

Comprehensive Annual Financial Report

of the

Middletown Township Board of Education

Middletown, New Jersey

For the Year Ended June 30, 2013

Prepared by District Finance Office
Board Secretary, Amy Gallagher

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Introductory Section

MIDDLETOWN TOWNSHIP PUBLIC SCHOOLS

Office of the School Business Administrator/Board Secretary

PO Box 4170, Middletown, NJ 07748

(732) 671-3850

Fax (732) 291-1035

William O. George, III, Ed.D.
Superintendent of Schools

www.middletownk12.org

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

November 12, 2013

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

Dear Board Members and Citizens of the Township of Middletown:

The comprehensive annual financial report of the Middletown Township School District (District) for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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, 2013, 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 Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2012, the District's organizational chart, a roster of officials, the list of independent auditors, and advisors. The financial section includes 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 education programs, vocational programs, and special education programs and services for handicapped students. 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, 2012 was 10,057.

2. Economic Condition and Outlook

Ratables have been declining over the last few years due to the weak economy and reduced valuations. The Township of Middletown completed a reassessment of all of its properties in 2011 due to the volume of tax appeals that were being filed. Our bonded indebtedness is \$59,095,000 as compared to our school-borrowing margin of \$375,908,780.

The District's enrollment has remained stable over the last several years. There are a few new residential developments planned in the Township, but they are not anticipated to have a significant impact on the student population. The District will also be completing a demographic study in the upcoming year.

The 17 schools in the district vary in age, with original construction dates ranging from 1928 through 1974. Aside from the roofing projects that have been completed during the last two fiscal years, there have not been any major renovations to the school buildings in over ten years.

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's last update of its Long Range Facilities Plan was finalized in 2009 and the district will be updating this plan during the 2013-2014 year. A district wide roofing evaluation study was completed in 2011 which provided the district with a priority list of roofing repair and replacement needs over the next several years. The highest priority roofing projects from this study were completed during the summers of 2012 and 2013. The District submitted several projects for consideration for Regular Operating District (ROD) grant funding for facilities projects. District administrators and the Board are also evaluating the long-term financial impact of state mandated initiatives and the allocation of state aid. A demographic study is also planned for the 2013-2014 year to assist in determining the District's facilities and other needs for the next several years.

4. Internal Controls

Management of the District is responsible for establishing and maintaining internal controls that are 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 controls are 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 controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are 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 controls, 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, 2013.

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, 2013, the District's outstanding debt issues included bonds of \$59,095,000. The district's current bond rating is AA.

8. Other Information

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C. 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.

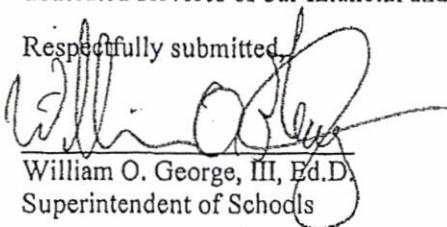
Accounting principles generally accepted in the United States require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

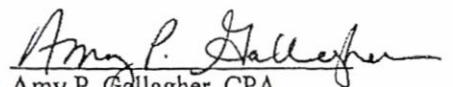
9. Awards and Acknowledgments

The District received the Association of School Business Officials Certificate of Excellence for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This is the second consecutive year that this award has been received.

We would like to express our appreciation to the members of the Middletown Township Board of Education 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,


William O. George, III, Ed.D.
Superintendent of Schools


Amy P. Gallagher, CPA
Business Administrator/Board Secretary

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Middletown Township Board of Education

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading "Ron McCulley".

Ron McCulley, CPPB, RSBO
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director

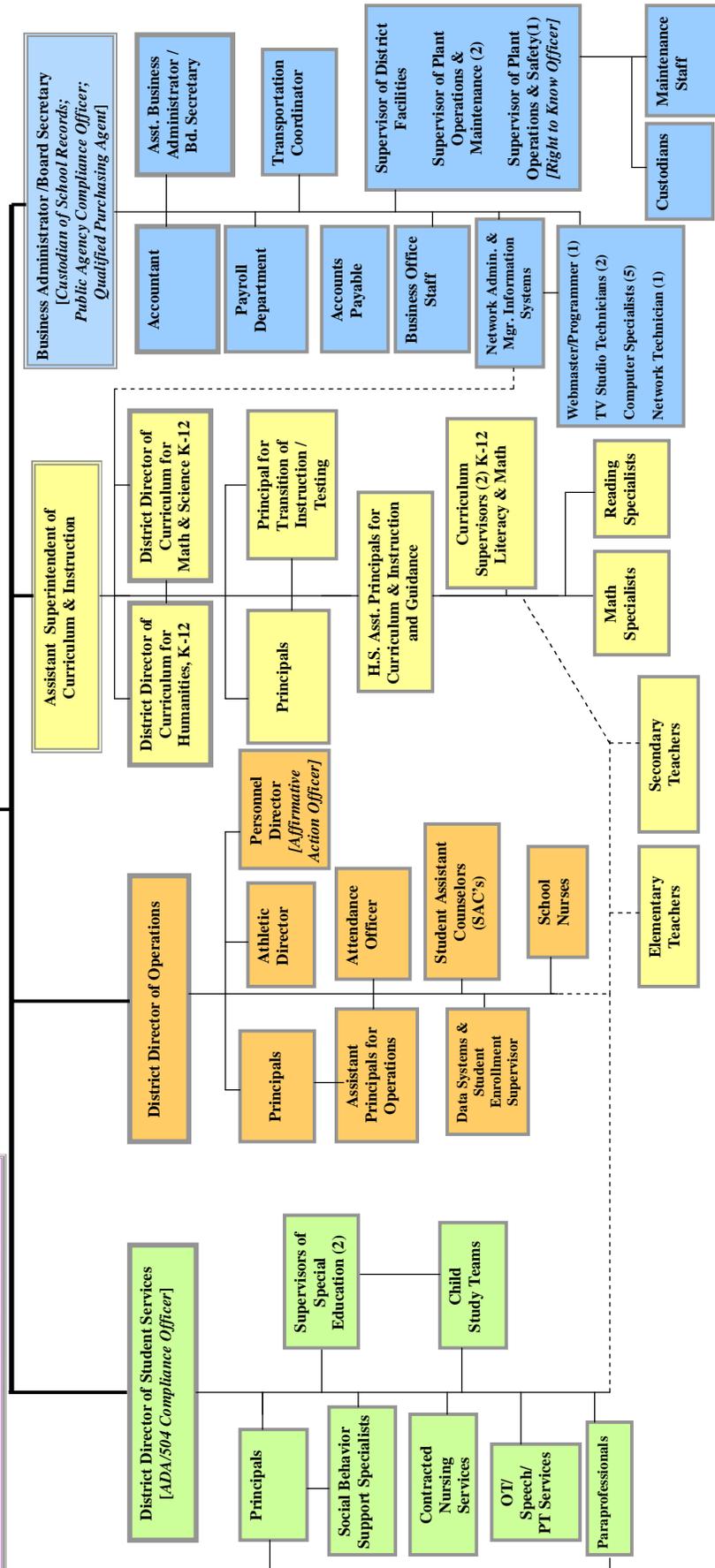
2012-2013

Middletown School District Organization Chart 2012-2013

BOE Committee		Administrative Liaison	
Finance.....	Business Administrator	Business Administrator	Business Administrator
Legislative.....	Business Administrator	Superintendent / BA	Business Administrator
Negotiations.....	Superintendent / BA	Business Administrator	Superintendent / BA
Facilities.....	Business Administrator	Superintendent / BA	District Director Student Svcs.
Policy.....	Superintendent / BA	District Director Student Svcs.	Asst. Sup't of Curriculum
Personnel.....	District Director Student Svcs.	Asst. Sup't of Curriculum	District Director of Operations
Student Services.....	Asst. Sup't of Curriculum	District Director of Operations	Asst. Sup't of Curriculum / Network Administrator
Curriculum.....	District Director of Operations	Asst. Sup't of Curriculum / Network Administrator	
Co-Curricular.....			
Technology.....			

Board of Education

Superintendent of Schools



For Approval: Board Voting Meeting 8/21/2012

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
COUNTY OF MONMOUTH, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2013**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Christopher Aveta, , President	2013
Joan Minnuies, Vice President	2015
Vincent Brand	2013
Leonora Caminiti	2015
Ernest Donnelly	2014
James Cody	2015
John Bennett	2013
Gerald Wexelberg	2014
Sue Griffin	2014

Other Officials

William O. George, III, Ed. D. Superintendent of Schools

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

Judith Vassallo, CTC, Treasurer

Christopher B. Parton, Esq., Solicitor

**MIDDLETOWN TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

SPECIAL COUNSEL

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

AUDIT FIRM

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

OFFICIAL DEPOSITORY

TD Bank
207 Harmony Road
Middletown, New Jersey 07748

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Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Middletown Township School District
County of Monmouth, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Middletown Township Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of state financial assistance as required by NJ OMB 04-04 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013 on our consideration of the Middletown Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Middletown Township Board of Education's internal control over financial reporting and compliance.

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

Kenneth Moore
Kenneth Moore
Certified Public Accountant
Licensed Public School Accountant
No. 499

November 12, 2013

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Required Supplementary Information – Part I

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

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 year that ended on June 30, 2013. 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 (2012-2013) and the prior fiscal year (2011-2012 – as restated) 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) Government-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.

Government-wide financial statements. The government-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 Position (A-1) presents information on all of the assets and liabilities of the District, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position of the District changed during the most recent fiscal year. All changes in net position 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 government-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 government-wide financial statements. However, unlike the government-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 government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-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 2012-2013 fiscal year include the following:

- At the conclusion of 2012-13, the District's unassigned General fund balance was \$1,864,570, compared to \$1,690,412 at the conclusion of 2011-2012.
- The unassigned General fund balance increased \$174,158 from the prior fiscal year.
- At June 30, 2013, excess surplus (as defined by the State) equals \$1,998,169. The amount of surplus utilized to fund the 2012- 2013 budget was \$2,843,146.
- 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 \$1,729,694 are not recorded as receivable in the government-wide financial statements. This resulted in a reduction in unassigned General fund balance of \$1,729,694.
- The total local tax levy increased by \$1,093,565 to \$129,109,175 for 2012-2013 due primarily to the overall increase necessary to support the District's General Fund budget.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net position for June 30, 2013 and 2012, respectively:

June 30, 2013:

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$18,703,781	\$209,252	\$18,913,033
Capital assets, net	105,943,495	57,159	106,000,654
Total assets	124,647,276	266,411	124,913,687
Loss on refunding of long-term debt	<u>2,112,320</u>		<u>2,112,320</u>
Total deferred outflow of resources	<u>2,112,320</u>		<u>2,112,320</u>
Long-term liabilities outstanding	64,196,260	-	64,196,260
Other liabilities	8,592,680	209,252	8,801,932
Total liabilities	72,788,940	209,252	72,998,192
Unamortized bond issuance premium	<u>4,008,480</u>		<u>4,008,480</u>
Total deferred inflow of resources	<u>4,008,480</u>		<u>4,008,480</u>

Net position:			
Investment in capital assets, net of related debt	37,699,838	57,159	37,756,997
Restricted	14,178,020		14,178,020
Unrestricted	(1,915,682)		(1,915,682)
	<hr/>		
Total net position	\$49,962,176	\$57,159	\$50,019,335
	<hr/> <hr/>		

June 30, 2012 (as restated):

	Governmental Activities	Business-type Activities	Total
	<hr/>		
Current and other assets	\$19,151,433	\$127,855	\$19,279,288
Capital assets, net	105,332,675	96,528	105,429,203
Total assets	124,484,108	224,383	124,708,491
	<hr/>		
Loss on refunding of long-term debt	<u>1,447,043</u>		<u>1,447,043</u>
Total deferred outflow of resources	<u>1,447,043</u>		<u>1,447,043</u>
	<hr/>		
Long-term liabilities outstanding	67,881,024		67,881,024
Other liabilities	7,410,403	113,029	7,523,432
	<hr/>		
Total liabilities	75,291,427	113,029	75,404,456
	<hr/>		
Unamortized bond issuance premium	<u>3,642,302</u>		<u>3,642,302</u>
Total deferred inflow of resources	<u>3,642,302</u>		<u>3,642,302</u>
	<hr/>		
Net position:			
Investment in capital assets, net of related debt	33,382,465	96,528	33,478,993
Restricted	15,578,259		15,578,259
Unrestricted	(1,963,302)	14,826	(1,948,476)
	<hr/>		
Total net position	\$46,997,422	\$111,354	\$47,108,776
	<hr/> <hr/>		

The District's largest net position component is the investment in capital assets, net of the related debt portion as shown above. Investment in capital assets, net of related debt represents resources that are subject to external restrictions on how they may be used. Within this category, the investment amount of \$37,699,838 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, 2013.

Restricted net position decreased from the prior year to \$14,178,020 at June 30, 2013 primarily due to the decrease in the District's capital reserve of \$1,546,154, a decrease in excess surplus of \$844,977, and an increase in excess surplus designated for a subsequent year of \$661,870.

Unrestricted net position may be used to meet the District's ongoing operating obligations to vendors, debtors and employees. The unrestricted net position includes the unassigned General Fund balance netted with the amount of long-term obligations that are not invested in capital assets. The (\$1,915,682) shown as unrestricted net position for Governmental Activities, compared to \$(1,948,476) the prior year is due primarily to an increase in the compensated absence liability.

At the end of the current fiscal year, the District is able to report a positive balance in total net position. 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 position for June 30, 2013 and 2012. 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, 2013

	Governmental Activities	Business- type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$101,100	\$1,544,900	\$1,646,000
Operating grants and contributions	6,627,722	596,849	7,224,571
General revenues:			
Property taxes	129,109,175		129,109,175
Federal and state aid not restricted to specific purposes	33,610,352		33,610,352
Transfers in/(out)	(120,174)	120,174	
Miscellaneous (includes interest and tuition)	606,608		606,608
Total revenue	<u>169,934,783</u>	<u>2,261,923</u>	<u>172,196,706</u>
Expenses:			
Instructional services	71,210,009		71,210,009
Support services	92,642,651	2,316,118	94,958,869
Interest on long-term debt and other bond costs	3,117,269		3,117,269
Total expenses	<u>166,970,029</u>	<u>2,316,118</u>	<u>169,286,147</u>
Increase (decrease) in net position before transfers	<u>2,964,754</u>	<u>(54,195)</u>	<u>2,910,559</u>
Change in net position	2,964,754	(54,195)	2,910,559
Net Position – Beginning (restated)	46,997,422	111,354	47,108,776
Net Position – ending	<u>\$49,962,176</u>	<u>\$57,159</u>	<u>\$50,019,335</u>

June 30, 2012:

	Governmental Activities	Business- type Activities	Total
Revenues:			
Program revenues:			
Charges for services		\$1,695,023	\$1,695,023
Operating grants and contributions	\$6,307,771	684,378	6,992,149
General revenues:			
Property taxes	128,015,610		128,015,610
Federal and state aid not restricted to			
Specific purposes	30,053,437		30,053,437
Miscellaneous (includes interest and tuition)	2,069,505	154	2,069,659
Total revenue	<u>166,446,323</u>	<u>2,379,555</u>	<u>168,825,878</u>
Expenses:			
Instructional services	66,726,777		66,726,777
Support services	86,568,689	2,467,618	89,036,307
Interest on long-term debt and other bond costs	2,793,035		2,793,035
Adjustment/Reduction in Fixed Assets	1,237,424		1,237,424
Amortization of bond issuance costs	40,488		40,488
Change in compensated absences payable	659,370		659,370
Unallocated depreciation	3,688,594		3,688,594
Total expenses	<u>161,714,377</u>	<u>2,467,618</u>	<u>164,181,995</u>
Increase (decrease) in net position	<u>4,731,946</u>	<u>(88,063)</u>	<u>4,643,883</u>
Change in net position	4,731,946	(88,063)	4,643,883
Net position – beginning	42,265,476	199,417	42,464,893
Net position – ending	<u><u>\$46,997,422</u></u>	<u><u>\$111,354</u></u>	<u><u>\$47,108,776</u></u>

Financial Analysis of the District's Funds

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

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unassigned 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, 2013 and 2012 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

June 30, 2013

	<u>Revenue</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2012</u>	<u>Percent of Increase (Decrease)</u>
Local sources:				
District Taxes	\$129,109,175	75.9%	\$1,093,565	.01%
Miscellaneous	707,748	0.5%	(1,362,841)	(65.8)%
State sources	36,072,842	21.2%	4,534,284	14.4%
Federal sources	4,165,039	2.4%	(657,611)	(13.6)%
Total	<u>\$170,054,804</u>	<u>100.0%</u>	<u>\$3,607,397</u>	<u>2.2%</u>

June 30, 2012

	<u>Revenue</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2011</u>	<u>Percent of Increase (Decrease)</u>
Local sources:				
District Taxes	\$128,015,610	77.0%	\$1,786,147	1.4%
Miscellaneous	2,070,589	1.2%	417,263	25.2%
State sources	31,538,558	18.9%	3,670,786	13.2%
Federal sources	4,822,650	2.9%	58,073	1.2%
Total	<u>\$166,447,407</u>	<u>100.0%</u>	<u>\$5,932,269</u>	<u>3.7%</u>

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

Miscellaneous revenue decreased primarily due to reclassification of employee health insurance contributions from miscellaneous revenue to being netted against health insurance premium expense.

The increase in State sources is attributable to the increase of the district's state aid for 2012-2013 of \$878,222 and the increases in on-behalf and reimbursed TPAF/Social Security contributions.

The following schedule presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2013 and 2012 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, 2013:

	Amount	Percent Of Total	Increase (Decrease) From 2012	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$71,120,623	41.4%	4,393,846	6.6%
Undistributed	88,985,215	51.8%	2,416,526	2.8%
Capital outlay	6,251,968	3.6%	2,671,314	74.6%
Debt service:				
Principal	2,650,000	1.5%	105,000	4.1%
Interest	2,878,750	1.7%	(103,900)	-3.5%
Total	<u>\$171,886,556</u>	<u>100.0%</u>	<u>\$9,482,786</u>	<u>5.8%</u>

June 30, 2012:

	Amount	Percent Of Total	Increase (Decrease) From 2011	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$66,726,777	41.2%	(\$456,161)	-0.7%
Undistributed	86,568,689	53.3%	4,798,953	5.9%
Capital outlay	3,580,654	2.1%	1,981,069	123.8%
Debt service:				
Principal	2,545,000	1.6%	(780,000)	-23.5%
Interest	2,982,650	1.8%	776,217	35.2%
Total	<u>\$162,403,770</u>	<u>100.0%</u>	<u>\$6,320,078</u>	<u>4.0%</u>

Instruction costs increased primarily due to negotiated salary increases, additional instructional positions being added, and a language arts textbook adoption in 2012-2013. Undistributed expenditures increased primarily due to increases in negotiated salaries, increases in required maintenance for school facilities as well as the increase in on-behalf and reimbursed TPAF pension costs.

Capital outlay has increased this year due to an increase in budgeted projects.

There was a minimal increase in total debt service based on existing approved bond payment schedules, and a bond advance refunding done in January 2013.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$108,000. This difference is attributable to the withdrawal made by the Board from the Maintenance Reserve during the 2012-2013 school year for an emergency heating system repair.

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2012-2013 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 2012-2013 unassigned fund balance increased by \$262,786 to \$3,594,264 (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 (\$54,195) in 2012-2013 as compared to a loss of (\$88,063) in 2011-2012. The guaranteed profit per the contract with Chartwells was \$60,000 for 2012-2013 and \$50,000 for 2011-2012. Operating revenues and expenses decreased. Funding from the State and Federal Government under the State and National Programs decreased significantly. The unrestricted net position of the food service program was \$0 and the restricted amount invested in capital assets, net of related debt totaled \$57,159 at June 30, 2013. The district made a significant investment in the food service program this year by purchasing food service preparation and service equipment to accommodate the new unit lunch schedule at both high schools. The food services program required an appropriation from the general fund this year. However, the district is focusing its efforts on improving the performance of the food service program.

Capital Assets

At June 30, 2013 the District has capital assets of over \$106 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, 2013 and 2012:

June 30, 2013:

	Governmental Activities	Business-Type Activities
Land	\$16,909,500	
Construction in Progress	2,942,467	
Land Improvements	3,780,173	
Buildings / Construction	80,112,147	
Machinery and Equipment	1,903,610	\$57,159
Vehicles	295,598	
Total	<u>\$105,943,495</u>	<u>\$57,159</u>

June 30, 2012:

	Governmental Activities	Business-Type Activities
Land	\$16,909,500	
Construction in Progress	541,600	
Land Improvements	3,956,000	
Buildings / Construction	81,533,229	
Machinery and Equipment	2,153,370	\$96,528
Vehicles	238,976	
Total	<u>\$105,332,675</u>	<u>\$96,528</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 8 to the basic financial statements.

Debt Administration and Other Obligations

At June 30, 2013 and 2012, the District's outstanding debt issues included \$59,095,000 and \$61,490,000 respectively of general obligation bonds (2013 refunding bonds, 2010 refunding bonds, 2002 bonds, and 2001 refunding bonds –last payment), \$5,957,313 and \$7,016,107 respectively of capital leases (Sun Trust Elementary HVAC, High School North Synthetic Turf Field, Savin Copiers, technology leases) and \$3,763,796 and \$3,653,713 respectively in compensated absences payable.

Additional information on the District's debt administration and other obligations can be found in Note 9 to the basic financial statements.

Economic Factors and Subsequent Year's Budgets

- The District anticipates that the approved 2013-2014 budget will be adequate to satisfy all 2013-2014 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 2013-2014.
- 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. The district's 2012-2013 state aid increase was \$851,022 and the 2013-2014 state aid increase was \$878,222. 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% of their operating budgets or less. 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

Government-Wide Financial Statements

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2013
(With Comparative Totals for June 30, 2012)

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2013	JUNE 30, 2012 (as restated)
Cash & Cash Equivalents	\$7,770,595	\$153,487	\$7,924,082	\$6,880,904
Cash on Hand with Fiscal Agent	475,044		475,044	759,193
Receivables, Net	2,423,528	44,765	2,468,293	2,009,275
Other Receivables	89,972		89,972	39,619
Prepaid Expenses	30,746		30,746	
Receivables from External Parties				1,409
Inventory		11,000	11,000	20,837
Restricted Assets:				
Restricted Cash & Cash Equivalents	7,913,896		7,913,896	9,568,051
Capital Assets, not Depreciated	23,547,153		23,547,153	17,451,100
Capital Assets, Net	82,396,342	57,159	82,453,501	87,978,103
Total Assets	124,647,276	266,411	124,913,687	124,708,491
Deferred Outflow of Resources				
Loss on Refunding of Long-Term Debt	2,112,320		2,112,320	1,447,043
Total Deferred Outflow of Resources	2,112,320	-	2,112,320	1,447,043
LIABILITIES				
Accounts Payable	\$1,626,615	\$174,866	\$1,801,481	\$852,711
Accrued Interest Payable	1,295,184		1,295,184	1,248,844
Other Liabilities	333,252		333,252	46,968
Internal Balances	6,282		6,282	
Payable to State Government	18,812		18,812	34,929
Unearned Revenue	676,230	34,386	710,616	1,061,184
Noncurrent Liabilities:				
Due Within One Year	4,636,305		4,636,305	4,278,796
Due Beyond One Year	64,196,260		64,196,260	67,881,024
Total Liabilities	72,788,940	209,252	72,998,192	75,404,456
Deferred Inflow of Resources				
Unamortized Bond Issuance Premium	4,008,480		4,008,480	3,642,302
Total Deferred Inflow of Resources	4,008,480	-	4,008,480	3,642,302
NET POSITION				
Net Investment in Capital Assets				
Related Debt	37,699,838	57,159	37,756,997	34,089,693
Restricted For:				
Debt Service	8,642		8,642	1
Other Purposes	14,169,378		14,169,378	15,578,258
Unrestricted	(1,915,682)		(1,915,682)	(2,559,176)
Total Net Position	\$49,962,176	\$57,159	\$50,019,335	\$47,108,776

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

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(With Comparative Totals for June 30, 2012)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTALS	
	INDIRECT EXPENSE ALLOCATION	CHARGES FOR OPERATING GRANTS & SERVICES CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2013	JUNE 30, 2012
Governmental Activities:						
Instruction:						
Regular	\$55,853,968	\$21,140,340	\$101,100	(\$73,568,997)	(\$73,568,997)	(\$48,098,137)
Special Education	13,619,245	5,992,289		(\$19,611,534)	(\$19,611,534)	(14,179,046)
Other Instruction	1,736,796	541,734		(\$2,278,530)	(\$2,278,530)	(1,564,961)
Support Services & Undistributed Costs:						
Tuition	4,494,803			(\$4,494,803)	(\$4,494,803)	(4,416,101)
Attendance & Social Work Services	49,198	21,824		(\$71,022)	(\$71,022)	(45,305)
Health Services	2,338,751	757,323		(\$3,096,074)	(\$3,096,074)	(2,335,154)
Student & Instruction Related Services	11,308,482	3,566,660	1,863,629	(\$13,011,513)	(\$13,011,513)	(8,897,097)
Educational Media Services/School Library	347,503	132,076		(\$479,579)	(\$479,579)	(367,428)
Instructional Staff Training	409,890	151,980		(\$561,870)	(\$561,870)	(413,988)
Other Administrative Services	2,099,068	722,835		(\$2,821,903)	(\$2,821,903)	(1,559,656)
Central Services	1,463,406	507,156		(\$1,970,562)	(\$1,970,562)	(1,448,439)
Administration Information Technology Services	812,568	334,010		(\$1,146,578)	(\$1,146,578)	(821,539)
School Administrative Services	5,773,251	2,555,585		(\$8,328,836)	(\$8,328,836)	(6,090,739)
Plant Operations & Maintenance	11,409,837	6,235,060	16,039	(\$17,628,858)	(\$17,628,858)	(12,104,765)
Pupil Transportation	9,477,122			(\$9,477,122)	(\$9,477,122)	(9,330,590)
Unallocated Benefits	38,895,076	(38,895,076)				(36,617,894)
Interest on Long-Term Debt & Other Bond Costs	3,117,269		1,423,843	(\$1,693,426)	(\$1,693,426)	(1,489,891)
Adjustment/Reduction of Fixed Assets						(1,237,424)
(Increase)/Reduction in Compensated Absences						(659,370)
Unallocated Depreciation	3,763,796	(3,763,796)				(3,688,594)
Amortization of Bond Issuance Costs						(40,488)
Total Governmental Activities	\$166,970,029	\$101,100	\$6,627,722	(\$160,241,207)	(\$160,241,207)	(\$155,406,606)

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

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (With Comparative Totals for June 30, 2012)

	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	PROGRAM REVENUES			
FUNCTIONS/PROGRAMS	INDIRECT EXPENSE ALLOCATION	CHARGES FOR SERVICES CONTRIBUTIONS	OPERATING GRANTS & GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
Business-Type Activities:				JUNE 30, 2013
Food Service				2012
Total Business-Type Activities				(as restated)
Total Primary Government				
Business-Type Activities:		596,849	(174,369)	(88,217)
Food Service	2,316,118	1,544,900	(174,369)	(174,369)
Total Business-Type Activities	2,316,118	1,544,900	(174,369)	(174,369)
Total Primary Government	\$169,286,147	\$1,646,000	\$7,224,571	(\$160,415,576)
			(\$160,415,576)	(\$155,494,823)
Taxes:				
Property Taxes, Levied for General Purposes, Net		125,004,269	125,004,269	123,791,116
Taxes Levied for Debt Service		4,104,906	4,104,906	4,224,494
Federal & State Aid Not Restricted		33,610,352	33,610,352	30,053,437
Tuition Received		24,225	24,225	97,300
Investment Earnings				154
Loss on Disposal of Assets		582,383	582,383	(1,363)
Miscellaneous Income		(120,174)	120,174	1,973,568
Transfers In/(Out)				
Total General Revenues		163,205,961	120,174	163,326,135
Change In Net Position		2,964,754	(54,195)	2,910,559
Net Position - July 1, Restated		46,997,422	111,354	47,108,776
Net Position- June 30		\$49,962,176	\$57,159	\$50,019,335
				\$47,108,776

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

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Fund Financial Statements

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013
(With Comparative Totals for June 30, 2012)**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	JUNE 30, 2013	(as restated) JUNE 30, 2012
Cash & Cash Equivalents	\$7,761,953			\$8,642	\$7,770,595	\$6,795,920
Cash on Hand with Fiscal Agent	475,044				475,044	759,193
Restricted Cash:						9,568,051
Capital Reserve	7,019,928				7,019,928	
Maintenance Reserve	893,968				893,968	
Due From Other Funds	508,062				508,062	228,458
Receivables From Other						
Governments	1,449,325	\$974,203			2,423,528	1,987,241
Other Receivables	67,131	22,841			89,972	39,619
Prepaid Expenses	30,746				30,746	
	<hr/>					
Total Assets	\$18,206,157	\$997,044		\$8,642	\$19,211,843	\$19,378,482
	<hr/>					
LIABILITIES & FUND BALANCES						
Liabilities:						
Accounts Payable	\$1,354,935	\$271,680			\$1,626,615	\$810,385
Intergovernmental - Accounts Payable		18,812			18,812	34,929
Other Liabilities	333,252				333,252	
Interfund Payable	6,282	508,062			514,344	227,049
Unearned Revenue	477,740	198,490			676,230	1,037,449
	<hr/>					
Total Liabilities	2,172,209	997,044			3,169,253	2,109,812
	<hr/>					
Fund Balances:						
Restricted for:						
Excess Surplus	1,998,169				1,998,169	2,843,146
Excess Surplus Designated for Subsequent Year	2,843,146				2,843,146	2,181,276
Capital Reserve	7,019,928				7,019,928	8,566,082
Maintenance Reserve	893,968				893,968	1,001,968
Debt Service				\$8,642	8,642	
Committed to:						
Other Purposes	68,609				68,609	116,960
Assigned to:						
Other Purposes	1,345,558				1,345,558	868,826
Unassigned:						
General Fund	1,864,570				1,864,570	1,690,412
	<hr/>					
Total Fund Balances	16,033,948			8,642	16,042,590	17,268,670
	<hr/>					
Total Liabilities & Fund Balances	\$18,206,157	\$997,044		\$8,642		
	<hr/>					
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:						
Capital assets used in governmental activities are not financial resources and therefore are not resources and therefore are not reported in the funds. The cost of the assets is \$163,476,630 and the accumulated depreciation is \$57,533,135.					105,943,495	105,332,675
Deferred amounts on Loss of Refunding Issues are amortized over the life of debt issues.					2,112,320	1,447,043
Deferred amounts of Premiums on debt issues are amortized over the life of debt issues.					(4,008,480)	(3,642,302)
Accrued interest payable is not recorded in the fund financial due to the fact that payable is not due in the current period.					(1,295,184)	(1,248,844)
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 Note 9)					(68,832,565)	(72,159,820)
					<hr/>	
Net position of Governmental Activities					\$49,962,176	\$46,997,422
	<hr/>					

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(With Comparative Totals for June 30, 2012)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	JUNE 30, 2013	JUNE 30, 2012
Revenues:						
Local Tax Levy	\$125,004,269			\$4,104,906	\$129,109,175	\$128,015,610
Tuition Charges	101,100				101,100	97,300
Miscellaneous	433,839	\$164,167		\$8,642	606,648	1,973,289
State Sources	33,646,510	1,002,489		1,423,843	36,072,842	31,538,558
Federal Sources	86,952	4,078,087			4,165,039	4,822,650
Total Revenues	159,272,670	5,244,743		5,537,391	170,054,804	166,447,407
Expenditures:						
Current:						
Regular Instruction	52,461,568	3,324,211			55,785,779	50,982,770
Special Education Instruction	13,599,811				13,599,811	14,179,046
Other Instruction	1,735,033				1,735,033	1,564,961
Support Services & Undistributed Costs:						
Tuition	4,494,803				4,494,803	4,416,101
Attendance & Social Work Services	49,127				49,127	45,305
Health Services	2,336,287				2,336,287	2,335,154
Student & Instruction Related Services	9,433,249	1,863,629			11,296,878	11,017,091
Educational Media Services/ School Library	347,073				347,073	367,428
Instructional Staff Training	409,396				409,396	413,988
Other Administrative Services	2,040,475				2,040,475	1,559,656
Central Services	1,461,756				1,461,756	1,448,439
Administration Information Technology Services	754,615	56,903			811,518	821,539
School Administrative Services	5,764,937				5,764,937	6,090,739
Plant Operations & Maintenance	11,600,767				11,600,767	12,104,765
Pupil Transportation	9,477,122				9,477,122	9,330,590
Unallocated Benefits	38,895,076				38,895,076	36,617,894
Debt Service:						
Principal				2,650,000	2,650,000	2,545,000
Interest				2,878,750	2,878,750	2,982,650
Capital Outlay	6,251,968				6,251,968	3,580,654
Total Expenditures	161,113,063	5,244,743		5,528,750	171,886,556	162,403,770
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,840,393)			8,641	(1,831,752)	4,043,637
Other Financing Sources/(Uses):						
Capital Leases (Nonbudgeted)	710,000				710,000	1,139,356
FEMA Reimbursements	15,846				15,846	
Transfers Out	(120,174)				(120,174)	
Total Other Financing Sources/ (Uses)	605,672				605,672	1,139,356
Net Change in Fund Balances	(1,234,721)			8,641	(1,226,080)	5,182,993
Fund Balance - July 1	17,268,669			1	17,268,670	12,085,677
Fund Balance - June 30	\$16,033,948	-	-	\$8,642	\$16,042,590	\$17,268,670

**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, 2013**

Total Net Change in Fund Balances - Governmental Funds (From B-2) (\$1,226,080)

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 changes in net position, 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	(\$3,763,796)	
Capital Outlays (net of Construction in Progress Transfers)	4,431,491	667,695

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

Bonds	2,650,000	
Capital Lease Payments	1,768,794	
Bonds Refunded	7,415,000	11,833,794

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

Bond and Lease Proceeds	(8,380,000)	
Adjustment for Refunding Bond Proceeds	255,000	(8,125,000)

Net difference of accrued interest on bonds and capital leases is not recorded in the fund financial statements. The increased change is a reduction. (46,340)

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:

Bond Issuance Costs	(101,443)	
Amortization of Loss on Refunding	(95,937)	
Amortization of Original Bond Issue Premium	241,479	44,099

In the statement of activities, only the gain / loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed. (-) (56,875)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (126,539)

Change in Net Position of Governmental Activities		\$2,964,754
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**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2013
 (With Comparative Totals for June 30, 2012)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE	
ASSETS	JUNE 30, 2013	JUNE 30, 2012
Current Assets:		
Cash & Cash Equivalents	\$153,487	\$84,984
Due from Other Governments	42,281	21,223
Other Receivables	2,484	811
Inventories	11,000	20,837
Total Current Assets	209,252	127,855
Long Term Assets:		
Furniture, Machinery & Equipment	835,931	829,431
Less: Accumulated Depreciation	(778,772)	(732,903)
Total Noncurrent Assets	57,159	96,528
Total Assets	266,411	224,383
LIABILITIES		
Current Liabilities:		
Accounts Payable	174,866	42,326
Unearned Revenue	34,386	23,735
Other Liabilities		46,968
Total Liabilities	209,252	113,029
NET POSITION		
Investment in Capital Assets	57,159	96,528
Unrestricted		14,826
Total Net Position	\$57,159	\$111,354

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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (With Comparative Totals for June 30, 2012)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE	
	JUNE 30, 2013	JUNE 30, 2012
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$548,021	\$1,015,246
Daily Sales - Nonreimbursable Programs	985,400	674,985
Miscellaneous	11,479	4,792
Total Operating Revenues	1,544,900	1,695,023
Operating Expenses:		
Cost of Sales	1,138,820	1,342,152
Rebates - Cost of Sales Offset	(132,075)	(181,407)
Salaries	711,036	760,542
Employee Benefits	272,562	299,668
Cleaning, Repair & Maintenance Services	47,872	71,045
Miscellaneous	145,763	94,484
General Supplies	86,271	31,329
Depreciation	45,869	49,805
Total Operating Expenses	2,316,118	2,467,618
Operating Income/(Loss)	(771,218)	(772,595)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	17,411	25,812
Federal Sources:		
National School Lunch Program	435,467	489,051
National School Breakfast Program	16,832	19,345
Food Distribution Program	127,139	150,170
Interest & Investment Revenue		154
Total Nonoperating Revenues/(Expenses)	596,849	684,532
Operating Transfer In:		
Board Contribution - General Fund	120,174	
Change in Net Position	(54,195)	(88,063)
Total Net Position - Beginning	111,354	199,417
Total Net Position - Ending	\$57,159	\$111,354

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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (With Comparative Totals for June 30, 2012)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE	
	JUNE 30, 2013	JUNE 30, 2012
Cash Flows From Operating Activities:		
Receipts from Customers	\$1,553,878	\$1,709,427
Payments to Employees	(711,036)	(760,542)
Payments for Employee Benefits	(272,562)	(299,668)
Payments to Suppliers	(1,064,103)	(1,206,112)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	(493,823)	(556,895)
Cash Flows From Noncapital Financing Activities:		
State Sources	15,987	27,912
Federal Sources	432,665	519,120
Transfer from other funds	120,174	
	<hr/>	<hr/>
Net Cash Provided/(Used) by Noncapital Financing Activities	568,826	547,032
Cash Flows From Capital & Related Financing Activities:		
Purchases of Capital Assets	(6,500)	(15,400)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Capital & Related Financing Activities	(6,500)	(15,400)
Cash Flows From Investing Activities:		
Interest & Dividends		154
	<hr/>	<hr/>
Net Cash Provided/(Used) by Investing Activities		154
Net Increase/(Decrease) in Cash & Cash Equivalents	68,503	(25,109)
Balances - Beginning of Year	84,984	110,093
	<hr/>	<hr/>
Balances - End of Year	\$153,487	\$84,984
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Operating Loss	(\$771,218)	(\$772,595)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Depreciation & Net Amortization	45,869	49,805
Food Distribution Program	127,139	150,170
(Increase)/Decrease in Accounts Receivable, Net	(1,673)	(594)
(Increase)/Decrease in Inventories	9,837	(2,173)
Increase/(Decrease) in Other Liabilities	(36,317)	(8,486)
Increase/(Decrease) in Accounts Payable	132,540	26,978
	<hr/>	<hr/>
Total Adjustments	277,395	215,700
Net Cash Provided/(Used) by Operating Activities	(\$493,823)	(\$556,895)
	<hr/> <hr/>	<hr/> <hr/>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013
(With Comparative Totals for June 30, 2012)**

	TRUST FUNDS	AGENCY FUNDS	JUNE 30, 2013	JUNE 30, 2012
ASSETS				
Cash & Cash Equivalents	\$1,098,720	\$1,217,364	\$2,316,084	\$2,092,889
Interfund Receivable		6,283	6,283	
Total Assets	<u>1,098,720</u>	<u>1,223,647</u>	<u>2,322,367</u>	<u>2,092,889</u>
LIABILITIES				
Accounts Payable	13,660		13,660	100,444
Payable for Student Related Activities		452,217	452,217	433,060
Payroll Deductions & Withholdings		771,430	771,430	792,701
Interfund Payable				1,409
Total Liabilities	<u>13,660</u>	<u>1,223,647</u>	<u>1,237,307</u>	<u>1,327,614</u>
NET POSITION				
Held in Trust for Unemployment Claims & Other Purposes	451,476		451,476	121,239
Reserved for Scholarships	633,584		633,584	644,036
Total Net Position	<u>\$1,085,060</u>		<u>\$1,085,060</u>	<u>\$765,275</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(With Comparative Totals for June 30, 2012)**

ADDITIONS:	PRIVATE PURPOSE		JUNE 30, 2013	JUNE 30, 2012
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND		
Contributions:				
Budgeted Appropriation	\$400,000		\$400,000	\$400,000
Other	130,708	\$58,658	189,366	228,139
Total Contributions	530,708	58,658	589,366	628,139
Investment Earnings:				
Interest		1	1	1,394
Net Investment Earnings		1	1	1,394
Total Additions	530,708	58,659	589,367	629,533
DEDUCTIONS:				
Quarterly Contribution Reports				
Unemployment Claims	200,471		200,471	676,301
Scholarships Awarded		69,111	69,111	67,080
Total Deductions	200,471	69,111	269,582	743,381
Change in Net Assets	330,237	(10,452)	319,785	(113,848)
Net Position - Beginning of the Year	121,239	644,036	765,275	879,123
Net Position - End of the Year	\$451,476	\$633,584	\$1,085,060	\$765,275

Notes to the Financial Statements

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies

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

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

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

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2013 and for the year then ended and for the year then ended with comparative totals as of and for the year ended June 30, 2012.

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, 2013 of 10,057 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, 2013**

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. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position 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 government-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 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 position 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 government-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

Government-Wide Financial Statements – The governmental wide 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, 2013**

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, 2013**

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, 2013**

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. The private purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

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, Student Activity Funds and Athletic Funds as Agency Funds.

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

E. Basis of Accounting:

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise funds are charges for sales of food, charges to other funds and tuition. Operating expenses for proprietary funds include the cost of sales, administrative expenses, expenses for the payment of insurance claims and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

The County Board of Taxation is responsible for the assessment of properties and the Township Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are delinquent as of the eleventh day of the eleventh month, meaning taxes are delinquent November 11. Taxes become a lien on the 1st day of the fiscal year.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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

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.

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 District made the following approved significant budget transfers during the 2012-2013 year:

<u>Account Number</u>	<u>Amount</u>
11-190-100-106 - Regular Programs – Undistributed Instruction	
Other Salaries for Instruction	\$2,362,765
11-212-100-106 – Multiple Disabilities –	
Other Salaries for Instruction	\$(374,302)
11-000-262-107 – Custodial Services –	
Salaries of Non-instructional Aides	\$(550,703)

These transfers were a result of a detailed analysis of the classification of paraprofessionals in the budget reclassifying paraprofessional costs to the appropriate budget lines and to cover a shortfall in this area.

11-190-100-640 – Regular Programs – Undistributed Instruction –	
Textbooks	\$309,392

This transfer was made to provide additional funds needed for a budgeted textbook adoption.

11-100-262-622 – Custodial Services – Energy	\$(594,500)
11-000-291-241 – Unallocated Benefits – Other Retirement Contributions	\$(346,591)
11-000-291-270 – Unallocated Benefits – Health Benefits	\$(1,192,633)

Transfers were made from these budget lines because it was identified that funds were available in these areas to cover unanticipated expenses in other budget lines.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) “revenues” from the budgetary comparison schedules	\$159,361,297	\$5,120,992
Difference – Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		38,662
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	1,641,067	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>(1,729,694)</u>	<u> </u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$159,272,670</u>	<u>\$5,159,654</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) “total outflows” from the budgetary comparison schedule	\$161,113,063	\$5,121,311
Differences – budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	<u> </u>	<u>123,432</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$161,113,063</u>	<u>\$5,244,743</u>

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

G. Encumbrances:

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

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

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

H. Cash, Cash Equivalents and Investments:

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

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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

I. Tuition Receivable/Payable

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

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2013, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2009-2010 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, 2013.

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. 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, 2013 for such salaries. There is, however, an accrual for part-time employees receiving compensation in July 2013 for hours worked in June.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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

M. Fixed Assets:

General fixed assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the government-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 government-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

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.

O. Unearned Revenue

Unearned revenue (formerly identified as “deferred revenue”) in the funds represent cash, which has been received but not yet earned.

P. Long-Term Obligations

In government-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred. In the government-wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

Q. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Restricted 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 has been classified as fund balance restricted for subsequent year's expenditures.

R. Accounting Changes

Change in Accounting Principles – As the result of implementing Governmental Accounting Standards Board (GASB) Statement Nos. 63 and 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2012 by \$610,700. The decrease results from no longer deferring and amortizing bond issuance costs. The effect of this change, as of June 30, 2013, is a decrease of \$610,700 in items previously classified as assets and a corresponding decrease in net position. Furthermore, the District has restated its long-term liabilities to reflect that a component of those liabilities as of June 30, 2012 – deferred charges on refunding – is now reported as a deferred outflow of resources and the unamortized bond issuance premiums as a deferred inflow of resources on the government-wide Statement of Net Position. The effect of this change, as of June 30, 2013, is a decrease of \$2,195,259 in long-term liabilities and a corresponding increase in deferred outflows of resources of \$1,447,043 and decrease in deferred inflows of resources of \$3,642,302.

S. Recent Accounting Pronouncements Not Yet Effective

In April 2012, GASB issued Statement No. 66 “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”. This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In June 2012, GASB issued Statement No. 67 “Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25”. This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the District's financial reporting.

In June 2012, GASB issued Statement No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the District's financial reporting.

In January 2013, GASB issued Statement No. 69 “Government Combinations and Disposals of Government Operations”. This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the District's financial reporting.

In April 2013, GASB issued Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees”. This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the District's financial statements.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2013, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$18,629,163</u>
Total Deposits	<u>\$18,629,163</u>

Type	Carrying Value
-------------	-----------------------

Reconciliation of Statements of Net Position:

Governmental Funds	\$16,159,535
Proprietary Fund	153,487
Fiduciary Fund	<u>2,316,141</u>
Total Cash and Cash Equivalents	<u>\$18,629,163</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$21,402,770 at June 30, 2013. Of the bank balance \$500,000 was fully insured by depository insurance and \$20,902,770 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, 2013, 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.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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

- 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;
- 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, 2013, all of the District’s investments are with NJARM, New Jersey Cash Management Fund.

Note 3. Intergovernmental Accounts Receivable

Intergovernmental Accounts Receivable at June 30, 2013 consisted of Federal source, State Source, Local Source, transportation, and other revenue. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows.

	Governmental Fund Financial Statements	Business Type Activities
General Fund		
Federal Aid:		
Education Jobs	\$1,788	
State aid:		
Extraordinary Special Education Aid	1,071,486	
TPAF FICA Reimbursement	262,955	
Non Public Transportation	113,096	
	\$1,449,325	
Special Revenue Fund		
Federal Aid:		
Title I Part A	\$96,161	
Title II Part A	42,752	
Title III Part A	810	
IDEA Part B Basic Regular	735,008	
IDEA Part B Basic Preschool	68,390	
IDEA Part B Basic Preschool Carryover	19,336	
Race to the Top	5,304	
State aid:		
Home Instruction	6,123	
Chapter 193 - Annual Exam & Class	319	
	\$974,203	
	\$2,423,528	
Proprietary Fund		
Food Service Fund:		
State Source		\$2,438
Federal Source		\$39,843

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 4. Governmental Unit Deposit Protection Act (GUDPA)

The District has deposited cash in 2013 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 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 prorata 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.

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 4. Governmental Unit Deposit Protection Act (GUDPA) (continued):

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 5. 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, 2013 the District's Long Range Facilities Plan projected total cost is \$274,936,376.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$8,566,082
Increased by:	
Contributions	1,600,000
Decreased by:	
Withdrawals	<u>(3,146,154)</u>
Ending Balance, June 30, 2013	<u>\$7,019,928</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 6. 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. The activity of the maintenance reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$1,001,968
Decreased by:	
Withdrawals	<u>(108,000)</u>
Ending Balance, June 30, 2013	<u>\$ 893,968</u>

Note 7. Transfers to Capital Projects

During the year ending June 30, 2013, the District transferred \$ -0- to the capital projects fund for NJSCC grants.

Note 8. Capital Assets

The following schedule is a summarization of the general capital assets by source for the fiscal year ended June 30, 2013:

	June 30, 2012	Transfer/ Additions	Transfers/ Deletions	June 30, 2013
Land	\$ 16,909,500			\$ 16,909,500
Land Improvements	<u>6,569,838</u>	\$67,815		<u>6,637,653</u>
Subtotal	23,479,338	67,815		23,547,153
Construction	129,641,878	1,579,337	\$(123,606)	131,097,609
Construction in Progress	541,600	2,942,467	(541,600)	2,942,467
Machinery & Equipment	4,622,846	277,208	(125,172)	4,774,882
Licensed Vehicles	<u>1,008,255</u>	<u>106,264</u>		<u>1,114,519</u>
Subtotal	159,293,917	4,973,091	(790,378)	163,476,630
Accumulated Depreciation	<u>(53,961,242)</u>	<u>(3,763,796)</u>	191,903	<u>(57,533,135)</u>
Total	<u>\$105,332,675</u>	<u>\$1,209,295</u>	<u>\$(598,475)</u>	<u>\$105,943,495</u>

Depreciation expense is charged to governmental functions as follows:

Regular Instruction	\$ 180,719
Special Education	18,677
General Administrative Services	194,853
Administrative information technology	11,229
Plant Operation & Maintenance	<u>3,358,318</u>
	<u>\$ 3,763,796</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 8. Capital Assets (continued):

The following is a summary of proprietary fund type capital assets at June 30, 2013:

	June 30, 2012	Additions	June 30, 2013
Machinery and Equipment	\$829,431	\$ 6,500	\$835,931
Less: Accumulated Depreciation	<u>(732,903)</u>	<u>(45,869)</u>	<u>(778,772)</u>
Net Capital Assets	<u>\$ 96,528</u>	<u>\$(39,369)</u>	<u>\$ 57,159</u>

Note 9. Long-Term Debt

During the fiscal year ended June 30, 2013 the following changes occurred in liabilities reported in the long-term debt:

	Balance 6/30/12	Accrued/ Increases	Retired/ Decreases	Net Adjustment	Balance 6/30/13	Due Within One Year
Compensated Absences Payable	\$ 3,653,713	\$ 287,656	(\$161,117)		\$ 3,780,252	
Bonds Payable	63,685,259	7,670,000	(10,065,000)	(\$2,195,259)	59,095,000	\$2,805,000
Obligations Under Capital Leases	<u>7,016,107</u>	<u>710,000</u>	<u>(1,768,794)</u>		<u>5,957,313</u>	<u>1,831,305</u>
Total	<u>\$74,355,079</u>	<u>\$8,764,680</u>	<u>\$12,091,935</u>	<u>(\$2,195,259)</u>	<u>\$68,832,565</u>	<u>\$4,636,305</u>

The District expects to liquidate the compensated absences and lease obligations with payments made from the District's general fund and the bonds payable from the debt service fund. The net adjustment reflects the net value of the unamortized Loss on Refunding of Long Term Debt and Unamortized Bond Issuance Premiums at June 30, 2012 which is now presented on Exhibit A-1 as Deferred Inflow and Outflows of Resources as per new GASB 63.

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, 2013**

Note 9. Long-Term Debt (continued):

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 340,000	\$ 36,800	\$ 376,800
2015	360,000	22,800	382,800
2016	<u>390,000</u>	<u>7,800</u>	<u>397,800</u>
Total	<u>\$1,090,000</u>	<u>\$ 67,400</u>	<u>\$1,157,400</u>

Advance Refunding of School Bonds, Series 2001

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

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 2,420,000	\$2,403,150	\$4,823,150
2015	2,510,000	2,304,550	4,814,550
2016	2,610,000	2,197,050	4,807,050
2017	2,725,000	2,071,625	4,796,625
2018	2,855,000	1,932,125	4,787,125
2019-2023	16,470,000	7,321,000	23,791,000
2024-2028	<u>20,745,000</u>	<u>2,689,625</u>	<u>23,434,625</u>
Total	<u>\$50,335,000</u>	<u>\$20,919,125</u>	<u>\$71,254,125</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 9. Long-Term Debt (continued):

Advance Refunding of School Bonds, Series 2002

During January 2013, the Board of Education had a partial defeasance of the 2002 Series Bonds. The Board issued \$7,670,000 of general obligation refunding bonds Series 2013 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 2002 school bonds generated \$764,846 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 \$653,867, or a net annual present value savings of 2.1120%.

Principal and interest due on Refunding School Bonds, Series 2013 is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 45,000	\$ 233,772	\$ 278,772
2015	40,000	241,905	281,905
2016	40,000	241,205	281,205
2017	450,000	234,055	684,055
2018	480,000	220,105	700,105
2019-2023	2,865,000	815,350	3,680,350
2024-2028	<u>3,750,000</u>	<u>281,307</u>	<u>4,031,307</u>
Total	<u>\$ 7,670,000</u>	<u>\$ 2,267,699</u>	<u>\$9,937,699</u>

The following schedule reflects the Debt requirements until 2028:

	Principal	Interest	Total
Bond Series 2002	\$ 1,090,000	\$ 67,400	\$ 1,157,400
Bond Series 2010	50,335,000	20,919,125	71,254,125
Bond Series 2013	<u>7,670,000</u>	<u>2,267,699</u>	<u>9,937,699</u>
Total	<u>\$59,095,000</u>	<u>\$23,254,224</u>	<u>\$82,349,224</u>

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 9. Long-Term Debt (continued):

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, 2013:

Year	Amount
2014	\$2,023,214
2015	1,514,843
2016	1,529,355
2017	<u>1,346,411</u>
Total Minimum Lease Payments	6,413,823
Less: Amount Representing Interest	<u>456,510</u>
Present Value of Net Minimum Lease Payments	<u>\$5,957,313</u>

The following schedule is a summarization of the gross amount of assets acquired under capital leases by major asset class for the fiscal year ended June 30, 2013:

Construction	\$ 653,828
Furniture and Equipment	<u>340,514</u>
	<u>\$994,342</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.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 10. Pension Plans (continued):

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 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.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 10. Pension Plans (continued):

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 6.5% 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.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/13	\$1,607,376	100%	\$1,607,376
6/30/12	1,812,278	100%	1,812,278
6/30/11	1,753,523	100%	1,753,523

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
6/30/13	\$9,789,347	100%	-0-
6/30/12	6,907,051	100%	-0-
6/30/11	4,795,214	100%	-0-

During the year ended June 30, 2013 the State of New Jersey contributed \$9,789,347 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 \$5,249,796 for the year ended June 30, 2013 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.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

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:

Fiscal Year	District Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2012-2013	\$530,708	\$-0-	\$200,471	\$451,476
2011-2012	557,034	187	676,301	121,239
2010-2011	127,538	1,096	913,426	240,319

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2013 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

Note 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, 2013:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$508,062	\$ 6,282
Trust & Agency Fund	6,282	
Special Revenue Fund	<u> </u>	<u>508,062</u>
Total	<u>\$514,344</u>	<u>\$514,344</u>

The purposes of these interfunds are short-term borrowings that are expected to be repaid within one year.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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.
- 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 \$16,033,948 General Fund fund balance at June 30, 2013, \$7,019,928 has been restricted for the Capital Reserve Account; \$893,968 has been restricted as maintenance reserve; \$68,609 has been committed for other purposes; \$2,843,146 is restricted for subsequent year's expenditures; \$1,345,558 has been assigned for other purposes; \$1,998,169 is restricted for excess surplus; and \$1,864,570 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 restricted fund balance when expenditures are made.

Debt Service Fund – the total Debt Service Fund fund balance at June 30, 2013, \$8,642 is restricted for Debt Service use only.

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.

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 18. Deferred Compensation (continued):

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	Security Benefit/NEA value builder

Note 19. 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 position 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, 2013 is \$3,780,252.

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, 2013 no liability existed for compensated absences in the proprietary fund types.

Note 20. Calculation of Excess Surplus

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Excess Surplus 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, 2013 is \$1,998,169.

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 21. Subsequent Events

On August 15, 2013, the District entered into an Equipment Lease/Purchase Agreement with a government leasing and finance corporation for the purpose of financing technology equipment. Tot total principal amount of the lease was \$1,350,000. The District will make annual principal and interest payments beginning on January 15, 2014 and ending January 15, 2018 at an interest rate of 1.147%.

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2013 through November 12, 2013, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

Required Supplementary Information – Part II

Budgetary Comparison Schedules

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

ACCOUNT NUMBERS	JUNE 30, 2013			JUNE 30, 2012			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
11-110-100-101	2,551,645	136,758	2,688,403	2,551,645	(28,439)	2,523,206	12,700
11-120-100-101	19,121,597	(66,675)	19,054,922	18,392,299	\$111,651	18,503,950	282
11-130-100-101	11,046,887	(117,709)	10,929,178	11,164,829	(509,259)	10,655,570	31,669
11-140-100-101	14,114,907	277,074	14,391,981	14,167,066	(170,000)	13,997,066	9,104
11-150-100-101	100,000	17,685	117,685	90,000	37,511	127,511	89
11-150-100-320	39,734	7,999	47,733	20,000	22,295	42,295	24,168
11-190-100-106		2,362,765	2,362,765	9,500		9,500	8,847
11-190-100-320	278,511		278,511	293,261		293,261	35,071
11-190-100-340	23,500	(2,000)	21,500	23,500		23,500	13,629
11-190-100-580	2,208,966	110,275	2,319,241	1,989,855	77,385	2,067,240	96,850
11-190-100-610	954,983	309,392	1,264,375	202,502	(74,320)	128,182	40,897
11-190-100-640			381,169		6,938	6,938	6,776
11-190-100-890						162	
Total Regular Programs - Instruction	50,440,730	3,035,564	53,476,294	48,904,457	(526,238)	48,378,219	280,082
Learning and/or Language Disabilities:							
Salaries of Teachers	1,393,281	(102,743)	1,290,538	1,161,011	215,896	1,376,907	442
Other Salaries for Instruction	1,083,603	(158,019)	925,584	1,083,603	(62,695)	1,020,908	20,236
General Supplies	6,250	300	6,550	5,200	375	5,575	2,648
Textbooks			4,784			2,927	
Total Learning and/or Language Disabilities	2,483,134	(260,462)	2,222,672	2,249,814	153,576	2,403,390	23,326

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

ACCOUNT NUMBERS	JUNE 30, 2013				JUNE 30, 2012				VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
	VARIANCE FINAL TO ACTUAL OVER/ (UNDER)				VARIANCE FINAL TO ACTUAL OVER/ (UNDER)				
Behavioral Disabilities:									
Salaries of Teachers	200,940	(11,160)	189,780	189,780	201,590	11,833	213,423	213,422	1
Other Salaries for Instruction	92,806	(14,500)	78,306	71,389	92,806	39,697	132,503	130,409	2,094
General Supplies	4,950	(1,000)	3,950	274	3,825	(500)	3,325	548	2,777
Textbooks					3,300		3,300		3,300
Total Behavioral Disabilities	298,696	(26,660)	272,036	261,443	301,521	51,030	352,551	344,379	8,172
Multiple Disabilities:									
Salaries of Teachers	256,621	(23,168)	233,453	233,453	227,811		227,811	168,585	59,226
Other Salaries for Instruction	723,060	(374,302)	348,758	348,758	723,060	25,883	748,943	737,238	11,705
General Supplies	3,500	(1,000)	2,500	1,405	3,500	1,600	5,100	2,998	2,102
Total Multiple Disabilities	983,181	(398,470)	584,711	583,616	954,371	27,483	981,854	908,821	73,033
Resource Room/Resource Center									
Salaries of Teachers	7,479,145	226,798	7,705,943	7,705,943	7,789,429	(194,500)	7,594,929	7,591,119	3,810
Other Salaries for Instruction	185,194	(137,000)	48,194	47,608	87,848		87,848	69,546	18,302
General Supplies	2,001	65,369	67,370	65,737	2,400	4,498	6,898	6,175	723
Textbooks	1,000		1,000						
Total Resource Room/Resource Center	7,667,340	155,167	7,822,507	7,819,288	7,879,677	(190,002)	7,689,675	7,666,840	22,835
Autism:									
Salaries of Teachers	502,640	221,000	723,640	722,147	575,550	1,007	576,557	576,557	
Other Salaries for Instruction	1,220,391	(242,460)	977,931	977,931	1,220,391		1,220,391	1,199,587	20,804
General Supplies	7,000		7,000	5,499	3,050		3,050	2,132	918
Total Autism	1,730,031	(21,460)	1,708,571	1,705,577	1,798,991	1,007	1,799,998	1,778,276	21,722
Preschool Disabilities - Full Time:									
Salaries of Teachers	494,250	(6,663)	487,587	487,587	439,000	65,912	504,912	504,912	
Other Salaries for Instruction	410,759	(109,845)	300,914	300,914	350,486	134,115	484,601	475,567	9,034
General Supplies	9,000		9,000	4,662	3,000		3,000	1,496	1,504
Total Preschool Disabilities - Full Time	914,009	(116,508)	797,501	793,163	792,486	200,027	992,513	981,975	10,538

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

ACCOUNT NUMBERS	JUNE 30, 2013			JUNE 30, 2012			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
	ACTUAL	ACTUAL	OVER/ (UNDER)	ACTUAL	ACTUAL	OVER/ (UNDER)	
Home Instruction: Salaries of Teachers	100,000	45,556	145,556	100,000		100,000	80,189
Purchased Educational Services	102,260	(8,000)	94,260	90,000	(12,777)	77,223	38,502
Total Home Instruction -	202,260	37,556	239,816	190,000	(12,777)	177,223	118,691
Total Special Education	14,278,651	(630,837)	13,647,814	14,166,860	230,344	14,397,204	14,179,046
School Sponsored Curricular Activities: Salaries	440,613	(14,036)	426,577	440,613		440,613	419,978
Total School Sponsored Curricular Activities	440,613	(14,036)	426,577	440,613		440,613	419,978
School Sponsored Athletics - Instruction: Salaries	829,332	(19,432)	809,900	772,695		772,695	753,057
Supplies and Materials	320,722	(4,056)	316,666	141,625	(17,000)	124,625	102,198
Other Objects	428,928	(25,641)	403,287	409,291	(26,142)	383,149	284,097
Total School Sponsored Athletics - Instruction	1,578,982	(49,129)	1,529,853	1,323,611	(43,142)	1,280,469	1,139,352
Alternative Education Programs - Instruction: General Supplies	11,798		11,798	9,250	77	9,327	4,942
Textbooks	4,145		4,145	4,149		4,149	689
Total Alternative Education Programs - Instruction	15,943		15,943	13,399	77	13,476	5,631

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

ACCOUNT NUMBERS	JUNE 30, 2013				JUNE 30, 2012				VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Health Services:									
Salaries	1,614,738	90,071	1,704,809	1,704,809	1,702,263		1,702,263	1,652,565	49,698
Purchased Professional & Technical Services	708,555	21,000	729,555	583,509	661,575	7,073	668,648	618,594	50,054
Supplies and Materials	53,140		53,140	32,563	47,040	(3,662)	43,378	29,299	14,079
Other Objects	36,710		36,710	15,406	30,000	11,405	41,405	34,696	6,709
Total Health Services	2,413,143	111,071	2,524,214	2,336,287	2,440,878	14,816	2,455,694	2,335,154	120,540
Other Support Services - Related Services:									
Salaries	1,669,790	(169,285)	1,500,505	1,500,505	1,552,307	(108,000)	1,444,307	1,444,055	252
Purchased Professional - Educational Services	903,389	192,066	1,095,455	1,082,810	860,220	36,862	897,082	868,692	28,390
Supplies and Materials	32,060	11,000	43,060	35,247	31,300	(8,752)	22,548	21,601	947
Total Other Support Services - Students - Related Services	2,605,239	33,781	2,639,020	2,618,562	2,443,827	(79,890)	2,363,937	2,334,348	29,589
Other Support Services - Students - Regular:									
Salaries of Other Professional Staff	1,965,980	(97,000)	1,868,980	1,868,397	2,091,055	(149,000)	1,942,055	1,932,662	9,393
Salaries of Secretarial & Clerical Assistants	271,370	592	271,962	271,962	273,270		273,270	265,023	8,247
Purchased Professional - Educational Services	37,500		37,500	25,000	36,000	(951)	35,049	29,550	5,499
Total Other Support Services - Students - Regular	2,274,850	(96,408)	2,178,442	2,165,359	2,400,325	(149,951)	2,250,374	2,227,235	23,139
Other Support Services - Students - Special Services:									
Salaries of Other Professional Staff	3,941,770	(91,777)	3,849,993	3,849,993	3,592,276	206,623	3,798,899	3,542,480	256,419
Salaries of Secretarial & Clerical Assistants	416,365	(16,100)	400,265	398,889	448,923	27,277	476,200	471,657	4,543
Purchased Professional - Technical Services	220,606	17,815	238,421	200,520	186,000	30,378	216,378	177,688	38,690
Miscellaneous Purchased Services	11,501		11,501	6,215	10,300	1,000	11,300	6,452	4,848
Supplies and Materials	43,065	(10,000)	33,065	21,542	37,900	(13,028)	24,872	16,155	8,717
Other Objects	2,000		2,000	168	2,000		2,000	2,000	2,000
Total Other Support Services - Students - Special Services	4,635,307	(100,062)	4,535,245	4,477,327	4,277,399	252,250	4,529,649	4,214,432	315,217

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

ACCOUNT NUMBERS	JUNE 30, 2013			JUNE 30, 2012			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Improvement of Instruction Services/Other Support							
Services - Instructional Staff:							
Salaries of Supervisor of Instruction	129,231	9,926	139,157	113,512		113,512	89,491
Purchased Professional - Educational Services	8,400		8,400	8,400		8,400	8,400
Supplies and Materials	43,338	(1,255)	32,844	49,065	(4,115)	44,950	31,591
Total Improvement of Instruction Services/Other Support	180,969	8,671	189,640	170,977	(4,115)	166,862	121,082
Services - Instructional Staff							45,780
Educational Media Services/School Library:							
Salaries	266,242	31,074	297,316	284,847	39,635	324,482	324,480
Supplies and Materials	64,717	(11,497)	53,220	67,838	(3,281)	64,557	42,948
Total Educational Media Services/School Library	330,959	19,577	350,536	352,685	36,354	389,039	367,428
Total Instructional Staff Training Services							21,611
Instructional Staff Training Services:							
Salaries of Other Professional Staff	241,500	109,302	350,802	388,550	(43,000)	345,550	345,291
Purchased Professional - Educational Services	424,520	(175,718)	248,802	257,482		257,482	259
Other Purchased Services	72,090	(26,421)	45,669	57,440	(15,607)	41,833	28,214
Total Instructional Staff Training Services	83,631	(16,105)	67,526	37,881	32,468	70,349	40,483
Total Instructional Staff Training Services	821,741	(108,942)	712,799	483,871	(26,139)	457,732	413,988
Support Services General Administration:							
Salaries	1,178,014	10,526	1,188,540	692,244		692,244	643,725
Legal Services	314,432	74,259	388,691	240,000	147,876	387,876	323,866
Audit Services	85,000		85,000	41,537	4,383	45,920	3,420
Architecture/Engineering Services	44,795	14,000	58,795	32,386	8,000	40,386	6,620
Purchased Technical Services	221,035	107,342	328,377	457,000	(296)	32,090	19,490
Communications/Telephone	2,500	(561)	1,939	2,500	(7,819)	449,181	427,816
Other Purchased Services	2,000	(670)	1,330	2,500		2,500	1,900
Misc. Purchased Services	1,122	4,700	5,822	1,000	476	476	476
General Supplies	10,000	5,668	15,668	5,000		5,000	758
BOE In House Training	15,100	6,695	21,795	61,800	(27,504)	34,296	84,534
Judgments Against School District	27,200	(318)	26,882	27,330		27,330	20,388
Miscellaneous Expenditures							26,663
BOE Membership Dues & Fees							667
Total Support Services General Administration	1,901,198	221,168	2,122,366	1,560,797	205,116	1,765,913	1,559,656
Total Support Services General Administration							206,257

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

ACCOUNT NUMBERS	JUNE 30, 2013			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)	JUNE 30, 2012			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Support Services School Administration:								
Salaries of Principals & Assistant Principals	3,708,557	(38,000)	3,670,557	1,356	3,774,066	(30,000)	3,744,066	3,736,415
Salaries of Other Professional Staff	518,262	43,537	561,799		685,887	(14,200)	671,687	666,712
Salaries of Secretarial & Clerical Assistants	1,492,434	29,440	1,521,874		1,609,878	59,085	1,668,963	1,668,896
Other Objects	21,000		21,000	8,937	18,900	3,100	22,000	18,716
Total Support Services School Administration	5,740,253	34,977	5,775,230	10,293	6,088,731	17,985	6,106,716	6,090,739
Central Services:								
Salaries	1,129,891	11,768	1,141,659		1,093,889	(60,000)	1,033,889	1,029,154
Purchased Professional Services	66,500	18,300	84,800	536	119,500	3,409	122,909	119,415
Miscellaneous Purchased Services	74,966	(31,954)	43,012	11,441	54,500	8,980	63,480	49,792
Lease Purchase Interest - Copiers	15,107		15,107		24,317		24,317	24,317
Interest on Lease Purchase Agreements	174,762		174,762		211,423		211,423	211,422
Miscellaneous Expenditures	13,212	1,984	15,196	803	10,000	5,640	15,640	14,339
Total Central Services	1,474,438	98	1,474,536	12,780	1,513,629	(41,971)	1,471,658	1,448,439
Administrative Information Technology:								
Salaries	784,834	(58,000)	726,834	223	743,883		743,883	728,067
Purchased Technical Services	37,009		37,009	10,191	46,425	25,000	71,425	53,242
Other Purchased Services	5,000		5,000	4,359				
Other Objects	2,400		2,400	1,855	2,500		2,500	509
Total Administrative Information Technology	829,243	(58,000)	771,243	16,628	792,808	25,000	817,808	781,818
Required Maintenance for School Facilities:								
Salaries	1,884,708	109,419	1,994,127	308	1,929,829	13,362	1,943,191	1,943,175
Cleaning, Repair & Maintenance Services	443,412	116,720	560,132	4,930	294,310	82,320	376,630	365,429
Travel		1,625	1,625	851				
General Supplies	435,522	42,937	478,459	27,447	266,352	96,741	363,093	360,524
Total Required Maintenance for School Facilities	2,763,642	270,701	3,034,343	33,536	2,490,491	192,423	2,682,914	2,669,128

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

ACCOUNT NUMBERS	JUNE 30, 2013			JUNE 30, 2012			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Custodial Services:							
Salaries	3,324,223	11,009	3,335,232	3,354,598	(52,028)	3,302,570	3,269,395
Salaries of Non-Instructional Aids	872,336	(550,703)	321,633	652,336	505,616	1,157,952	1,139,475
Purchased Professional & Technical Services	26,678	(8,996)	17,682	26,936	(11,809)	15,127	5,616
Cleaning, Repair & Maintenance Services	358,719	(33,348)	325,371	334,907	(17,867)	317,040	310,026
Other Purchased Property Services	175,000	305	175,305	173,400	15,000	188,400	176,450
Insurance	950,495	98,049	1,048,544	898,370	9,618	907,988	870,392
Travel	1,101	1,101	713	388	345	345	285
General Supplies	351,564	34,433	385,997	318,980	14,729	333,709	333,464
Energy (Natural Gas)	507,162	(7,201)	499,961	550,000	(5,340)	544,660	289,338
Energy (Electricity)	2,829,226	(594,500)	2,234,726	2,994,629	(114,106)	2,880,523	2,128,004
Other Objects	68,501	(1,250)	67,251	59,791	7,055	66,846	66,846
Total Custodial Services	9,463,904	(1,051,101)	8,412,803	9,363,947	351,213	9,715,160	8,589,291
Care & Upkeep of Grounds:							
Salaries	602,518	(60,892)	541,626	575,518	(2,309)	575,518	494,683
Cleaning, Repair & Maintenance	49,550	(18,831)	30,719	36,925	34,616	34,616	34,609
General Supplies	76,910	(2,541)	74,369	53,621	12,258	65,879	62,842
Total Care & Upkeep of Grounds	728,978	(82,264)	646,714	666,064	9,949	676,013	592,134
Security:							
Salaries	298,386	(14,866)	283,520	281,051		281,051	254,212
Purchased Professional & Technical Services	5,512	55,586	55,586	5,512	5,512	5,512	5,512
General Supplies	303,898	40,720	344,618	281,051	5,512	286,563	254,212
Total Security:	303,898	40,720	344,618	281,051	5,512	286,563	254,212
Total	11,496,686	(1,745,661)	9,751,025	10,319,571	(522,535)	10,391,173	9,881,485

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

ACCOUNT NUMBERS	JUNE 30, 2013			JUNE 30, 2012			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	
Student Transportation Services: Salaries for Pupil Transportation (Between Home & School) - Regular	156,002		156,002	155,402	600	157,284	157,284
Contracted Services (Between Home & School) - Vendors	4,635,281	(101,000)	4,534,281	4,353,542	180,739	4,492,023	4,347,242
Contracted Services (Other Than Between Home & School) - Vendors	310,642		310,642	284,135	26,507	384,553	278,901
Contracted Services (Between Home & School) - Joint Agreements	800,000		800,000	726,325	73,675	780,000	713,673
Contracted Services (Special Education Students) - Vendors	3,947,546	(97,369)	3,850,177	3,836,112	14,065	4,327,061	3,713,250
Contracted Services - Aid in Lieu - Nonpublic Travel	151,410		151,410	111,369	40,041	132,600	113,790
General Supplies	425	1,500	1,925	1,532	393	1,953	379
Miscellaneous Expenditures	13,981	(1,825)	12,156	8,380	3,776	10,800	6,036
Total Student Transportation Services	10,015,287	(198,369)	9,816,918	9,477,122	339,796	10,287,274	9,330,590
Unallocated Benefits - Employee Benefits: Social Security Contributions	1,600,000		1,600,000	1,556,591	43,409	1,718,272	1,637,501
Other Retirement Contributions	2,052,995	(346,591)	1,706,404	1,613,658	92,746	1,899,669	1,812,278
Unemployment Compensation	400,000		400,000	400,000		400,000	400,000
Workman's Compensation	1,115,289		1,115,289	973,482	141,807	1,076,989	919,641
Health Benefits	20,425,114	(1,192,633)	19,232,481	18,464,262	768,219	21,856,706	19,198,516
Other Health Benefits	772,136	75,804	847,940	847,940		726,963	726,963
Total Unallocated Benefits - Employee Benefits	26,365,534	(1,463,420)	24,902,114	23,855,933	1,046,181	27,678,599	24,694,899
Nonbudgeted: On-Behalf TPAF Pension Contributions				9,789,347	(9,789,347)		6,907,051
Reimbursed TPAF Social Security Contributions				5,249,796	(5,249,796)		5,015,944
Total Undistributed Expenditures	77,401,619	(2,227,193)	75,174,426	87,064,683	(11,890,257)	78,921,447	84,408,974
Total Unallocated Benefits							2,983,700

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

ACCOUNT NUMBERS	JUNE 30, 2013				JUNE 30, 2012				VARIANCE FINAL TO ACTUAL OVER/ (UNDER)	
	ORIGINAL BUDGET		FINAL BUDGET		ORIGINAL BUDGET		FINAL BUDGET			
	BUDGET	TRANSFERS	BUDGET	ACTUAL	BUDGET	TRANSFERS	BUDGET	ACTUAL		
Total Expenditures - Current Expense	144,156,538	114,369	144,270,907	154,861,095	(10,590,188)	143,376,741	54,687	143,431,428	148,251,118	(4,819,690)
Equipment:										
Grades 1 - 5						8,100	1,000	9,100	6,985	2,115
Grades 6 - 8	12,689	(2,600)	10,089	6,624	3,465	27,071		27,071	21,487	5,584
Grades 9 - 12	128,588	(2,261)	126,327	83,810	42,517	57,798	6,815	64,613	57,795	6,818
Special Education - Instruction: Multiple Disabilities	25,000		25,000	22,740	2,260	50,000		50,000	27,328	22,672
School Sponsored - Other Instruction Programs Undistributed Expenditures:	55,650	29,697	85,347	51,897	33,450	47,650	47,650	47,650	16,563	31,087
Instruction	306,838		306,838	306,838		787,516		787,516	480,678	306,838
Central Services	189,990	1	189,991	189,990	1	180,780		180,780	180,780	
Care & Upkeep of Grounds						146,068		146,068	146,068	
Noninstructional Services	267,200	(29,418)	237,782	237,782		35,000	201,092	236,092	232,940	3,152
Total Equipment	985,955	(4,581)	981,374	899,681	81,693	1,146,265	402,625	1,548,890	1,170,624	378,266
Facilities Acquisition & Construction Services:										
Architecture & Engineering Services	254,646		254,646	228,746	25,900	19,500	19,500	19,500	14,394	5,106
Other Purchased Professional/ Technical Services	4,369,685		4,369,685	3,489,341	880,344	50,000	13,055	63,055	61,098	1,957
Construction Services	921,599		921,599	897,000	24,599	935,000		935,000	935,000	
Lease Purchase Agreement - Principal	27,200		27,200	27,200		19,820	19,820	19,820	19,820	
Other Objects	5,573,130		5,573,130	4,642,287	930,843	1,152,885	194,312	1,347,197	1,270,674	76,523
Total Facilities Acquisition & Construction Services				710,000	(710,000)				1,139,356	(1,139,356)
Assets Acquired Under Capital Leases (Non-Budgeted): School Administration				710,000	(710,000)				1,139,356	(1,139,356)
Total Assets Acquired Under Capital Leases (Nonbudgeted)	6,559,085	(4,581)	6,554,504	6,251,968	302,536	2,299,150	596,937	2,896,087	3,580,654	(684,567)
Total Capital Outlay										

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

ACCOUNT NUMBERS	JUNE 30, 2013		JUNE 30, 2012		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET					
Total Expenditures	150,715,623	109,788	150,825,411	161,113,063	145,675,891	651,624	146,327,515	151,831,772	(5,504,257)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures Before Other Financing Sources/(Uses)	(7,152,562)	(108,000)	(7,260,562)	(1,751,766)	(2,328,661)	(629,860)	(2,978,497)	4,328,819	7,287,340
Other Financing Sources/(Uses):									
FEMA reimbursement				15,846					
Operating Transfers Out:									
Transfer to Charter Schools	10,000	10,000		(120,174)	(10,000)		(10,000)		10,000
Transfer to Food Service - Board Contribution					(5,230)		(5,230)		5,230
Interest Earned on Capital Reserve				710,000				1,139,356	1,139,356
Capital Leases (Nonbudgeted)									
Total Other Financing Sources/(Uses)	10,000	10,000	605,672	579,826	(15,230)		(15,230)	1,139,356	1,154,586
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures After Other Financing Sources/(Uses)	(7,142,562)	(108,000)	(7,250,562)	(1,146,094)	(2,343,891)	(629,860)	(2,973,751)	5,468,175	8,441,926
Fund Balances, July 1	18,909,736		18,909,736	18,909,736	13,441,561		13,441,561	13,441,561	
Fund Balances, June 30	\$11,767,174	(\$108,000)	\$11,659,174	\$17,763,642	\$11,097,670	(\$629,860)	\$10,467,810	\$18,909,736	\$8,441,926

RECAPITULATION

Restricted Fund Balance:	
Capital Reserve	\$7,019,928
Maintenance Reserve	893,968
Excess Surplus	1,998,169
Committed Fund Balance:	2,843,146
Year-end Encumbrances	68,609
Assigned Fund Balance:	1,345,558
Unassigned Fund Balance	3,594,264
Subtotal	17,763,642
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments not recognized on GAAP basis	(1,729,694)
Fund Balance per Governmental Funds (GAAP)	\$16,033,948

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
GENERAL FUND - EDUCATION JOBS
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	ACCOUNT NUMBERS	JUNE 30, 2013			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:					
Federal Sources:					
Education jobs	18-4522	\$1,788	\$1,788	\$1,788	
Total Federal Services		1,788	1,788	1,788	
Total Revenues		\$1,788	\$1,788	\$1,788	
Expenditures:					
Unallocated Benefits Employee Benefits:					
Health Benefits	18-000-291-270	\$1,788	\$1,788	\$1,788	
Total Unallocated Benefits - Employee Benefits		1,788	1,788	1,788	
Total Expenditures		\$1,788	\$1,788	\$1,788	
Fund Balances, July 1					
Fund Balances, June 30		-	-	-	

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

REVENUES	JUNE 30, 2013			JUNE 30, 2012			VARIANCE FINAL TO ACTUAL (OVER)/ UNDER
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
	BUDGET TRANSFERS	BUDGET	ACTUAL	BUDGET	TRANSFERS	BUDGET	
Local Sources	\$100,000	\$364,506	\$164,167	\$192,974	\$300	\$193,274	\$86,362
State Sources	909,613	87,099	996,712	872,478	63,982	936,460	907,193
Federal Sources	3,266,364	800,967	4,067,331	4,235,839	108,311	4,344,150	3,692,470
Total Revenues	4,275,977	1,152,572	5,428,549	5,301,291	172,593	5,473,884	4,686,025
EXPENDITURES:							
Instruction:							
Salaries of Teachers	294,808	473,444	768,252	757,491	10,761	999,664	614,899
Purchased Professional & Technical Services		22,322	22,322	22,322	22,322	22,322	334,348
Other Purchased Services (400-500 series)	2,561,549	(447,388)	2,114,161	2,091,365	22,796	1,681,148	22,322
General Supplies	20,076	169,752	189,828	83,511	80,474	1,604,397	1,604,397
Textbooks	119,559	9,264	128,823	260,324	77,368	337,692	228,921
Other Objects	231,674	25,029	256,703	119,559	119,559	119,559	113,788
Total Instruction	3,227,666	252,423	3,480,089	3,235,910	107,425	3,343,335	2,784,314
Support Services:							
Salaries of Other Professional Staff	69,795	36,825	106,620	233,373	(23,188)	210,185	146,618
Personal Services - Employee Benefits		110,349	110,349	123,862	(5,840)	118,022	85,053
Purchased Professional - Educational Services	592,535	382,626	975,161	965,934	96,504	1,062,438	987,034
Purchased Technical Services	262,614	207,513	470,127	517,597	20,930	538,527	534,791
Transportation	6,000	40,048	46,048	15,810	8,878	24,688	24,688
Other Purchased Services (400-500 Series)	81,768	(18,788)	62,980	76,701	1,835	78,536	44,596
Supplies & Materials		43,519	43,519	68,007	(3,951)	64,056	61,846
Total Support Services	1,012,712	802,092	1,814,804	2,001,284	95,168	2,096,452	1,884,626
Facilities Acquisition & Construction Services:							
Land & Building							
Instructional Equipment	35,599	98,057	133,656	64,097	(30,000)	34,097	17,085
Total Facilities Acquisition & Construction Services	35,599	98,057	133,656	64,097	(30,000)	34,097	17,085
Total Expenditures	4,275,977	1,152,572	5,428,549	5,301,291	172,593	5,473,884	4,686,025
Total Outflows	4,275,977	1,152,572	5,428,549	5,301,291	172,593	5,473,884	4,686,025
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	-	-	-	-	-	-	-

Notes to the Required Supplementary Information

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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)	\$159,361,297	\$5,121,311
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		(38,146)
Prior Year		161,578
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	(1,729,694)	
Prior Year	1,641,067	
<hr/>		
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$159,272,670</u>	<u>\$5,244,743</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$161,113,063	\$5,121,311
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		25,160
Support Services		98,727
Equipment		(455)
<hr/>		
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$161,113,063</u>	<u>\$5,244,743</u>

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

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Other Supplementary Information

**SPECIAL REVENUE FUND DETAIL
STATEMENTS**

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	I.D.E.A. PRESCHOOL		I.D.E.A. PART B	
	2011-2012	2012-2013	2011-2012	2012-2013
	TITLE I-PART A	TITLE I-PART A	TITLE I-PART A	TITLE I-PART A
Revenues:				
Local Sources				
State Sources				
Federal Sources	\$352,933	\$53,669	\$108,985	\$35,811
Total Revenues	\$352,933	\$53,669	\$108,985	\$2,753,334
Expenditures:				
Instruction:				
Salaries of Teachers				\$457
Other Purchased Services (400-500 Series)	\$269,657	\$53,649	\$105,538	1,912,712
General Supplies	19,857		3,447	15,017
Textbooks				10,552
Other Objects				
Total Instruction	289,514	53,649	108,985	1,928,186
Support Services:				
Salaries of Other Professional Staff				45,105
Personal Services - Employee Benefits	57,934			22,874
Purchased Professional - Educational Services				329,751
Purchased Technical Services				467,632
Transportation				27,765
Other Purchased Services (400-500 Series)	2,510	20		1,450
Supplies & Materials	2,975			
Other Objects				
Total Support Services	63,419	20	8,931	825,148
Facilities Acquisition & Construction Services:				
Land Improvements				
Instructional Equipment				
Total Facilities Acquisition & Construction Services				
Total Expenditures	\$352,933	\$53,669	\$108,985	\$2,753,334

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	TITLE IIA EISENHOWER/ MATH	TITLE III 2012-2013	TITLE III 2012-2013	TITLE III 2011-2012	TITLE III 2011-2012	RACE TO THE TOP 2011-2015
Revenues:						
Local Sources						
State Sources						
Federal Sources	\$212,614	\$925	\$11,137	\$864	\$864	\$22,527
Total Revenues	\$212,614	\$925	\$11,137	864	864	\$22,527
Expenditures:						
Instruction:						
Salaries of Teachers	\$64,875					\$18,309
Other Purchased Services (400-500 Series)			\$10,738			3,223
General Supplies	3,995					
Textbooks						
Other Objects						
Total Instruction	68,870	10,738				21,532
Support Services:						
Salaries of Other Professional Staff	48,540					995
Personal Services - Employee Benefits	24,827					
Purchased Professional - Educational Services	17,325					
Purchased Technical Services						
Transportation						
Other Purchased Services (400-500 Series)	14,664	925	399		\$864	
Supplies & Materials	38,388					
Other Objects						
Total Support Services	143,744	925	399	864	864	995
Facilities Acquisition & Construction Services:						
Land Improvements						
Instructional/Non Equipment						
Total Facilities Acquisition & Construction Services						
Total Expenditures	\$212,614	\$925	\$11,137	\$864	\$864	\$22,527

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	HOCKEY IN MIDDLETOWN	MACY'S GRANT	AOC GRANT	NJ HEALTH SURVEY	BIG LOTS GRANT	LACROSSE IN MIDDLETOWN	SAFETY GRANT	NEW JERSEY NONPUBLIC TECHNOLOGY AID	NEW JERSEY NONPUBLIC TEXTBOOK AID
Revenue:									
Local Sources	\$60,033	\$1,998	\$2,000	\$128	\$2,380	\$64,828	\$32,800	\$54,978	\$128,823
State Sources									
Federal Sources									
Total Revenues	\$60,033	\$1,998	\$2,000	\$128	\$2,380	\$64,828	\$32,800	\$54,978	\$128,823
Expenditures:									
Instruction:									
Salaries of Teachers	\$26,688					\$42,093			
Other Purchased Services (400-500 Series)		\$1,998	\$2,000	\$128		12,556			\$128,823
General Supplies						3,340			
Textbooks									
Other Objects									
Total Instruction	53,657	1,998	2,000	128	57,989	57,989			128,823
Support Services:									
Salaries of Other Professional Staff									
Personal Services - Employee Benefits									
Purchased Professional - Educational Services									
Purchased Technical Services									
Transportation	6,376					6,839	\$32,800		
Other Purchased Services (400-500 Series)									
Supplies & Materials									
Other Objects									
Total Support Services	6,376					6,839	32,800		
Facilities Acquisition & Construction Services:									
Land Improvements					\$2,380			\$54,978	
Instructional Equipment									
Total Facilities Acquisition & Construction Services					2,380			54,978	
Total Expenditures	\$60,033	\$1,998	\$2,000	\$128	\$2,380	\$64,828	\$32,800	\$54,978	\$128,823

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL PERIOD ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	NEW JERSEY NONPUBLIC NURSING AID	CHAPTER 192 HOME INSTRUCTION	CHAPTER 192 COMPENSATORY EDUCATION	CHAPTER 193 SUPPLEMENTAL INSTRUCTION	CHAPTER 193 EXAMINATION & CORRECTIVE SPEECH	CHAPTER 193 CORRECTIVE SPEECH	2013	2012
Revenue:								
Local Sources	\$207,552	\$6,123	\$275,071	\$88,950	\$159,747	\$81,245	\$164,167	\$86,362
State Sources							1,002,489	907,193
Federal Sources							3,954,655	3,692,470
Total Revenues	\$207,552	\$6,123	\$275,071	\$88,950	\$159,747	\$81,245	\$5,121,311	\$4,686,025
Expenditures:								
Instruction:								
Salaries of Teachers		\$6,123					\$757,491	\$614,899
Other Purchased Services (400-500 Series)							2,091,365	1,604,397
General Supplies							83,511	228,921
Textbooks							128,823	113,788
Other Objects							237,861	222,309
Total Instruction		6,123					3,299,051	2,784,314
Support Services:								
Salaries of Other Professional Staff							99,971	146,618
Personal Services - Employee Benefits							109,235	85,053
Purchased Professional - Educational Services			\$275,071	\$88,950	\$159,747	\$81,245	952,089	987,034
Purchased Technical Services							469,082	534,791
Transportation							40,980	24,688
Other Purchased Services (400-500 Series)							52,182	44,596
Supplies & Materials							41,363	61,846
Total Support Services			275,071	88,950	159,747	81,245	1,764,902	1,884,626
Facilities Acquisition & Construction Services:								
Instructional Equipment							57,358	17,085
Total Facilities Acquisition & Construction Services							57,358	17,085
Total Expenditures	\$207,552	\$6,123	\$275,071	\$88,950	\$159,747	\$81,245	\$5,121,311	\$4,686,025

**FIDUCIARY FUNDS' DETAIL
STATEMENTS**

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013
(With Comparative Totals for June 30, 2012)**

ASSETS	TRUST		AGENCY			2012
	UNEMPLOYMENT COMPENSATION	SCHOLARSHIP FUND	PAYROLL FUND	STUDENT ACTIVITY FUND	ATHLETIC FUND	
Cash & Cash Equivalents	\$465,136	\$633,584	\$765,147	\$450,050	\$2,167	\$2,316,084
Interfund Receivable			6,283			6,283
Total Assets	465,136	633,584	771,430	450,050	2,167	2,322,367
LIABILITIES						
Accounts Payable	13,660					13,660
Payable for Student Related Activities				450,050	2,167	452,217
Payroll Deductions & Withholdings			771,430			771,430
Interfund Payable						1,409
Total Liabilities	13,660		771,430	450,050	2,167	1,237,307
Held in Trust for Unemployment Claims & Other Purposes	451,476					451,476
Reserved for Scholarships		633,584				633,584
Total Net Position	\$451,476	\$633,584				\$1,085,060

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013
(With Comparative Totals for June 30, 2012)**

ADDITIONS	PRIVATE PURPOSE		2013	2012
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND		
Contributions:				
Budgeted Appropriation	\$400,000		\$400,000	\$400,000
Other	130,708	\$58,658	189,366	228,139
Total Contributions	530,708	58,658	589,366	628,139
Investment Earnings:				
Interest		1	1	1,394
Net Investment Earnings		1	1	1,394
Total Additions	530,708	58,659	589,367	629,533
DEDUCTIONS				
Unemployment Claims	200,471		200,471	676,301
Scholarship Payments		69,111	69,111	67,080
Total Deductions	200,471	69,111	269,582	743,381
Change in Net Position	330,237	(10,452)	319,785	(113,848)
Net Position - Beginning of the Year	121,239	644,036	765,275	879,123
Net Position - End of the Year	\$451,476	\$633,584	\$1,085,060	\$765,275

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	JULY 1, 2012	CASH RECEIPTS	CASH DISBURSEMENTS	JUNE 30, 2013
Elementary Schools:				
Bayview	\$2,078	\$8,511	\$6,608	\$3,981
Fairview	2,440	2,425	2,838	2,027
Harmony	3,786	10,967	12,022	2,731
Leonardo	689	4,898	4,319	1,268
Lincroft	497	12,758	12,610	645
Middletown Village	1,575	6,985	5,945	2,615
Navesink	6,206	15,534	16,825	4,915
New Monmouth	22,893	4,873	15,850	11,916
Nutswamp	5,104	24,035	17,166	11,973
Ocean Avenue	8,336	8,436	11,102	5,670
Port Monmouth	4,070	20	3,404	686
River Plaza	3,826	10,081	9,748	4,159
Total Elementary Schools	61,500	109,523	118,437	52,586
Middle Schools				
Bayshore	17,132	64,291	64,471	16,952
Thompson	38,876	135,235	130,991	43,120
Thorne	18,989	113,166	114,130	18,025
Total Middle Schools	74,997	312,692	309,592	78,097
High Schools:				
North	165,965	337,339	313,847	189,457
South	124,564	279,355	274,009	129,910
Total High Schools	290,529	616,694	587,856	319,367
Total All Schools	\$427,026	\$1,038,909	\$1,015,885	\$450,050

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	BALANCE JULY 1, 2012	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2013
ASSETS				
Cash & Cash Equivalents	\$794,110	\$100,314,960	\$100,343,923	\$765,147
Interfund Receivable			6,283	6,283
Total Assets	\$794,110	\$100,314,960	\$100,350,206	\$771,430
LIABILITIES				
Payroll Deductions & Withholdings	\$792,701	\$100,314,960	\$100,336,231	\$771,430
Interfunds Payable	1,409		1,409	
Total Liabilities	\$794,110	\$100,314,960	\$100,337,640	\$771,430

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
ATHLETIC AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

ASSETS	BALANCE JULY 1, 2012	RECEIPTS	DISBURSEMENTS	BALANCE JUNE 30, 2013
Cash & Cash Equivalents	\$6,034	\$242,397	\$246,264	\$2,167
Total Assets	\$6,034	\$242,397	\$246,264	\$2,167
LIABILITIES				
Payable for Student Related Activities	\$6,034	\$242,397	\$246,264	\$2,167
Total Liabilities	\$6,034	\$242,397	\$246,264	\$2,167

LONG-TERM DEBT SCHEDULES

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS DATE	ANNUAL PAYMENTS AMOUNT	INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2012	ISSUED	REFUNDED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2013
Buildings, Alterations & Renovations (Refunding Issue - 2010)	05/11/10	\$55,665,000	8/1/2013	2,420,000	4.000%	\$52,670,000			\$2,335,000	\$50,335,000
			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	8/01/13	340,000	4.000%	8,820,000		\$7,415,000	315,000	1,090,000
			8/01/14	360,000	4.000%					
			8/01/15	390,000	4.000%					
Buildings, Alterations & Renovations (Refunding Issue - 2013)	01/30/13	7,670,000	8/01/13	45,000	1.500%		\$7,670,000			
			8/01/14	40,000	1.500%					
			8/01/15	40,000	2.000%					
			8/01/16	450,000	3.000%					
			8/01/17	480,000	3.000%					
			8/01/18	505,000	3.000%					
			8/01/19	535,000	4.000%					
			8/01/20	565,000	4.000%					
			8/01/21	610,000	4.000%					
			8/01/22	650,000	4.000%					
			8/01/23	685,000	2.500%					
			8/01/24	715,000	2.200%					
			8/01/25	745,000	3.000%					
		8/01/26	780,000	3.000%						
		8/01/27	825,000	3.000%						
Total										
							\$61,490,000	\$7,415,000	\$2,650,000	\$59,095,000

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

SERIES	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2012	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2013
Bank of America Elementary HVAC	3.99%	\$8,400,000	\$4,380,000		\$800,000	\$3,580,000
Savin Copiers	4.98%	906,132	389,661		\$189,990	199,671
Technology Lease	3.29%	1,500,000	607,423		\$298,796	308,627
Technology Lease	1.89%	620,000	496,023		\$117,008	379,015
Technology Lease	1.19%	710,000		\$710,000	\$140,000	570,000
Fiber Optic Upgrade	2.28%	1,195,035	1,143,000		\$223,000	920,000
		Total	\$7,016,107	\$710,000	\$1,768,794	\$5,957,313

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	JUNE 30, 2013			JUNE 30, 2012			VARIANCE FINAL TO ACTUAL OVER/ (UNDER)	VARIANCE FINAL TO ACTUAL OVER/ (UNDER)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Revenues:								
Local Sources:								
Local Tax Levy	\$4,104,906	\$4,104,906	\$4,104,906	\$4,224,494		\$4,224,494	\$8,642	\$4,224,494
Miscellaneous			8,642					
Slate Sources:								
Debt Service Aid Type II	1,423,843	1,423,843	1,423,843	1,303,144		1,303,144		1,303,144
Total Revenues	5,528,749	5,528,749	5,537,391	5,527,638		5,527,638	8,642	5,527,638
Expenditures:								
Regular Debt Service:								
Interest	2,878,750	2,878,750	2,878,750	2,982,650		2,982,650		2,982,650
Redemption of Principal	2,650,000	2,650,000	2,650,000	2,545,000		2,545,000		2,545,000
Total Regular Debt Service	5,528,750	5,528,750	5,528,750	5,527,650		5,527,650		5,527,650
Total Expenditures	5,528,750	5,528,750	5,528,750	5,527,650		5,527,650		5,527,650
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1)	(1)	8,641	(12)		(12)	(8,642)	(12)
Other Financing Sources (Uses):								
Operating Transfers In:								
Interest Earned in Capital Projects Fund								
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures	(1)	(1)	8,641	(12)		(12)	(8,642)	(12)
Fund Balance, July 1,	1	1	1	13		13		13
Fund Balance, June 30,	-	-	\$8,642	\$1		\$1	(\$8,642)	\$1

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Statistical Section

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

	FISCAL YEAR ENDING JUNE 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:										
Invested in Capital Assets,		(as restated)	(as restated)							
Net of Related Debt	\$37,699,838	\$35,242,009	\$36,684,135	\$37,477,962	\$30,953,572	\$26,315,229	\$26,714,346	\$25,180,881	\$21,878,901	\$18,676,636
Restricted	14,178,020	14,329,415	8,920,219	5,472,204	6,437,559	6,267,290	7,232,146	5,048,312	6,561,902	4,685,740
Unrestricted	(1,915,682)	(1,963,302)	(2,728,178)	(3,068,215)	2,458,413	5,054,798	(1,153,361)	(1,017,094)	(859,379)	(85,115)
Total Governmental Activities	\$49,962,176	\$47,608,122	\$42,876,176	\$39,881,951	\$39,849,544	\$37,637,317	\$32,793,131	\$29,212,099	\$27,581,424	\$23,277,261
Business-Type Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$57,159	\$96,528	\$130,933	\$186,407	\$55,912	\$94,277	\$117,581	\$91,757	\$103,160	\$107,656
Unrestricted		14,826	68,484	30,382	46,706	71,169	108,951	151,176	177,654	145,149
Total Business-Type Activities	\$57,159	\$111,354	\$199,417	\$216,789	\$102,618	\$165,446	\$226,532	\$242,933	\$280,814	\$252,805
District-Wide:										
Invested in Capital Assets,										
Net of Related Debt	\$37,756,997	\$35,338,537	\$36,815,068	\$37,664,369	\$31,009,484	\$26,409,506	\$26,831,927	\$25,272,638	\$21,982,061	\$18,784,292
Restricted	14,178,020	14,329,415	8,920,219	5,472,204	6,437,559	6,267,290	7,232,146	5,048,312	6,561,902	4,685,740
Unrestricted	(1,915,682)	(1,948,476)	(2,659,694)	(3,037,833)	2,505,119	5,125,967	(1,044,410)	(865,918)	(681,725)	60,034
Total District Net Position	\$50,019,335	\$47,719,476	\$43,075,593	\$40,098,740	\$39,952,162	\$37,802,763	\$33,019,663	\$29,455,032	\$27,862,238	\$23,530,066

Source :CAFR Schedule A-1

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

	FISCAL YEAR ENDING JUNE 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
		(as restated)	(as restated)							
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$76,994,308	\$50,982,770	\$50,650,154	\$55,004,182	\$51,696,029	\$49,535,561	\$46,265,089	\$42,591,885	\$43,705,533	\$42,229,334
Special Education	19,611,534	14,179,046	14,636,606	14,100,471	14,978,785	13,959,547	13,427,985	12,506,282	11,419,319	10,373,744
Other Special Education			148,770	205,748	205,853	1,391,443	1,102,205	1,024,120	1,017,449	980,681
Other Instruction	2,278,530	1,564,961	1,747,408	2,354,807	1,887,986	2,083,033	1,811,801	1,683,884	1,758,372	1,512,696
Support Services:										
Tuition	4,494,803	4,416,101	3,567,540	2,720,210	3,608,930	4,131,985	3,723,053	4,884,315	5,060,171	4,831,214
Attendance & Social Work Services	71,022	45,305	45,093	44,917	43,990	42,744	40,128	38,400	37,290	36,868
Health Services	3,096,074	2,335,154	2,109,521	2,137,857	2,051,480	1,825,537	1,857,619	1,768,481	1,472,628	1,461,937
Student & Instruction Related Services	14,875,142	11,017,091	10,554,067	11,247,959	10,844,232	\$10,659,731	9,662,581	9,027,791	8,584,405	7,860,343
Educational Media Services/School Library	479,579	367,428	372,482	545,493	629,293	578,921	602,782	578,844	776,367	857,074
Instructional Staff Training	561,870	413,988	167,153	379,620	524,221	376,913	494,793	415,829	263,463	225,671
Other Administrative Services	2,821,903	1,559,656	1,566,517	1,570,465	1,792,100	1,767,363	1,836,249	1,828,062	1,781,239	1,919,202
Central Services	1,970,562	1,448,439	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	1,146,578	821,539	772,975	819,694	787,982	789,215	728,494	755,986	732,626	
School Administrative Services	8,328,836	6,090,739	5,960,494	6,819,282	6,444,702	6,174,931	5,800,536	5,654,731	5,275,665	4,989,035
Plant Operations & Maintenance	17,644,897	12,104,765	12,237,023	13,742,032	13,029,719	13,120,492	12,364,925	12,247,101	11,403,170	10,851,303
Pupil Transportation	9,477,122	9,330,590	9,303,552	9,526,916	9,760,696	9,232,429	8,873,932	8,646,278	8,223,369	7,965,004
Business & Other Support Services										
Unallocated Benefits										
Charter Schools										
Interest on Long-Term Debt & Other Bond Costs	3,117,269	2,793,035	2,736,767	2,597,887	3,723,019	3,821,788	3,821,056	3,892,552	4,045,893	4,090,500
Adjustment/Reduction of Fixed Assets			(84,119)	1,118,749	97,701	220,100	616,522	108,513	747,021	89,560
Unallocated Depreciation		3,688,594	3,142,273	2,923,768	2,865,895	2,808,082	2,741,866	2,198,216	2,197,875	2,021,004
Amortization of Bond Issuance Costs		40,488	40,488	6,748	23,377	23,377				

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

	FISCAL YEAR ENDING JUNE 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total Governmental Activities Expenses	166,970,029	161,055,007 (as restated)	161,055,007 (as restated)	154,763,547	161,541,349	156,465,308	159,415,578	150,693,290	139,594,818	135,767,713
Business-Type Activities:										
Food Service	2,316,118	2,467,618	2,413,356	2,398,096	2,503,332	2,476,198	2,350,797	2,386,821	2,169,209	2,051,526
Total Business-Type Activities Expense	2,316,118	2,467,618	2,413,356	2,398,096	2,503,332	2,476,198	2,350,797	2,386,821	2,169,209	2,051,526
Total District Expenses	\$169,286,147	\$163,522,625	\$163,468,363	\$157,161,643	\$164,044,681	\$158,941,506	\$161,766,375	\$153,080,111	\$141,764,027	\$137,819,239
Program Revenues:										
Charges for Services	101,100									
Operating Grants & Contributions	\$6,627,722	\$6,307,771	\$7,286,223	\$8,030,281	\$6,893,070	\$6,458,421	\$5,831,626	\$5,821,877	\$5,808,337	\$5,723,309
Total Governmental Activities Program Revenues	6,728,822	6,307,771	7,286,223	8,030,281	6,893,070	6,458,421	5,831,626	5,821,877	5,808,337	5,723,309
Business-Type Activities:										
Charges for Services:										
Food Service	1,544,900	1,695,023	1,725,994	1,793,480	1,901,977	1,906,138	1,855,232	1,908,827	1,835,002	1,724,755
Operating Grants & Contributions	596,849	684,378	669,797	718,351	536,654	502,229	468,135	429,923	356,513	348,713
Total Business Type Activities Program Revenues	2,141,749	2,379,401	2,395,791	2,511,831	2,438,631	2,408,367	2,323,367	2,338,750	2,191,515	2,073,468
Total District Program Revenues	\$8,870,571	\$8,687,172	\$9,682,014	\$10,542,112	\$9,331,701	\$8,866,788	\$8,154,993	\$8,160,627	\$7,999,852	\$7,796,777
Net (Expense)/Revenue:										
Governmental Activities	(\$160,241,207)	(\$154,747,236)	(\$153,768,784)	(\$146,733,266)	(\$154,648,279)	(\$150,006,887)	(\$153,583,952)	(\$144,871,413)	(\$133,786,481)	(\$130,044,404)
Business-Type Activities	(174,369)	(88,217)	(17,565)	113,735	(64,701)	(67,831)	(27,430)	(48,071)	22,306	21,942
Total District-Wide Net Expense	(\$160,415,576)	(\$154,835,453)	(\$153,786,349)	(\$146,619,531)	(\$154,712,980)	(\$150,074,718)	(\$153,611,382)	(\$144,919,484)	(\$133,764,175)	(\$130,022,462)

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

	FISCAL YEAR ENDING JUNE 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues & Other										
Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$125,004,269	\$123,791,116	\$122,253,218	\$119,793,275	\$115,646,345	\$111,352,142	\$107,070,009	\$102,285,049	\$97,631,986	\$92,353,253
Taxes Levied for Debt Service	4,104,906	4,224,494	3,976,245	4,158,093	4,122,931	4,135,323	4,061,960	3,775,363	3,798,331	3,936,343
Unrestricted Grants & Contributions	33,610,352	30,053,437	25,346,126	28,371,241	30,059,527	36,152,801	35,042,835	29,737,004	28,756,146	27,607,975
Tuition Received		97,300	88,600	78,950	68,138	48,293	25,536	31,351	8,778	21,309
Miscellaneous Income	606,608	1,973,568	1,564,780	1,085,323	1,921,910	2,943,736	2,454,496	2,406,089	2,243,661	1,431,284
Change in Compensated Absences			(107,162)	56,593	(34,386)	224,756	(212,140)	(185,602)	222,316	38,868
Transfers In/Out										
Increase in Capital Reserve	(120,174)									514
Changes in IBNR/Miscellaneous		(1,363)						(2,031,900)	310,200	248,500
Total Governmental Activities	163,205,961	160,138,552	153,121,807	153,543,475	151,784,465	154,857,051	148,442,696	136,017,354	132,971,418	125,638,046
Business-Type Activities:										
Transfers In/Out	120,174	154	193	436	1,873	6,745	11,029	10,190	5,703	3,019
Investment Earnings										
Total Business-Type Activities	120,174	154	193	436	1,873	6,745	11,029	10,190	5,703	3,019
Total District-Wide	\$163,326,135	\$160,138,706	\$153,122,000	\$153,543,911	\$151,786,338	\$154,863,796	\$148,453,725	\$136,027,544	\$132,977,121	\$125,641,065
Change in Net Position:										
Governmental Activities	\$2,964,754	\$5,391,316	(\$1,625,429)	(\$225,309)	\$5,051,199	\$208,772	(\$1,564,191)	(\$17,566,598)	(\$11,899,995)	(\$8,148,435)
Business-Type Activities	(54,195)	(88,063)	(88,024)	(17,129)	115,608	(57,956)	(56,802)	(17,240)	(42,368)	25,325
Total District	\$2,910,559	\$5,303,253	(\$1,713,453)	(\$242,438)	\$5,166,807	\$150,816	(\$1,620,993)	(\$17,583,838)	(\$11,942,363)	(\$8,123,110)

Source: CAFR Schedule A-2

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

	FISCAL YEAR ENDING JUNE 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund:										
Restricted	\$12,755,211	\$14,592,472	\$9,583,263							
Committed	68,609	116,960	229,292							
Assigned	1,345,558	868,826	400,568							
Unassigned	1,864,570	1,690,411	1,872,541							
Reserved				\$6,089,233	\$7,671,475	\$7,666,881	\$8,677,412	\$6,438,755	\$7,171,470	\$6,121,119
Unreserved				1,355,835	1,863,111	2,245,253	2,061,838	2,013,233	2,196,660	3,710,093
Total General Fund	\$16,033,948	\$17,268,669	\$12,085,664	\$7,445,068	\$9,534,586	\$9,912,134	\$10,739,250	\$8,451,988	\$9,368,130	\$9,831,212
All Other Governmental Funds:										
Restricted	\$8,642									
Debt service fund										
Unassigned										
Debt service fund		\$1	13							
Reserved										
Unreserved, Reported in:										
Capital Projects Fund						\$44,174	\$42,504	\$822,462	\$2,990,338	\$7,229,109
Debt Service Fund						205,073	267,031	357,615	22,356	574,625
Permanent Fund				\$2,686	15,273	61,305	101,088	52,382	126,500	168,778
Total All Other Governmental Funds	\$8,642	\$1	\$13	\$2,686	\$15,273	\$310,552	\$410,623	\$1,846,197	\$3,745,955	\$8,591,415

Source: CAFR Schedule B-1
 Note: GASB #54 was implemented in the 2011 fiscal year, which required the presentations of fund balances to be reported in different classifications from those presented in prior years. (See footnote 16 in the basic financial statements)
 Prior years have not been restated above and are not required to be.

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Tax Levy	\$129,109,175	\$128,015,610	\$126,229,463	\$123,951,368	\$119,769,276	\$115,487,465	\$111,131,969	\$106,060,412	\$101,430,317	\$96,289,596
Tuition Charges	101,100	97,300	88,600	78,950	68,138	48,293	25,536	31,351	8,778	21,309
Miscellaneous	606,648	1,973,289	1,564,726	1,085,116	1,909,788	2,807,447	2,454,496	2,406,089	2,243,661	1,431,284
State Sources	36,072,842	31,538,558	27,867,772	31,175,887	32,919,176	39,108,448	37,843,623	32,410,990	31,485,409	30,480,256
Federal Sources	4,165,039	4,822,650	4,764,577	5,225,635	4,033,421	3,502,774	3,030,838	3,147,891	3,079,074	2,851,028
Total Revenue	170,054,804	166,447,407	160,515,138	161,516,956	158,699,799	160,954,427	154,486,462	144,056,733	138,247,239	131,073,473
Expenditures										
Instruction:										
Regular Instruction	55,785,779	50,982,770	50,650,154	55,004,182	51,696,029	49,535,561	46,265,089	42,591,885	43,705,533	42,229,334
Special Education Instruction	13,599,811	14,179,046	14,636,606	14,100,471	14,978,785	13,959,547	13,427,985	12,506,282	11,419,319	10,373,744
Other Special Instruction			148,770	205,748	205,853	1,391,443	1,102,205	1,024,120	1,017,449	980,681
Other Instruction	1,735,033	1,564,961	1,747,408	2,354,807	1,887,986	2,083,033	1,811,801	1,683,884	1,758,372	1,512,696
Support Services:										
Tuition	4,494,803	4,416,101	3,567,540	2,720,210	3,608,930	4,131,985	3,723,053	4,884,315	5,060,171	4,831,214
Attendance & Social Work Services	49,127	45,305	45,093	44,917	43,990	42,744	40,128	38,400	37,290	36,868
Health Services	2,336,287	2,335,154	2,109,521	2,137,857	2,051,480	1,825,537	1,857,619	1,768,481	1,472,628	1,461,937
Student & Instruction Related Services	11,296,878	11,017,091	10,554,067	11,247,959	10,844,232	10,659,731	9,662,581	9,027,791	8,584,405	7,860,343
Educational Media Services/										
School Library	347,073	367,428	372,482	545,493	629,293	578,921	602,782	578,844	776,367	857,074
Instructional Staff Training	409,396	413,988	167,153	379,620	524,221	376,913	494,793	415,829	263,463	225,671
Other Administrative Services	2,040,475	1,559,656	1,566,517	1,570,465	1,792,100	1,767,363	1,836,249	1,828,062	1,781,239	1,919,202
Central Services	1,461,756	1,448,439	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	811,518	821,539	772,975	819,694	787,982	789,215	728,494	755,986	732,626	
School Administrative Services	5,764,937	6,090,739	5,960,494	6,819,282	6,444,702	6,174,931	5,800,536	5,654,731	5,275,665	4,989,035
Plant Operations & Maintenance	11,600,767	12,104,765	12,271,559	13,742,032	13,029,719	13,120,492	12,364,925	12,247,101	11,403,170	10,851,303
Pupil Transportation	9,477,122	9,330,590	9,303,552	9,526,916	9,760,696	9,232,429	8,873,932	8,646,278	8,223,369	7,965,004
Business & Other Support Services										
Unallocated Benefits	38,895,076	36,617,894	33,570,743	32,096,838	29,930,094	35,276,650	33,683,621	28,498,185	25,898,963	1,612,261
Capital outlay	6,251,968	3,580,654	1,599,585	5,141,907	6,422,318	9,664,353	3,525,895	5,919,048	10,111,033	22,951,623
Debt service:										
Principal	2,650,000	2,545,000	3,315,000	2,440,000	2,335,000	2,225,000	2,110,000	1,555,000	1,475,000	1,400,000
Interest & Other Charges	2,878,750	2,982,650	2,206,433	3,544,737	3,651,163	3,756,705	3,871,295	3,971,148	4,057,078	4,298,750
Total Expenditures	171,886,556	162,403,770	156,083,692	166,020,841	162,163,797	168,188,289	153,021,036	144,832,428	144,403,909	136,939,403

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,831,752)	4,043,637	4,043,637	4,431,446	(4,503,885)	(3,463,998)	(7,233,862)	1,465,426	(775,695)	(6,156,670)
Other Financing Sources/(Uses):										
Capital Leases (Non-budgeted)	710,000	1,139,356	206,477	2,401,780	2,791,171	6,306,675	-	(8,305)	554,054	(19,506)
Transfer to Charter Schools									(16,126)	514
Increase in Capital Reserve								(2,031,900)	310,200	248,500
L.B.N.R.	15,846									
FEMA Reimbursement				11	2,674	12,599	48,712	52,382	126,500	415,503
Transfers in	(120,174)			(11)	(2,674)	(12,599)	(48,712)	(52,382)	(126,500)	(415,503)
Transfers Out										
Total Other Financing Sources/(Uses)	605,672	1,139,356	206,477	2,401,780	2,791,171	6,306,675	-	(2,040,205)	848,128	229,508
Net Change in Fund Balances	(\$1,226,080)	\$5,182,993	\$4,250,114	\$6,833,226	(\$1,712,714)	\$2,842,677	(\$7,233,862)	(\$574,779)	\$72,433	(\$5,927,162)
Debt Service as a Percentage of Noncapital Expenditures	3.3%	3.4%	3.7%	3.9%	4.0%	3.9%	4.2%	4.1%	4.3%	4.7%

Source: District records CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay additions from Exhibit B-3.

**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
2013	\$24,225	-	-	\$30,250	\$151,357	-	-	-	\$228,007	\$433,839
2012	39,862	-	\$67,699	37,773	356,961	-	\$1,238,000	-	146,632	1,886,927
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
Total	\$5,027,807	\$102,174	\$803,634	\$595,075	\$3,243,158	\$1,861	\$5,703,679	\$6,475	\$560,978	\$16,044,841

Source: District records
 Note: Beginning July 1, 2012, the district recorded health insurance contributions as a refund to the health benefits budget line as opposed to revenue in previous years.

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

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	LESS: TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
2013	\$75,921,300	\$8,408,698,900	\$126,988,500	\$697,400	\$1,090,669,400	\$2,446,000	\$99,390,700	\$9,804,812,200	-	\$13,874,518	\$9,818,686,718	1.323	\$10,412,940,361
2012	76,095,900	8,422,778,400	124,309,300	687,700	1,129,125,900	2,446,000	102,584,100	9,838,027,300	-	15,274,187	9,873,301,487	1.308	9,838,027,300
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	11,539,217,852
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

Source: Mommouth 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

Note: There was a property revaluation in 2009

**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	
2013	1.286	0.037	1.323	0.515	0.286	0.016	2.140
2012	1.266	0.042	1.308	0.503	0.281	0.016	2.108
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

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 NINE YEARS AGO**

Taxpayer	2013		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
At Middletown NJ Landlord LLC	\$201,600,000	1	2.053%
One River Associates (Mack-Cali Realty Corp.)	45,853,200	2	0.467%
Centro NP Middletown Plaza Owner	29,458,400	3	0.300%
Middletown VF, LLC (V.R. Trust)	28,990,000	4	0.295%
Four Ponds (CB Richard Ellis, Inc.)	25,000,000	5	0.255%
Hensyn, Inc.	25,000,000	6	0.255%
Thousand Oaks Village	24,943,200	7	0.254%
One River Associates (Newman Springs Road)	17,590,000	8	0.179%
Middletown Shopping Center	17,500,000	9	0.178%
Sears Roebuck & Co.	17,173,400	10	0.175%
Total	<u>\$433,108,200</u>		<u>4.411%</u>

Taxpayer	2004		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Laurel Associates (AT&T)	\$192,529,300	1	4.001%
Four Ponds (AT&T)	30,000,000	2	0.623%
Weill, Maurice M. Trustee (Lucent)	25,637,500	3	0.533%
One River Associates (Belcore)	22,192,100	4	0.461%
Middletown Holding Corp.	15,000,000	5	0.312%
Thousand Oaks Village	13,702,000	6	0.285%
One River Associates (Newman Springs Road)	13,007,000	7	0.270%
New Plan Realty Trust	12,940,000	8	0.269%
Hensyn, Inc.	12,964,000	9	0.269%
One River Associates (Harmony Road)	12,941,000	10	0.269%
Total	<u>\$350,912,900</u>		<u>7.292%</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	
2013	\$129,109,175	\$129,109,175	100.00%	-
2012	128,015,610	128,015,610	100.00%	-
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%	-

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			
2013	\$59,095,000	\$5,957,313	\$65,052,313	N/A	978
2012	61,490,000	7,016,107	68,506,107	N/A	1,030
2011	64,035,000	6,785,623	70,820,623	N/A	1,065
2010	67,350,000	8,457,456	75,807,456	N/A	1,140
2009	74,275,000	8,915,384	83,190,384	2.20%	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	2.37%	1,350
2006	80,945,000	3,822,211	84,767,211	2.29%	1,269
2005	82,500,000	6,276,836	88,776,836	2.53%	1,321
2004	83,977,004	8,115,164	92,092,168	2.80%	1,368

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
2013	66,522	\$9,818,686,718	\$59,095,000	0.60%	888
2012	66,522	9,873,301,487	61,490,000	0.62%	924
2011	66,522	11,383,454,298	67,350,000	0.59%	1,012
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

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, 2013**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Middletown	\$72,727,812	100.0%	\$72,727,812
Other Debt:			
County of Monmouth - Township's Share (9.255%)	466,110,820	9.2655%	43,187,605
Township of Middletown Sewerage Authority	12,930,012	100.0%	12,930,012
Township of Middletown Housing Authority	960,000	100.0%	<u>960,000</u>
Subtotal, Overlapping Debt			129,805,429
Middletown Township School District Direct Debt			<u>59,095,000</u>
Total Direct & Overlapping Debt			<u><u>\$188,900,429</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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt Limit	\$435,003,780	\$455,345,662	\$477,682,563	\$492,359,312	\$492,359,312	\$486,944,196	\$458,060,441	\$413,955,919	\$368,330,074	\$323,293,098
Total Net Debt Applicable to Limit	59,095,000	61,490,000	64,035,000	67,350,000	74,275,000	76,610,000	78,835,000	80,945,000	82,500,000	83,977,004
Legal Debt Margin	\$375,908,780	\$393,855,662	\$413,647,563	\$425,009,312	\$418,084,312	\$410,334,196	\$379,225,441	\$333,010,919	\$285,830,074	\$239,316,094
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.58%	13.50%	13.41%	13.68%	15.09%	15.73%	17.21%	19.55%	22.40%	25.98%

Legal Debt Margin Calculation for Fiscal Year 2012

Average Equalized Valuation of Taxable Property	
Debt Limit (4 % of Average Equalization Value)	
Net Bonded School Debt	
Legal Debt Margin	
	Equalized Valuation Basis
	2012 \$10,412,940,361
	2011 10,831,161,831
	2010 11,381,181,290
	<u>\$32,625,283,482</u>
	<u>\$10,875,094,494</u>
	<u>\$435,003,780</u>
	<u>59,095,000</u>
	<u>\$375,908,780</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)
2013		66,522	N/A	N/A	8.9%
2012		66,522	N/A	N/A	9.1%
2011	* Census	66,522	\$3,881,891,310	\$58,355	8.3%
2010		66,603	3,793,373,865	56,955	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%

* 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.

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

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

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

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

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

	2013		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
AT&T	4,000	1	12.26%
Middletown Township Board of Education	1,100	2	3.37%
Brookdale Community College	760	3	2.33%
Township of Middletown	450	4	1.38%
Shop Rite of Middletown	350	5	1.07%
Target	300	6	0.92%
Bailey Financial Consulting	300	7	0.92%
Sears Roebuck & Co.	300	8	0.92%
Academy Bus	200	9	0.61%
T&M Associates	200	10	0.61%
Total	7,960		24.40%
Total Employment - 2013 (Estimated)	32,629		

	2004		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Academy Bus Lines			
AT&T Laurel Avenue	4,100	1	12.03%
Food Circus	1,300	2	3.81%
Middletown Township Board of Education	1,200	3	3.52%
Avaya Inc.	800	4	2.35%
Brookdale Community College	740	5	2.17%
Township of Middletown	500	6	1.47%
Shop Rite of Middletown	300	7	0.88%
Bailey Financial Consulting	300	8	0.88%
T&M Associates	200	9	0.59%
Academy Bus	200	10	0.59%
Total	9,640		28.29%
Total Employment - 2004 (Estimated)	34,081		

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

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

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Instruction:										
Regular	594.90	587.70	581.70	613.76	617.64	597.18	593.87	612.07	614.45	606.78
Special Education	155.00	147.50	146.50	160.76	148.68	153.17	174.84	164.00	163.37	160.50
Other Special Instruction	-	3.80	5.05	10.82	15.59	19.73	13.30	13.37	13.96	13.51
Classroom Paraprofessionals	267.20	247.66	232.80	255.08	232.93	239.30	197.60	190.00	179.30	154.50
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	23.00	23.00	24.00	24.00	24.00	24.00	23.00	23.00	23.00
Student & Instruction Related Services	105.00	103.00	100.80	116.00	115.60	115.89	100.60	86.50	86.00	74.76
Educational Media Services/School										
Library	5.00	3.00	3.00	6.00	6.00	6.00	6.00	6.00	11.00	11.00
School Administrative Services	83.00	83.00	82.00	90.40	89.50	89.00	82.00	83.50	83.50	90.00
Central Services	17.00	17.00	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	12.00	12.00	-
Other Administrative Service	7.00	7.00	7.00	7.00	8.00	9.00	9.00	9.00	9.00	14.50
Plant Operations & Maintenance	146.10	143.40	143.70	171.00	168.90	163.40	142.00	147.00	142.00	142.50
Pupil Transportation	3.00	3.00	3.00	3.00	3.00	2.50	2.50	2.50	2.50	2.50
Business & Other Support Services	-	-	-	-	-	-	-	-	-	26.00
Total	1,419.20	1,382.06	1,358.55	1,488.82	1,460.84	1,450.17	1,376.71	1,367.94	1,359.08	1,320.55

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
2013	10,057	\$145,066,695	\$14,424	5.23%	867	14.2	10,081	9,450	-2.09%	93.74%
2012	10,165	137,039,679	13,482	-4.64%	858	14.2	10,124	9,589	-2.41%	94.72%
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%

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	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
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	435	421	444	481	395	401	404	403	410	411
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)	328	328	329	340	323	318	340	344	345	356
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	529	490	478	461	470	466	481	484	491	481
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	235	238	258	279	275	283	291	309	293	279
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	520	533	521	504	473	484	466	450	458	462
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	433	446	459	463	423	426	393	379	387	409
Navesink Elementary (1941)										
Square Feet	29,113	29,113	29,113	29,113	29,113	29,113	29,113	29,113	29,974	27,974
Capacity	326	326	326	326	326	326	326	326	326	326
Enrollment	279	283	294	287	247	287	221	244	259	268
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	469	511	511	544	438	513	475	493	492	481
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	560	538	549	579	524	534	531	509	537	501

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

DISTRICT BUILDINGS	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
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	296	283	278	293	303	345	306	321	337	360
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	262	254	259	256	233	236	227	216	257	244
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	315	325	311	322	318	311	323	317	332	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	670	709	704	712	740	725	705	715	719	732
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	917	965	888	930	932	956	957	935	932	931
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	744	781	778	804	788	830	825	867	938	952
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	1,605	1,592	1,637	1,688	1,718	1,719	1,733	1,738	1,666	1,672
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	1,460	1,468	1,444	1,430	1,486	1,465	1,447	1,466	1,427	1,401
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	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
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, 2013:
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. Central Administration building was demolished during the 2012-13 school year.

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

SCHOOL FACILITIES	PROJECT # (s)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
High Schools:											
High School North	N/A	\$189,670	\$35,766	\$76,485	\$144,182	\$149,961	\$152,707	\$132,087	\$148,275	\$170,410	\$217,396
High School South	N/A	175,845	120,203	58,382	109,326	131,877	239,250	114,859	137,148	166,523	172,911
Middle Schools:											
Bayshore Middle	N/A	106,824	21,252	41,184	77,285	58,642	96,650	90,057	72,858	64,618	86,485
Thompson	N/A	95,702	117,674	30,775	57,884	67,213	87,633	77,221	67,318	61,845	90,787
Thome	N/A	95,702	97,001	49,331	93,136	62,298	73,963	63,784	68,818	84,215	75,299
Elementary Schools:											
Bayview	N/A	32,625	14,235	14,482	27,093	23,564	23,650	27,771	43,990	21,510	25,670
Fairview	N/A	24,439	7,489	15,388	29,196	35,107	23,459	23,070	16,379	14,064	20,717
Harmony	N/A	38,116	51,247	14,030	26,473	43,207	70,599	55,739	27,147	31,438	33,490
Leonardo	N/A	23,916	14,219	8,599	15,913	30,967	14,062	29,186	20,853	14,163	31,169
Lincroft	N/A	29,333	5,814	32,133	60,717	35,074	75,617	32,398	23,192	16,880	23,079
Middletown Village	N/A	26,426	5,214	23,986	45,321	13,182	24,775	19,985	16,740	19,767	21,568
Navesink	N/A	21,587	21,007	7,694	14,399	22,118	26,609	70,616	10,184	17,144	13,296
New Monmouth	N/A	45,111	7,785	25,344	47,502	64,255	107,675	29,586	31,096	26,679	45,650
Nut Swamp	N/A	35,457	71,635	19,913	37,564	20,188	23,107	39,835	25,869	31,290	28,246
Ocean Avenue	N/A	23,386	21,441	5,883	11,361	14,255	33,602	14,850	14,034	13,458	18,401
Port Monmouth	N/A	19,093	5,214	10,862	20,422	9,890	30,654	11,710	11,607	12,802	15,387
River Plaza	N/A	23,757	108,757	18,103	34,206	15,640	32,727	15,212	14,020	16,146	22,132
Grand Total		\$1,006,988	\$725,953	\$452,574	\$851,980	\$797,438	\$1,136,739	\$847,966	\$749,528	\$782,952	\$941,683

**INSURANCE SCHEDULE
JUNE 30, 2013
UNAUDITED**

	COVERAGE	DEDUCTIBLE
Commercial Package Policy - MOCSSIF:		
Property - Blanket Building & Contents (per occurrence)	\$400,000	\$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	
Flood/Earthquake:		
Flood Zone A & V	10,000,000	500,000
All Other Flood Zones	50,000,000	10,000
Earthquake	50,000,000	5,000
Terrorism	1,000,000	5,000
General Liability:		
Bodily Injury & Property Damage	6,000,000	1,000
Personal Injury	6,000,000	1,000
Employee Benefit Liability	6,000,000	1,000
Sexual Abuse/Child Molestation	6,000,000	1,000
Premises Medical Payments	10,000	5,000
Terrorism	1,000,000	1,000
Automotive Coverage:		
Combined Single Limit for Bodily Injury & Property Damage	6,000,000	1,000
Personal Injury Protection	250,000	1,000
Medical Payments	10,000	1,000
Underinsured	1,000,000	1,000
Terrorism	1,000,000	1,000
Garagekeepers	Included	
Electronic Data Processing:		
Blanket Hardware/Software	1,475,000	1,000
Blanket Extra Expense	Included	
Transit	25,000	
Loss of Income	10,000	
Flood (Deductible for Zone A & Z)	1,000,000	500,000
(Deductible - All Other Flood Zones)		10,000
Crime Coverage:		
Public Employee Dishonesty	100,000	500
Theft, Disapp. & Destruction/Money Orders & Counterfeit Currency	10,000	500
Forgery or Alteration	25,000	500
Equipment Breakdown		
Combined Single Limit/Accident for Property Damage & Extra Exp.	100,000,000	5,000
Property Damage	Included	
Off Premises Property Damage	100,000	5,000
Extra Expenses	10,000,000	5,000
Service Interruption	10,000,000	5,000
Perishable Goods	500,000	5,000
Data Restoration	100,000	5,000
Demolition	1,000,000	5,000
Ordinance or Law	1,000,000	5,000
Expediting Expense	500,000	5,000
Hazardous Substances	500,000	5,000
Newly Acquired Locations	250,000	5,000

**INSURANCE SCHEDULE
JUNE 30, 2013
UNAUDITED**

	COVERAGE	DEDUCTIBLE
MOCSSIF:		
Board of Education Liability/School Leaders Errors & Omissions	\$2,000,000	\$10,000
Employee Related Practices Violations	150,000	10,000
Zurich North American AKA Fidelity & Deposit Company:		
Public Official Bonds:		
Judith Vassallo - Treasurer	600,000	1,000
Amy P. Gallagher - Business Administrator/Board Secretary	100,000	1,000
Workers' Compensation - MOCSSIF:		
Bodily Injury by Accident	2,000,000	
Bodily Injury by Disease	2,000,000	
Travel Accident - Gerber Life Insurance Company:		
Accidental Death Dismemberment	250,000	
Aggregate limit of Indemnity	1,250,000	
Student/Athletic Volunteer Accident - McCloskey Insurance:		
Interscholastic Football/Sports	25,000	1,000
Excess Coverage - Medical Expense benefits	5,000,000	25,000
Volunteer Workers	25,000	1,000

Source: District records.

Single Audit Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business type activities, and each major fund of the Middletown Township School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 12, 2013.

Internal Control Over Financial Reporting

Management of the Middletown Township School District is responsible for establishing and maintaining effective 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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Middletown Township School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Middletown Township School District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily 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 basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements prescribed by the Division of Finance, Department of Education, and State of New Jersey. We noted certain other matters that we have reported to the Board of Education of the Township of Middletown School District in the separate *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 12, 2013.

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

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

Kenneth Moore
Kenneth Moore
Certified Public Accountant
Licensed Public School Accountant
No. 499

November 12, 2013



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Independent Auditor's Report

The Honorable President and
Members of Board of Education
Middletown Township School District
County of Monmouth,
Middletown, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Middletown Township School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the New Jersey OMB 04-04 *State Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013. The Middletown Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Middletown Township School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Middletown Township School District's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the Middletown Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Middletown Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB 04-04

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund of the Middletown Township School District as of and for the year ended June 30, 2013, and have issued our report thereon dated November 12, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

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

Kenneth Moore
Kenneth Moore
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Licensed Public School Accountant
No. 499

November 12, 2013

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2012	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES CANCELED	ADJUSTMENTS/ AT JUNE 30, 2013	UNEARNED (ACCOUNTS REVENUE RECEIVABLE) AT JUNE 30, 2013	DUE TO GRANTOR JUNE 30, 2013
Enterprise Fund:											
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:											
Food Distribution Program	10.550	N/A	127,139	7/1/12-6/30/13			\$127,139	(\$127,139)			
Child Nutrition Program Cluster											
Healthy, Hunger-Free Kids Act of 2010	10.592	N/A	20,077	7/1/12-6/30/13			\$20,077	(\$20,077)			
National School Lunch Program	10.555	5120-201-372573-63	473,924	7/1/12-6/30/13			415,390	(453,847)		(\$38,457)	
National School Lunch Program	10.555	5120-201-372573-63	489,051	7/1/11-6/30/12	(\$19,440)		19,440				
Breakfast Program	10.553	5120-201-372713-63	18,218	7/1/12-6/30/13			16,832	(18,218)		(1,386)	
Breakfast Program	10.553	5120-201-372713-63	19,345	7/1/11-6/30/12	(770)		770				
Total Child Nutrition Program Cluster					(20,210)		472,509	(492,142)		(39,843)	
Total Enterprise Fund					(20,210)		599,648	(619,281)		(39,843)	

Special Revenue Fund:

**U.S. DEPARTMENT OF EDUCATION PASSED-
THROUGH STATE DEPARTMENT OF EDUCATION:**

Title I-Part A Cluster	84.010	NCLB316013	376,441	9/1/12-8/31/13		\$9,627	247,145	(352,933)		(96,161)	\$335
Title I	84.010	NCLB316012	448,350	9/1/11-8/31/12	(82,975)	(9,627)	142,315	(53,670)	\$4,292	(96,161)	335
Total Title I Cluster					(82,975)		389,460	(406,603)	4,292	(96,161)	
Title II A	84.367	NCLB316013	231,459	9/1/12-8/31/13		27,370	142,492	(212,614)		(42,752)	424
Title II A	84.367	NCLB316012	247,173	9/1/11-8/31/12	(43,481)	(27,370)	68,900	(925)	3,300		
Title II A	84.367	NCLB316010	251,541	9/1/10-8/31/11	100				(100)		
Title III	84.365	NCLB316013	16,092	9/1/12-8/31/13		4,602	5,725	(11,137)		(810)	
Title III	84.365	NCLB316012	21,346	9/1/11-8/31/12	(596)	(4,602)	6,062	(864)			
Special Education Cluster											
I.D.E.A.-Basic Regular	84.027	IDEA316013	2,827,057	9/1/12-8/31/13		90,645	1,927,681	(2,753,334)		(735,008)	
I.D.E.A.-Basic Regular	84.027	IDEA316012	2,888,723	9/1/11-8/31/12	(488,748)	(90,645)	944,008	(401,856)	37,241	(68,390)	
I.D.E.A. Preschool	84.173	IDEA316013	123,156	9/1/12-8/31/13		40,595		(108,985)		(19,336)	
I.D.E.A. Preschool	84.173	IDEA316012	117,992	9/1/11-8/31/12	(14,054)	(40,595)	71,083	(35,812)	42	(822,734)	
Total Special Education Cluster					(502,802)		2,942,772	(3,299,987)	37,283		
Race To The Top	84.413A	RTT3316015	32,892	9/1/12-8/31/15			17,223	(22,527)		(5,304)	
							17,223	(22,527)		(5,304)	
Total U.S. Department of Education					(629,754)		3,572,634	(3,954,657)	44,775	(967,761)	759
General Fund:											
Disaster Grants - Public Assistance	97.036	N/A	15,846	7/1/12-6/30/13			15,846	(15,846)		(1,788)	
Education Jobs	84.410A	N/A	718,266	7/1/12-6/30/13							
Medical Assistance Program	93.778	N/A	85,164	7/1/12-6/30/13			85,164	(85,164)			
Medical Assistance Program	93.778	N/A	55,379	7/1/11-6/30/12	(10,050)		10,050				
Total General Fund					(10,050)		111,060	(102,798)		(1,788)	
Total Federal Financial Assistance					(\$660,014)		\$4,283,342	(\$4,676,736)	\$44,775	(\$1,009,392)	\$759

MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

STATE GRANTOR/ PROGRAM TITLE	GRANTOR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2012	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	UNEARNED REVENUE AT JUNE 30, 2013	(ACCOUNTS RECEIVABLE) JUNE 30, 2013	DUE TO GRANTOR JUNE 30, 2013	MEMO		
												BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education:														
General Fund:														
Categorical Transportation Aid	13-495-034-5120-014	\$2,924,447	7/1/12-6/30/13			\$2,632,014	(\$2,924,447)						(\$292,433)	\$2,924,447
State Aid Cluster														
Categorical Special Education Aid	13-495-034-5120-089	6,066,311	7/1/12-6/30/13			5,501,272	(6,066,311)						(565,039)	6,066,311
Categorical Security Aid	13-495-034-5120-084	831,682	7/1/12-6/30/13			706,928	(831,682)						(124,754)	831,682
Adjustment Aid	13-495-034-5120-085	4,686,186	7/1/12-6/30/13			4,239,002	(4,686,186)						(447,184)	4,686,186
Equalization Aid	13-495-034-5120-078	3,002,786	7/1/12-6/30/13			2,702,502	(3,002,786)						(300,284)	3,002,786
Total State Aid Cluster						13,149,704	(14,586,965)						(1,437,261)	14,586,965
Extraordinary Special Education Costs Aid	12-495-034-5120-044	942,962	7/1/11-6/30/12	(\$942,962)		942,962								
Extraordinary Special Education Costs Aid	13-495-034-5120-473	1,071,486	7/1/12-6/30/13				(1,071,486)			(\$1,071,486)				1,071,486
Non Public Transportation Aid	12-495-034-5120-014	114,244	7/1/11-6/30/12	(114,244)		114,244								
Non Public Transportation Aid	13-495-034-5120-014	113,096	7/1/12-6/30/13				(113,096)			(113,096)				113,096
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	12-495-034-5095-002	5,015,944	7/1/11-6/30/12	(259,189)		259,189								
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	13-495-034-5095-002	5,249,796	7/1/12-6/30/13			4,986,841	(5,249,796)			(262,955)				5,249,796
Total General Fund				(1,316,395)		22,084,954	(23,945,790)			(1,447,537)			(1,729,694)	23,945,790
Special Revenue Fund:														
NI Nonbldg. Aid:														
Textbooks	13-100-034-5120-064	128,823	7/1/12-6/30/13											
Textbooks	12-100-034-5120-064	119,559	7/1/11-6/30/12	5,771		128,823	(128,823)			(4,674)	\$4,674		(4,674)	128,823
Nursing Services	13-100-034-5120-070	207,552	7/1/12-6/30/13			207,552	(207,552)	(\$5,771)		(8,013)			(8,013)	207,552
Nursing Services	12-100-034-5120-070	197,519	7/1/11-6/30/12	9,469				(9,469)						
Technology Initiative	13-100-034-5120-373	55,324	7/1/12-6/30/13			55,324	(54,978)							54,978
Auxiliary Services (Chapter 192):														
Home Instruction	13-100-034-5120-067	6,123	7/1/12-6/30/13							(6,123)			(6,123)	6,123
Home Instruction	12-100-034-5120-067	5,561	7/1/11-6/30/12	(5,561)		5,561								
Compensatory Education	13-100-034-5120-067	275,071	7/1/12-6/30/13			275,071	(275,071)	(1,184)						275,071
Compensatory Education	12-100-034-5120-067	258,080	7/1/11-6/30/12	1,184										
Handicapped Services (Chapter 193):														
Examination and Classification	13-100-034-5120-066	159,747	7/1/12-6/30/13			159,747	(159,747)			(1,114)			(1,114)	159,747
Examination and Classification	12-100-034-5120-066	188,395	7/1/11-6/30/12	12,086				(12,086)						
Corrective Speech	13-100-034-5120-066	81,245	7/1/12-6/30/13			81,245	(81,245)			(3,906)			(3,906)	81,245
Corrective Speech	12-100-034-5120-066	87,673	7/1/11-6/30/12	6,319				(6,319)						
Supplementary Instruction	13-100-034-5120-066	88,950	7/1/12-6/30/13			88,950	(88,950)							88,950
Total Special Revenue Fund				29,268		1,002,273	(1,002,489)	(34,829)		(23,830)	18,053		(19,924)	921,244
Debt Service Fund:														
Debt Service Type II Aid	12-495-034-5120-075	1,423,843	7/1/12-6/30/13			1,423,843	(1,423,843)							1,423,843
Total Debt Service Fund						1,423,843	(1,423,843)							1,423,843
State Department of Agriculture Enterprise Fund:														
National School Lunch Program (State Share)	13-100-010-3350-023	19,849	7/1/12-6/30/13			17,411	(19,849)			(2,438)			(2,438)	19,849
National School Lunch Program (State Share)	12-100-010-3350-023	25,812	7/1/11-6/30/12	(1,014)		1,014								
Total Enterprise Fund				(1,014)		18,425	(19,849)			(2,438)			(2,438)	19,849
Total State Financial Assistance				(\$1,288,141)		\$24,529,495	(\$26,391,971)	(\$34,829)		(\$1,473,805)	\$18,053		(\$1,749,618)	\$26,310,726

**MIDDLETOWN TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2013**

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 (\$88,627) for the general fund and \$123,432 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, 2013**

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

	Federal	State	Total
General Fund	\$ 102,798	\$33,646,510	\$33,749,308
Special Revenue Fund	4,078,087	1,002,489	5,080,576
Debt Service Fund		1,423,843	1,423,843
Food Service Fund	<u>619,281</u>	<u>19,849</u>	<u>639,130</u>
Total Financial Assistance	<u>\$4,800,166</u>	<u>\$36,092,691</u>	<u>\$40,892,857</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, 2013. 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, 2013.

Note 6. Federal and State Loans Outstanding

The Middletown Board of Education had no loan balances outstanding at June 30, 2013.

**MIDDLETOWN BOARD OF EDUCATION
K-6 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified Opinion

Internal control over financial reporting:

- 1) Material weakness identified? No
- 2) Significant deficiencies? None reported

Noncompliance material to basic financial statements noted? No

Federal Awards

Internal control over major programs:

- 1) Material weakness identified? No
- 2) Significant deficiencies? None reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title 1 Cluster
	<u>Special Education Cluster</u>
84.027	IDEA Basic Program
84.173	IDEA – Preschool Program
	<u>Child Nutrition Cluster</u>
10.555	National School Lunch Program
10.553	School Breakfast Program
10.592	Healthy Hunger Free Kids

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

**MIDDLETOWN BOARD OF EDUCATION
K-6 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)**

I. SUMMARY OF AUDITOR'S RESULTS (Continued)

State Awards

Dollar threshold used to distinguish between type A and type B Programs:	\$791,750
Auditee qualified as low-risk auditee?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified Opinion
Internal control over major programs:	
1) Material weakness identified?	No
2) Significant deficiencies?	None reported
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?	No
Identification of major programs:	

GMIS Numbers

Name of State Program

13-495-034-5120-014
13-495-034-5095-002

Transportation Aid
Reimbursed TPAF Social Security

**MIDDLETOWN BOARD OF EDUCATION
K-6 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)**

II. FINANCIAL STATEMENT FINDINGS

Our audit disclosed no findings required to be reported under *Government Auditing Standards*.

III. FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

Federal:

None

State:

None

MIDDLETOWN BOARD OF EDUCATION

**K-7 SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.

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