	10.82	15.59	19.73	13.30	13.37	13.96	13.51	13.70	14.70
Classroom Paraprofessionals	232.80	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	1.00
Health Services	23.00	24.00	24.00	24.00	24.00	23.00	23.00	23.00	23.00	23.00
Student & Instruction Related Services	100.80	116.00	115.60	115.89	100.60	86.50	86.00	74.76	73.50	70.80
Educational Media Services/School										
Library	3.00	6.00	6.00	6.00	6.00	6.00	11.00	11.00	11.00	5.00
School Administrative Services	82.00	90.40	89.50	89.00	82.00	83.50	83.50	90.00	90.00	88.00
Central Services	17.00	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	12.00	-	-	-
Other Administrative Service	7.00	7.00	8.00	9.00	9.00	9.00	9.00	14.50	14.00	15.00
Plant Operations & Maintenance	143.70	171.00	168.90	163.40	142.00	147.00	142.00	142.50	141.00	135.00
Pupil Transportation	3.00	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
<b>Total</b>	<b>1,358.55</b>	<b>1,488.82</b>	<b>1,460.84</b>	<b>1,450.17</b>	<b>1,376.71</b>	<b>1,367.94</b>	<b>1,359.08</b>	<b>1,320.55</b>	<b>1,295.18</b>	<b>1,242.37</b>

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
2011	10,142	\$139,028,283	13,708	-0.72%	843	13.3	10,296	9,631	2.09%	93.54%
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%

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	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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	444	481	395	401	404	403	410	411	491	457
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)	329	340	323	318	340	344	345	356	345	352
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	478	461	470	466	481	484	491	481	568	511
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	258	279	275	283	291	309	293	279	257	247
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	521	504	473	484	466	450	458	462	469	451
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	459	463	423	426	393	379	387	409	431	390
Navesink Elementary (1941)										
Square Feet	29,113	29,113	29,113	29,113	29,113	29,113	27,974	27,974	27,974	27,974
Capacity	326	326	326	326	326	326	326	326	326	326
Enrollment	294	287	247	287	221	244	259	268	304	279
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	511	544	438	513	475	493	492	481	502	459
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	549	579	524	534	531	509	537	501	537	533

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

DISTRICT BUILDINGS	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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	278	293	303	345	306	321	337	360	366	410
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	259	256	233	236	227	216	257	244	266	260
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	311	322	318	311	323	317	332	314	323	314
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	144,069
Capacity	792	792	792	792	792	792	792	792	792	792
Enrollment	704	712	740	725	705	715	719	732	733	773
Thompson Middle School (1960)										
Square Feet	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069
Capacity	930	930	930	930	930	930	930	930	930	930
Enrollment	888	930	932	956	957	935	932	931	920	903
Thorne Middle School (1960)										
Square Feet	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069	129,069
Capacity	930	930	930	930	930	930	930	930	930	930
Enrollment	778	804	788	830	825	867	938	952	951	987
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	1,637	1,688	1,718	1,719	1,733	1,738	1,666	1,672	1,650	1,646
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	237,156
Capacity	1,793	1,793	1,793	1,793	1,793	1,793	1,793	1,793	1,793	1,793
Enrollment	1,444	1,430	1,486	1,465	1,447	1,466	1,427	1,401	1,335	1,306
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	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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, 2011:										
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**

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SCHOOL FACILITIES	PROJECT # (s)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>High Schools:</b>											
High School North	N/A	\$76,485	144,182	149,961	152,707	132,087	148,275	170,410	217,396	205,888	122,563
High School South	N/A	58,382	109,326	131,877	239,250	114,859	137,148	166,523	172,911	223,811	111,253
<b>Middle Schools:</b>											
Bayshore Middle	N/A	41,184	77,285	58,642	96,650	90,057	72,858	64,618	86,485	98,882	62,950
Thompson	N/A	30,775	57,884	67,213	87,633	77,221	67,318	61,845	90,787	97,837	56,395
Thorne	N/A	49,331	93,136	62,298	73,963	63,784	68,818	84,215	75,299	100,337	56,395
<b>Elementary Schools:</b>											
Bayview	N/A	14,482	27,093	23,564	23,650	27,771	43,990	21,510	25,670	35,064	19,225
Fairview	N/A	15,388	29,196	35,107	23,459	23,070	16,379	14,064	20,717	26,145	14,402
Harmony	N/A	14,030	26,473	43,207	70,599	55,739	27,147	31,438	33,490	43,064	22,461
Leonardo	N/A	8,599	15,913	30,967	14,062	29,186	20,853	14,163	31,169	24,825	14,094
Lincroft	N/A	32,133	60,717	35,074	75,617	32,398	23,192	16,880	23,079	25,947	17,285
Middletown Village	N/A	23,986	45,321	13,182	24,775	19,985	16,740	19,767	21,568	24,930	15,573
Navesink	N/A	7,694	14,399	22,118	26,609	70,616	10,184	17,144	13,296	19,540	9,958
New Monmouth	N/A	25,344	47,502	64,255	107,675	29,586	31,096	26,679	45,650	40,205	26,583
Nut Swamp	N/A	19,913	37,564	20,188	23,107	39,835	25,869	31,290	28,246	31,804	20,894
Ocean Avenue	N/A	5,883	11,361	14,255	33,602	14,850	14,034	13,458	18,401	25,275	13,781
Port Monmouth	N/A	10,862	20,422	9,890	30,654	11,710	11,607	12,802	15,387	19,618	11,251
River Plaza	N/A	18,103	34,206	15,640	32,727	15,212	14,020	16,146	22,132	29,659	14,000
<b>Grand Total</b>		<b>\$452,574</b>	<b>851,980</b>	<b>797,438</b>	<b>1,136,739</b>	<b>847,966</b>	<b>749,528</b>	<b>782,952</b>	<b>941,683</b>	<b>1,072,831</b>	<b>609,063</b>

INSURANCE SCHEDULE  
JUNE 30, 2011  
UNAUDITED

	COVERAGE	DEDUCTIBLE
<b>Commercial Package Policy - MOCSSIF:</b>		
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 Construction	10,000,000	5,000
Fire Dept. Service Charge	10,000	
Arson Reward	10,000	
Pollution Cleanup & Removal	250,000	
<b>Flood/Earthquake:</b>		
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
<b>General Liability:</b>		
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
<b>Automotive Coverage:</b>		
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	
<b>Electronic Data Processing:</b>		
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
<b>Crime Coverage:</b>		
Public Employee Dishonesty	100,000	500
Theft, Disapp. & Destruction/Money Orders & Counterfeit Currency	10,000	500
Forgery or Alteration	25,000	500
<b>Equipment Breakdown</b>		
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, 2011  
UNAUDITED**

	COVERAGE	DEDUCTIBLE
<b>MOCSSIF:</b>		
Board of Education Liability/School Leaders Errors & Omissions	2,000,000	5,000
Employee Related Practices Violations	150,000	5,000
<b>Zurich North American AKA Fidelity &amp; Deposit Company:</b>		
Public Official Bonds: -		
Judith Vassallo - Treasurer	600,000	1,000
Amy P. Gallagher - Business Administrator/Board Secretary	100,000	1,000
<b>Workers' Compensation - MOCSSIF:</b>		
Bodily Injury by Accident	2,000,000	
Bodily Injury by Disease	2,000,000	
<b>Travel Accident - Gerber Life Insurance Company:</b>		
\$500,000 Aggregate	100,000	
<b>Student/Athletic Volunteer Accident - McCloskey Insurance:</b>		
Interscholastic Football/Sports	1,000,000	
Excess Coverage - Medical Expense benefits	5,000,000	25,000
Volunteer Workers	25,000	

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, 2011, and have issued our report thereon dated September 02, 2011. 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. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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

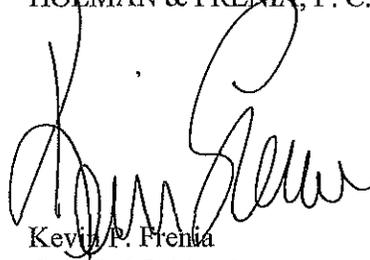
opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements 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 September 02, 2011.

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 black ink, appearing to read 'Kevin P. Frenia', is written over the printed name below.

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

Medford, New Jersey  
September 02, 2011



Certified Public Accountants & Consultants

EXHIBIT K-2

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

Honorable President and Members  
of the Board of Education  
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 could have a direct and material effect on each of Middletown Township School District's major federal and state programs for the fiscal year ended June 30, 2011. 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, 2011. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 or New Jersey OMB's Circular 04-04.

**MEDFORD OFFICE**

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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.

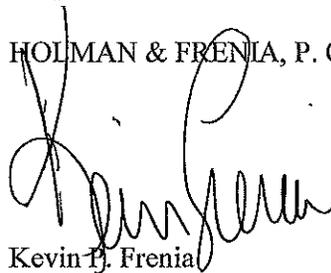
A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 B. Frenia  
Certified Public Accountant  
Public School Accountant  
No. 1011

Medford, New Jersey  
September 02, 2011

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2010	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ CANCELED	DEFERRED REVENUE AT JUNE 30, 2011	(ACCOUNTS RECEIVABLE) JUNE 30, 2011	DUE TO GRANTOR JUNE 30, 2011
Enterprise Fund												
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:</b>												
Food Distribution Program	10.550	N/A	\$111,731	7/1/10-6/30/11			111,731	(111,731)				
National School Lunch Program	10.555	5120-201-372573-63	469,051	7/1/10-6/30/11			439,502	(469,051)			(29,549)	
National School Lunch Program	10.555	5120-201-372573-63	449,950	7/1/09-6/30/10	(\$39,002)		39,002					
Breakfast Program	10.553	5120-201-372713-63	19,692	7/1/10-6/30/11			18,307	(19,692)			(1,385)	
Breakfast Program	10.553	5120-201-372713-63	22,275	7/1/09-6/30/10	(2,234)		2,234					
Total Enterprise Fund					(41,236)		610,776	(600,474)			(30,934)	
Special Revenue Fund												
<b>U.S. DEPARTMENT OF EDUCATION</b>												
Teaching American History	84.215X	U215X070227	959,990	7/1/07-1/31/11	(42,410)		144,335	(112,225)	10,373	73		
<b>U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:</b>												
Title I	84.010	NCLB316011	412,825	9/1/10-8/31/11			229,315	(363,774)			(134,459)	
Title I	84.010	NCLB316010	407,403	9/1/09-8/31/10	(77,074)	(25,746)	170,882	(85,889)			(17,827)	
Title I	84.010	NCLB316009	512,018	9/1/08-8/31/09	(50,746)	25,746			25,000			
Title I, SIA	84.010	NCLB316010	1,946	9/1/09-8/31/10		(1,946)		(1,946)			(1,946)	
Title I, SIA	84.010	NCLB316009	6,691	9/1/08-8/31/09	(6,691)	1,946	4,745					
Title IIA	84.367	NCLB316011	251,641	9/1/10-8/31/11			163,997	(231,354)			(67,357)	
Title IIA	84.367	NCLB316010	280,825	9/1/09-8/31/10	(32,066)	(26,173)	104,299	(50,245)			(2,108)	
Title IIA	84.367	NCLB316009	297,165	9/1/08-8/31/09	(1,173)	26,173			2,077	(25,000)		
Title IID	84.318	NCLB316011	907	9/1/10-8/31/11				(628)			(628)	
Title IID	84.318	NCLB316009	4,085	9/1/08-8/31/09	701	(1,919)	1,129	(1,098)	104		(1,083)	
Title IID	84.318	NCLB316010	5,381	9/1/09-8/31/10	(3,428)	1,919	1,509					
Title III	84.365	NCLB316011	12,355	9/1/10-8/31/11			1,966	(5,623)			(3,657)	
Title III	84.365	NCLB316010	10,812	9/1/09-8/31/10	(1,497)	(211)	6,591	(8,542)			(3,659)	
Title III	84.365	NCLB316009	23,561	9/1/08-8/31/09	(4,861)	211	4,650					
Title IV	84.186	NCLB316010	26,189	9/1/09-8/31/10	(14,900)	(4,991)	19,891	(1,657)			(1,657)	
Title IV	84.186	NCLB316009	40,406	9/1/08-8/31/09	(13,709)	4,991	8,741		(23)			
Title V	84.298	NCLB316009	524	9/1/08-8/31/09	(524)						(524)	
ARRA/IDEA	84.391	IDEA316011	2,737,717	9/1/09-8/31/11	(460,533)		562,835	(882,463)	271,521		(508,640)	
ARRA/IDEA Preschool	84.392	IDEA316011	99,016	9/1/09-8/31/11	(15,611)		29,694	(23,211)			(9,128)	
I.D.E.A.-Basic Regular	84.027	IDEA316011	2,680,789	9/1/10-8/31/11			1,499,059	(2,289,120)			(790,061)	
I.D.E.A.-Basic Regular	84.027	IDEA316010	2,778,208	9/1/09-8/31/10	(610,563)		1,084,561	(573,852)	103,947	4,093		
I.D.E.A. Preschool	84.173	IDEA316011	82,665	9/1/10-8/31/11			49,140	(49,740)			(600)	
I.D.E.A. Preschool	84.173	IDEA316010	83,129	9/1/09-8/31/10	(9,787)		9,732	(2,185)	55		(2,185)	
Total U.S. Department of Education					(1,342,926)		4,097,071	(4,683,552)	388,054	4,166	(1,545,519)	
<b>General Fund:</b>												
Medical Assistance Program	93.778	N/A	81,025	7/01/10-6/30/11			72,611	(81,025)			(8,414)	
Total General Fund							72,611	(81,025)			(8,414)	
Total Federal Financial Assistance					(\$1,384,162)		4,780,458	(5,365,051)	388,054	4,166	(1,584,867)	

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT		REPAYMENT OF PRIOR YEARS' BALANCES	BUDGETARY EXPENDITURES	ADJUSTMENTS/ CANCELED	(ACCOUNTS RECEIVABLE) JUNE 30, 2011	DUE TO GRANTOR JUNE 30, 2011	MEMO		
				JUNE 30, 2010	CASH RECEIVED						BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education:													
General Fund:													
Categorical Transportation Aid	11-495-034-5120-014	\$2,949,895	7/1/10-6/30/11		2,949,895		(2,949,895)					(291,077)	2,949,895
Categorical Special Education Aid	11-495-034-5120-089	5,738,180	7/1/10-6/30/11		5,738,180		(5,738,180)					(566,207)	5,738,180
Categorical Security Aid	11-495-034-5120-084	834,888	7/1/10-6/30/11		834,888		(834,888)					(82,381)	834,888
Adjustment Aid	11-495-034-5120-085	2,965,778	7/1/10-6/30/11		2,965,778		(2,965,778)					(292,644)	2,965,778
Equalization Aid	11-495-034-5120-078	1,252,494	7/1/10-6/30/11		1,252,494		(1,252,494)					(123,588)	1,252,494
Extraordinary Special Education Costs Aid	10-495-034-5120-044	674,865	7/1/09-6/30/10	(\$674,865)	674,865								
Extraordinary Special Education Costs Aid	11-495-034-5120-044	891,765	7/1/10-6/30/11				(891,765)						891,765
Non Public Transportation Aid	10-495-034-5120-014	133,758	7/1/09-6/30/10	(133,758)	133,758								
Non Public Transportation Aid	11-495-034-5120-014	143,352	7/1/10-6/30/11				(143,352)						143,352
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	11-495-034-5095-006	5,139,177	7/1/10-6/30/11		5,139,177		(5,139,177)						5,139,177
On-Behalf TPAF Pension Contributions (Nonbudgeted)	11-495-034-5095-007	4,795,214	7/1/10-6/30/11		4,795,214		(4,795,214)						4,795,214
<b>Total General Fund</b>					<b>(808,623)</b>	<b>24,484,249</b>	<b>(24,710,743)</b>		<b>(1,035,117)</b>			<b>(1,355,897)</b>	<b>24,710,743</b>
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	11-100-034-5120-064	143,237	7/1/10-6/30/11		143,237		(139,822)					3,415	139,822
Textbooks	10-100-034-5120-064	196,277	7/1/09-6/30/10	28,920				(28,920)					
Nursing Services	11-100-034-5120-070	195,181	7/1/10-6/30/11		195,181		(184,178)					11,003	184,178
Nursing Services	10-100-034-5120-070	232,758	7/1/09-6/30/10	11,058				(528)	(10,530)				
Auxiliary Services (Chapter 192):													
Home Instruction	11-100-034-5120-067	4,461	7/1/10-6/30/11				(4,461)						4,461
Home Instruction	10-100-034-5120-067	1,872	7/1/09-6/30/10	(1,872)	1,872								
ESL	11-100-034-5120-067	979	7/1/10-6/30/11	979				(979)					
Compensatory Education	11-100-034-5120-067	205,968	7/1/10-6/30/11		205,968		(164,942)					41,026	164,942
Handicapped Services (Chapter 193):													
Examination and Classification	11-100-034-5120-066	158,873	7/1/10-6/30/11		158,873		(146,106)					12,767	146,106
Examination and Classification	10-100-034-5120-066	189,237	7/1/09-6/30/10	9,908				(9,908)					
Corrective Speech	10-100-034-5120-066	98,279	7/1/09-6/30/10	1,524				(1,524)					
Corrective Speech	11-100-034-5120-066	90,749	7/1/10-6/30/11		90,749		(81,361)					9,388	81,361
Supplementary Instruction	11-100-034-5120-066	80,600	7/1/10-6/30/11		80,600		(77,126)					3,474	77,126
<b>Total Special Revenue Fund</b>					<b>50,548</b>	<b>876,480</b>	<b>(797,996)</b>	<b>(41,859)</b>	<b>(10,530)</b>	<b>(4,461)</b>	<b>81,104</b>		<b>797,996</b>
Debt Service Fund:													
Debt Service Type II Aid	11-495-034-5120-017	1,542,515	7/1/10-6/30/11		1,542,515		(1,542,515)						1,542,515
<b>Total Debt Service Fund</b>							<b>(1,542,515)</b>						<b>1,542,515</b>
State Department of Agriculture													
Enterprise Fund:													
National School Breakfast Program	10-100-010-3350-021	2,035	7/1/09-6/30/10	(191)	191								
National School Lunch Program (State Share)	11-100-010-3350-023	287,837	7/1/10-6/30/11		26,129		(27,837)					(1,708)	27,837
National School Lunch Program (State Share)	10-100-010-3350-023	32,734	7/1/09-6/30/10	(2,732)	2,732								
<b>Total Enterprise Fund</b>					<b>(2,923)</b>	<b>29,052</b>	<b>(27,837)</b>			<b>(1,708)</b>			<b>27,837</b>
<b>Total State Financial Assistance</b>					<b>(\$760,998)</b>	<b>26,932,296</b>	<b>(27,079,091)</b>	<b>(41,859)</b>	<b>(10,530)</b>	<b>(1,041,286)</b>	<b>81,104</b>	<b>(1,355,897)</b>	<b>27,079,091</b>

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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2011**

**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 \$725,028 for the general fund and \$91,490 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, 2011**

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

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund	\$ 81,025	\$25,435,771	\$25,516,796
Special Revenue Fund	4,683,552	889,486	5,573,038
Debt Service Fund		1,542,515	1,542,515
Food Service Fund	<u>600,474</u>	<u>27,837</u>	<u>628,311</u>
Total Financial Assistance	<u>\$5,365,051</u>	<u>\$27,895,609</u>	<u>\$33,260,660</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, 2011. 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, 2011.

**Note 6. Federal and State Loans Outstanding**

The Middletown Board of Education had no loan balances outstanding at June 30, 2011.

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2011**

**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
10.555	National School Lunch Program
84.027	I.D.E.A., Part B
84.215X	Teaching American History
84.391	I.D.E.A., Recovery Act
84.392	I.D.E.A., Preschool - Recovery Act
84.367	Title II A

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, 2011**

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

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:	\$668,515
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:**

<b>GMIS Number(s)</b>	<b>Name of State Program</b>
11-495-034-5120-084	Security Aid
11-495-034-5120-085	Adjustment Aid
11-495-034-5120-089	Special Education Categorical Aid
100-034-5120-064	Nonpublic Textbook Aid
100-034-5120-066	Nonpublic Handicapped Aid (Ch 193)
100-034-5120-067	Nonpublic Auxiliary Services Aid (Ch 192)
100-034-5120-070	Nonpublic Nursing Services Aid

**Section II – Financial Statement Findings**

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

No Current Year findings

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2011**

**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, 2011**

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

No Prior Year Findings